Library

KENYA FERRY SERVICES LIMITED

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA FERRY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE 2005

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REPUBLIC OF KENYA

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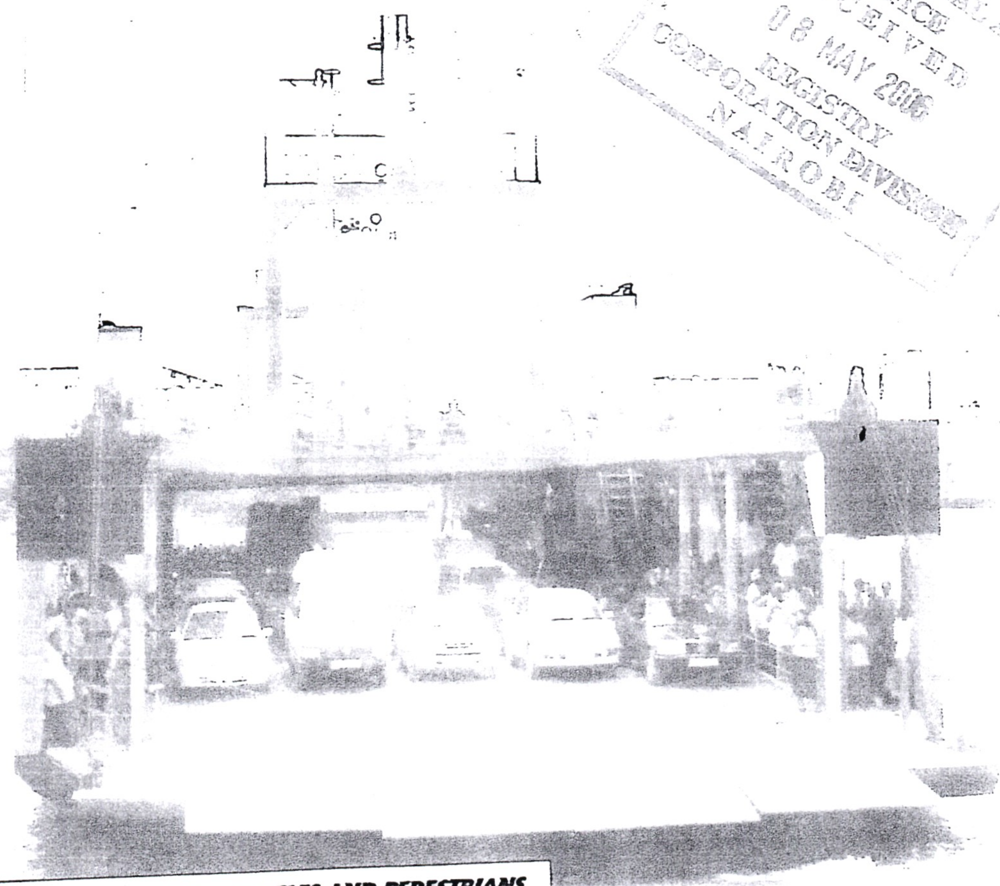
P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA FERRY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE 2005

KENYA FERRY SERVICES LIMITED

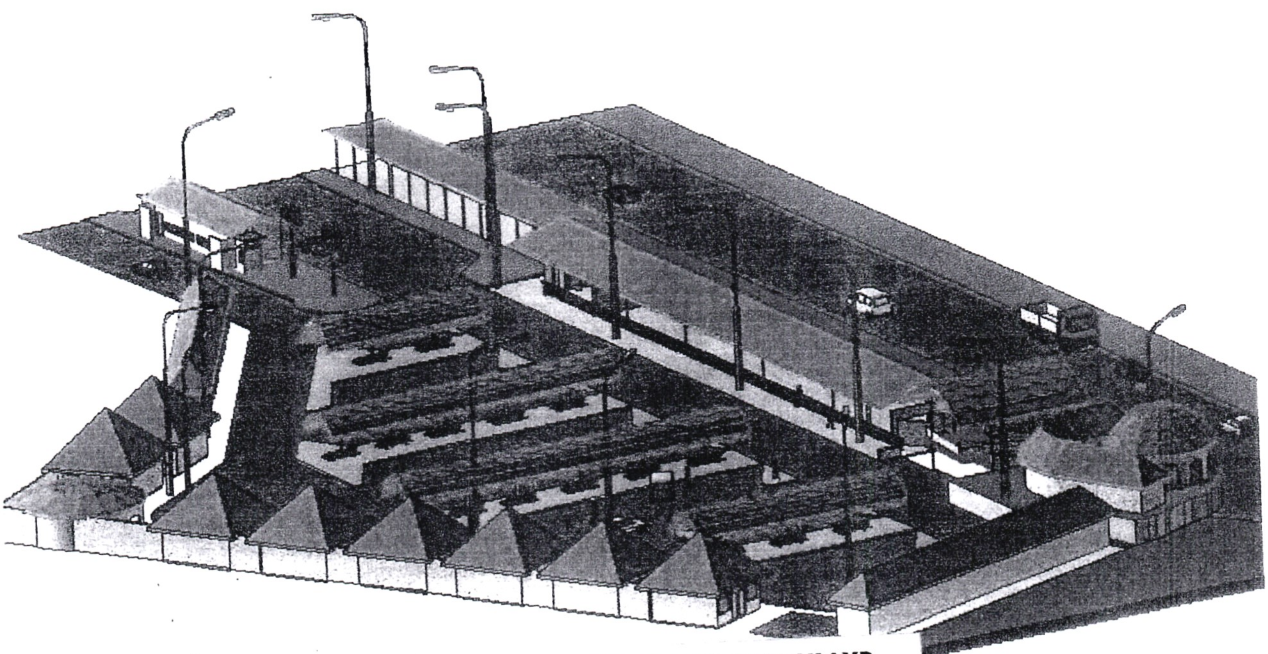


M.V. NYAYO FERRYING VEHICLES AND PEDESTRIANS

Kenya Ferry Services Limited,
Peleleza Headquarters,
P.O. Box 95187, Mombasa, Kenya.
Tel.2451126,2451351
Fax:2451062/2451039
Email: info@kenyaferry.co.ke

KENYA FERRY SERVICES LIMITED

FERRYING YOU ACROSS TO THE FUTURE



ON-GOING INFRASTRUCTURAL DEVELOPMENT AT LIKONI MAINLAND

KENYA FERRY SERVICES LIMITED
ANNUAL REPORT

and Financial Statements
30th June 2005

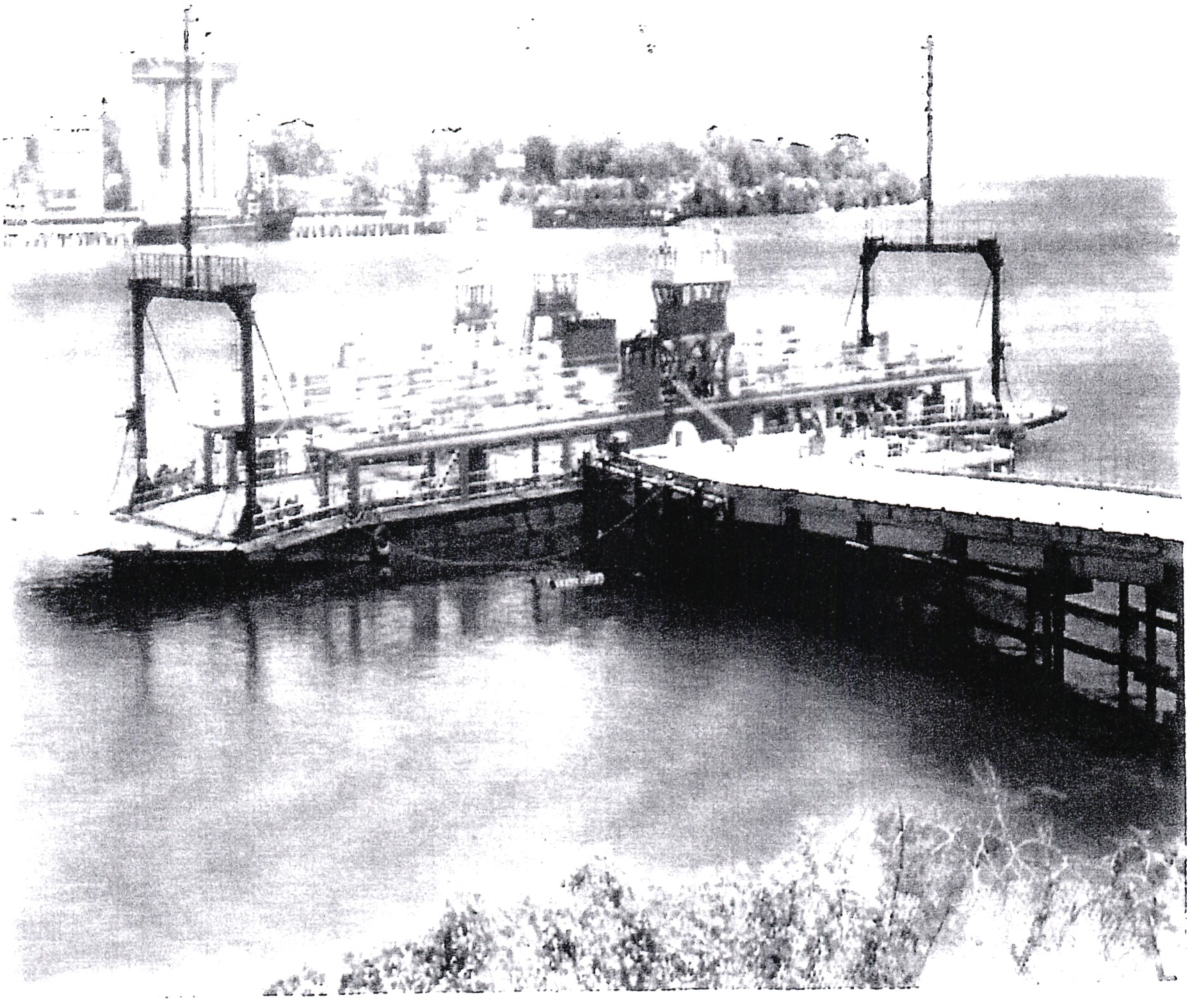
Our Vision

To be a leader in providing ferry services in the Eastern African Region.

SCREENING OF VEHICLES BEFORE BOARDING THE FERRIES

Our Mission

To operate a commercially sustainable ferry service that is safe, reliable, efficient, and secure to meet present and future customer needs.



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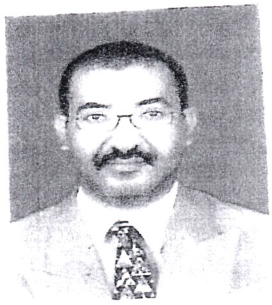
BOARD OF DIRECTORS



ALI MANDHRY
CHAIRMAN

J.J RIA
MANAGING DIRECTOR

GERISHON IKIARA
DIRECTOR
PS – TRANSPORT

JOSEPH KINYUA
DIRECTOR
PS - TREASURY

A. WARUI
DIRECTOR

B.M.M. ONDEGO
DIRECTOR

A.M. GUNDA
DIRECTOR

A.M. GAKERE
Alternate DIRECTOR
To PS – Transport

J. GiCHUHI
Alternate DIRECTOR
To PS - Treasury

MUTHONI GATERE
COMPANY SECRETARY

DIRECTORS	ALI MANDHRY	CHAIRMAN
	JOHN J. RIA	MANAGING DIRECTOR
	JOSEPH KINYUA	PS TREASURY
	GERISHON IKIARA	PS TRANSPORT
	A. G. WARUI	DIRECTOR
	ALI HAJI M. GUNDA	DIRECTOR
	B.M.M. ONDEGO	DIRECTOR
	J. GICHUHI	Alternate to Joseph Kinyua
	A.M. Gakere	Alternate to Gerishon Ikiara
Secretary	Muthoni Gatere	Company Secretary

Registered office and Place of Business	PELELEZA LIKONI P.O. BOX 95187, MOMBASA , KENYA.
Bankers	National Bank of Kenya Ltd Portway House Branch P.O. Box 87770 MOMBASA.
Auditors	Controller and Auditor General Kenya National Audit Office P.O. Box 30084-00100 GPO NAIROBI.

SENIOR MANAGEMENT

JOHN JOEL RIA
MANAGING DIRECTOR
BA (HONS)

DECHE KASHERO
Financial Controller
BCOM (HONS) CPA (K)

S.S. JANOOWALLA
Chief Engineer

A.D. MADZUNGU
Operations Manager
BA (HONS)

P. Nyaga
Human Resource &
Administration Manager
CPS (K)

Muthoni Gatere
Company Secretary
LLB (HONS)

KENYA FERRY SERVICES LIMITED
DIRECTOR'S REPORT
FOR THE YEAR ENDED 30TH JUNE 2005

The directors submit their report together with the financial statements for the year ended 30 June 2005, which disclose the state of affairs of the company.

The company was incorporated in Kenya in November 1989 under the company's Act Cap 486 and is domiciled at Mombasa, Kenya.

The company's mainstay occupation is the provision of a ferry link to both pedestrian and vehicle traffic. Pedestrian constitute about 70% of the total business volume, whereas vehicles account for 30%. Vehicles pay a government approved toll charges, while pedestrians cross free of charge. The Government compensates the company in form of subsidy for the free pedestrian services.

The company owns and operates five ferry vessels namely M.V Nyayo, Harambee, Kilindini, Pwani and Mvita. The company transports an average of 57 million pedestrians and 1.1 million vehicles annually.

The company has attracted fairly qualified human capital and currently has a staff strength of 210 workers.

KENYA FERRY SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

We, the directors certify that:

1. We are responsible for the preparation of financial statements, which present a true and fair view of the state of affairs of the Corporation and of its operating results.
2. The financial statements have been prepared in accordance with International Financial Reporting Standards.
3. We are responsible for safeguarding the assets of the corporation.
4. We are responsible for establishing and maintaining systems of Internal Control designed to provide reasonable assurance as to the integrity and reliability of the corporation's financial reporting.
5. The directors are of the opinion that the financial statements for the year ended 30 June 2005 fairly present the financial position and operating results of the corporation.
6. Nothing has come to the attention of the directors to indicate that the corporation will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:-

A. Mandhry
CHAIRMAN

J.J. Ria
MANAGING DIRECTOR

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: cag@kenyaweb.com

P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA FERRY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE 2005

I have audited the financial statements of Kenya Ferry Services Limited for the year ended 30 June 2005 in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Directors and the Controller and Auditor General

As set out in the statement of directors' responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the Company's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

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

Comments

1. Financial Performance

During the year, the Company incurred a deficit of Kshs.64,084,792 (2004-Kshs.9,386,984) which brought its accumulated deficit to Kshs.882,245,317 (2003/2004 -Kshs.816,307,788). The financial statements have therefore been prepared on the going concern basis which assumes continued financial support from the Government and Kenya Ports Authority.

2. Addition and Alteration of Peleza Office – KShs. 27,823,317.35

The Company contracted a local firm to alter partitions and plumbing works at their new Head Office (PELELEZA) for KShs. 4,146,822. Other firms were also contracted to carry out works on air-conditioning, electrical wiring, fire fighting and glass doors and windows at a total cost of KShs. 5,727,581 resulting to a total budgeted cost of Kshs.9,874,403. However, at the completion of the project, the total costs had escalated to KShs. 27,823,317, Kshs.21,203,175 being paid to the local firm referred to above and Kshs.6,620,142 being paid to the other firms. No evidence of board approval of the variations was provided. Further, no records were produced during the audit review to confirm that the Government Procurement Regulations were adhered to during the procurement process. In the circumstances, the propriety of the Kshs.27,823,317 being capital expenditure on alterations to the Headquarters building could not be confirmed.

Opinion

Except for the reservations set out in the foregoing paragraphs, in my opinion, proper books of account have been kept and the financial statements give true and fair view of the state of the financial affairs of the Company as at 30 June 2005 and of its loss and cash flow for the year then ended in accordance with International Financial Reporting Standards and comply with Kenyan Companies Act (Cap 486).

E. N. MWAI
CONTROLLER & AUDITOR GENERAL

Nairobi

11 May 2006

Income and Expenditure Statement for the year ended 30th June 2005

	Note	2005 Kshs.	2004 Kshs.
INCOME			
Income from operations	1	111,764,740	103,530,291
Interest Income	2	8,941,461	3,893,755
Gain on Forex Exchange	3	2,489,351	-
Other income	4	262,720	3,514,245
Government Grants	5	250,000,000	200,000,000
Total		**373,458,272**	**310,938,291**
EXPENDITURE			
Staff & Administrative Cost	6	164,992,018	127,333,474
Operational Costs	7	176,290,936	154,387,837
Depreciation Expenses	8	84,037,532	79,678,716
Provision for fund in KFB		-	1,966,508
Mtongwe Compensation	21	12,222,578	13,005,642
TOTAL		**437,543,064**	**376,422,177**
Surplus or Deficit from Operation		(64,084,792)	(65,483,886)
Add extraordinary Exceptional income		-	56,096,902
Net Surplus/Deficit for the year		**(64,084,792)**	**(9,386,984)**

KENYA FERRY SERVICES LIMITED

BALANCE SHEET AS AT 30TH JUNE 2005

	NOTE	2005 KSHS.	2004 KSHS.
Non-Current Assets			
Property, Plant & Equipment	8	283,040,824	298,628,668
Capital Works in Progress	9	103,403,223	51,271,921
Current Assets		**386,444,047**	**349,900,589**
Short term Investments	10	193,594,750	308,379,339
Stocks	11	74,469,676	87,167,607
Trade and Other Receivables	12	8,754,596	6,349,796
Bank and Cash Balance	13	25,657,725	277,357
		302,476,747	**402,174,099**
Total Assets		**688,920,794**	**752,074,688**
Share Holders Funds and Liabilities			
Share Capital	14	499,904,000	499,904,000
Accummulated Losses	15	-882,245,317	-816,307,788
Revaluation Reserves	16	346,472,073	346,472,073
Government Funds	17	358,340,103	358,340,103
		322,470,859	**388,408,388**
Non-Current Liabilities			
Advances from KPA	18	325,507,569	323,399,146
		325,507,569	**323,399,146**
Current Liabilites			
Trade and Other Payables	19	40,942,366	39,540,300
Bank Overdraft		-	726,854
		40,942,366	**40,267,154**
Total Equity and Liabilities		**688,920,794**	**752,074,688**

A. MANDHRY
CHAIRMAN

JOHN J. RIA
MANAGING DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2005

	Share Capital	Revaluation Reserve KSHS.	Accumulated Losses KSHS.	Govern-ment Funds	TOTAL
At. 1.7.2003	499,904,000	346,472,073	-807,157,455	58,340,103	97,558,721
Net Surplus/Deficit for the year	-		-9,386,985 -		-9,386,985
Adjustment for valuation Divecon	-		236,652		236,652
Receipt of Government funds for purchase of ferries & Investment	-	-	-	200,000,000	200,000,000
Funds for Construction of a Bus Park and Stalls	-	-	-	100,000,000	100,000,000
At 30th June 2004	**499,904,000**	**346,472,073**	**-816,307,788**	**358,340,103**	**388,408,388**
At 1.7.2004	499,904,000	346,472,073	-816,307,788	358,340,103	388,408,388
Net Surplus/Deficit for the year			-64,084,792	-	-64,084,792
Adjustment for Provision of bad debts	-	-	-1,852,737	-	-1,852,737
At 30th June 2005	**499,904,000**	**346,472,073**	**-882,245,317**	**358,340,103**	**322,470,859**

NOTE

ADJUSTMENT OF KShs. 1,856,783.00

Provision of bad debts refers to prior year adjustments in investments in the defunct Kenya Finance Bank (KShs. 1,856,783) and an overstatement of accumulated depreciation under Office Equipment of KShs. 4,030.

CASH FLOW POSITION STATEMENT FOR THE YEAR ENDED 30TH JUNE 2005

	NOTE	2005 KSHS.	2004 KSHS.
OPERATING ACTIVITIES			
Cash generated from operating activities	21	31,899,594	392,062,351
Investment Activities			
Purchase of Property, Plant & Equipment	8	68,445,658	12,943,812
Capital Works in Progress		52,131,302	40,627,737
Net Cash (used) in Investing Activities		120,576,960	53,571,549
Financing Activities			
Repayment of KPA advance		-	56,096,902
Net Cash used in financing in financing Activities			56,096,902
(Decrease)/Increase in cash and cash equivalent		-88,677,366	282,393,900
Movement in cash and cash equivalent			
At start of year		307,929,841	25,535,941
(Decrease)/Increase		-88,677,366	282,393,900
At end of year		219,252,475	307,929,841

Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

(a) **Basis of preparation**

The financial statement are prepared under the historical cost convention as modified by the carrying of investment property at revalued value and are in compliance with International Financial Reporting Standards.

(b) Revenue Recognition

(i) Revenue from vehicular toll and ferry pass holders is recognized in the year in which it is due.

(ii) Interest income is recognized on a time proportion basis that takes into account the effective yield on the asset.

(iii) Other income which is mainly sale of advertisement space is recognized when it is received.

(iv) Government Grant or Subvention.
This is recognized when received. The Government of Kenya and the company have a signed memorandum of understanding whereby the Government is to compensate the company for providing free pedestrians services and for charging motorists at rates lower than market rates.

(c) Property, Plant and Equipment

Property, Plant and equipment is stated at historical or revalued cost less accumulated depression.
Depreciation is calculated on the straight line basis to write down the cost of each assets to its residual value over its estimated useful life using the following rates.

(i) Ferry crafts – over 20 years or 5%
(ii) Motor vehicles – over 4 years or 25%
(iii) Ferry plants, tools and Equipment - over 8 years or 12.5%
(iv) Office furniture + Equipment – Over 8 years or 12.5%
(v) Standby Generator – Over 8 Years or 12.5%
(vi) Computers and software - over 4 years or 25%
(vii) Leasehold land/Buildings - over 30 years term of lease on land or 3%
(viii) Drive way, Watchtower and Crew boat – over 10 years or 10%
(ix) Permanent Buildings over 50 years or 2%
(x) Freehold land is not depreciated.
Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the surplus/deficit) for the year.

(d) **Inventories are stated at the lower of cost and net realisable value.**
Cost is determined by first in first out (FIFO) method and includes all costs of purchase,costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(e) **Cash and cash equivalents**
For the purposes of the cash flow statements, cash and cash equivalents comprises cash in hand and short term deposits held at call with banks.

(f) **Retirement Benefit Obligations**
The company operates a defined contribution scheme for all its employees. The scheme is administered by Insurance Company of East Africa and is funded by contribution from both the company and the employees. The company's contribution to the defined contribution retirement benefit scheme are charged to the Income and Expenditure Statement in the year to which they relate.

The company also contributes to a statutory defined benefit scheme, the National Social Security Fund (NSSF). Contribution are determined by legal statute and are currently limited to Kshs.200 per employee per month. The company's contribution to the above scheme are charged to the Income and Expenditure Statement in the year to which they relate.

(g) **Employee Entitlement**
The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognized as an expense accrual.

(h) **Comparatives**

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

NOTES TO THE ACCOUNTS

NOTE 1 Income earned from Principal Activity

	2004/05 Kshs.	2003/04 Kshs.
Income from vehicle ferry crossing	110,844,948	102,173,022
Sale of ferry passes	788,792	1,265,734
Hire of ferry	131,000	91,535
	111,764,740	103,530,291

NOTE 2 Net Interest Income from Short term deposit

	2004/05 Kshs.	20023/04 Kshs.
Interest Income	9,387,024	4,206,564
Less Bank charge and Interest on overdraft	(445,563)	(312,809)
	8,941,461	3,893,755

NOTE 3 Gain on Forex Exhange - Kshs.2,489,351

This is income gained from convertion of Euros to Kenya Shillings on funds for purchase of ferry vessels.

	2004/05 Kshs.	**2003/2004 Kshs.**
NOTE 4 Other Income	**794,291**	**4,715,471**
Less Advertisement cost	(531,571)	(124,068)
Printing cost (50%)	-	(1,077,158)
	262,720	**3,514,245**

This is income from renting space at ferry, sale of pre-qualification forms, and sale of tender documents less the Advertisement Costs.

	2004/05 Kshs.	2003/04 Kshs.
NOTE 5 Government Grants/Subvention	**250,000,000**	**200,000,000**

NOTE 6 Staff/Administrative Costs

	2004/2005	2003/2004
(i) Salaries & Wages	121,545,503	93,614,644
(ii) Staff Transport	4,060,704	3,860,556
(iii) NSSF	799,159	491,000
(iv) Provident/Pension Contribution	4,242,679	4,787,846
(v) Gratuity	1,110,005	-
(vi) Service Pay Benefits	2,948,876	2,982,242
(vii) Medical Expenses	21,695,758	13,749,072
(viii) Staff Uniforms	2,145,264	2,162,280
(ix) Staff Welfare Expenses	1,874,467	1,188,000
(x) Staff Leave Entitlement	601,303	1,693,334
(xi) Leave Traveling Expenses	3,968,300	2,804,500
	164,992,018	**127,333,474**
Number of staff	209	**206**

NOTE 7 Operational Costs

(i) Fuel/Oil delivery Expenses	33,409,533	31,878,488
(ii) Cost of ferry repairs and Maint.	45,516,392	42,883,062
(iii) Ferry Dry-docking	10,768,449	14,663,236
(iv) Ferry Insurance	24,698,172	17,571,791
(v) Licence, Inspection & Survey	1,613,406	887,813
(vi) Office building repair + Maint.	306,573	498,048
(vii) Office furniture & Equipment	2,706,316	458,455
(viii) Ferry Safety, Equipment & Repair	2,856,765	445,929
(ix) Board Expenses & Directors fees	1,215,781	1,863,725
(x) Motor vehicle running expenses	3,091,095	2,771,205
(xi) Professional fees	276,715	143,940
(xii) Publicity & Public Relations	1,510,673	352,538
(xiii) Entertainment	1,478,106	1,406,278
(xiv) Legal Expenses	1,530,914	1,221,875
(xv) Motor vehicle Insurance	500,643	467,520
(xvi) Other Insurance	2,509,283	2,228,177
(xvii) Rents and Rates	294,535	145,211
(xviii) Electricity and Water	1,557,333	1,461,106
(xix) Telephone + Postage	4,191,397	3,758,957
(xx) Printing & Stationery	2,863,491	1,077,158
(xxi) Traffic/Crowd Control	10,229,520	9,721,125
(xxii) Newspaper + Periodicals	350,415	337,613
(xxiii) Laundry Expenses	554,804	480,936
(xxiv) Donation and Subscription	492,521	248,841
(xxv) General Expenses	1,871,561	1,512,715
(xxvi) Money transits Services	597,795	555,310
(xxvii) Planning Research & Dev.	1,918,400	2,217,408
(xxviii) Human Resources Consultancy	414,236	344,220
xxix) Contingency	4,900,035	3,116,186
(xxx) Staff Training	4,496,812	4,066,402
(xxxi) Duty Travel & Conn. Expenses	3,819,538	3,514,111
(xxxii) HIV/AIDS awareness	1,293,507	1,610,502
(xxxiii) I.T. Implementation + Training	2,456,220	527,956
	176,290,936	**154,437,837**

NOTE 8 Property, plant and Equipment

COST	FERRY VESSELS	FERRY PLANTS & TOOLS	MOTOR VEHICLES	COMPUTERS	OFFICE EQUIPMENT	FREEHOLD LAND	BUILDINGS	DRIVE WAY WATCH-TOWER CREW BOAT GARDEN	LEASED BUILDING	LEASED LAND	STANDBY GENE-RATOR	TOTAL
At 1 7.2004	983,850,045	131,862,830	14,527,675	25,441,682	13,060,376	16,532,791	20,629,770	-	8,000,000	2,000,000	-	1,215,905,169
Additions	-	188,890	7,803,576	876,707	5,992,310	-	29,584,261	21,721,384	-	-	2,278,530	68,445,658
30.6.2005	983,850,045	132,051,720	22,331,251	26,318,389	19,052,686	16,532,791	50,214,031	21,721,384	8,000,000	2,000,000	2,278,530	1,284,350,827
Derpeciation												
1.7.2004	798,050,864	80,469,726	10,782,185	18,745,385	5,873,663	-	412,595	-	2,005,817	936,266	-	917,276,501
ADJUSTMENT					-4,030							-4,030
Charge for the year	49,192,502	16,506,465	5,582,813	6,579,598	2,381,586	-	1,004,281	2,172,138	266,667	66,666	284,816	84,037,532
At 30.6.2005	847,243,366	96,976,191	16,364,998	25,324,983	8,251,219	-	1,416,876	2,172,138	2,272,484	1,002,932	284,816	1,001,310,003
NET BOOK VALUE												
At 30.6.2005	136,606,679	35,075,529	5,966,253	993,406	10,801,467	16,532,791	48,797,155	19,549,246	5,727,516	997,068	1,993,714	283,040,824
At 30.6.2004	185,799,181	51,393,104	3,745,490	6,696,297	7,186,713	16,532,791	20,217,175	-	5,994,183	1,063,734	-	298,628,668

NOTE 9 CAPITAL WORKS IN PROGRESS KSHS.103,403,223

	2005 KSHS.	2004 KSHS.
Bus Park, Likoni Walkways	103,403,223	51,271,921

This represent work in progress at a bus park and business stalls at the Likoni mainland and office blocks at Peleleza.

NOTE 10 SHORT TERM INVESTMENTS KSHS.193,594,751

This represents funds held in fixed deposit A/Cs at National bank of Kenya, the funds are ment for the purchase of two new Ferries. The funds are on call as and when they shall be required.

A/C 0133457007204	2,930,473.20	4,485,584
A/C 0135057007201	190,664,277.50	303,893,755
	193,594,750.70	**308,379,339**

NOTE 11 Inventories

	2005 KSHS.	2004 KSHS.
Fuel, Oil stocks	1,157,978	1,137,851
Stationery stocks	2,064,914	2,018,014
Spares Stocks	71,246,784	84,011,742
	74,469,676	**87,167,607**

NOTE 12 Trade Debtors and Other Receivables

	2005 Kshs.	2004 Kshs.
Public Sector debtor	2,165,879	2,149,289
Private Sector Debtor	1,383,072	1,054,705
	3,548,951	3,203,994
Provision for bad debts	-709,790	-808,313
	2,839,161	2,395,679
Toll Collector Debtor	58,330	67,286
Interest Receivable	1,352,128	1,869,290

Refundable deposit	100,000	100,000
Staff Imprests	178,869	857,060
Salary advances	2,691,836	1,041,448
Kenindia Assurance	-	1,033
Withholding tax African Marine	1,534,272	-
	8,754,596	**6,349,796**

NOTE 13 Cash & Cash Equivalent

Bank Account	25,119,470	-
Cash on Hand at Likoni	301,675	233,369
Petty Cash/Cash on hand at Peleleza	236,580	43,988
	25,657,725	**277,357**

NOTE 14 Share Capital
Par value per Share : KSHS. 100.00

	No. of shares		
Authorized share Capital	**5,000,000**	**500,000,000.00**	**500,000,000.00**
Issued Share Capital			
Government of Kenya:	3,999,04C	399,904,000	399,904,000
Kenya Ports Authority:	1,000,000	100,000,000	100,000,000
		499,904,000	**499,904,000**

NOTE 15 Accumulated Losses

	2005 Kshs.	2004 Kshs.
At start of year	-816,307,788	-807,157,455
Adjustments for prior year [Pension funds in Kenya Finance Bank whose recoverability is slim]	-1,852,737	236,652
Deficit for year	-64,084,792	-9,386,985
	-882,245,317	**-816,307,788**

NOTE 16 Revaluation Reserves - Kshs.346,472,073

The company's assets were revalued in 1996/97 by Tysons valuers resulting into a revaluation reserve of Kshs.346,472,073. **346,472,073** **346,472,073**

NOTE 17 Government Funds for Capital Works

	2005 Kshs.	2004 Kshs.
Funds for Purchase of Maintenance Facility	58,340,103	58,340,103
Funds for Purchase of ferries	200,000,000	200,000,000
Funds for Construction Of Bus Park and Stall	100,000,000	100,000,000
	358,340,103	**358,340,103**

NOTE 18 Kenya Ports Authority Advances

	2005 Kshs.	2004 Kshs.
At start of year 1.7.04	323,399,146	379,496,048
Amount paid by KPA on our Behalf to Mtongwe victims	2,108,423	-
Amount repaid to KPA	-	56,096,902
At end of year 30.6.05	**325,507,569**	**323,399,146**

NOTE 19 Trade and Other Payables

Trade Payables	28,952,315	9,962,039
Ferry Insurance Payable	6,636,000	7,287,967
Prepaid Passes	182,160	-
Staff Leave days payable	601,303	1,693,334
NSSF	41,800	-
Provision and Accruals	300,000	600,000
Service Pay Benefits Payable	199,503	933,430
VAT	4,029,285	3,125
National Youth Service	-	573,300
PAYE	-	2,982,391
NHIF	-	47,680
Bandari Sacco	-	605,523
Kivuko Sacco	-	1,020,000
Kenya Ferry Services Welfare	-	98,500

British America Insurance	-	5,060
Pan African Insurance	-	21,025
Madison Insurance	-	7,455
TAWU	-	740
Alico Insurance Co.	-	12,312
ART (K)	-	7,936
Amedo Centre	-	38,790
Mbaraki Sports Club	-	9,000
Mossnet Industries	-	8,191
National Bank of kenya	-	12,312
ICEA	-	609,000
Mtongwe Compensation Payable	-	13,005,642
Staff Debt Clearing A/C	-	4,548
	40,942,366	**39,540,300**

NOTE 20

BANK OVERDRAFT	-	**-726,854**

NOTE 21 CASH GENERATED FROM OPERATIONS
RECONCILIATION OF SURPLUS/DEFICIT TO CASH GENERATED FROM OPERATIONS

	2005 KSHS.	2004 KSHS.
Deficit for the year	-64,084,792	-9,386,985
Adjustment for depreciation (8)	84,037,532	79,678,716
Provision for bad debts	1,852,737	-1,966,508
Adjustment for Valuation Fees	-	280,230
Government Funds Received for Capital Projects		300,000,000
Designated Funds used (Ferries)	-14,413,462	
Interest Income	9,387,024	4,206,564
Interest Expense	-445,563	-312,809
Gain on Forex (Euros to Shillings)	2,489,351	-
Receivables	-2,404,800	-490,397
Inventories	12,697,932	-5,073,464
Payables	2,783,635	25,127,004
Cash Generated from Operations	**31,899,594**	**392,062,351**

NOTE 22 Mtongwe Compensation - Kshs.12,222,578

This is amount which had been concluded by the Court as at end of financial year for Mtongwe victims

NOTE CURRENCY

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