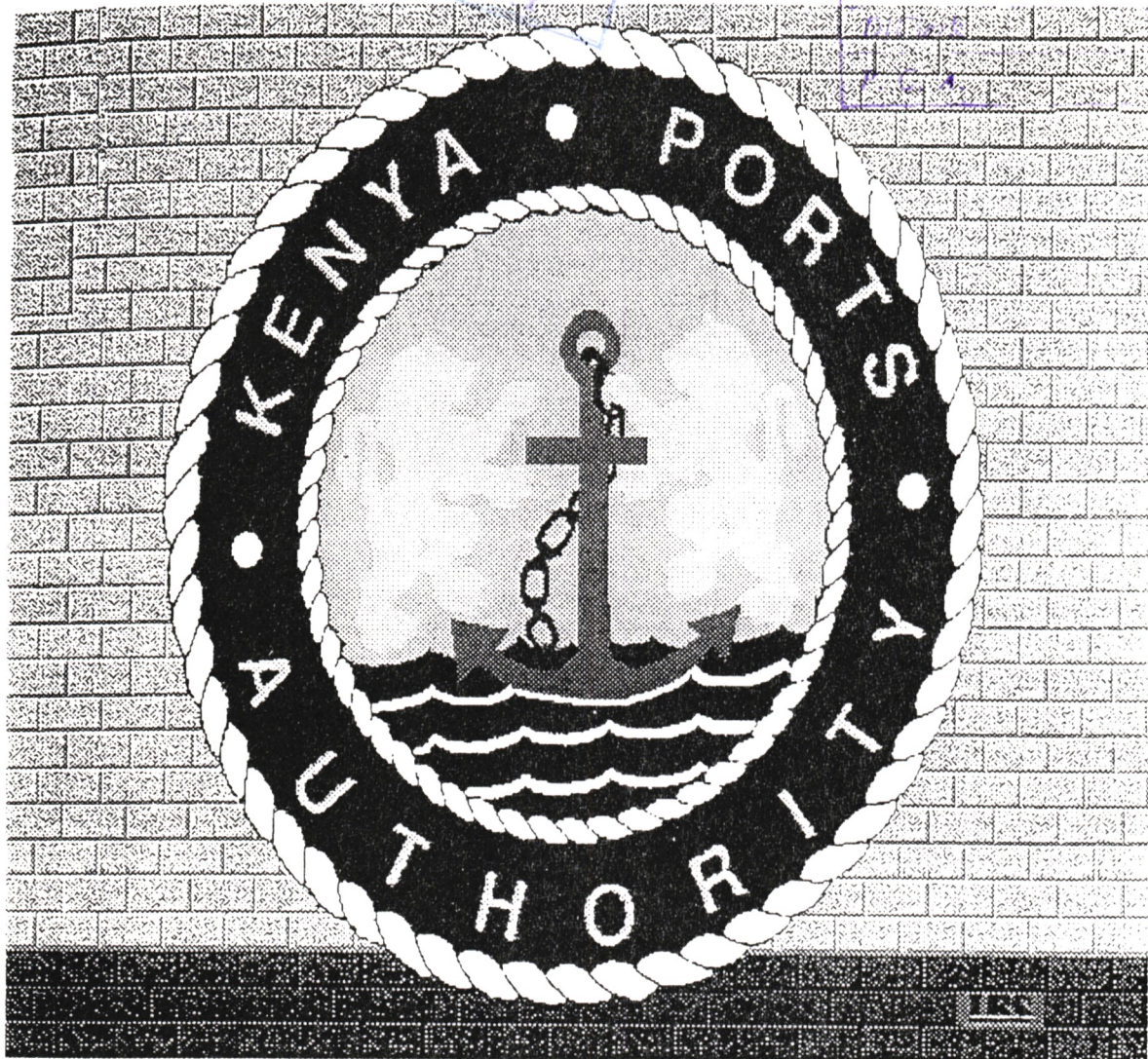


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Director



**Annual Accounts And Audit  
Report  
For The Year Ended 30th  
June, 1997**

KENYA NATIONAL ASSEMBLY

Accession: 10012837

Call No: 657.3 KPA



*Office of the Chairman*



# Kenya Ports Authority

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Mombasa, Kenya  
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FGM/2/3/02

22nd September, 1999

The Hon. Minister,  
Ministry of Information, Transport & Communications,  
P.O. Box 52692,  
**NAIROBI**

Dear Sir,

**REF: KENYA PORTS AUTHORITY ACCOUNTS FOR  
THE YEAR ENDED 30TH JUNE, 1997**

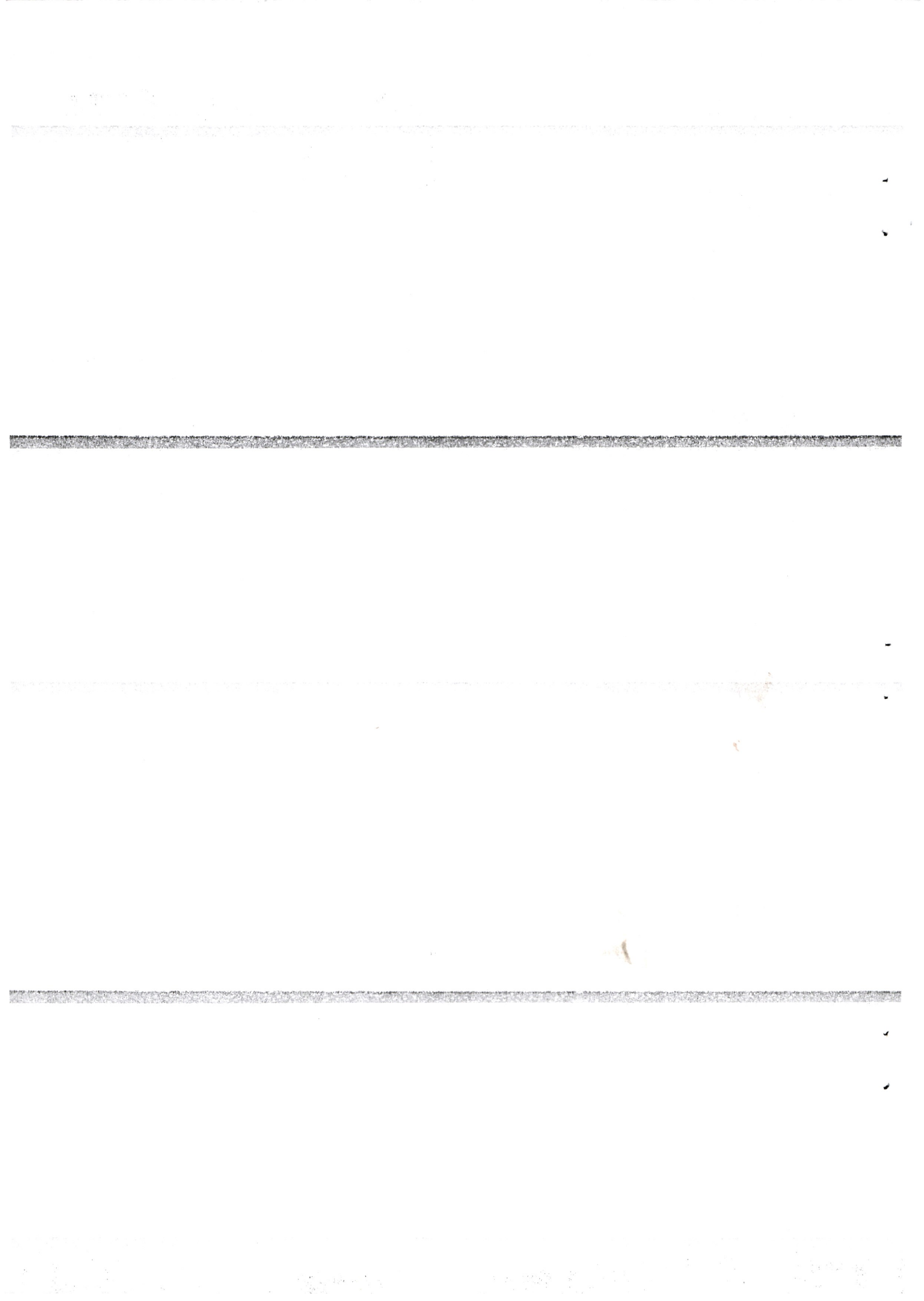
On behalf of the Board of Directors of Kenya Ports Authority, I have the honour to present the Statement of Accounts (together with Audit Report) for the period ended 30th June, 1997 in accordance with the provisions of Section 20(3) of Kenya Ports Authority Act. 1978.

In conformity with the provision of Section 20(2) of the same Act, the Statement of Accounts were on 31st October, 1997 submitted to the Auditor General (Corporations) for Audit.

Yours

*Faithfully*

**S. S. MANENO  
CHAIRMAN**



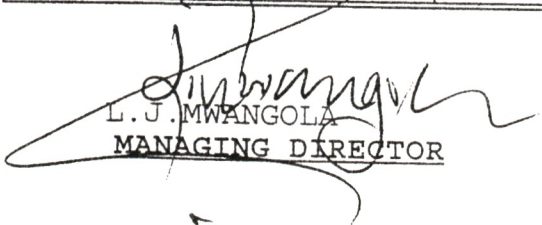
# KENYA PORTS AUTHORITY


INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED ON 30TH  
JUNE, 1997

	1996/97 Kshs.	1995/96 Kshs.
<b>A. <u>REVENUE</u></b>		
Marine	614,271,599	569,754,300
Stevedoring	2,249,931,495	2,066,357,556
Shorehandling	2,986,432,890	2,883,395,804
Storage	936,238,378	1,217,683,806
Miscellaneous	1,000,590	1,117,070
Non-Operating Revenue	<u>204,683,890</u>	<u>340,077,724</u>
<b>Total Revenue</b>	<u>6,992,558,842</u>	<u>7,078,386,260</u>
<b>B. <u>EXPENDITURE</u></b>		
Marine	539,644,883	484,807,110
Conventional Cargo	1,820,872,895	1,718,165,608
Containerised Cargo	1,251,460,282	762,428,150
Dry Ports	222,773,228	138,333,419
Administration	3,097,131,251	2,559,973,442
Foreign Currency Gain/Loss	<u>(14,244,949)</u>	<u>4,647,680</u>
<b>Total Expenditure</b>	<u>6,917,637,590</u>	<u>5,668,355,409</u>
<b>Surplus Before Tax</b>		
Taxation	74,921,252	1,410,030,851
Surplus/Loss after tax to be transferred to Revenue Reserves	(304,144,531)	(648,954,672)
	(229,223,279)	761,076,179

**KENYA PORTS AUTHORITY**  
**BALANCE SHEET AS AT 30TH JUNE 1997**

	Notes	1996/97 Kshs.	1995/96 Kshs.
<b><u>Assets Employed</u></b>			
Fixed Assets	(2)	20,589,323,835	23,020,266,225
Long-Term Invsts.	(3)	<u>615,530,633</u>	<u>520,853,584</u>
		<u>21,204,854,468</u>	<u>23,541,119,809</u>
<b><u>Current Assets</u></b>			
Short-Term Invsts.	(3)	-	280,000,000
Stocks	(4)	1,397,880,323	1,604,179,239
Debtors	(4)	1,977,334,427	1,886,029,270
Cash & Bank Balances	(4)	<u>42,993,698</u>	<u>45,310,334</u>
<b>Total Current Assets</b>		<u><u>3,418,208,448</u></u>	<u><u>3,815,518,843</u></u>
<b>Current Liabilities</b>			
Loans-Current portion	(7)	446,576,038	477,279,656
Other Creditors		3,292,702,058	3,350,293,334
Bank Overdraft		<u>328,452,279</u>	<u>348,753,654</u>
<b>Total Current Liabilities</b>		4,067,730,375	4,176,326,644
<b>Net Current Assets</b>		(649,521,927)	(360,807,801)
Other Provisions	(5)	<u>341,878,676</u>	<u>388,592,976</u>
<b>Net Assets</b>		<u><u>20,213,453,865</u></u>	<u><u>22,791,719,032</u></u>
<b><u>Financed By:-</u></b>			
Distributable Reserves	(6)	1,243,596,124	3,764,773,191
Capital Reserves	(6)	15,721,689,462	15,296,753,920
Foreign currency Flutuation Reserves		365,552,138	
Loan Capital	(7)	<u>2,882,616,141</u>	<u>3,730,191,921</u>
<b>Capital Employed</b>		<u><u>20,213,453,865</u></u>	<u><u>22,791,719,032</u></u>

  
L. J. MWANGOLA  
MANAGING DIRECTOR

  
S. S. MANENO  
CHAIRMAN

**CASH FLOW STATEMENT FOR YEAR ENDED 30TH JUNE, 1997.**

	NOTE	KSHS.M.	KSHS.M.
<b>Net cash inflow from operating activities</b>	(a)		1,961.0
Return on investments and servicing of Finance			
Other income		204.7	
Interest paid Debt Servicing Charges		<u>(185.1)</u>	
Net cash outflow from returns on investments and servicing of Finance			19.6
Taxation paid			
<b>Investment activities</b>			(381.0)
W-I-P Payments		(958.7)	
Deposits into Pension A/C		(96.0)	
Advances to K.F.S.		(156.5)	
Sale of Fixed Assets		<u>29.5</u>	
Net cash outflow from investing activities			(1181.7)
<b>Financing</b>			
Repayment of amounts borrowed		<u>(414.2)</u>	
Net cash (outflow) inflow from financing			<u>(414.2)</u>
<b>Increase in cash and cash equivalents</b>	(b)		3.7

**SUPPLEMENTAL DISCLOSURE OF CASHFLOW INFORMATION**

a. NET CASH FLOW FROM OPERATING ACTIVITIES	KSHS.
Operating profit	74,921,252
Depreciation	1,625,463,309
Write off	267,779,006
Interest paid	185,064,761
Foreign exchange Movement	(14,244,949)
Other income	(204,683,890)
Increase in stocks	206,298,916
Debtors	(91,305,157)
Creditors	<u>(88,294,896)</u>
	<u>1,960,998,352</u>
b. DECREASE IN CASH AND CASH EQUIVALENTS	(303,443,320)
Opening balance 1.7.96	3,739,790
Net cash inflow during the year before adjustment for the effect of Foreign exchange movement	<u>14,244,949</u>
Effect of foreign rate changes	<u>(285,458,581)</u>
Balance as at 30th June, 1997	



**NOTES TO THE ACCOUNTS FOR THE YEAR  
ENDED 30TH JUNE, 1997**

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1. **ACCOUNTING POLICIES**

(a) **BASIS OF ACCOUNTING**

The Authority prepares its accounts on the historical cost basis of accounting modified to include the revaluation of certain assets.

(b) **REVENUE RECOGNITION**

Revenue and expenditure are accounted for on an accrual basis.

(c) **ACCRUALS**

No provision is made for invoices after the year end for expenses relating to the year under review, unless individual amounts exceed Shs. 500,000.00

(d) **FIXED ASSETS AND DEPRECIATION**

Fixed assets are stated at cost or valuation. Depreciation is calculated on the straight line basis at annual rates estimated to write-off the assets over their expected useful lives. The annual rates used are stated below:-

<b><u>CLASS</u></b>	<b><u>RATE (%)</u></b>
Dredging	2.5
Land & Buildings	2.5
Rail lines	2.5
Roads	2.5
Quays	2.5
Cranes	10.0
Forklift Trucks	10.0

<u>CLASS</u>	<u>RATE (%)</u>
Tractors	20.0
Vehicles	20.0
Tugs/Boats	20.0
Telecom Equipments	5.0
Data Processing Equipment	20.0

(e) CONVERSION OF FOREIGN CURRENCIES

The foreign currency items are expressed in Kenya Shillings at the mean rates of exchange ruling at the balance sheet date. Transactions occurring during the year have been converted using the rates ruling at the time the transactions took place. The resulting realised profits or losses are dealt with in the Income and Expenditure Account. The unrealised gain and losses are adjusted through a forex reserve account.

(f) BAD DEBTS PROVISION

The specific bad debts identified as irrecoverable are provided for at the rate of 100%. While a general provision of 5% is made on the balance to cater for the doubtful debts.

(g) STOCKS OBSOLESCENCE PROVISION

Stocks have been valued at the lower of cost and net realisable value. A provision of 5% of the stock value at the year end has been made to cater for losses arising from deterioration and obsolescence.

2. **Fixed Assets**

Details of fixed assets and their cumulative depreciation.

**Statement No.1**

<u>Description</u>	<u>1996/97</u>	<u>1995/96</u>
Balance on 1st July, 1996	25,933,817,876	23,151,684,912
Adjustment and W/offs	(969,463,972)	(372,569,419)
Revaluation understated 1995		457,240,897
Additions	1,638,550,000	2,697,461,486
<b>Total Assets</b>	<b>26,602,903,904</b>	<b>25,933,817,876</b>
Depreciation on 1st July, 1996	4,103,698,901	4,938,916,223
Adjustments and w/offs	1,125,456,471	(2,338,881,547)
Charge for the year	1,625,463,310	1,503,664,225
<b>Total Depreciation</b>	<b>6,854,618,682</b>	<b>4,103,698,901</b>
<b>Net Book Value</b>	<b>19,748,285,222</b>	<b>21,830,118,975</b>
Work-in-Progress	<u>841,038,613</u>	<u>1,190,147,250</u>
	<b>20,589,323,835</b>	<b>23,020,266,225</b>

Most assets were revalued in 1994 on the basis of current replacement cost, subsequent acquisitions have been stated in the accounts at cost.

3. Investments

(a) Investments are held in Fixed Deposit accounts and Government Bonds whose maturity periods range from three months to seven years.

(b) Also included under investments is the cost of the Authority's equity share holding in the following institutions.

	<u>Cost</u>
(i) Kenya National Shipping Line Ltd.	70,023,000.00
(ii) Consolidated Bank of Kenya Ltd.	29,000,000.00

(c) The value of Shares in M/s. Kenya National Shipping Line Ltd were reduced by 50% to cover the accumulated loss of the Company. The Company also capitalised a debt of Kshs.19,335,000 owed to this Authority into 38670 Shares. The Authority's total share holding in the Company after reconstruction and capitalisation of the debt stands at 108,693 share of 500 each (Ksh.54,346,500). These changes were passed by the Company's Board Meeting on 25th August, 1997. The reduction of Capital is subject to the result of a petition lodged with the High Court of Kenya in compliance to the provisions of the Companies Act.

4. Current Assets

(a) STORES STOCKS

These are stated at cost or net realisable value less 5% provision for obsolescence and deterioration.

	30.6.97	30.6.96
	<u>Kshs.M</u>	<u>Kshs.M</u>
Balance as at 30.6.96	1,752.15	1,688.69
Less Provision	<u>(354.27)</u>	<u>(84.51)</u>
Net balance	<u>1,397.88</u>	<u>1,604.18</u>

(b) DEBTORS

This balance include bills outstanding in respect of Marine and Cargo handling services rendered to Port Users up to 30th June, 1997. It also includes staff and other debts.

	<u>30.6.97</u>	<u>30.6.96</u>
	<u>Kshs.M</u>	<u>Kshs.M</u>
Cargo	427.87	346.03
Marine	<u>389.51</u>	<u>405.62</u>
Total Trade Debt	817.38	751.65
Less Provision	<u>(103.72)</u>	<u>(95.60)</u>
Net Trade debt	713.66	656.05
Staff Debts	247.44	254.15
MOTC Advance	293.14	287.23
KFS	247.69	320.55
Prepaid Tax	381.69	-
Other Debtors	<u>93.7</u>	<u>368.04</u>
	<u>1,977.32</u>	<u>1,886.02</u>

(c) i. CASH AND BANK

This balance consists of the following

	30.6.97 <u>Kshs.M</u>	30.6.96 <u>Kshs.M</u>
Bank Overdraft	<u>(328.45)</u>	<u>(348.75)</u>
Cash at Bank	39.91	27.85
Cash with Crown Agents	0.61	15.15
Cash at Hand	<u>2.47</u>	<u>2.31</u>
NET CASH BALANCE	<u>42.99</u>	<u>45.31</u>

ii. Overdraft facility

The overdraft facility with National Bank of Kenya was renegotiated during the course of the year under review. Interest is charged on the balance drawn at the rate of 26.5% per annum.

Provisions

Provisions have been made to meet contributions to staff Pension and Gratuity Scheme.

	30.6.97 <u>Kshs.M</u>	30.6.96 <u>Kshs.M</u>
Staff Pension	337.90	380.57
Staff Gratuity	<u>3.98</u>	<u>8.02</u>
	<u>341.88</u>	<u>388.59</u>

Reserves as at 30th June, 1997

Statement No. 2

RESERVES

GENERAL	1996/97	1995/96
	KSHS.M	KSHS M
OPENING BALANCE	3,764.77	4,232.54
PROFIT & LOSS ACCOUNT	(229.22)	761.07
ADJUSTMENTS	(2,291.96)	(1,228.84)DR
<b>TOTAL:</b>	<b>1,243.59</b>	<b>3,764.77</b>
<b>B. CAPITAL</b>		
OPENING BALANCE	15,296.75	12,864.79
REVALUATION OF FIXED ASSETS	424.94	2,431.96
<b>TOTAL:</b>	<b>15,721.69</b>	<b>15,296.75</b>
<b>C. FOREIGN CURRENCY FLUCTUATION</b>		
OPENING BALANCE	-	-
MOVEMENTS DURING THE YEAR	365.55	-
<b>TOTAL:</b>	<b>365.55</b>	<b>-</b>

The Capital Reserve was created by a revaluation of assets in 1994.

7. Loan Capital

Details of loan capital as at 30th June, 1997 are shown in statement No. 3 below:

LOANS AS AT 30TH JUNE, 1997		Statement No.3		
LOAN	BALANCE AS AT 1.7.96	BALANCE AS AT 30.6.97	PAYABLE 1997/98	OVER 1 YEAR
IBRD LOAN 428-7		-	-	-
BRD LOAN 865-1	84,585,230	27,538,126	27,538,126	
EIB LOAN	314,566,573	235,324,261	53,639,465	181,684,796
NIO LOAN	247,058,448	180,571,032	22,571,379	157,999,653
ZAMBIA LOAN	154,510	154,510	-	154,510
<u>ON-LENT LOANS</u>				
DUTCH	265,221,642	244,017,453	22,824,266	221,193,185
FRENCH (LOCAL)	583,989,895	523,979,895	61,331,418	462,648,477
BRITISH (TUGS)	178,101,036	168,619,019	10,453,925	158,165,094
BRITISH (CRANES)				
BRITISH (PIP)	75,119,975	71,004,856	4,514,193	66,490,663
FRENCH (FOREIGN)	300,215,234	286,127,863	15,828,569	270,299,294
	2,133,974,427	1,568,422,233	226,715,222	1,341,707,011
BELGIUM LOAN	24,484,607	23,432,931	1,159,473	22,273,458
	4,207,471,577	3,329,192,179	446,576,038	2,882,616,141



8. **Taxation**

- i. Taxation is charged at the rate of 35% on the profit for the year adjusted for tax purposes

	1996/97	1995/96
	<u>Kshs.M</u>	<u>Kshs.M</u>
Tax for the year	304.14	648.95

The final tax assessment on this Authority's profits will be based on the audited accounts for the year.

ii **Back-tax**

The liability for back-tax for the years 1986-1994 amounting to Shs. 2,269,865,448 was provided for in the accounts. So far Shs 400.0 Million has been paid to the Commissioner of Income Tax in this regard.

9. **Contingent liabilities**

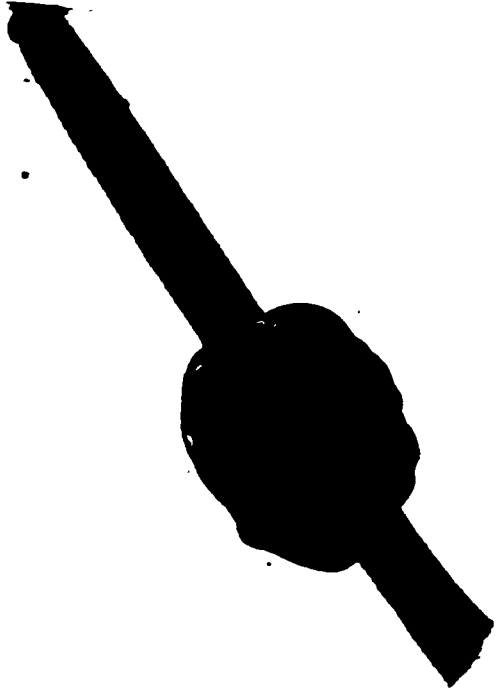
	<u>Kshs.M</u>
1. Claims from Port users	60.0
2. Mtongwe Ferry Disaster	300.0
3. Cases under arbitration	150.0
4. Claims arising from litigation	70.0
5. Container Freight Station	400.00

10. **Profit and Loss Account**

A detailed Profit and Loss Account is attached as appendix "A".1

11. **OPENING BALANCES**

The Audit Certificate on the Accounts for the period ended 30th June, 1996 had not been received from the Audit General (Corporations) by the time these Accounts were forwarded to the Board for approval. The opening balances are therefore based on draft accounts for the year 1995/96.



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS  
OF KENYA PORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE 1997

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA PORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE 1997

I have examined the accounts of the Kenya Ports Authority for the year ended 30 June 1997 in accordance with Section 29 (2) of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations that I required for the purpose of the audit. Proper books of account were kept and the accounts, which have been prepared under the historical cost convention as modified by revaluation of certain fixed assets, are in agreement therewith and comply with the Kenya Ports Authority Act (Cap 391).

Except for the reservations set out herebelow, in my opinion, the accounts when read together with the notes thereon, give a true and fair view of the Authority's financial position as at 30 June 1997 and of its deficit and source and application of funds for the year then ended.

1. ADVANCES TO KENYA FERRY SERVICES - KSHS.247,689,861

The Kenya Ports Authority made additional advances totalling Kshs.228,136,473 to Kenya Ferry Services Limited during the year under review bringing the total to Kshs.247,689,861 as at 30 June 1997. The advances included a total of Kshs.9,225,000 paid on behalf of Kenya Ferry Services to a private Ocean Cruises Company to acquire 30% shares in the Company and to clear its overdraft. The Ocean Cruises Company has been dormant and the Authority is unlikely to recover the amount or receive any return from the investment. Besides, the Kenya Ferry Services has been making operational losses and the Authority is unlikely to recover the advances from Kenya Ferry Services. There is also a contingent liability of Kshs.300 million under Note 9 to the accounts on Mtongwe Ferry Disaster which might raise the amount advanced should this be met.

2. INLAND CONTAINER DEPOT - ELDORET

In my report on the Authority's Accounts for the year ended 30 June 1996, I stated that the contract to build the above Depot was awarded to a Construction Company for a sum of Kshs.279,681,839 to be completed within a period of 108 weeks with effect from June 1991. I also stated that the Depot was completed in the last quarter of 1995 at a cost of Kshs.358,778,562. Although the project was handed over by the Contractor to Kenya Ports Authority in June 1996, the same was not operational during the year under review. As pointed out in the previous year's report the heavy capital investment of Kshs.358,778,562 remains idle with no returns to the Authority due to poor and unco-ordinated planning.

3. LAND WITHOUT TITLE

In paragraph 3 of the previous year's report I indicated that the Authority's Fixed Assets figure in the Balance Sheet included four Dogo Kundu and three Kipevu plots with a total cost of Kshs.14,802,000 for which the Authority did not have title deeds. Title deeds for Dogo Kundu have since been obtained. However, ownership of the three Kipevu plots which were subject

of court cases filed by the Authority against the Commissioner of Lands, was still in doubt. Although the Authority referred the subject to the parent Ministry, the Attorney General and the Commissioner of Lands in accordance with recommendations of Public Investment Committee contained in their 7th report, the ownership of the properties is still in dispute. In the circumstances, I am unable to confirm that the value of the plots is fairly included in these accounts.

#### 4. MTONGWE HOUSING ESTATE PROJECT

In paragraph 4 of my report on Kenya Ports Authority's accounts for the year ended 30 June 1996, I stated that the Fixed Assets Balance Sheet figure of Kshs.23,020,266,225 included Kshs.666,189,165 and Kshs.97,525,989 construction costs and consultancy fees respectively, relating to Mtongwe Housing Project which commenced on 2 April 1990. The project contracted at Kshs.551,862,233 was to be completed by 31 March 1993 but had not been completed by that date. As at the time of signing this report, the project has not been completed and the expenditure had escalated to Kshs.926,422,758 as at 30 June 1997. Further, although in its 7th report, the Public Investments Committee recommended that the Authority recovers liquidated damages estimated by the Authority at Kshs.29,728,400, from the Contractor, no recoveries had been made at the date of this report.

#### 5. CONTAINER FREIGHT SECTION - MOMBASA

As stated in paragraph 5 of the report on accounts of the Kenya Ports Authority for the period ended 30 June 1996, the Authority, in August 1995 awarded six (6) different contracts totalling Kshs.2,686,864,250 for construction of container freight station in Mombasa and the Authority subsequently incurred expenditure totalling Kshs.408,689,858. The project was not in that year's initial budget and the contracts were entered into without prior detailed feasibility studies particularly with regard to effect on cash flows and expected future returns. There was inadequate documentation of the basis of selection of consultants and contractors suggesting lack of competitive tendering. Further, the above contract payments were made without matching payments to the value of work done.

The project was abandoned during the year under review and contracts determined in August 1997. In the circumstances I was unable to confirm the propriety of expenditure of Kshs.408,689,858 and contingent liability of Kshs.400,000,000 shown in note 9 to these accounts.

#### 6. KIZINGO GUEST HOUSE

Included in the Fixed Assets figure of Kshs.20,589,323,835 is Kshs.14,700,000 relating to the Kizingo Guest House. Information available indicate that at its 174th meeting held on 17 October 1995, the Board approved the disposal of the

Kizingo Guest House. This was subsequently valued by a firm of professional valuers on 22 January 1996 at Kshs.29.5 million and sold, at that valuation to a private firm on 25.2.97. Documents made available indicate that there was no competitive bidding in selling the property and that the sale was apparently initiated by the purchaser. Further, the valuation on which the sale was based was a year old. In the circumstances, I am unable to confirm that the Authority got the best value for its property. The assets of the Authority were also overstated by the value of the Guest House, i.e Kshs.14,700,000.

7. DEBTORS - DREDGING CHARGES - KSHS.287,231,401

The Balance Sheet Debtors figure includes an amount of Kshs.287,231,401 paid to a dredging company in 1992 by the Authority on behalf of the parent Ministry on the understanding that the Treasury would offset the amount against Uganda Compensation and the on lent loans. Although the Public Investments Committee recommended in their 6th report that the matter be solved when the Cross Debt study is concluded, the debt was still outstanding in the Authority's books as at 30 June 1997. Further, debtors include advances to Ministry's Officials made during the year totalling Kshs.5.91 million which have not been refunded to the Authority.

8. STORES STOCK - KSHS.1,397,880,323

8.1. The above figure is stated at the lower of cost or net realisable value after providing for:

Stocks shortages	Kshs. 138,938,514
Dormant stock	138,321,000
General provision 5.4%	<u>77,011,252</u>
Total Provision	<u><u>354,270,766</u></u>

I am unable to express an opinion on the adequacy of provision of 5.4% obsolescence due to absence of stock ageing analysis.

8.2. It is further observed that the stores stock figure of Kshs.1,397,880,323 represents 41% of the total current assets of Kshs.3,418,208,448 as at 30 June 1997. The Authority maintained high levels of stock some of which are dormant or are slow moving. These stocks appear to have tied up the much needed funds which could have been utilised elsewhere.

8.3 Besides the Authority purchased from a private firm five (5) stock items totalling Kshs.5,427,838 on 21 March 1997. Three items out of 5 namely: Liner AR 8069, Piston AR 11908 and Cylinder Head AR 11171 were overpriced by approximately Kshs.2,869,344 arrived at as follows:

...../4

<u>ITEM</u>	<u>QTY</u>	<u>LPO Price</u>	<u>Market price</u>	<u>Difference</u>	<u>Total Overprice</u>
		Kshs	Kshs	Kshs	Kshs.
Liner AR 8069	32	32,984	14,954	18,030	576,960
Piston AR 11908	24	79,621	18,076	61,545	1,477,080
Cylinder Head AR 11171	2	1,211,155	803,363	407,652	815,304
				Total	2,869,344
					=====

No satisfactory explanation was offered by the Authority for this, but clearly the Authority did not get full value for money in this instance.

9. UNCOLLECTED WHARFAGE CHARGES KSHS.14,093,180

It was pointed out in paragraph 11 of the report for the year ended 30 June 1996 that revenue amounting to Kshs.2,158,358 was received on 15 September 1993 from a Clearing and forwarding firm in respect of wharfage charges for two consignments owned by Kenya Post and Telecommunications Corporation with declared value of Kshs.3,749,757 and Kshs.104,249,584. An investigation carried out in June 1996 by the Authority's Internal Audit and Security showed that the declared value of the consignments was incorrect, resulting in under-collection of wharfage charges of Kshs.14,093,180. Although the Authority instructed a firm of advocates to recover the uncollected wharfage charges, no recovery was made because the firm cannot be traced in the Registrar of Companies and the directors are unknown. The matter was not reported to the Police until 16 December 1997 after the audit report and one and half years after the investigations. The position as at 30 June 1997 remained the same.

10. LONG TERM INVESTMENTS - KSHS.615,530,633

The Balance Sheet Long Term Investment figure of Kshs.615,530,633 includes Kshs.99,023,000 in respect of investments in the following institutions:-

Kenya National Shipping Line Limited	Kshs.70,023,000
Consolidated Bank of Kenya Limited	<u>29,000,000</u>
Total	<u>99,023,000</u>
	=====

The Authority however, has not received any dividends from the above investments. In the circumstances I am unable to confirm the value of the investments quoted in these accounts.



W.K.KEMEI  
AUDITOR-GENERAL (CORPORATIONS)

24 August 1999.

