

REPUBLIC OF KENYA

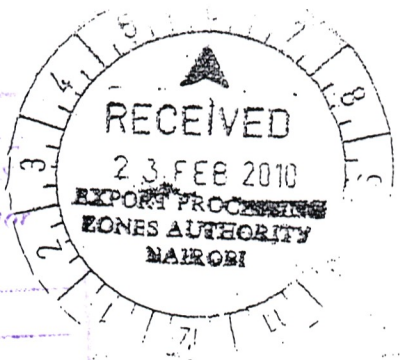
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KENYA NATIONAL AUDIT OFFICE



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

**ON**

**FINANCIAL STATEMENTS OF  
EXPORT PROCESSING ZONES  
AUTHORITY FOR THE YEAR  
ENDED 30 JUNE 2009**



# EXPORT PROCESSING ZONES AUTHORITY

KENYA NATIONAL AUDIT OFFICE  
**RECEIVED**  
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REGISTRY HEADQUARTERS  
NAIROBI

**FINANCIAL STATEMENTS**

**2008/2009**



## **CORPORATE INFORMATION**

### **Who we are**

Export Processing Zones Authority (EPZA) is a statutory body established by an Act of Parliament, EPZ Act CAP 517 of 1993 (revised).

## **REGISTERED OFFICE**

Export Processing Zones Authority,  
Administration Building,  
Viwanda Road, Off Nairobi-Namanga Highway,  
P. O. Box 50563,  
00200, NAIROBI.

## **BANKERS**

National Bank of Kenya, Hill Branch

Kenya Commercial Bank, Kencom Branch

Kenya Commercial Bank, Kitengela Branch

## **AUDITORS**

Controller and Auditor General,  
Kenya National Audit Office,  
Anniversary Towers,  
P. O. Box 30084,  
00100 NAIROBI.

## **OUR VISION**

To be a world class economic development agency responsible for Kenya's transformation into the hub of choice for global investment and trade.

## **OUR MISSION**

Catalyzing industrial and economic development through investments in economic zones.

## CORE VALUES

### **Customer Service**

We are committed to our work and go an extra mile to satisfy the Authority's clients and all stakeholders

### **Accountability**

We take responsibility for our decision both at individual and Authority levels exercising prudence in the use of resources including time, money and materials.

### **Integrity and Fairness**

We believe integrity begins with us and believe in personal and institutional integrity being fair to all in application of rules and regulations and uphold highest standards of honesty, truthfulness, reliability and honour.

### **Innovation and Creativity**

We seek to encourage, recognize and apply innovation where employees are open to new better ways of doing things.

### **Team Work**

No individual is gifted in all areas as such; EPZA strives to create a collaborative work environment that promotes cross-functional sharing of ideas, creativity and synergies.

### **Speedy Response**

We feel the sense of urgency on matters related to our customers and respond to them speedily.

### **Institutional Loyalty and Patriotism**

We maintain a sense of institutional loyalty and national patriotism.

### **Corporate Social Responsibility**

We recognize the importance of improving the quality of life for the local community and support initiatives by encouraging employees' involvement. Priority areas are education, health, and environment. Nationally, we are committed to expanding the country's economic growth through investment facilitation.

## NAMES OF BOARD MEMBERS

1. Mr. Mathenge Wanderi - Chairman
2. Mr. Moses Kiambuthi - Kenya Association of Manufacturers
3. Mr. David M. Githere - Kenya National Chamber of Commerce & Industry
4. Prof. Monica W. Mweseli - Private Sector Member
5. Mr. Muchai Lumatete - Private Sector Member
6. Mr. Jaswider Bedi - Private Sector Member
7. Mr. Daniel Mutua - Alternate/Permanent Secretary, Ministry of Finance-Treasury
8. Mr. Erastus Kimuri - Alternate/Permanent Secretary, Ministry of Industrialization
9. Mr. Nicholas B.T.Korir - Alternate/Governor – Central Bank of Kenya
10. Mr. Charles Onduso - Alternate/Commissioner of Customs Services
11. Mr. Zablon A. Mabea - Commissioner of Lands
12. Ms. Susan Kikwai - Managing Director/Kenya Investment Authority
13. Mr. Joseph N. Kosure - Ag. Chief Executive/EPZA

## SENIOR MANAGEMENT STAFF

- 1 Joseph N. Kosure - Ag. Chief Executive
- 2 Margaret W. Waithaka - Manager, New Investments
- 3 Maria L. O. Ouya - Corporate Secretary
- 4 Nuru A. Bachoo - Manager, Administration
- 5 J.A.M Maingi - Manager Finance
- 6 Benjamin C. Chesang - Manager, Research, Policy and Planning
- 7 Wanjiku N. Waweru - Zone Manager
- 8 John O. B. Akara - Manager, Operations

## NUMBER OF STAFF MEMBERS

Members of staff are 133.

## Statement of Directors Responsibilities

The Authority's Act requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of the financial affairs of the Authority as at the end of the financial year and its operating results for that period.


It also requires the directors to ensure the Authority keeps proper accounting records that disclose with reasonable accuracy the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the annual financial statements and in preparing those financial statements, they are required to:

- (i) Select suitable accounting policies and then apply them consistently;
- (ii) Make judgments and estimates that are reasonable and prudent;
- (iii) Ensure conformity with the international accounting standards;
- (iv) Ensure conformity with the international financial reporting standards;
- (v) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation.

The directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the Authority and its operating results. They further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements as well as adequate systems of internal control.

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

  
MATHENGE WANDERI  
CHAIRMAN

  
J.N. KOSURE  
AG. CHIEF EXECUTIVE

Date 10-12-2009

Date 10/12/2009



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF EXPORT PROCESSING ZONES AUTHORITY FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accompanying financial statements of Export Processing Zones Authority set out at pages 5 to 15 which comprise the Statement of Financial Position as at 30 June 2009, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Responsibility of the Controller and Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the Authority's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.


### **Title Documents**

Included in the Property, Plant and Equipment balance of Kshs.2,274,483,000 is an amount of Kshs.2,250,000 relating to two parcels of land under Ref. No. Oloolotikoshi/Kitengela/61 and 70, measuring 2 hectares and valued at Kshs.2,250,000, as disclosed under note 16. Although the parcels of land were acquired and gazetted through Gazette Notice nos.2802 and 2803 of 5 July 1991, the Authority had not obtained title documents as at 30 June 2009.

In the absence of the documents, it has not been possible to confirm ownership status of the land.

### **Opinion**

Except for the foregoing reservation, in my opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the State Corporations Act, Cap 446 of the Laws of Kenya.



**A.S.M Gatumbu**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi

18 February 2010



**EXPORT PROCESSING ZONES AUTHORITY  
STATEMENT OF COMPREHENSIVE INCOME  
THE YEAR ENDED 30TH JUNE 2009**

	Notes	30-Jun-09	30-Jun-08
		KSHs '000	KSHs '000
Operating Income	3	70,995	58,851
Other Income	3	249,226	177,077
Administrative Expenses	12	(172,723)	(165,829)
Maintenance Expenses	12	(6,319)	(7,623)
Other Operating Expenses	12	(109,577)	(65,913)
Operating Surplus (Deficit) Income		31,602	(3,437)
Investment Income/(Cost)	15	5,396	598
Surplus / (Deficit) Income before Tax		36,998	(2,839)
Income Tax Expense		-	-
Surplus / (Deficit) Income after Tax		36,998	(2,839)

The Income and Expenditure Statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 14

EXPORT PROCESSING ZONES AUTHORITY  
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2009

Assets	Notes	30-Jun-09 KSHs '000	30-Jun-08 KSHs '000
<b>Non - Current Assets</b>			
Biological Assets	16	16,009	14,253
Property, Plant and Equipment	16	2,274,483	2,286,445
<b>Current Assets</b>			
Inventory	1	5,526	1,136
Trade and Other Receivables	4	121,789	75,857
Work in Progress	4 (a)	13,244	-
Prepayments	4 (b)	952	816
Cash & Cash Equivalent	5	41,221	47,781
Short Term Deposits	5	170,000	20,000
<b>Total Assets</b>		<b>2,643,224</b>	<b>2,446,288</b>
<b>Reserves and Liabilities</b>			
Long Term Deferred Income	6	518,745	431,027
Revaluation Reserves	11	1,860,422	1,861,309
Accumulated Surplus / (Deficit)	7	35,214	38,053
Surplus / (Deficit)	7	36,998	(2,839)
<b>Non - Current Liabilities</b>			
Deposits	8	67,858	43,232
<b>Current Liabilities</b>			
Trade and Other Payables	9	119,839	71,358
Current Deferred Income	6	4,148	4,148
<b>Total Reserves and Liabilities</b>		<b>2,643,224</b>	<b>2,446,288</b>

A/G. CHIEF EXECUTIVE



Joseph N. Kosure

BOARD CHAIRMAN



Mathenge Wanderi

That the final accounts for the financial year 2008/2009 have been approved by the board.

The Balance Sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 14

**EXPORT PROCESSING ZONES AUTHORITY  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
30TH JUNE 2009**

<b>Cash flows from operating activities</b>	<b>Amounts 2008/2009 KSHs '000</b>	<b>Amounts 2007/2008 KSHs '000</b>
<b>Surplus/(Deficit) before taxation &amp; extraordinary items</b>	<b>36,998</b>	<b>(2,839)</b>
Adjustments for:		
Depreciation	24,783	23,788
Foreign exchange (Gain)/Loss	(6,226)	10,101
Investment income	(5,396)	(598)
	<b>13,161</b>	<b>33,291</b>
Non-Monetary Grant	(4,148)	(4,148)
Decrease/(Increase) in debtors	(46,067)	21,605
Decrease/(Increase) in stocks	(4,390)	(363)
Increase/(Decrease) in creditors	73,107	29,663
<b>Cash flows generated from operations</b>	<b>68,660</b>	<b>77,209</b>
Interest Paid	-	-
<b>Cash flows before extraordinary item</b>	<b>68,660</b>	<b>77,209</b>
Cash flows from extraordinary items	-	-
<b>Net cash from operating expenses</b>	<b>68,660</b>	<b>77,209</b>
<b>Cash flows from Investing activities</b>		
Purchase of assets	(14,413)	(4,517)
Net Adjustments in Assets	(8,925)	4,739
Work in Progress	-	(45,849)
Investment Income	26	(4,617)
Proceeds from disposal of assets	-	-
<b>Net cash from investing activities</b>	<b>(23,312)</b>	<b>(50,244)</b>
<b>Cash flows from financing activities</b>		
Deferred Income (In Grant)	91,866	-
<b>Net cash from financing activities</b>	<b>91,866</b>	<b>-</b>
<b>Net Increase in cash and cash equivalents</b>	<b>137,214</b>	<b>26,965</b>
<b>Cash and cash equivalents at beginning of period (A)</b>	<b>74,007</b>	<b>40,816</b>
	<b>211,221</b>	<b>67,781</b>
<b>Cash and cash equivalents at end of period (10)</b>	<b>211,221</b>	<b>67,781</b>
<b>A: This has been adjusted for exchange rate changes.</b>		
	<b>2008/2009</b>	<b>2007/2008</b>
Cash on hand and balances with banks	41,221	47,781
Fixed term deposits	170,000	20,000
Cash and Cash equivalents as previously reported	211,221	67,781
Effects of exchange rate changes	-	6,226
Cash and Cash equivalents as restated	211,221	74,007

The Cash Flow Statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 14

EXPORT PROCESSING ZONES AUTHORITY  
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
30TH JUNE 2009

	Long Term Deferred Income KSHs '000	Revaluation Reserves KSHs '000	Accumulated Surpluses / (Deficits) KSHs '000
<b>Balance as at 30th June 2007</b>	<b>439,323</b>	<b>1,858,162</b>	<b>584</b>
Net Impairment on Asset Revaluation	-	3,147	-
Reversed Accrued Land Rates	-	-	33,321
Transfer to Accumulated Surplus	(4,148)		4,148
Current Deferred Income	(4,148)		
Surplus/(Deficit) for the Period		-	(2,839)
<b>Restated Balance as at 30th June 2008</b>	<b>431,027</b>	<b>1,861,309</b>	<b>35,214</b>
Deferred Income (In Grant)	91,866	-	-
Current Deferred Income	(4,148)		
Adjustment on Revalued Assets	-	(1,162)	-
Net Change on Asset Revaluation	-	275	-
Surplus/(Deficit) for the Period	-	-	36,998
<b>Balance as at 30th June 2009</b>	<b>518,745</b>	<b>1,860,422</b>	<b>72,212</b>

The Statement of Equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 14

## EXPORT PROCESSING ZONES AUTHORITY

### NOTES TO THE ACCOUNTS

#### **1 Establishment**

Export Processing Zones Authority was established by an Act of Parliament, The Export Processing Zones Act Cap 517. The Authority objectives are:

- (i) The development of all aspects of the Export Processing Zones with particular emphasis on provision of advice on the removal of impediments to and creation of incentives for export oriented production in area designated as Export Processing Zones and
- (ii) The regulation and administration of approved activities within the Export Processing Zones through implementation system in which the EPZ enterprises are self regulatory to the maximum extent and
- (iii) The protection of Government revenue and foreign currency earnings

#### **2 Accounting policies**

The financial statements are prepared in accordance with International Financial Reporting Standards, the principle accounting policies adapted. The accounting policies remain unchanged from the previous years.

##### **(a) Basis of Accounting**

The financial statements are prepared on the historical cost and accrual basis of accounting modified by the re-valuation of certain assets. They are presented in Kenya shillings (Kshs) rounded to the nearest thousand shillings and comply with the International Financial Reporting Standards (IFRS).

##### **(b) Revenue Recognition**

In accordance with the Export Processing Zones Act, Cap 517, income from the Authority is from the exchequer and Appropriation in Aid which is from licence fees and rental /lease charges and other activities. Income is recognized when earned.

##### **(c) Development Funding and Asset contributions by the GOK**

Contributions by the Government of Kenya in form of assets or funding for acquisition of major assets and development projects are recognized as financing reserves when received. No payment of the financing is expected by the Authority.

(d) **Property Plant & Equipment**

Property, plant and equipment are stated at a cost or valuation less accumulated depreciation. No depreciation is provided on freehold land. Depreciation is calculated to write off the cost or valuation of each asset to its residual value where applicable, over the useful life of the asset.

A proportion of full year's depreciation is charged where asset is held for less than a year both in the year of purchase and disposal. The rates of depreciation are based on the following estimated useful life:

Motor Vehicles	(20% reducing balance upto 5 <sup>th</sup> year)
Fixtures and Fittings	10 years
Office Furniture	10 years
Office Equipment	10 years
Computers and printers	3 years
Infrastructure & buildings	100 years

Included in the assets is capitalized work in progress for Kshs. 13.24 million. This has not been depreciated.

(e) **Provision of bad and doubtful debts**

Full provision has been charged against the income statement for all debts outstanding for over 5 years and not being serviced as approved by the board. No provision has been provided for staff debtors.

(f) Inventory is valued for Kshs. 5,526,332 which includes water of Kshs 4,455,578 measured at the lower cost and net realizable value as per IAS 2. Cost is determined on the weighted average cost basis.

(g) **Foreign Currencies**

Transactions in foreign currencies during the year are converted into Kshs. at the average rates of exchange on the dates of exchange. Assets and liabilities expressed in foreign currency are translated in Kenya Shillings at the rates of exchange at the balance sheet date. The resulting differences are dealt with in the income and expenditure statement in the financial year in which they arise.

**(h) Retirement Benefits obligations**

The Authority's obligations to staff retirement benefit plans are charged to the income statement as they fall due.

The Authority operates a defined contribution staff retirement benefits scheme for eligible non contract employees. The scheme is funded by contributions from both the Authority and employees. The Authority also contributes to the statutory National Social Security Fund. This is defined contribution scheme registered under the National Social Security Act. The Authority's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Kshs. 200 per employee per month.

Employees on contract who want to retire or resign on attaining retirement age, whose contracts come to an end or services are terminated for reasons other than gross misconduct are entitled to gratuity payments in accordance with the contract.

- (i)** The Eucalyptus plantation of trees under biological assets is accounted for as per IAS 41 measured at cost less any accumulated impairment losses till market determined prices or values will be available.

**(j) Cash and Cash Equivalent**

For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, short term deposits held in the banks.

**(k) Leave Allowance Provision**

Employees entitlement to annual leave is recognized when it is due to employees and a provision has been made for estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date.

**EXPORT PROCESSING ZONES AUTHORITY**

NB: All amounts shown are in Kenya Shillings (Kshs.'000)

3		Amounts	Amounts
Operating Income		2008/2009	2007/2008
	Application Fees	738	514
	Licence Fees	20,968	17,850
	Rental Income	49,299	40,487
	Total	70,995	58,851
Other Income		Amounts	Amounts
		2008/2009	2007/2008
	Miscellaneous Income	9,899	4,855
	Exchange Gain	5,226	-
	(Profit)/Loss on Disposal of Assets	-	-
	Government Grants	181,394	141,230
	Bad debts recovered	-	1,339
	Contribution	51,907	28,653
	Total	249,226	177,077
4		Amounts	Amounts
Trades, Other Receivables & Prepayments		2008/2009	2007/2008
	Trade Debtors	125,180	77,048
	Less Provision	(36,013)	(27,698)
	Staff Debtors	2,381	7,628
	Other Debtors	30,240	18,878
	Total	121,788	75,857
4 (a)	Work in Progress	13,244	-
4 (b)	Prepayments	952	816
5		Amounts	Amounts
Cash & Cash Equivalent		2008/2009	2007/2008
	National Bank of Kenya	(949)	25,351
	KCB-Kitengela	3,078	1,812
	KCB-Moi Avenue	19,763	7,821
	Petty Cash-HQS	2	58
	Petty Cash-Mombasa	-	(1)
	KCB-Kitengela Water Account	8,081	7,861
	Accrued Interest - Fixed Deposits	11,246	5,079
		41,221	47,781
	Short Term Deposits		
	HFCK	20,000	20,000
	National Bank of Kenya	150,000	-
		170,000	20,000
	Total	211,221	67,781
6		Amount	Amount
Long Term Deferred Income		2008/2009	2007/2008
	Balance b/f	431,027	439,323
	Net Current Years Income	91,866	-
	Transfer to Accumulated Surplus	-	(4,148)
		522,893	435,175
	Current Deferred Income (as stated)	(4,148)	(4,148)
	Balance c/f	518,745	431,027
This is deferred income from Land, Buildings and Infrastructure since the year of acquisition in (1998) from the Government. The GoK after construction of the zones handed over the same to the Authority as a grant which was Ksh.22,177,000 for land, Ksh.98,183,000 for building and Ksh.246,205,000 for infrastructure. This income is to be recognised in the income statement at a rate of Ksh.4,148,000 annually in respect to the assets and their useful life.			
7		Amounts	Amounts
Accumulated Surplus / (Deficit)		2008/2009	2007/2008
	Balance b/f as stated	35,214	584
	Transfer from Deferred Income	-	4,148
	Reversed Excess of Accruals	-	33,321
	Restated Balance b/f	35,214	38,053
	Surplus/(Deficit)	38,998	(2,839)
	Prior year adjustments	-	-
	Balance c/f	72,212	35,214
8		Amounts	Amounts
Deposits		2008/2009	2007/2008
	Rent Deposits	27,004	8,822
	Water Deposits	38,502	34,298
	Sewer Deposits	2,352	2,112
	Total	67,858	45,232



	Amounts	
	2008/2009	2007/2008
9 Trade and Other Payables		
Trade Creditors	30,417	28,680
EU Funding	-	340
Goods Received Note	681	521
Other Accruals	82,188	34,809
Sundry Creditors	6,553	9,208
Total	119,839	71,358

10 Cash and Cash equivalent  
Cash and Cash equivalent consists of cash on hand and balances with banks and investments in money markets. Cash and Cash equivalent included in the cash flow statement comprise the following balance sheet amounts:

	Amounts	
	2008/2009	2007/2008
Cash on hand balances and balances with banks	41,221	47,781
Short term investments	170,000	20,000
Cash and Cash equivalent as previously reported	-	-
Effects of exchange rate changes	-	-
Cash and Cash equivalent as restated	211,221	67,781

	Amounts	
	2008/2009	2007/2008
11 Revaluation Reserves		
Balance B/f	1,861,309	1,858,162
Adjustments on Revalued Assets	(1,162)	-
Asset Revaluation	1,860,147	1,858,162
Balance c/f	275	3,147
Total	1,860,422	1,861,309

The revaluation reserve refers to the initial cost of land, building and infrastructure which was a grant from GOK. The initial was Kshs. 368,564,620.

	Amounts	
	2008/2009	2007/2008
12 Administrative Expenses		
Personnel Emoluments	152,406	150,887
Fees Commissions & Honoraria	758	30
Passage & Leave	4,285	4,242
Medical Expenses	15,274	9,763
Staff Welfare	-	927
Total	172,723	165,829
Maintenance Expenses		
Maintenance - Vehicles and other transport	2,081	397
Maintenance - Other Assets	4,238	7,226
Total	6,319	7,623
Other Operating Expenses		
Goods Utilities Supplies & Services	5,604	5,335
Communication Supplies & Services	4,047	251
Domestic Travel and Subsistence and Other	5,097	722
Foreign Travel and Subsistence and Other	2,064	77
Printing Advert Info Suppl and Service	4,090	3,709
Rental of Produced Assets	5,097	590
Training Expenses (Including Capacity Building)	1,492	1,485
Hospitality Supplies and Services	7,654	3,053
Insurance Costs	4,868	4,089
Specialised Materials and Supplies	2,533	-
Office General Supplies and Services	5,087	689
Fuel Oil and Lubricants	2,249	3,016
Other Operating Expenses	34,912	19,109
Depreciation (Consumption of Fixed Capital)	24,783	23,788
Total	108,577	65,913

13 Revaluation  
The Authority carried out a revaluation of motor vehicles at the beginning of the financial year. The valuation was carried out by Ministry of Public Works. The motor vehicles were valued for insurance purposes. The evaluation is carried out in accordance with accepted standards suitable for inclusion in financial statements.

14 Contingent Liabilities

- There are disputed telephone bills amounting to Kshs. 570,821.40. These relate to the Mombasa office line and we believe were erroneously billed.
- There is an amount of Kshs. 16,024,637 being VAT on the incubator project. The contract entered into was exclusive of VAT but the project could be subject to VAT as the Authority is not a licenced developer.
- There is a case pending in court with the Authority Vs Onalo and company advocates and if ruled in their favour the cost may be about Ksh.2,725,000
- There is an arbitration going on between Convivium Housing Ltd and the Authority whose claim, if ruled against the Authority, could be well much over Ksh.70 million. This was on the dispute regarding the stopped low cost housing project.

	Amounts	
	2008/2009	2007/2008
15 Investment Income/(Cost)		
Accrued Interest	5,370	587
Interest Received	28	11
Total	5,398	598

16 Included in the Assets is 2 parcels of land Kajjado/Kaputiei North/61 & 70 with carrying amount of Ksh.2,250,000 and already Gazetted whose titles have not been issued as the mutations have not been signed, however, the process is in progress to ensure that the titles are issued and granted in the name of the Authority

EXPORT PROCESSING ZONES AUTHORITY  
 FIXED ASSET MOVEMENT SCHEDULE  
 FOR THE YEAR ENDED 30TH JUNE 2009

	VEHICLE (KSHS'000)	EQUIPMENT (KSHS'000)	FURNITURE (KSHS'000)	FIX & FITTINGS (KSHS'000)	LAND (KSHS'000)	BUILDINGS (KSHS'000)	INFRA- STRUCTURE (KSHS'000)	COMPUTERS (KSHS'000)	EUCALYPTUS (KSHS'000)	TOTAL (KSHS'000)
COST OR VALUATION AS AT 30-Jun-08	21,371	44,427	6,003	8,828	799,342	520,910	831,640	15,196	14,253	2,361,970
Additions	-	1,029	3,724	677	-	2,198	1,503	3,526	1,756	14,413
Revaluation Reserves	275	-	-	-	-	(315)	-	-	-	(40)
Adjustment on cost of motor vehicles (07/09)	8	-	-	-	-	-	-	-	-	-
Depreciation Write Off	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-	-
Refurbishment of Buildings	(342)	-	-	-	-	-	-	-	-	(342)
COST OR VALUATION AS AT 30-Jun-09	21,313	45,456	9,727	9,505	799,342	522,792	933,143	18,722	16,009	2,376,008
ACCUMULATED DEPRECIATION AS AT 30-Jun-08	8,769	8,699	2,148	4,483	-	8,130	18,942	10,211	-	61,272
Restated/Released on Revaluation	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	2,300	3,686	871	530	-	5,161	9,142	2,809	-	24,499
Disposed Depreciation	252	-	-	-	-	-	-	-	-	252
ACCUMULATED DEPRECIATION AS AT 30-Jun-09	10,807	12,285	3,019	5,013	-	13,290	28,084	13,020	-	85,518
NET BOOK VALUE AS AT 30-Jun-09	10,505	33,170	6,708	4,492	799,342	509,502	905,059	5,702	16,009	2,290,492
NET BOOK VALUE AS AT 30-Jun-08	12,612	35,828	3,855	4,345	799,342	512,780	912,698	4,984	14,253	2,300,697

There are unqualified number of Water Pipes and Joints that were found at Mlolongo Water Station. These were part of what remained following the construction of the water infrastructure from Sannear EPZ Ltd and Enterprise Road Junction. These have not been included as part of the assets and due process is on way to establish the worth value.

Trial Balance : 01/07/2008 to 30/06/2009

Account	Description	Balance
1000/000	Application Fees	(737,307)
1010/000	Government Grants	(181,393,931)
1020/000	Licence Fees	(20,968,459)
1030/000	Rental Income	(43,642,798)
1040/000	Service charge	(5,646,056)
1050/000	Water Sales	(72,805,288)
1051/000	Computer Accessories Sales	-
1052/000	Fire Equipment Sales	-
1055/000	Electrical Accessories Sales	-
1060/000	Stationary	-
1070/000	Accrued Interest	(5,370,680)
1080/000	Interest Received	(25,739)
1090/000	Other Income	(9,699,357)
1100/000	Prior Year Adjustments - Income	(2,125)
2105/000	Cost of Sales	20,898,476
2108/000	Purchase Variance A/c	-
2110/000	Salaries Wages & Allowances	73,315,816
2120/000	Personal Allowance Paid as Part of Salar	67,448,868
2130/000	Personal Allowance Paid as Reimbursement	2,710
2140/000	Social Contributions	16,681,300
2210/000	Goods Utilities Supplies & Services	5,604,047
2220/000	Communication Supplies & Services	4,046,589
2230/000	Domestic Travel and Subsistence and Othe	5,097,418
2240/000	Foreign Travel and Subsistence and Other	2,084,355
2250/000	Printing Advert Info Suppl and Service	4,090,198
2260/000	Rental of Produced Assets	5,097,328
2270/000	Training Expenses (Including Capacity Bu	1,491,670
2280/000	Hospitality Supplies and Services	7,653,637
2290/000	Insurance Costs	4,888,278
2300/000	Specialised Materials and Supplies	2,533,223
2310/000	Office General Supplies and Services	5,086,988
2320/000	Fuel Oil and Lubricants	2,249,327
2330/000	Other Operating Expenses	50,186,607
2340/000	Maintenance - Vehicles and Other Transpo	2,081,595
2350/000	Maintenance - Other Assets	4,237,842
2360/000	Exchange Rate (Gain)/Loss	(6,225,910)
2370/000	Depreciation (Consumption of Fixed Capit	24,783,448
2380/000	Interest Payments	-
2390/000	Gain/Loss on disposal of asset	-
6110/000	Buildings (Net B/Value)	510,914,155
6120/000	Computers and Printers (Net B/Value)	5,770,728
6130/000	Eucalyptus Plantation (Net B/Value)	16,009,158
6140/000	Fittings & Fixtures (Net B/Value)	4,501,405
6150/000	Infrastructure (Net B/Value)	905,039,908
6160/000	Land (Net B/Value)	799,342,000
6170/000	Motor Vehicles & Other Moveable Equipmen	8,854,412
6180/000	Office Equipment (Net B/Value)	33,118,303
6190/000	Office Furniture (Net B/Value)	6,941,778
6200/000	Others (Net B/Value)	-
6205/000	Work In Progress (W.I.P)	13,243,303
6210/000	Inventory / Stocks	5,526,332
6220/000	Debtors Control Account	125,180,430
6230/000	Provision for Bad Debts	(36,013,150)
6240/000	Arbitration Deposit	357,636
6250/000	Other Debtors	17,709,975
6260/000	Mavoko - EPZA Water & Sewerage Company	12,172,344
6270/000	Water (EPZA) Operations	-
6280/000	Prepayments / Deferred Expenses	951,749
6290/000	Staff Advances Control Accounts	-
6300/000	Staff Debtors (Salary Advances)	934,750
6310/000	Staff Debtors (Expense Advances)	754,396
6320/000	Staff Debtors (Medical Expenses)	692,350
6400/000	Bank - Kenya Shillings	10,210,678
6500/000	Kenya Commercial Bank - Moi Avenue	19,762,708
6600/000	Petty Cash Accounts	2,190
6700/000	Clearance Control Accounts	-
6750/000	Receipt Control A/c	-
6800/000	Investments	170,000,000
6900/000	Government and Corporate Papers	-
7000/000	Accrued Interest	11,245,920
7110/000	Revaluation Reserves	(1,880,422,215)
7120/000	Accumulated Reserves	(35,214,489)
7130/000	Surplus / Deficit	-
7140/000	Rent Deposits	(27,003,418)
7150/000	Water Deposits	(38,502,149)
7160/000	Sewer Deposits	(2,352,000)
7170/000	Long Term Deferred Income	(522,892,491)
7180/000	Deferred Rental Income	(29,409,785)
7190/000	Goods Received Note Control	(680,621)
7200/000	Creditors Control Account	(30,417,328)
7210/000	Accruals	(52,778,441)
7300/000	Sundry Creditors	(6,552,593)
9500/000	Suspense Account(op bal)	1
		(0.00)