

REPUBLIC OF KENYA

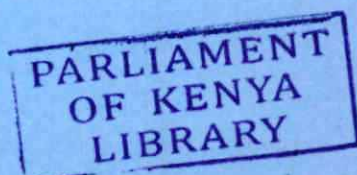


Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL




ON

KENYA PORTS AUTHORITY

**FOR THE YEAR ENDED
30 JUNE, 2024**

THE NATIONAL TREASURY

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2025	
DAY: Tuesday.	
TABLED BY:	Hon Owen Baya m.p Deputy Majority leader.
CLERK-AT THE-TABLE:	Cecreude Chebet.



KENYA PORTS AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

"WORLD-CLASS PORTS OF CHOICE"

**Prepared in accordance with the accrual basis of accounting under the
International Financial Reporting Standards (IFRS)**

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# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## ACRONYMS/ABBREVIATIONS

|          |                                                             |
|----------|-------------------------------------------------------------|
| AAK      | Architectural Association of Kenya                          |
| AD       | Alternate Director                                          |
| ADA      | Alcohol and Drug Abuse                                      |
| AFNI     | Associate Fellow Nautical Institute                         |
| AG       | Attorney General                                            |
| Ag.      | Acting                                                      |
| C        | Chairman                                                    |
| CAVB     | African Volleyball Confederation                            |
| CBOs     | Community Based Organizations                               |
| CBS      | Chief of Burning Spear                                      |
| CEC      | Customer Engagement Center                                  |
| CIAK     | Chartered Institute of Arbitration                          |
| CoK 2010 | Constitution of Kenya 2010                                  |
| CT2      | Second Container Terminal                                   |
| D        | Director                                                    |
| DB       | Defined Benefit                                             |
| DC       | Defined Contribution                                        |
| DSSI     | Debt Service Suspension Initiative                          |
| DWT      | Dead Weight Tonnage                                         |
| EAP      | Employee Assisted Program                                   |
| ECH      | Empty Container Handlers                                    |
| EGH      | Elder of the Order of the Golden Heart                      |
| ERM      | Enterprise Risk Management                                  |
| ESG      | Environmental Social and Governance                         |
| EXCOM    | Executive Management Committee                              |
| FAMP-K   | Fellow of the Association of Maritime Practitioners - Kenya |
| FVOCI    | Future Value Through Comprehensive Income                   |
| FVTPL    | Future Value Through Profit & Loss                          |
| GM       | General Manager                                             |
| GoK      | Government of Kenya                                         |
| GPP      | Green Port Policy                                           |
| HOMS     | Home Ownership Mortgage Scheme                              |
| HRPP     | Human Resources Policies & Procedure                        |
| IASB     | International Accounting Standards Board                    |
| ICDK     | Inland Container Depot Kisumu                               |
| ICDN     | Inland Container Depot Nairobi                              |
| ICPAK    | Institute of Certified Public Accountants Kenya             |
| ICT      | Information Communication Technology                        |
| IFRSs    | International Financial Reporting Standards                 |
| IQSK     | Institute of Quantity Surveyors of Kenya                    |
| ISC      | Inspector of State Corporations                             |
| ISCOS    | Intergovernmental Standing Committee on Shipping            |
| JIC      | Joint Industrial Council                                    |
| JICA     | Japan International Cooperation Agency                      |
| JPY      | Japanese Yen                                                |
| KECOSO   | Kenya Communication Sports Organization                     |
| KeNHA    | Kenya National Highway Authority                            |

## **KENYA PORTS AUTHORITY**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

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### **ACRONYMS/ABBREVIATIONS (CONT'D)**

|          |                                                                  |
|----------|------------------------------------------------------------------|
| KeTRACO  | Kenya Electricity Transmission Company                           |
| KFS      | Kenya Ferry Services Ltd                                         |
| KMA      | Kenya Maritime Authority                                         |
| KNCCI    | Kenya National Chamber of Commerce and Industry                  |
| KOT      | Kipevu Oil Terminal                                              |
| KRC      | Kenya Railways Cooperation                                       |
| KTNL     | Kenya Transport & Logistics Network                              |
| LAPSSSET | Lamu Port South Sudan Ethiopia Transport                         |
| MD       | Managing Director                                                |
| MHC      | Mobile Harbor Crane                                              |
| MMUST    | Masinde Muliro University of Science and Technology              |
| MoRT     | Ministry of Roads and Transport                                  |
| MP       | Member of Parliament                                             |
| MPDP     | Mombasa Port Development Project                                 |
| MRIP     | Mombasa Resilient Improvement Programme                          |
| MSEZ     | Mombasa Special Economic Zone                                    |
| MTGS.    | Meetings                                                         |
| NACADA   | National Authority for the Campaign Against Alcohol & Drug Abuse |
| NBV      | Net Book Value                                                   |
| NEMA     | National Environment Management Authority                        |
| NSL      | National Super League                                            |
| NT       | National Treasury and Planning                                   |
| OSHA     | Occupational Safety and Health Act                               |
| PAC      | Parliamentary Accounts Committee                                 |
| PAT      | Profit After Tax                                                 |
| PBT      | Profit Before Tax                                                |
| PC       | Performance Contracting                                          |
| PFM Act  | Public Finance Management Act                                    |
| PMAESA   | Port Management Association of Eastern and Southern Africa       |
| PPE      | Property Plant & Equipment                                       |
| PSC      | Public Service Commission                                        |
| QMS      | Quality Management Systems                                       |
| SCAC     | State Corporations Advisory Committee                            |
| SDMA-K   | State Department and Maritime Affairs-Kenya                      |
| SDT      | State Department of Transport                                    |
| STS      | Ship to Shore                                                    |
| TEUs     | Twenty Foot Equivalent units                                     |
| TMEA     | TradeMark East Africa                                            |
| TOPA     | Take or Pay Agreement                                            |
| TTs      | Terminal Tractors                                                |
| VTMIS    | Vessel Traffic Management and Information System                 |
| WIP      | Works in Progress                                                |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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## WHO WE ARE

### Establishment

Kenya Ports Authority (KPA) is a statutory body under the Ministry of Roads and Transport. It was established by an Act of Parliament Cap 391 on 20<sup>th</sup> January 1978 with the mandate to develop, maintain, operate, improve, and regulate the Port of Mombasa, Port of Lamu and all other seaports along the Kenya coastline as well as ferry operations. In addition, the Authority manages Inland Waterways and Inland Container Depots at Embakasi, Naivasha, Eldoret and Kisumu in Kenya. At the cabinet level, the Authority is represented by the Cabinet Secretary for the Ministry of Roads and Transport. The Authority is domiciled in Kenya with liaison offices in Uganda, Rwanda, and Burundi.

### Principal Activities

KPA's mandate is to develop, maintain, operate, improve, and regulate the Port of Mombasa, Port of Lamu and all other scheduled seaports along Kenya's coastline as well as ferry operations. In addition, the Authority manages Inland Waterways and Inland Container Depots at Embakasi, Naivasha, Eldoret and Kisumu in Kenya. Core activities include:

- i. Pilotage
- ii. Towage
- iii. Mooring
- iv. Dockage
- v. Provision of navigational aids, and maintenance of the channel
- vi. Stevedoring and shore handling services: cargo handling services for containers, general cargo, dry bulk, and bulk liquid
- vii. Reception of cruise passengers
- viii. Storage of cargo awaiting onward shipment

### Vision

"World Class Ports of Choice"

### Mission

"To Provide Efficient and Competitive Port Services to Facilitate Global Trade"

### Core Values

- *Customer Focus: Service excellence is key to our operations and we endeavour to exceed customer expectations.*
- *Integrity: We uphold fairness, honesty, professionalism and transparency in all our undertakings.*
- *Teamwork: We embrace team spirit in all that we do.*
- *Care: We care for our staff, the communities around us and are sensitive to the environment*
- *Innovation: We are innovative and continuously create value for our customers*

**WHO WE ARE (CONT'D)**

**Strategic Goals and Outcomes**

- **Strategic Goal 1:** To improve customer experience by providing responsive services that exceed customer expectations.
- **Strategic Goal 2:** To improve our competitiveness by enhancing productivity and efficiency in a safe and secure environment while leveraging on data and modern technology.
- **Strategic Goal 3:** To increase the volume of cargo through the Kenyan ports to sustain the Authority's financial base.
- **Strategic Goal 4:** To build a result-oriented and ethical workforce backed by transformative leadership.
- **Strategic Goal 5:** To build strong partnerships and networks, with both private and government players, that are mutually beneficial and deliver value to our customers.

**Strategic Objectives**

The infographic displays seven strategic objectives arranged in two rows. Each objective is represented by a blue triangle icon, a title, and a brief description. The background features a light blue wavy pattern at the bottom, and the Kenya Ports Authority logo is positioned in the bottom right corner.

|                                                                                                |                                                                                  |                                                                                                                             |                                                                                       |
|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>Strategic Objective 1</b><br>Attain a customer satisfaction index of <b>75%</b> .           | <b>Strategic Objective 2</b><br>Improve port efficiency by <b>41%</b> .          | <b>Strategic Objective 3</b><br>Promote a safe and healthy working environment with zero accidents.                         | <b>Strategic Objective 4</b><br>Increase common transit market share by <b>7%</b> .   |
| <b>Strategic Objective 5</b><br>Increase profitability to Kshs. <b>20 billion</b> by 2027/2028 | <b>Strategic Objective 6</b><br>Increase employee productivity index to <b>2</b> | <b>Strategic Objective 7</b><br>Promote 100% Compliance to legal and regulatory requirements and good governance principles |  |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## AUTHORITY INFORMATION

### Directors

| Name                          | Position                       | Appointments/Exits            |
|-------------------------------|--------------------------------|-------------------------------|
| Hon. Benjamin D. Tayari       | Chairman                       |                               |
| Hon. Justin Muturi, EGH       | AG                             |                               |
| Prof. Njuguna Ndungu, CBS     | CS, NT                         |                               |
| Mr. Mohamed A. Daghar         | PS, SDT                        |                               |
| Capt. William Ruto, AFNI, MBS | MD                             |                               |
| Mr. Darius Mobe               | Director                       | Left on 24 November 2023      |
| Mr. Peter Omingo              | Director                       | Appointed on 24 November 2023 |
| Ms. Caroline N. Maina         | Director                       |                               |
| Hon. Lucas Maitha             | Director                       |                               |
| Mr. Emmanuel Kibet            | Director                       |                               |
| Hon. Musa Osman Elmi          | Director                       | Left on 24 November 2023      |
| Hon. Ahmed Ali Muktar         | Director                       | Appointed on 24 November 2023 |
| Dr. Consolata Lusweti         | Director                       |                               |
| Mr. Philip J. Mainga          | Director (KRC)                 |                               |
| Ms. Beatrice Nyamoita         | AD (SDT)                       |                               |
| Mr. Lawrence Kibet            | AD (NT)                        |                               |
| Brig. (Rtd.) Alice Mate       | AD (AG)                        |                               |
| Mr. Chrisologus Makokha       | AD (ISC)                       |                               |
| Mr. Turasha Kinyanjui         | CS & GM Board & Legal Services |                               |

## **KENYA PORTS AUTHORITY**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

### **AUTHORITY INFORMATION (CONT'D)**

#### **Authority's Secretary**

Turasha Kinyanjui  
Corporation Secretary & General Manager Legal Services  
Kenya Ports Authority Administration Block,  
P.O Box 95009-80104  
**Mombasa, Kenya**

#### **Registered Office:**

Kenya Ports Authority  
Administration Block, Kipevu  
P.O Box 95009-80104  
Telephone: +254-41-2112999, +254-41-2113999  
Mobile: +254-709092999, 709093999, 730653999  
Website: [www.kpa.co.ke](http://www.kpa.co.ke)  
**Mombasa, Kenya**

#### **Authority's Headquarters**

Administration Block, Kipevu  
P.O Box 95009-80104  
Telephone: +254-41-2112999,  
Mobile: +254-709092999,  
Website: [www.kpa.co.ke](http://www.kpa.co.ke)  
**Mombasa, Kenya**

#### **Authority's Contacts**

[customerfeedback@kpa.co.ke](mailto:customerfeedback@kpa.co.ke)  
[ca@kpa.co.ke](mailto:ca@kpa.co.ke)  
+254797690600 (For Text Messages)  
+254709092999 (For calling)  
+254709093999  
+254730653999  
+254794272376 (Corruption Hotline)  
+254110921564 (Corruption Hotline)

#### **Independent Auditor**

Auditor General  
Office of The Auditor General  
Anniversary Towers, University way  
P.O. Box 30084-00100  
**Nairobi, Kenya**

#### **Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112-00100  
**Nairobi, Kenya**

#### **Authority's Banker:**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000-00200  
**Nairobi, Kenya**

#### **Other Bankers:**

Citibank N. A.  
Citibank House, Nkrumah Road  
P.O. Box 83615-80100  
**Mombasa, Kenya**

Equity Bank Ltd.  
UTC Building, Moi Avenue  
P.O. Box 84628-80100  
**Mombasa, Kenya**

National Bank of Kenya  
Portway House, Moi Avenue  
P.O. Box 87770-80100  
**Mombasa, Kenya**

Kenya Commercial Bank Ltd.  
Treasury Square Branch  
P.O. Box 90254-80100  
**Mombasa, Kenya**

Kenya Commercial Bank Ltd.  
Avenue Pierre NGENDANDUMWE  
P.O. Box 6119  
**Bujumbura, Burundi**

Stanbic Bank  
Stanbic Bank Centre, Westland Rd  
P.O Box 30550-00100  
**Nairobi, Kenya**

Stanbic Bank  
Crested Towers Plot 17,  
Hannington Rd  
P.O Box 7131  
**Kampala, Uganda**

Equity Bank Rwanda  
Grand Pension Plaza  
Avenue De La Paix  
**Kigali, Rwanda**

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## THE BOARD OF DIRECTORS



**Hon. Benjamin Dalu Stephen Tayari (born 1974)**  
**Chairman**

He was appointed the Chairman of the Board of Directors with effect from 13 January 2023.

He holds a Bachelor of Arts Degree in Political Science from the University of Nairobi, an HBO bachelor's degree in Logistics Management from NCOI Hogeschool Utrecht, Netherlands, and a Diploma in Freight Forwarding, Warehousing, Maritime Transport and Shipping from the Bandari College. He is currently pursuing his Masters of Arts in International Relations from the University of Nairobi.

He is a former MP for Kinango Constituency in the 12th Parliament (2017-2022) and has served as a member of the Departmental Committee on Environment and Natural Resources and the Implementation committee. He was voted the best MP in the Coast region for 2 years in a row for timely completion of CDF projects under his stewardship and efficient funds management.

Over the years, he has served in various other capacities such as Director, MD, Chief operations officer, Warehouse Manager, Warehouse coordinator, amongst others in the corporate world locally and internationally.



**Prof. Njuguna Ndung'u, CBS (born 1960)**  
**CS, National Treasury & Planning**

He was appointed Cabinet Secretary by President William Samoei Ruto on 27 September 2022. Prior to the appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan African premier capacity building network of researchers, trainers, students, universities, policy makers and international resource persons. He is an associate professor of economics at the University of Nairobi, Kenya and the immediate former Governor, Central Bank of Kenya.

Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Program specialist at IDRC and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis. He holds a PhD in economics from University of Gothenburg, Sweden. He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance for Financial Inclusion, that coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.



**Mr. Mohamed Daghar (born 1981)**  
**PS State Department of Transport**

He was appointed the Principal Secretary, State Department for Transport in the Ministry of Roads and Transport on 2 November 2022. He is responsible for the Transport Policy formulation and execution, development of regulatory framework for transport sector, oversee implementation of various transport programmes and projects. As the PS in charge of Transport, he is a member of the Executive Committee of the Northern Corridor Transit and Transport Coordination Authority (NCTTCA) and therefore he is responsible for all matters relating to NCTTCA.

He is a holder of BA International Relations from United States International University, Kenya, Masters in Peace, Conflict and Development studies from Universitat Jaume I, Spain. He has wealth of experience in safety and security matters. During his tenure, he is expected to steer the State Department to successfully implement mass transit system in Nairobi, develop and improve airports and airstrips, seaport and inland water ports, Nairobi Railway City, the Standard Gauge Railway and multimodal transport corridors in addition to revitalisation of road transport services and safety among other projects of strategic national importance.

**THE BOARD OF DIRECTORS' PROFILES (CONT'D)**



**Mr. Peter Omingo, (born 1981)**  
**Independent Non-Executive Director**

He was appointed on 24 November 2023.

He holds a Bachelor of Law LLB degree from Moi University and a diploma from Kenya school of law. He is a member of the Law society of Kenya.

He has over 17 years experience in different legal areas of law including Company law, compliance and risk management with proven track record in crafting legal strategy supporting government and non-governmental institutions.

As the MD of Omingo and associate advocates ,he is responsible for strategic oversight on the company operations and client service delivery, managing of conveyancing matters which include preparation of charges, sale agreements, registration of transfers, lease agreements, registration of powers of attorneys as well as cautions and caveats over properties.

He has extensive experience in litigation, conveyance Alternative Dispute Resolution (ADR) and the understanding and interpretation of the constitution and various Acts.



**Ms. Caroline N. Maina (born 1998)**  
**Independent Non-Executive Director**

She was appointed to the board on 19 January 2023.

She has a Bachelor of Science in Human Resource Management from Jomo Kenyatta University of Agriculture & Technology, Nairobi. She is a Human Resource Consultant with Synergy Sphere Consultancy (January 2022 to date). She has previously served as a Business Development Manager at FFL Ventures (July 2022 - December 2022). She is an experienced Human Resources Director who actively chairs and a

member committee focused on strategy and operations, as well as audit and risk. She is a skilled business strategist, with deep understanding of organizational development

and collaborative skills with NGOs, investors, and donors at large. Through her extensive career, she has honed expertise in research, market analysis, and organizational core competencies to drive company success. Her strong organizational and time management skills ensure that all business ventures are successful and that development is absolute.



**Dr. Consolata Lusweti (born 1978)**  
**Independent Non-Executive Director**

She was appointed to the board on 19 January 2023.

She holds a PHD in Health Promotion from Masinde Muliro University, Masters in Community health and Development and Bsc Nursing degree from University of Eastern Africa Baraton.

Prior to her appointment, she worked as a lecturer, researcher, consultant and exam coordinator in Masinde Muliro University of Science and Technology, Community Health and management.

She has served as a Nursing Manager in various hospitals including Malava district hospital and Kakamega Provincial hospital.

She has excellent leadership skills, board room negotiator and business acumen skills amongst other key skills.

**THE BOARD OF DIRECTORS' PROFILES (CONT'D)**



**Hon. Lucas Maitha  
(born 1968)**

**Independent Non-Executive Director**

He was appointed to the board on 19 January 2023.

He holds Master of Politics in international relations from University of Mumbai Bombay India and Bachelors degree (Economics) from Lucknow university India.

He has vast leadership skills having worked as chairman of betting Control and Licencing Board office of the Vice president and Chairman of Kenya Bureau of statistics (KEBS) in the ministry of industrialization and enterprise development.



**Mr. Emmanuel Kibet,  
(born 1991)**

**Independent Non-Executive Director**

He was appointed to the board on 19 January 2023.

He has Bachelor of Laws (LLB) from Moi University school of law and Advocates Training Programme (ATP) from the Kenya School of Law, Nairobi, Kenya. He has Bachelor of Laws (LLB) from Moi University school of law and Advocates Training Programme (ATP) from the Kenya School of Law, Nairobi, Kenya. He is an advocate of the High Court of Kenya. He is a Partner, H & K Law Advocates responsible for Litigation & Dispute Resolution Department in Civil & Commercial litigation, ADR (arbitration and mediation), employment & labour disputes, judicial reviews, constitutional petitions. He has been awarded and recognised as the most innovative start-up of the year for innovating Pronto-Legal, a web-based system that serves lawyers in the legal process, Certificate of Merit Award-2014, Moi University School of law for outstanding service to the University and First Place-Youth for Democracy Innovation Award 2012/2013 Constitutional Implementation Category (UNDP).



**Hon. Ahmed Mukhtar  
(born 1981)**

**Independent Non-Executive Director**

He was appointed to the board on 24 November 2023.

He has a Bachelor of Science degree in Computer Science from the International University of Africa, Khartoum, Sudan and is pursuing a Master's degree in public policy and Management at the Strathmore University. He also has a Certificate in Project Management from the Kenya Institute of Management.

He is the immediate former Governor (May 2021-Mar 2022) and Deputy Governor (Aug 2017-May 2021 & Mar 2022-Aug 2022) of Wajir County with a track record of success in leadership and management, results-driven governance, and public policy. He is a leadership expert with over 14 years of solid experience and a proven record of achievement in both government and non-governmental organizations, such as International Research & Evaluation Consulting (IREC), International Committee of the Red Cross (ICRC), Medicins Sans Frontieres (MSF, Switzerland) amongst others.

His key qualifications, amongst many, are Financial & Administrative Management, Program/Project concepts, an excellent orientation specialist, Strategic management concepts, Skills in Organizational internal control framework, financial rules, policies, and procedures, good knowledge of the nation's policies, and development goals.

He has undertaken several consultancies and training over the last 14 years.

**THE BOARD OF DIRECTORS' PROFILES (CONT'D)**



**Ms. Beatrice Nyamoita**  
**Alternate Director (SDT)**

She was appointed as AD on 30 November 2023.

She heads the Maritime Transport Department at the State Department for Transport, where she leads the formulation and review of policies governing ports and inland water transport systems.

She holds a Bachelor of Arts degree from the University of Nairobi and a Master of Science in Shipping Management from the prestigious World Maritime University in Sweden.

She is a seasoned professional in maritime transport with extensive expertise in policy formulation, port development, and inland waterway management.

As Alternate Director to the PS, representing him in various boards, she provides expert input on maritime and transport matters. She previously served as the Chairperson of the Indian Ocean Memorandum of Understanding (IOMOU) on Port State Control, a crucial international initiative focused on the inspection of foreign vessels in national ports to ensure compliance with maritime safety and environmental standards.

She is an Associate Member of the Association of Maritime Practitioners.



**Brig. Alice Mate**  
**Alternate Director (AG)**

She was appointed as the AD on 23 January 2023.

She is the Director of the Asset Recovery Agency where she provides leadership in setting up policies and procedures that assist in identifying and tracing of proceeds of crime as well as Coordination of investigation, litigation and enforcement of Court Orders for the Agency, amongst many other responsibilities.

She holds Master of Laws in International Maritime Law, IMO from the International Maritime Law Institute - Malta, a Post Graduate Diploma in Law from Kenya School of Law and a Bachelor of Laws from the University of Nairobi.

She is an accomplished and versatile legal professional with extensive experience in civil litigation, general liability, legal risk management and public entity administration. In the defense forces, she has served as colonel Litigation In-Charge, state officer in litigation, Staff Officer II Kenya Navy and legal officer Kenya Navy.



**Lawrence Kibet**  
**Alternate Director (NT)**

He was appointed as AD on 9 May 2023.

He is the Director General, Public Investments and Portfolio Management in the National Treasury and economic planning where he coordinates, manages and provides leadership in Government investments and public enterprises, assets and liabilities in Government, public investment management and Government pensions

He is a Master in Public Policy and Management (MPPM) finalist from Strathmore University with an exposure to the international module from New York University, Wagner School of Public Service and also holds a Bachelor of Commerce Degree (Finance Option), Bachelor of Laws Degree (LL.B) and an MBA, all from the University of Nairobi.

He is a seasoned professional with solid & successful experience in General Management, Commercial and Business Strategy, Accounting and Finance Management, Corporate Governance, Capital Raising, Commercial Law Practice, Project Management and, Innovation Management.

His overall exposure cuts across several sectors including Finance and Banking, Energy and Petroleum, Telecommunications and Technology, Logistics and, Consumer Products.

He is a Member of ICPAK, Certified Public Secretaries of Kenya (ICPSK), Law Society of Kenya (LSK) and Investor Relations Society (UK).

**THE BOARD OF DIRECTORS' PROFILES (CONT'D)**

**Mr. Philip J. Mainga (born 1966)**

**Managing Director KRC**

He holds Masters in Project Planning and Management (MAPM) from the University of Nairobi, a Master of Arts in Economics (M.A.) and a Bachelor of Arts (B.A.) both from University of Mysore, India. He also holds a certificate from Harvard University in Driving Government Performance. He is a member of Certified Finance Management for Project Managers (FMPM), Associate member MEGADEV Consultants and member Kenya Institute of Management (KIM).

Before being appointed the Acting MD, he was the GM Business and Operations, a role that covered the operations of the Madaraka Express, SGR Freight services and Estates management.

He has over 20 years in the Planning and Research profession and has worked in several capacities holding Corporate Planning and Research Manager Position.

Mr. Mainga is author of Economics and Ethics first edition 2010 - (Book), doing business in Kenya 2006 - Hand book (UNDP -Kenya).



**Capt. William K. Ruto, AFNI, MBS (born 1968)**

**Managing Director**

He was appointed on 10 March 2023.

He holds a Master of Business Administration (MBA) Strategic Management option, from Jomo Kenyatta University of Agriculture and Technology (JKUAT).

The MD is a seasoned mariner who has practiced and worked both in private and public sector, where under private sector he worked at sea starting his career as a Cadet Marine Deck Officer from 1991 until December 1998 where he joined the Authority as a Deck Officer Trainee Pilot. He completed his seetime training as a master mariner and attained the highest qualification as a Ship Captain (Class 1 Master Mariner FG) from South Tynside College, School of Nautical Science - UK.

He is an Associate Fellow of the Nautical Institute (AFNI) and a Member of International Harbour Master's Association (IHMA - UK).

He has attended various local and international seminars and workshops on shipping, maritime, transport and logistics matters. He has done Port Security course at the University of Maryland (USA), IMO course on Port Management and Operations, in France - Port Le Havre France and several other short courses on port maritime and management.



**Mr. Turasha Kinyanjui (born 1972)**

**CS & GM, Board and Legal Services**

He holds a Bachelor of Laws LLB degree from the University of Nairobi and a diploma from Kenya school of Law. He is an advocate of the High Court of Kenya and is a Certified Public Secretary Kenya-CPS (K) and a member of the Institute of Credit Management Kenya.

He is a former lecturer of School of Credit Management, a former Credit Officer at Co-operative Bank of Kenya and has also served as a legal officer at the same Bank, Industrial and Commercial Development Corporation (ICDC), Agricultural Finance Corporation (AFC).

He is the Board Secretary and oversees the Contracts & Conveyance department, Litigation & Disputes, Ethics & Integrity including Archives and Maritime Museum.

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## KEY MANAGEMENT TEAM

### •Managing Director

- He holds a Master of Business Administration (MBA) Strategic Management option, from Jomo Kenyatta University of Agriculture and Technology (JKUAT).
- The MD is a seasoned mariner who has practiced and worked both in private and public sector, where under private sector he worked at sea starting his career as a Cadet Marine Deck Officer from 1991 until December 1998 where he joined the Authority as a Deck Officer Trainee Pilot. He completed his seetime training as a master mariner and attained the highest qualification as a Ship Captain (Class 1 Master Mariner FG) from South Tynside College, School of Nautical Science - UK.
- He is an Associate Fellow of the Nautical Institute (AFNI) and a Member of International Harbour Master's Association (IHMA - UK).  
He has attended various local and international seminars and workshops on shipping, maritime, transport and logistics matters. He has done Port Security course at the University of Maryland (USA), IMO course on Port Management and Operations, in France - Port Le Havre France and several other short courses on port maritime and management.

**Capt. William K. Ruto,  
AFNI, MBS**



### •GM, Finance, Commercial & Insurance Services

- He holds a Masters degree in Business Administration (MBA) from the University of Nairobi and a Bachelor of Arts Degree (Economics) from Kenyatta University. He is a Certified Public Accountant-CPA(K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).
- He is responsible for Financial Accounting, Management Accounting, Commercial and Insurance services and Asset Management functions.

**CPA Geoffrey Kavate**



### •CS & GM, Board and Legal Services

- He holds a Bachelor of laws LLB degree from the University of Nairobi and a diploma from Kenya school of Law. He is an advocate of the High Court of Kenya and is a Certified Public Secretary Kenya-CPS (K) and a member of the Institute of Credit Management Kenya.
- He is also a former lecturer of School of Credit Management, a former Credit Officer at Co-operative Bank of Kenya and has served as a legal officer at Co-operative Bank of Kenya, Industrial and Commercial Development Corporation (ICDC), Agricultural Finance Corporation(AFC)
- He is the Board Secretary and oversees the Contracts & Conveyance division, Litigation & Disputes, Ethics & Integrity including Archives and Maritime Museum.

**Turasha Kinyanjui**



### •GM, Cargo Operations

- He Holds a PhD in Economics specialising in Maritime Economics from the Moi university in Eldoret, Kenya. He also has a Master of Science Degree in Maritime Affairs with a bias in Port Management from the World Maritime University in Malmo, Sweden. He has also attended the African Development Programme and studied Container Terminal Operations course at the University of Montana, School of Business Administration in the United States of America.
- His docket includes all operations in the Container Terminal, Conventional Cargo, Kenya Ports Inland Container Depots in Nairobi and Naivasha and Logistics with a focus on overseeing, development and implementation of port cargo operations strategies and policies.

**Dr. Sudi A. Mwasinago**



# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## KEY MANAGEMENT TEAM (CONT'D)

### •GM, Lamu port

- He holds a Master of Arts in Project Planning and Management from the University of Nairobi, a Bachelor of Science in Civil Engineering from the Jomo Kenyatta University of Agriculture and Technology. He also holds a Postgraduate in Program for Management Development from Strathmore University and Gordon Institute of Business Science, Diploma in Advanced Concrete Technology from the Institute of Concrete Technology in the UK and a Certificate in Concrete Technology from the Cement & Concrete Institute in South Africa. He's a Registered Consultant and Professional Civil Engineer with the Engineers Board of Kenya and a Fellow of the Institution of Engineers of Kenya.
- He has over Twenty-One (21) years of progressive professional experience in the construction industry, business planning and logistical management, corporate governance and has interpersonal skills gained through working with various organizations both in the public and corporate sector including but not limited to, Egis International / Kenya Consulting Engineers, Bamburi Cement Limited, Howard Humphreys East Africa Limited, Gibb Africa Limited and Norconsultant A.S. National Water Conservation and Pipeline Corporation.
- Eng. Sidai has also reserved as Members of the Board of the National Water Conservation and Pipeline Corporation and Joint Secretary, National Concrete Pavements Steering Committee - Kenya.
- He is in charge of the Lamu port.

Eng. Vincent S. Eseyepet



### •GM, Shimon Port

- He holds an MBA from Eastern & Southern Africa Management Institute (ESAMI) TZ and Maastricht School of Management, Bachelors of Education Arts (Kenyatta University), Higher National Diploma in Human Resources Management - KNEC, Kisumu Polytechnic.
- He has undertaken various professional training in Strategic Leadership Program, Quality Management Systems (KBS), Kenya Labour laws(IHRM), Human Resources Management and Development (ESAMI), Diploma in Marketing (Institute of Commercial Management) and in Management (University of Witwatersrand Johannesburg).
- He has vast experience in HR profession having served in various Government Ministries in different capacities namely; at the Directorate of Personnel Management and Ministry of State for Provincial Administration and Internal Security as the Principal Human Resources Management Officer and went on to work for the Ministry of State for Public Service on the same capacity and later joined Agricultural Finance Corporation (AFC) as the General Manager Human Resources & Administration and most notably as a Commissioner and Vice Chair at the Salaries and Remuneration Commission (SRC).

Daniel O. Ogutu, MBS, EBS



### •GM, Supply Chain Management

- She is a certified supply chain practitioner with a Masters degree in Science of Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology, a Post Graduate Diploma from the Chartered Institute of Purchasing and Supplies UK (MCIPS) UK, and a Member of Kenya Institute of Purchasing and Supplies (MKISM).
- Her Docket includes Procurement & Contract management and Supply Chain management divisions.

Eveline I. Shigoli



### •GM, Corporate Services

- He holds a Master of Business Administration and Bachelors of Commerce Degree (Marketing) both from the University of Nairobi, a postgraduate Diploma from the UK's Diageo Academy.
- He is in charge of Human resource, Administration, Medical Services, Marketing Cruise & Customer Services and ICT & Business Process Re-engineering.

Edward Kamau



# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## KEY MANAGEMENT TEAM (CONT'D)

### •GM, Corporate Research, Planning and Compliance.

- She holds an MSc Degree in Port Management from World Maritime University (WMU), Sweden and BSc in Math & Computer from JKUAT and SAP Consultant in Sales & Distribution Module. She holds a Diploma in Senior Port Management from Galilee College, Israel.
- She's a member of WOMESA (Association of Women in the Maritime Sector in Eastern and Southern Africa), former Chair of the Kenya Chapter between 2010 and 2016. First Woman Operations Manager of the Port Of Mombasa, both in Conventional and Container Operations, between 2008 and 2018.
- Her docket includes Corporate Research, Quality Assurance and Risk Management, and Safety, Health and Environment divisions.

Evelyn U. Mwamure



### •GM, Engineering Services

- He holds a Master of Business Administration in Strategic Management from the University of Nairobi (UoN) and Bachelor of Science in Mechanical Engineering (UoN).
- He is a member of the Institution of Engineering Technologists and Technicians of Kenya (IET-K). He is also a Graduate Member of the Institution of Engineers of Kenya and Engineers Board of Kenya.
- He has vast experience in port handling equipment maintenance and project management spanning over 23 years.
- The Engineering Services department includes Marine Engineering, Container Terminal Engineering, Conventional Cargo Engineering and Engineering Projects and Inspection divisions.

Eng. Julius K. Tai,



### •GM, Ferry Services

- He holds a Bachelors degree in Education, a CPA (K), CPS (K) and also holds Diplomas in CIPS, IMIS and is currently pursuing an MBA.
- He is the immediate former MD of the defunct KFS Ltd. He has over fifteen years experience in Financial Management.
- He oversees the General Operations and Engineering services at the Ferry Services.

Bakari Gowa



### •Ag. GM, Infrastructure Development

- He hold a Master of Arts in Strategic Management from Kenyatta University and a Bachelor of Science in Electrical and Electronics from Jomo Kenyatta University of Agriculture and Technology.
- He is a registered Consulting Engineer with the Engineers Board of Kenya, Corporate Member Institution of Engineers of Kenya and Member Institution of Engineering and Technology (UK).
- Has over 32 years experiences in the maritime engineering both of maintenance of cargo handling equipments and port infrastructure development and maintenance.
- His docket covers Civil Engineering, Project Development and Management and Port Electrical Engineering divisions.

Eng. Maurice Amuti



### KEY MANAGEMENT TEAM (CONT'D)

#### •Ag. Harbour Master and General Manager, Marine Operations

- He holds a Master of Science degree in Operations of Ships & Maritime Safety, and a Bachelor of Science in Maritime Transport (Nautical Technology). He is a Master Mariner Class I CoC, Egypt and attended other relevant courses on Maritime Port & Harbour security management.
- A career Naval Officer with over 30 years of excellent practical knowledge and experience in Ship and shore Operations in the Maritime industry.
- His docket included, Marine Operations services including, Pilotage, Vessel Traffic Management Information System (VTMIS), Marine & Cargo Surveys, Hydrography, Marine Oil terminals, Marine Safety and Harbour conservancy within the Harbour and Small ports.

**Captain Ali Abdille, FAMP-K**



#### •GM, Internal Audit & Risk Assurance

- He is a Certified Public Accountant (CPA- K) and a practicing member of the Institute of Certified Public Accountants Kenya (ICPAK).
- He is currently undertaking his PhD thesis in Business Administration (Finance Option) at the University of Nairobi. He has a Master's in Business Administration (Finance Option) and has a Bachelor of Commerce Degree (Accounting option). He is Certified Information Systems Auditor (CISA).
- He has over 25 years of professional experience in Auditing and Finance. He previously worked in PKF Audit firm. He also possesses a wealth of experience in risk management, corporate governance, ISO quality management systems implementations and information systems audit.

**Fredrick Oyugi**



**KENYA PORTS AUTHORITY**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

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**CHAIRMAN'S STATEMENT**



**CHAIRMAN'S STATEMENT (CONT'D)****Introduction**

It is with absolute honor and privilege to present the Kenya Ports Authority Annual Report and Financial Statements for the year ended 30 June 2024. This Annual Report showcases our excellent results for the year and highlights our achievements during the year. The Authority succeeded in presenting exceptional performance despite the challenging economic conditions experienced during the year. The volatile foreign exchange rates, high interest rates, and changes in tax regimes coupled with social unrest impacted on the operational environment.

The Board continues to provide the much-needed Strategic Guidance and oversighting management. In line with the Authority's vision "World Class Ports of Choice", and our mission, "To Provide Efficient and Competitive Port Services to Facilitate Global Trade" the Authority launched the Strategic Plan 2023/24 – 2027/28. The Strategic Plan is underpinned by the following key four pillars: Customer focus, Operational excellence, Business growth, and good governance to guide the strategic direction of the Authority in the next five years.

**Operational Performance**

During FY 2023/24, the Port cumulatively handled total throughput of 37.630 million tons representing an increase of 3.149 million tons or 9.13% compared to 34.481 million tons handled in FY 2022/23. Total container traffic improved to record 1.789 million TEUs during the period under review compared to 1.511 million TEUs handled in the same period in FY 2022/23, posting an increase of 278,013 TEUs or 18.4%. The transit market segment performed well, posting a notable growth of 18.3%, recording 12.360 million MT in 2023/24 up from 10.451 million MT registered in 2022/23. Transshipment traffic recorded an exponential growth of 86.5% from 185,732 TEUs in 2022/23 to 346,458 in 2023/24.

The performance of the Authority in FY 2023/2024 reflects resilience and adaptation to the operational environment.

**Dividends**

During the Financial year, the Authority paid a special dividend of KES 10 billion to the National Treasury for recognition of the return on investment by the Government of Kenya in the light of the projected good performance and cash flows. This was in addition to the payment of normal dividends of KES 576.4 million declared in the FY 2021/2022.

In FY 2022/2023, the directors recommended a dividend payout to the National Treasury of KES 899.5 million which is 7.5% of the PAT in line with the dividend policy. This dividend will be paid in FY 2024/25.

For the FY 2023/2024, the directors recommend a Dividend payout of KES 9.74 billion based on the revised dividend policy of remitting 80% of the PAT as dividends to the National Treasury in line with the Government directive.

**Corporate Social Investment**

As a responsible corporate citizen, our corporate social investment programme is committed to making a meaningful impact on poverty alleviation and promoting development in all areas within our operational scope.

**CHAIRMAN'S STATEMENT (CONT'D)****Corporate Social Investment (cont'd)**

In line with our CSI policy, our focus areas for support and implementation of CSI activities include education, healthcare, environmental conservation, sports, arts & culture, humanitarian aid & relief, and support for various natural causes. Throughout the FY 2023/2024, the Authority effectively carried out CSI initiatives covering educational support programmes such as scholarships, school infrastructure development, and vocational training, Healthcare initiatives, including medical outreach programmes, provision of medical supplies, and support for healthcare facilities. The Authority also participated in environmental sustainability projects such as beach clean-ups, tree planting, and biodiversity conservation efforts. Sports and cultural event sponsorships to encourage community participation and talent development also took centre stage in the Authority's CSI programmes. The Authority also engaged in humanitarian aid and disaster relief efforts in collaboration with local and international organizations. The Authority's CSI programmes stretched to support natural causes like wildlife conservation and environmental protection efforts.

The Authority's core value truly reflects the Authority's comprehensive approach to the responsibility and support we provide to the communities in which we operate. In this regard, the Authority considers it as one of our primary responsibilities to demonstrate our commitment to, and effectiveness in responding appropriately to our communities' sustainability challenges, especially since these challenges are critical to our long-term and developmental success as a business and as a caring organization.

**Transcending Transit Markets**

The Authority is committed to enhancing penetration in transit markets. The Authority established a liaison office in the Democratic Republic of Congo (DRC) to effectively serve the customers in the region. The Authority is also pursuing the Ethiopian market to enhance business at the port of Lamu. During the financial year, Kenya and Ethiopia held high-level engagements on utilization of Lamu Port for Ethiopian cargo. The ultimate objective is to develop a Memorandum of understanding with the Ethiopian government. Marketing engagements were held with the customers in Uganda, Rwanda and Burundi to enhance customer satisfaction in these regions.

Investment in infrastructure and efficiency has proven a lucrative strategy for the Authority. A growing capture of the Ethiopian market, and the resurgence of the Burundi market, recording triple-digit growth rates of 741.2% and 104.2% respectively, signify that Mombasa and Lamu Ports are going to remain pivotal in the long run for regional trade facilitation.

**Supporting Government Initiatives**

During the period under review, the Authority implemented various projects in support of Government initiatives. In support of the Government initiative on tree planting, the Authority marked the National Tree Planting Day on 5 May 2024 at Alidina, Jomvu Kuu in Mombasa by planting Mangrove seedlings as part of the national campaign to meet 15 billion forest cover by 2032. The Authority planted over 2,500 mangrove seedlings. The Authority contributed over KES 196 million in support of the Government's low-cost housing policy.

## **KENYA PORTS AUTHORITY**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

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### **CHAIRMAN'S STATEMENT (CONT'D)**

#### **Supporting Government Initiatives (cont'd)**

The Authority is partnering with the County Governments in projects including the MSEZ with Kwale and Mombasa Counties, the Shimoni Port Artisanal fishing project with Kwale County, Lamu Port Development with Lamu County and Kisumu Resilient Infrastructure Projects with Kisumu, Busia and Homabay counties.

The Government also supported the staff efforts by approving the payment of staff bonus for the superior performance achieved in FY 2020/2021. This has boosted the staff morale as reflected in the performance for FY 2023/2024.

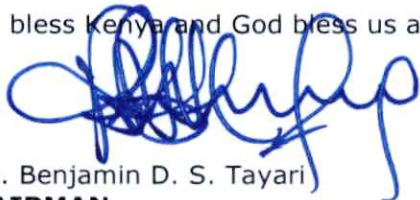
#### **Looking Ahead**

The Authority continuously improves its services and invests in infrastructure development and capacity expansion programs to enhance capacity ahead of time and improve competitiveness. Among the initiatives undertaken during the financial year towards this objective include the procurement of quay, yard and marine equipment for the Port of Lamu and Mombasa. The Authority has also started plans for the development of a customer engagement centre to facilitate faster resolution of customer complaints.

#### **Conclusion**

Finally, I take this opportunity to show my appreciation to my colleagues on the Board and the management team for their considerable contribution. I also commend the staff for working tirelessly to achieve the level of business growth that we have witnessed despite the challenges experienced during the year. Equally, many thanks to the Government, our stakeholders, Customers and the community for their support. I am confident that we will continue to do our best to attain and surpass the targets set for the new financial year. Let us remain united in our journey to world-class ports of choice.

God bless Kenya and God bless us all.



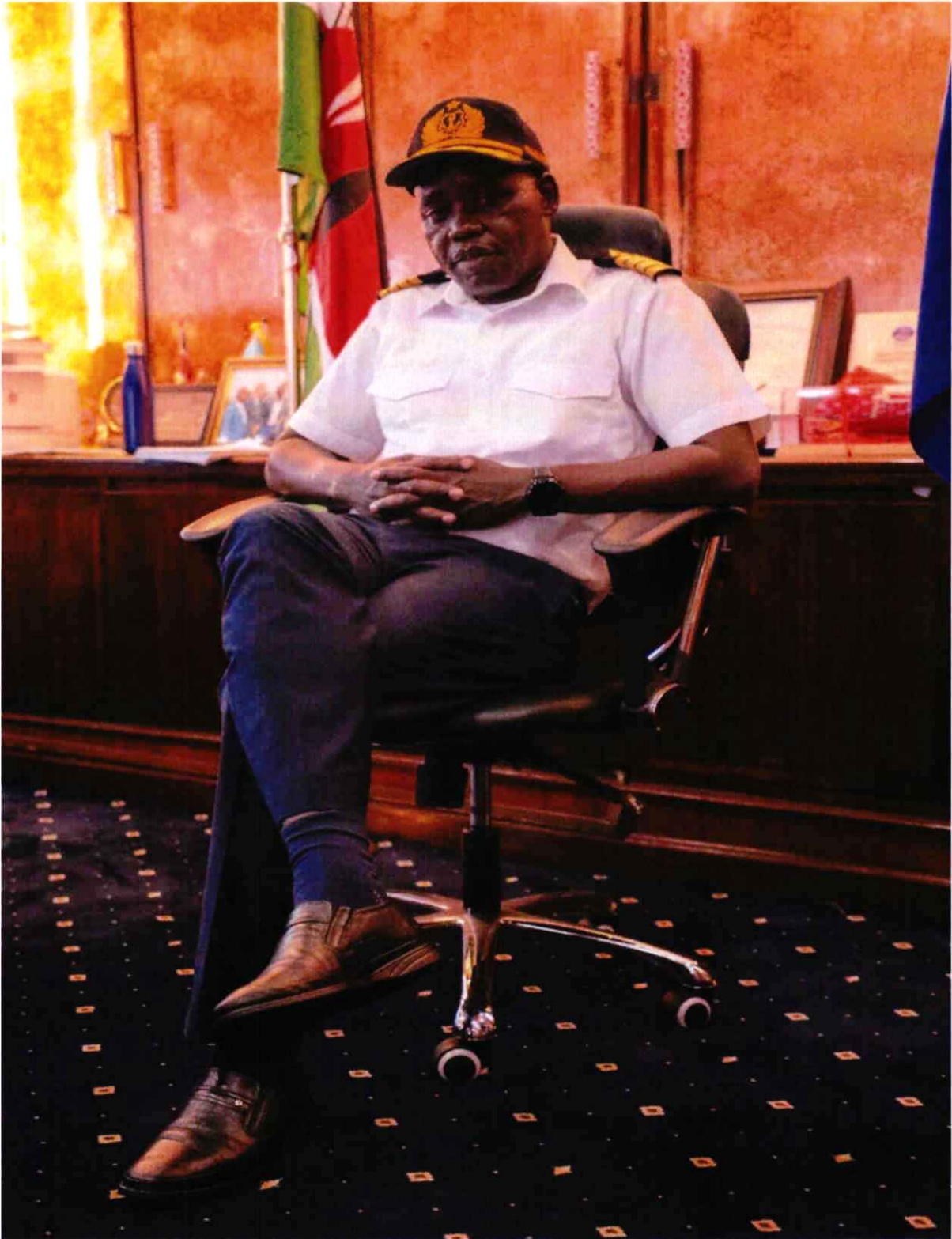
Hon. Benjamin D. S. Tayari

**CHAIRMAN**

**KENYA PORTS AUTHORITY**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**STATEMENT OF THE MANAGING DIRECTOR**



**STATEMENT OF THE MANAGING DIRECTOR (CONT'D)****Introduction**

I am honored to present the Authority's Annual Report and Financial Statements for the fiscal year ending 30<sup>th</sup> June 2024. This report provides a detailed account of our performance and strategic initiatives over the past year, highlighting our resilience and adaptability in an ever-challenging operating environment. Despite numerous obstacles, Kenya's economy has demonstrated remarkable resilience, with real GDP projected to grow by 5.2%, driven by a resurgence in private sector investment and a robust recovery in the agricultural sector following two years of drought.

**Financial Performance**

Reflecting on our port's performance for FY 2023/2024, the Authority has sustained a positive growth trajectory, achieving significant milestones. We reported total revenues, including Finance Income and other gains, of KES 67,677 million, marking an 11% increase from KES 60,979 million in FY 2022/2023. This represents an impressive revenue uplift of KES 6,698 million.

On the expenditure side, the Authority recorded total expenditures of KES 50,392 million, up from KES 44,337 million in the previous financial year, an increase of KES 6,055 million. As a result, our PBT rose by KES 642.3 million or 3.9%, reaching KES 17,285 million compared to KES 16,642 million in FY 2022/2023. The Authority's financial position remains robust, with an asset base of KES 350,813 million, reflecting a 1.1% growth from KES 346,992 million in the last FY.

**Risk Management**

The Authority remains committed to maintaining a robust risk management and internal control system that effectively identifies and mitigates risks aligned with our strategic objectives. The Board's Risk Management Committee continuously reviews our risk management framework, ensuring the Authority can identify key risks and implement strategies to address them proactively.

Each business unit within the Authority has developed risk registers based on a standardized risk management methodology. These registers allow us to assess and monitor the key risks faced by the business. Quarterly reviews ensure that the efficacy of our risk treatment plans is evaluated, and the direction of risk is closely monitored over time. Mitigation plans are promptly implemented to manage identified risks while exploiting associated opportunities, ensuring informed decision-making across all operational levels.

In adherence to best practices, the Authority has adopted ISO 31000:2018 Risk Management guidelines and incorporates the COSO control activities. This approach enhances our ability to proactively identify, assess, mitigate, and monitor risks across the organization. Our Enterprise Risk Management Framework supports consistent management and reporting of strategic and operational risks, further strengthening our commitment to delivering exceptional customer experiences and facilitating regional trade.

In this FY 2023/2024, we reviewed our Risk Management Policy and developed a Risk Appetite Statement, both of which were adopted by the Board Audit and Risk Management Committee and subsequently approved by the full Board.

## **KENYA PORTS AUTHORITY**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

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### **STATEMENT OF THE MANAGING DIRECTOR (CONT'D)**

#### **Operational Performance**

For the fiscal year ended 30<sup>th</sup> June 2024, the Port of Mombasa handled 37.630 million tons of cargo, a 9.19% increase from 34.464 million tons in FY 2022/2023. Container traffic also saw significant growth, registering 1.789 million TEUs compared to 1.511 million TEUs in the previous year, marking an 18.4% increase.

To maintain our competitive edge and meet growing demand, the Authority commissioned two major projects: the capital and maintenance dredging of the port channel, including consultancy services for dredging (deepening and turning basin) at Mombasa Port, and consultancy services for the design and construction supervision of Mombasa Berth 19B and associated infrastructure. Additionally, we awarded the contract for the construction of Berth Number One at Dongo Kundu.

The new KOT, commissioned in FY 2022/2023, has significantly increased our capacity to handle bulk liquid cargo in FY 2023/2024. Furthermore, we have acquired new and advanced container-handling equipment for both Mombasa Port and Port of Lamu, resulting in increased utilization of Lamu Port for cargo destined for Ethiopia.

#### **Investments and Strategic Plan**

Our competitiveness depends on our ability to stay ahead of global trends in the ports and maritime industry, embracing innovations such as larger ship sizes, smart and green port operations, sustainable infrastructure development, and enhanced private sector participation.

The Authority's Strategic Plan 2023/24 – 2027/28, launched in November 2023, outlines four Key Result Areas: Customer Focus, Operational Excellence, Business Growth, and Good Governance. This strategy underscores our commitment to meeting our customers' needs while driving operational efficiency and business expansion.

In the first year of implementing this Strategic Plan, the Authority achieved significant milestones, including the commencement of the Customer Engagement Centre, the establishment of a liaison office in the Democratic Republic of Congo (DRC), the development of a stakeholder engagement framework for the Ugandan market, and the pilot of a Tariff Incentive Scheme.

#### **Conclusion**

As we continue to expand our port infrastructure, modernize our equipment, and innovate to improve efficiency, our success is rooted in the dedication of our human resources. I extend my deepest gratitude to our customers for their loyalty, to our Board of Directors for their invaluable guidance, and to our staff for their relentless efforts in pursuing our objectives.

I also wish to acknowledge the vital contributions of our service providers, county, national, and regional governments, and all stakeholders who have supported the Authority throughout the year. With your continued support, we are well on our way to transforming Mombasa Port into a world-class port of choice.



Capt. William K. Ruto, AFNI, MBS

**MANAGING DIRECTOR**

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

As required by Section 81 Subsection 2 (f) of the PFM Act, 2012 below is Kenya Ports Authority performance against predetermined objectives.

The Authority's Strategic Plan for the FYs 2023/2024 – 2027/2028 focuses on seven strategic objectives, namely:

1. Attain a customer satisfaction index of 75%.
2. Improve port efficiency by 41%.
3. Increase employee productivity index to 2.
4. Promote a safe and healthy working environment with zero accidents.
5. Promote 100% Compliance to legal and regulatory requirements and good governance principles.
6. Increase common transit market share by 7%.
7. Increase Profitability to KES 20 billion by 2027.

Annual work plans are developed based on the above objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. For proper tracking of performance, the Plan recommends a result-based and comprehensive Monitoring and Evaluation (M&E) of all activities on a quarterly basis. Reporting is done internally and through the Performance Contracting quarterly reporting to respective Government Agencies. The results of the M&E are critical in improving implementation of the Strategic Plan initiatives, inform decision making and form a basis for development of the subsequent strategic plan.

The actual performance compared to the targets set for the FY 2023/2024 are summarized below:

| Strategic Theme | Objectives                                   | KPI                         | Activities                                                                                                     | Achievements                                                                      |
|-----------------|----------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Customer focus  | Attain a customer satisfaction index of 75%. | Customer satisfaction index | Set-up of CEC                                                                                                  | Re-tendering for CRM and BPO for CEC on-going                                     |
|                 |                                              |                             | Development and Approval of Stakeholder framework.                                                             | Stakeholder framework done                                                        |
|                 |                                              |                             | Review, Implement and Monitor SLAs between KPA and other cargo interveners                                     | Commenced                                                                         |
|                 |                                              |                             | Develop concept paper of National Logistics Strategy and seek consensus from Ministry of Research & Technology | KPA to seek consensus from MR&T on development of the National Logistics Strategy |
|                 |                                              |                             | Establish Collaboration framework with KR and Subcontract truckers on Last mile delivery                       | On-going                                                                          |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (CONT'D)

| Strategic Theme                                                                                                                          | Objectives                                                                                                                            | KPI                                                                                                                                                                                                                                      | Activities                                                                                            | Achievements                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Operational Excellence                                                                                                                   | <ul style="list-style-type: none"> <li>Improve port efficiency by 41%.</li> <li>Increase employee productivity index to 2.</li> </ul> | <ul style="list-style-type: none"> <li>Container ship turnaround time</li> <li>Truck turnaround time (hours)</li> <li>Crane productivity (moves per crane per hour)</li> <li>Rail crane productivity moves per crane per hour</li> </ul> | 50% Implementation of framework contracts for the procurement of critical equipment and crafts spares | Commenced                                                                                         |
|                                                                                                                                          |                                                                                                                                       |                                                                                                                                                                                                                                          | Review and implement equipment acquisition and replacement policy.                                    | Policy developed awaiting EXCOM and Board approval                                                |
|                                                                                                                                          |                                                                                                                                       |                                                                                                                                                                                                                                          | Sensitize and Monitor utilization of HHTs / VMTs.                                                     | Commenced                                                                                         |
|                                                                                                                                          |                                                                                                                                       |                                                                                                                                                                                                                                          | Install signages and yard markings at the Port of Mombasa                                             | B22 yard marking completed, Road signages from White house to gate 18, and feeder roads completed |
|                                                                                                                                          |                                                                                                                                       |                                                                                                                                                                                                                                          | Upgrade TOS to the latest version                                                                     | Project in the procurement stage                                                                  |
|                                                                                                                                          |                                                                                                                                       |                                                                                                                                                                                                                                          | Develop concept a note and designs for a Vessel Traffic Management and Information System (VTMIS)     | Project in the procurement stage                                                                  |
|                                                                                                                                          |                                                                                                                                       |                                                                                                                                                                                                                                          | Review Technical Specifications for the Operations Control Centre (OCC).                              | Procurement of contractor completed, and designs submitted                                        |
|                                                                                                                                          |                                                                                                                                       |                                                                                                                                                                                                                                          | Complete RAP and Procurement of Contractor for Dongo Kundu berth No 1                                 | Contractor procured, awaiting finalization of RAP                                                 |
|                                                                                                                                          |                                                                                                                                       |                                                                                                                                                                                                                                          | Complete designs & ESIA for berth 19B and decommissioning of KOT I                                    | ESIA study and designs on-going                                                                   |
|                                                                                                                                          |                                                                                                                                       |                                                                                                                                                                                                                                          | Develop concept note, commence feasibility and procurement of consultant for expansion of Ferry Ramps | Consultant for detailed design procured                                                           |
| Develop concept note and commence feasibility for strengthening, straightening, and deepening of existing conventional cargo berths 1-10 | Concept note prepared awaiting approval from National Treasury                                                                        |                                                                                                                                                                                                                                          |                                                                                                       |                                                                                                   |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (CONT'D)

| Strategic Theme        | Objectives                                                                                                                            | KPI                                                                                                                                                                                                                                      | Activities                                                                                                                                                                                                                                                                                                                                                     | Achievements                                                                                                                                                                                                               |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operational Excellence | <ul style="list-style-type: none"> <li>Improve port efficiency by 41%.</li> <li>Increase employee productivity index to 2.</li> </ul> | <ul style="list-style-type: none"> <li>Container ship turnaround time</li> <li>Truck turnaround time (hours)</li> <li>Crane productivity (moves per crane per hour)</li> <li>Rail crane productivity moves per crane per hour</li> </ul> | <ul style="list-style-type: none"> <li>Progress construction of Shimoni Artisanal Fishing Port to 70%</li> <li>Install 3 Berthing Aid Systems (BAS) at KOT II</li> </ul>                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>Project progress at 61%</li> <li>Planned for FY 24/25 due to budgetary constraint</li> </ul>                                                                                        |
|                        |                                                                                                                                       |                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>Undertake Bathymetric survey and navigation aids for vessels playing Lake Victoria, Homabay pier landing site rehabilitation, Green port Policy</li> <li>Acquire RTG, Spreaders, TTs, Trailers, Marine Craft STS, ECH, Pilot boat</li> <li>Upgrade of S/S K from 11kv to 33kv: Electrical power distribution</li> </ul> | <ul style="list-style-type: none"> <li>Navigational aids and bathymetric survey competed. Homabay pier has progressed to 43%, Green Port Policy awaiting final approval</li> <li>Undertaken</li> <li>Undertaken</li> </ul> |
|                        |                                                                                                                                       |                                                                                                                                                                                                                                          | Human capital return on investment                                                                                                                                                                                                                                                                                                                             | 1.71 (114% positive achievement)                                                                                                                                                                                           |
|                        |                                                                                                                                       |                                                                                                                                                                                                                                          | Workforce Competence Index (%)                                                                                                                                                                                                                                                                                                                                 | 59%                                                                                                                                                                                                                        |
|                        |                                                                                                                                       |                                                                                                                                                                                                                                          | % of staff meeting performance targets                                                                                                                                                                                                                                                                                                                         | 61.9%                                                                                                                                                                                                                      |
|                        |                                                                                                                                       |                                                                                                                                                                                                                                          | Container ship turnaround time (Hrs)                                                                                                                                                                                                                                                                                                                           | Target: 52 Hours<br>Actual: 48.7 Hours                                                                                                                                                                                     |
|                        |                                                                                                                                       |                                                                                                                                                                                                                                          | Truck turnaround time (hours)                                                                                                                                                                                                                                                                                                                                  | Target: 5.0 Hours<br>Actual: 8.9 Hours                                                                                                                                                                                     |
|                        |                                                                                                                                       |                                                                                                                                                                                                                                          | Crane productivity (moves per crane per hour)                                                                                                                                                                                                                                                                                                                  | Target: 20<br>Actual: 17.3                                                                                                                                                                                                 |
|                        |                                                                                                                                       |                                                                                                                                                                                                                                          | Rail crane productivity moves per crane per hour                                                                                                                                                                                                                                                                                                               | Target: 18<br>Actual: 19.7                                                                                                                                                                                                 |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (CONT'D)

| Strategic Theme                                              | Objectives                                                                                                                                     | KPI                                                                                                        | Activities                                      | Achievements                                                                                        |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Good governance                                              | <ul style="list-style-type: none"> <li>Promote a safe and healthy working environment with zero accidents</li> </ul>                           | <ul style="list-style-type: none"> <li>Governance Index (%)</li> <li>Compliance Levels (%)</li> </ul>      | Develop and Implement ERM Policy.               | Draft policy developed and awaiting Board approval Undertaken                                       |
|                                                              |                                                                                                                                                |                                                                                                            | Conduct ISO Certification audits                | Consultant onboarded to undertake stakeholder engagements                                           |
|                                                              | <ul style="list-style-type: none"> <li>Promote 100% Compliance to legal and regulatory requirements and good governance principles.</li> </ul> | <ul style="list-style-type: none"> <li>Corruption perception index</li> <li>Risk Maturity Level</li> </ul> | Complete KPA Act Review.                        | Draft in place under internal stakeholder validation                                                |
|                                                              |                                                                                                                                                |                                                                                                            | Complete M&E Policy and framework               | Embedded in the Green Port Policy                                                                   |
|                                                              |                                                                                                                                                |                                                                                                            | Develop and implement sustainability framework. | Commenced                                                                                           |
|                                                              |                                                                                                                                                |                                                                                                            | Complete survey on E&I Maturity level.          | Discussions with CG of Mombasa on truck marshalling yard, Homabay on pier rehabilitation, 10 no CSI |
| Collaborate with County Governments                          | projects undertaken                                                                                                                            |                                                                                                            |                                                 |                                                                                                     |
| Collaborations with Development Partners and private parties | Collaboration with TMA on BEEP                                                                                                                 |                                                                                                            |                                                 |                                                                                                     |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

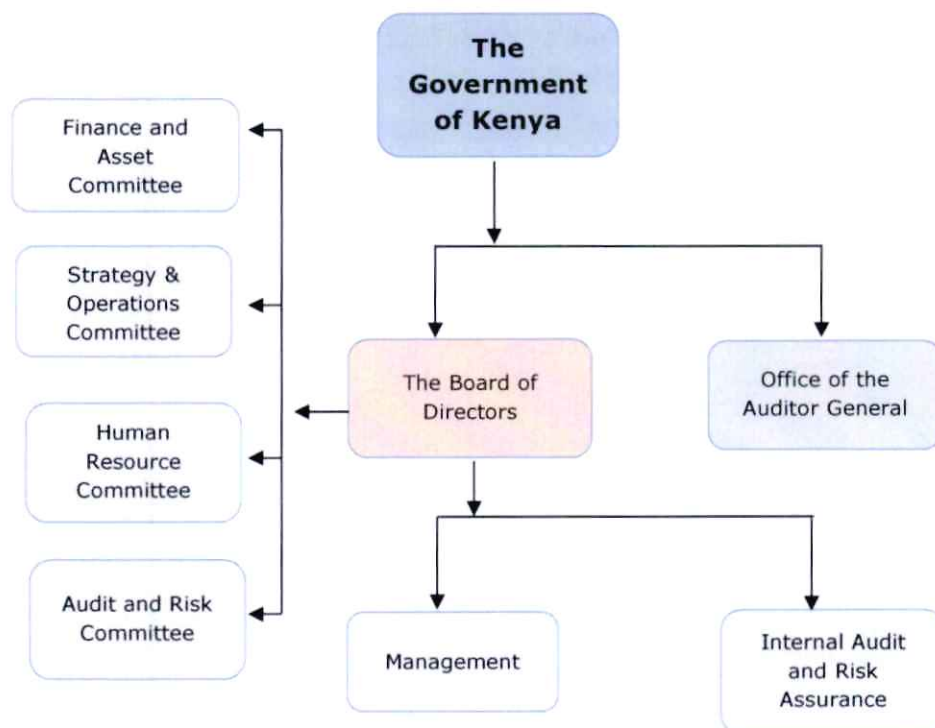
## STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES (CONT'D)

| Strategic Theme | Objectives                                                                                                                                                                                                                                                                                                                                            | KPI                                                                                                                                                                                                                                                                                                                                               | Activities                                                                                           | Achievements                                                                                                                           |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Business Growth | <ul style="list-style-type: none"> <li>Increase common transit market share by 7%</li> <li>Increase Profitability to Kshs 20B by 2027</li> </ul>                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Common market share with Port of Dar (%)</li> <li>Total Revenue (KES Million)</li> <li>Profit Before tax (KES Million)</li> <li>Return on Investment (%)</li> <li>Container Traffic (TEUs)</li> <li>Total Throughput (MTs)</li> <li>Transit Traffic (MTs)</li> <li>Transshipment Traffic (TEUs)</li> </ul> | Review and implement a marketing strategy.                                                           | Undertaken                                                                                                                             |
|                 |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   | Establish a staff Liaison office in DRC.                                                             | Undertaken                                                                                                                             |
|                 |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   | Design and pilot an Incentives Scheme                                                                | Undertaken                                                                                                                             |
|                 |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   | Develop an MOU with the Ethiopian government on the utilization of the Port of Lamu.                 | MOU pending. However there have been high level engagements between Kenya and Ethiopia on utilization of Lamu Port for Ethiopian cargo |
|                 |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   | Develop concept note for setting up logistics facilities within the Port of Lamu and LAPSET Corridor | Pended to FY 24/25                                                                                                                     |
|                 |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   | Commence tendering process for Concessioning of Port of Lamu Operations                              | Procurement commenced in September 2023.                                                                                               |
|                 |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   | Mapping all unautomated billing processes                                                            | Done                                                                                                                                   |
|                 |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   | Develop and implement business plans for Conventional Cargo and Container Operations                 | Pended to FY 24/25 due to uncertainty in implementation of port management model                                                       |
|                 |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   | Ferry Cashless project                                                                               | Undertaken                                                                                                                             |
|                 |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   | Seek approval from the Ministry for KPA Tariff                                                       | Consultant procured to undertake public participation on the approved                                                                  |
|                 | Concept paper for outsourcing of manual labor done. Framework pending                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                      |                                                                                                                                        |
|                 | <ul style="list-style-type: none"> <li>Total Revenue (KES Million)<br/>Target: 54.976<br/>Actual: 67.777</li> <li>Profit Before tax (KES Million)<br/>Target: 9.297<br/>Actual: 17.285</li> <li>Return on Investment (%)<br/>Target: 2.4<br/>Actual: 3.5</li> <li>Total Throughput (MTs in Millions)<br/>Target: 36.569<br/>Actual: 37.630</li> </ul> |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                      |                                                                                                                                        |

**STATEMENT OF CORPORATE GOVERNANCE**

The Board is committed to ensuring that the Authority is run in a professional, transparent, effective, efficient, and equitable manner so as to protect and enhance shareholder value and satisfy the interest of stakeholders. The principles and standards adhered to by the Board have been developed with close reference to the Mwongozo code of governance for state corporations and guidelines on corporate governance issued by the SCAC.

The Authority's governance structure, by appointment, is summarized in the chart below:



**The Board Charter**

The Board's principal duty is to promote the long-term success of the Port and deliver sustainable value to the shareholder. The Board Charter defines the governance parameters within which the board exists and operates, sets out specific responsibilities of the board, its committees and directors collectively, as well as certain roles and responsibilities incumbent upon directors as individuals.

A summary of the Board's responsibilities are as follows:

- Providing entrepreneurial leadership to the Authority within a framework of prudent and effective controls which allow risk to be assessed and managed.
- Strategy formulation and ensuring that there are adequate policies, systems, and structures to successfully implement the Authority's strategy.
- Monitoring Port performance against strategic plans and objectives on a going concern basis, as well as holding mandatory quarterly meetings.

**STATEMENT OF CORPORATE GOVERNANCE (CONT'D)**

- Approval for publication of financial statements.
- Selection, appointment and appraisal of Senior Managers.
- Approval of the risk management framework and ensuring that there are adequate structures and systems to identify, measure and monitor key risks facing the Port.
- Reviewing the effectiveness of systems for monitoring and ensuring compliance with laws and regulations.
- Reviewing and monitoring the Authority's corporate governance policies and practices.
- Reviewing the Authority's Capital levels to ensure that there is adequate capital for the planned growth and expansion within the strategic cycle.
- Approval of among other things, major capital expenditures, borrowings, budget, write offs, acquisition of land etc.

**The Board Size, Composition, and Independence**

The Board consists of 11 directors out of whom 7 are independent non-executive directors including the Chairman. The Board composition draws a good mix of skills, experience and proficiencies in various fields. The directors' biographies are shown on pages 8 to 11. The non-executive Directors are independent of Management. Their role is to advise, constructively challenge and monitor the success of Management in delivering the agreed strategy within the risk appetite and control framework set by the board.

**Chairman and Managing Director**

The roles of the Chairman of the Board and the Managing Director remain distinct and separate. The Chairman gives overall leadership to the Board without limiting the principles of collective responsibility for the Board decisions. The Managing Director is responsible to the Board and takes responsibility for the effective and efficient running of the port on a day-to-day basis.

**Board and Strategy Meetings**

The Board and its committees meet regularly in accordance with business requirements. All directors participate in discussing strategy, performance, financial and risk management of the Port. Meetings of the board are structured to allow sufficient time for consideration of the matters to be discussed.

The board's work plan together with the calendar of meetings for the FY 2023/2024 were fixed in advance and provided to all the directors. Adequate notice was given for each meeting and the agenda and supporting papers were distributed in advance to all the board and committee members to allow time for appropriate review.

The Board has ownership over the Authority's strategic direction. It regularly reviews reports on progress toward the target of the approved business plan, progress against financial objectives and business development. The chairpersons of board committees report at each meeting of the board on the activities of the committee since the previous Board meeting. The board receives regular reports from the Managing Director on the maritime trade environment, strategy, business development and financial performance of the port.

The Board gets regular reports on the port risk appetite profile, top and emerging risk, risk management, liquidity, litigation, compliance, and any emerging issues. Members of the executive management are regularly invited to attend board and committee meetings as required to make presentations that give directors an insight into specific technical business areas.

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

### Board Meetings

In compliance to the Mwongozo Code, the Board of Directors dedicated adequate time and met as required to effectively provide the required entrepreneurial leadership. During the FY the Authority had 4 regular Board meetings, 3 Special Board meetings and 1 Strategic Board meeting with several meetings of the Committees of the Board, as indicated below.

| Director Name                   | Position   | Full Board/Special |                      | Strategy Meetings |                      | Finance & Asset |                      | Operations  |                      | Audit & Risk |                      | Human Resource |                      |
|---------------------------------|------------|--------------------|----------------------|-------------------|----------------------|-----------------|----------------------|-------------|----------------------|--------------|----------------------|----------------|----------------------|
|                                 |            | No. of Mtgs        | No. of Mtgs attended | No. of Mtgs       | No. of Mtgs attended | No. of Mtgs     | No. of Mtgs attended | No. of Mtgs | No. of Mtgs attended | No. of Mtgs  | No. of Mtgs attended | No. of Mtgs    | No. of Mtgs attended |
| Hon. Benjamin D S Tayari        | C          | 4                  | 4 Regular            | 1                 | 1                    |                 |                      |             |                      |              |                      |                |                      |
|                                 |            | 3                  | 3 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Capt. William K Ruto, AFNI, MBS | MD         | 4                  | 4 Regular            | 1                 | 1                    | 6               | 6                    | 5           | 5                    |              |                      | 4              | 4                    |
|                                 |            | 3                  | 3 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Hon. Lucas Maitha               | D          | 4                  | 4 Regular            | 1                 | 1                    | 6               | 2                    | 5           | 2                    | 7            | 5                    | 4              | 2                    |
|                                 |            | 3                  | 3 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Dr. Consolata Lusweti           | D          | 4                  | 4 Regular            | 1                 | 1                    |                 |                      | 5           | 3                    | 7            | 7                    | 4              | 2                    |
|                                 |            | 3                  | 3 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Mr. Emmanuel Kibet              | D          | 4                  | 4 Regular            | 1                 | 1                    | 6               | 6                    | 5           | 3                    |              |                      | 4              | 2                    |
|                                 |            | 3                  | 3 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Ms. Caroline N. Maina           | D          | 4                  | 4 Regular            | 1                 | 1                    |                 |                      | 5           | 4                    | 7            | 5                    | 4              | 2                    |
|                                 |            | 3                  | 3 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Hon. Ahmed Muktar               | D          | 4                  | 3 Regular            | 1                 | 1                    |                 |                      | 5           | 2                    | 7            | 2                    |                |                      |
|                                 |            | 3                  | 2 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Mr. Peter Omingo                | D          | 4                  | 3 Regular            | 1                 | 1                    | 6               | 2                    |             |                      |              |                      | 4              | 2                    |
|                                 |            | 3                  | 2 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Mr. Darius Mobe                 | D          | 4                  | 1 Regular            |                   |                      | 6               | 2                    |             |                      |              |                      | 4              | 2                    |
|                                 |            | 3                  | 1 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Hon. Musa Osman                 | D          | 4                  | 1 Regular            |                   |                      | 6               | 4                    | 5           | 3                    |              |                      |                |                      |
|                                 |            | 3                  | 1 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Mr. Lawrence Kibet              | AD NT      | 4                  | 1 Regular            |                   |                      | 6               | 3                    |             |                      | 7            | 1                    |                |                      |
|                                 |            | 3                  | 1 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Mr. Alex Mbuvi                  | AD MOTIHUD | 4                  | 2 Regular            |                   |                      | 6               | 3                    | 5           | 2                    | 7            | 5                    | 4              | 2                    |
|                                 |            | 3                  | 1 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Brig (Rtd) Alice Mate           | AD AG      | 4                  | 4 Regular            |                   |                      | 6               | 5                    |             |                      |              |                      | 4              | 3                    |
|                                 |            | 3                  | 3 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Mr. Philip J. Mainga            | MD KRC     | 4                  | 0 Regular            |                   |                      |                 |                      | 5           |                      |              |                      |                |                      |
|                                 |            | 3                  | 0 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Mr. Thomas Ojijo                | AD KRC     | 4                  | 1 Regular            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
|                                 |            | 3                  | 0 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Ms. Beatrice Nyamoita           | AD MOTIHUD | 4                  | 3 Regular            | 1                 | 1                    | 6               | 2                    | 5           | 2                    | 7            | 2                    | 4              | 2                    |
|                                 |            | 3                  | 2 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Ms. Cheryl Majiwa               | AD NT      | 4                  | 2 Regular            | 1                 | 1                    |                 |                      |             |                      | 7            | 1                    |                |                      |
|                                 |            | 3                  | 2 Special            |                   |                      |                 |                      |             |                      |              |                      |                |                      |
| Mr. Chris Makokha               | ISC        | 4                  | 4 Regular            | 1                 | 1                    |                 |                      |             |                      | 7            | 1                    |                |                      |

**STATEMENT OF CORPORATE GOVERNANCE (CONT'D)****Compliance with Mwongozo Code**

The Authority has endeavoured to comply with the Mwongozo Code of Governance for State Corporations in the discharge of its mandate.

**Board Remunerations**

The non-executive Board members are paid a taxable sitting allowance of KES 20,000 for every meeting attended as provided for by the GoK circulars and has been disclosed under note 8 of the financial statements. Directors' fees are paid to directors subject to approval by the MoT in liaison with the National Treasury and Planning. As at the close of the financial year, no requisite approval from the National Treasury on payment of Directors' fees from FY 2013/2014 to FY 2022/2023 had been received. Directors' fees are provided for in the financial statements upon approval of the Financial Statements by the Board and payable on submission of the audit report by the office of the Auditor General for the respective financial year statements. Non-executive Board members not representing any Government institutions are paid Directors' fees directly while Directors' fees for those representing the Government and/or its institutions are paid to the Cabinet Secretary, National Treasury as a body corporate. All Directors are paid annually a director's fee of Kes.600,000.00 or pro rata for any part served thereof, for each eligible Director. The Authority granted no loans to its directors during the year. No bonuses were paid to the Directors during the year. The Directors are also provided with personal insurance cover.

**Directors' External Activities and Conflict of Interest**

Directors have a statutory duty to avoid situations in which they have interests which may conflict with the interests of the Authority. A conflict-of-interest register is signed at every meeting and any emerging interest recorded.

**Board Structure**

The Board operates under a comprehensive structure made up of committees established to assist in discharging its responsibilities and obligations as guided by the State Corporation Act Cap 446, section 9 and Mwongozo Code of Conduct Chapter 1 Section 1.7. These committees assist the board in carrying out its functions and ensuring that there is an independent oversight of internal controls and risk management.

The Board has determined the purpose, and the number of committees required to support it in carrying out its duties and responsibilities and in guiding Management. These committees have been established with specific terms of reference, which are continually reviewed and updated. The appointment of members to these committees draws on the skills and experience of individual directors. The role played by board committees forms the principal point of contact between the Directors and Management. Constitution of the Committees are also rotated from time to time.

The Mwongozo Code of Conduct further provides for the establishing of not more than four committees of the Board and for the Authority these are namely, Finance & Assets Committee, Audit & Risk Committee, Human Resources Committee and Strategy & Operations Committee.

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

#### Board Structure (cont'd)

All committees have at least four non-executive directors as members. The chair of the committee is a non-executive director. The chairman of the Board does not sit in any of the committees.

At every meeting of the full board, the chair of each committee presents a report on its activities, decisions and recommendations of their respective committees since the date of the previous meeting for further consideration and approval where necessary. Details of the committees are given below:

- **Finance and Assets Committee**

The core function of the Finance and Asset Committee is to ensure that the undertakings of the Authority are operated efficiently, and according to sound commercial principles in accordance with Part V and VI of the Kenya Ports Authority Act 1978.

| Director                |             | Meetings |          | %          | Date of Appointment & Expiry of Contract |
|-------------------------|-------------|----------|----------|------------|------------------------------------------|
|                         |             | Held     | Attended | Attendance |                                          |
| Mr. Emmanuel Kibet      | Chairperson | 6        | 6        | 100%       | 23/01/23 to 22/01/26                     |
| Mr. Darius Mobe         | Member      | 4        | 2        | 50%        | 06/10/21 to 24/11/23                     |
| Hon. Musa Osman         | Member      | 4        | 4        | 100%       | 23/01/23 to 24/11/23                     |
| Mr. Alex Mbuvi          | Member      | 4        | 3        | 75%        | 20/03/23 to 30/11/23                     |
| Mr. Lawrence Kibet      | Member      | 6        | 3        | 50%        | 09/05/23                                 |
| Hon. Lucas Maitha       | Member      | 2        | 2        | 100%       | 23/01/23 to 22/01/26                     |
| Mr. Peter Omingo        | Member      | 2        | 2        | 100%       | 24/11/23 to 23/11/26                     |
| Ms. Beatrice Nyamoita   | Member      | 2        | 2        | 100%       | 30/11/23                                 |
| Brig. (Rtd.) Alice Mate | Member      | 6        | 5        | 84%        | 23/01/23                                 |

- **Strategy & Operations Committee**

The Committee focuses on ensuring that productivity is maintained according to international standards. It also identifies obstacles that may hamper smooth operations and formulates policies on improvement of port performance. It also focuses on the implementation of the Authority's Strategic Plan and any emerging challenges and makes recommendations to the Board.

| Director              |             | Meetings |          | %          | Date of Appointment & Expiry of Contract |
|-----------------------|-------------|----------|----------|------------|------------------------------------------|
|                       |             | Held     | Attended | Attendance |                                          |
| Hon. Musa Osman       | Chairperson | 3        | 3        | 100%       | 23/01/23 to 24/11/23                     |
| Mr. Emmanuel Kibet    | Member      | 3        | 3        | 100%       | 23/01/23 to 22/01/26                     |
| Ms. Caroline N. Maina | Member      | 5        | 4        | 80%        | 23/01/23 to 22/01/26                     |
| Dr. Consolata Lusweti | Member      | 3        | 3        | 100%       | 23/01/23 to 22/01/26                     |
| Mr. Alex Mbuvi        | Member      | 3        | 2        | 67%        | 20/03/23 to 30/11/23                     |
| Mr. Philip Mainga     | Member      | 5        | -        | -          | -                                        |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

#### Strategy & Operations Committee (cont'd)

| Director                                     |                      | Meetings |          | % Attendance | Date of Appointment & Expiry of Contract |
|----------------------------------------------|----------------------|----------|----------|--------------|------------------------------------------|
|                                              |                      | Held     | Attended |              |                                          |
| Hon. Lucas Maitha                            | Chairperson          | 2        | 2        | 100%         | 23/01/23 to 22/01/26                     |
| Hon. Ahmed Muktar                            | Member               | 2        | 2        | 100%         | 24/11/23 to 23/11/26                     |
| Ms. Beatrice Nyamoita                        | Member               | 2        | 2        | 100%         | 30/11/23                                 |
| Capt. William K. Ruto,<br>AFNI, MBS          | Managing<br>Director | 5        | 5        | 100%         | 10/03/23 to 09/03/26                     |
| <b>In Attendance:</b>                        |                      |          |          |              |                                          |
| GM Operations                                |                      | 5        | 5        | 100%         |                                          |
| GM Engineering Services                      |                      | 5        | 5        | 100%         |                                          |
| Corporation Secretary &<br>GM Legal Services |                      | 5        | 5        | 100%         |                                          |
| GM Corporate Research &<br>Compliance        |                      | 5        | 5        | 100%         |                                          |
| GM Corporate Services                        |                      | 5        | 5        | 100%         |                                          |
| GM Infrastructure<br>Development             |                      | 5        | 5        | 100%         |                                          |

#### • Human Resources Committee

The committee reviews the Human Resources policies and procedures and ensures that they support the strategy of the Authority. It ensures that the Authority maintains a policy of providing remuneration packages that fairly reward staff for their contribution to the business, whilst considering the need to attract, retain and motivate staff of the highest caliber. The committee also ensures successions plans are in place for senior managers of the Authority.

| Director                |             | Meetings |          | % Attendance | Date of Appointment & Expiry of Contract |
|-------------------------|-------------|----------|----------|--------------|------------------------------------------|
|                         |             | Held     | Attended |              |                                          |
| Ms. Caroline N. Maina   | Chairperson | 2        | 2        | 100%         | 23/01/23 to 22/01/26                     |
| Hon. Lucas Maitha       | Member      | 2        | 2        | 100%         | 23/01/23 to 22/01/26                     |
| Mr. Darius Mobe         | Member      | 2        | 2        | 100%         | 06/10/21 to 24/11/23                     |
| Mr. Alex Mbuvi          | Member      | 2        | 2        | 100%         | 20/03/23 to 30/11/23                     |
| Brig. (Rtd.) Alice Mate | Member      | 4        | 3        | 75%          | 23/01/23                                 |
| Mr. Peter Omingo        | Chairperson | 2        | 2        | 100%         | 24/11/23 to 23/11/26                     |
| Mr. Emmanuel Kibet      | Member      | 2        | 2        | 100%         | 23/01/23 to 22/01/26                     |
| Dr. Consolata Lusweti   | Member      | 2        | 2        | 100%         | 23/01/23 to 22/01/26                     |
| Ms. Beatrice Nyamoita   | Member      | 2        | 2        | 100%         | 30/11/23                                 |

#### • Audit and Risk Committee

The committee plays a vital role in ensuring the integrity of financial statements prior to their review and approval by the board. To this end, the committee reviews the accounting policies financial reporting and regulatory compliance of the Authority. The committee also continually evaluates the effectiveness of risk management programs.

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

#### Audit and Risk Committee (cont'd)

The committee receives reports of the Internal and External Auditors and management's corrective response to the findings. The committee also reviews the overall scope, and annual plans for the internal audit function's activities and oversees the alignment of risk management programs and internal audit activities.

The committee reviews all key internal audit reports and has regular direct access to the Head of Internal Audit and Risk Management.

| Director              |             | Meetings |          |      | % Attendance         | Date of Appointment & Expiry of Contract |
|-----------------------|-------------|----------|----------|------|----------------------|------------------------------------------|
|                       |             | Held     | Attended |      |                      |                                          |
| Hon. Lucas Maitha     | Chairperson | 5        | 5        | 100% | 23/01/23 to 22/01/26 |                                          |
| Dr. Consolata Lusweti | Member      | 7        | 7        | 100% | 23/01/23 to 22/01/26 |                                          |
| Ms. Caroline N. Maina | Member      | 7        | 5        | 72%  | 23/01/23 to 22/01/26 |                                          |
| Mr. Alex Mbuvi        | Member      | 5        | 5        | 100% | 20/03/23 to 30/11/23 |                                          |
| Mr. Lawrence Kibet    | Member      | 7        | 1        | 14%  | 09/05/23             |                                          |
| Ms. Beatrice Nyamoita | Member      | 2        | 2        | 100% | 30/11/23             |                                          |
| Hon. Ahmed Muktar     | Chairperson | 2        | 2        | 100% | 24/11/23 to 23/11/26 |                                          |
| Ms. Cheryl Majiwa     | Member      | 1        | 1        | 100% | Nominated to Attend  |                                          |
| Mr. Fred Oyugi        | Secretary   | 7        | 7        | 100% | GM IA&RM             |                                          |

#### Board and Committee Evaluation results:

Corporate governance best practices require that Board of Directors conduct self-evaluation of its performance on annual basis. Further, Mwongozo, the Code of Governance State Corporations, requires that Board of Directors in State Corporations carry out annual performance evaluation and file a report thereof with the parent Ministry and the SCAC.

The Authority's Board's Self-evaluation for the FY 2023/2024 will be conducted in the FY 2024/2025. The Board's Self-evaluation for the year 2022/2023 was conducted as a self/peer review with each Board Member completing a form for the Board (BE 1), Chairman (BE 2), self and fellow Board Members (BE 3), CEO (BE 4) and (BE 6) Internal Auditor, and the results were analyzed to obtain an aggregate Authority mean score, as tabulated in the below chart:

| Name                        | Raw Score | % Score |
|-----------------------------|-----------|---------|
| Corporate Board Performance | 4.29      | 85.77   |

#### Succession Plan

The Board has not formalized the succession plan but has in place a structure that ensures business continuity in the absence of the MD where any of the General Managers can be nominated to perform the duties of the office of the Managing Director.

**STATEMENT OF CORPORATE GOVERNANCE (CONT'D)****Board Charter**

Board protocols are regulated by a Board Charter as well as provisions of the Mwongozo Code of Corporate Governance, Schedule 1 of the KPA Act Chapter 391 of the Laws of Kenya, and the State Corporations Act.

**Process of appointment and removal of directors, roles, and functions of the Board**

The KPA Act vests the mandate to appoint members of the Board in the Cabinet Secretary Ministry of Transport. The composition of the Board meets the parameters of Article 27 of the CoK 2010 with regards to equal opportunities. Out of the 11 directors, 2 are female. It has also captured a diversity of skills and competencies required for the achievement of the organization's long-term goals, as evidenced by the Director's data submitted herein.

Removal of directors is guided by the provisions of the State Corporations Act. The power to appoint also envisages the inherent power to remove or discharge, and as long as the power to appoint is vested in the Cabinet Secretary, members of the Board can only recommend removal.

The Independent directors are not in the service of the National or County Governments and do not hold positions in more than two state corporations as described in the table.

**ICT Governance**

The Board has ensured that the ICT policy is implemented and is integrated with the Authority's strategic and business processes. The policy guides on the usage and operation of all ICT infrastructure, projects and operations, safeguard ICT Assets and stakeholders' data, within the Authority while complying with international standards and best practices.

**Board Continuous Skill Development**

The trainings conducted for the Directors and their attendance is as below:

Directors Training on Private Public Partnership (PPP) held at Naivasha from 21/08/23 to 25/08/23

Hon. Benjamin Tayari  
Mr. Darius Mobe  
Hon. Lucas Maitha  
Hon. Musa Osman  
Dr. Consolata Lusweti  
Ms. Caroline N. Maina  
Mr. Emmanuel Kibet  
Mr. Alex Mbuvi  
Mr. Chris Makokha

Board of Directors Audit & Risk Training held in Lamu from 19/02/24 to 22/02/24.

Hon. Benjamin Tayari  
Hon. Lucas Maitha  
Dr. Consolata Lusweti  
Hon. Ahmed Muktar  
Mr. Peter Omingo  
Brig. (Rtd.) Alice Mate

**STATEMENT OF CORPORATE GOVERNANCE (CONT'D)****Board Continuous Skill Development (cont'd)**

E-Board Training for Directors held at KPA  
Headquarters on 28/05/24

Hon. Benjamin Tayari

Hon. Lucas Maitha

Dr. Consolata Lusweti

Ms. Caroline N. Maina

Mr. Emmanuel Kibet

Hon. Ahmed Muktar

Mr. Peter Omingo

Ms. Beatrice Nyamoita

Mr. Chris Makokha

**Management Committees**

A significant factor in the Authority's success is the strength of the Management team. Members of the Management team bring together vital leadership skills and extensive maritime trade experience from both local and international exposure. To harness their strength, the Managing Director has established the Executive Committee of Management (EXCOM). This committee meets regularly and at least monthly to discuss strategy formulation and implementation, policy matters and financial performance.

It is also responsible for ensuring compliance with the regulatory framework and guidelines and adherence to the Authority's policies and procedures. The committee also serves as the link between the Board and Management. The Managing Director has also established other standing committees to execute various mandates and to support the EXCOM in the realization of its objectives. Some of the committees include the Public Finance Management Standing Committee, Information Technology Steering Committee, Port Productivity Committee, Change Management Committee, Corporate Training committee, Tariff Committee among others.

**Ethics and Integrity Statement**

The Board is committed to the promotion of good Corporate Governance as envisaged in the Authority's strategic plan. The Authority has in place an Ethics and Integrity policy that is posted on its website.

Unethical corrupt practices or public complaints can be and are reported through the following dedicated email address: [stopcorruption@kpa.co.ke](mailto:stopcorruption@kpa.co.ke).

In addition, stakeholders can also reach us through the following lines: -

Managing Director: +254 - 41 - 2113497

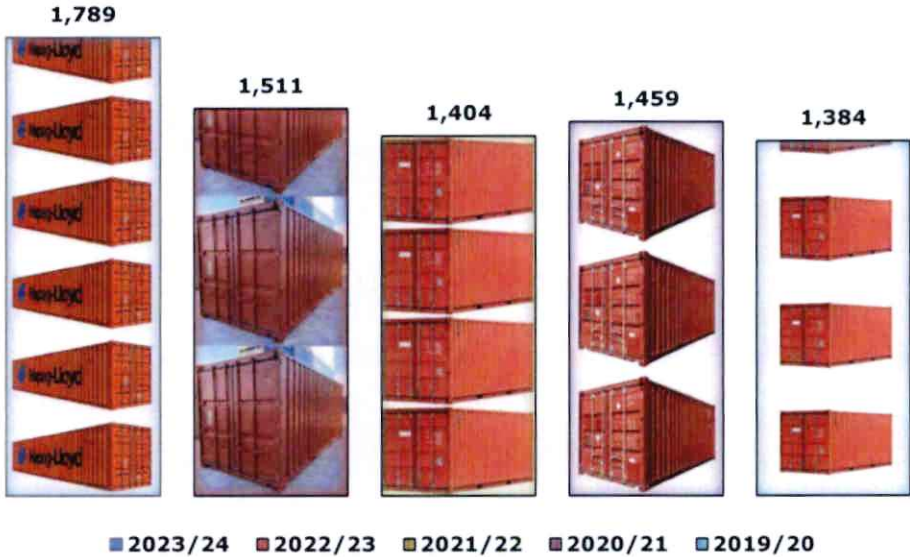
Manager, Ethics, and Integrity: +254 - 41 - 2113464

**THE YEAR IN REVIEW**

**Throughput (MTs in '000)**



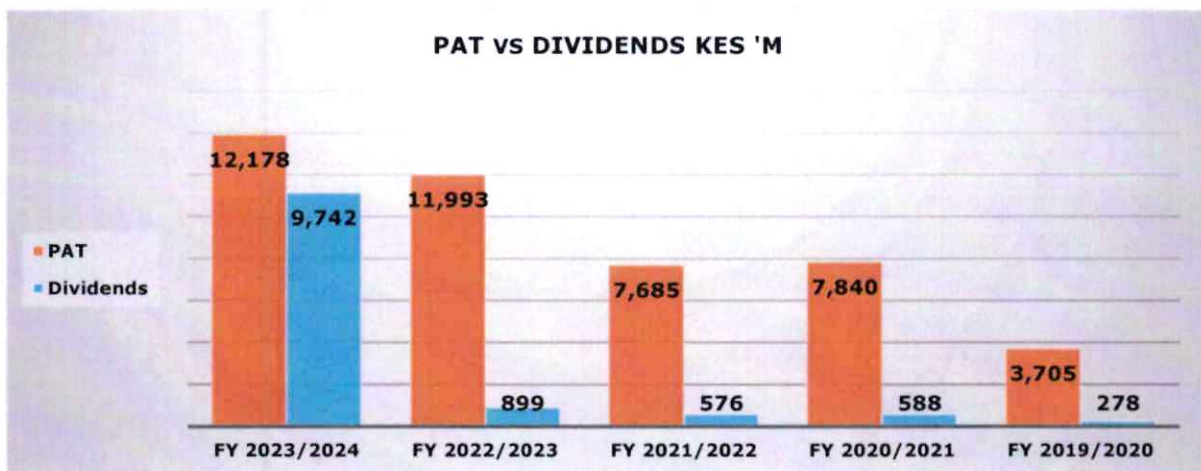
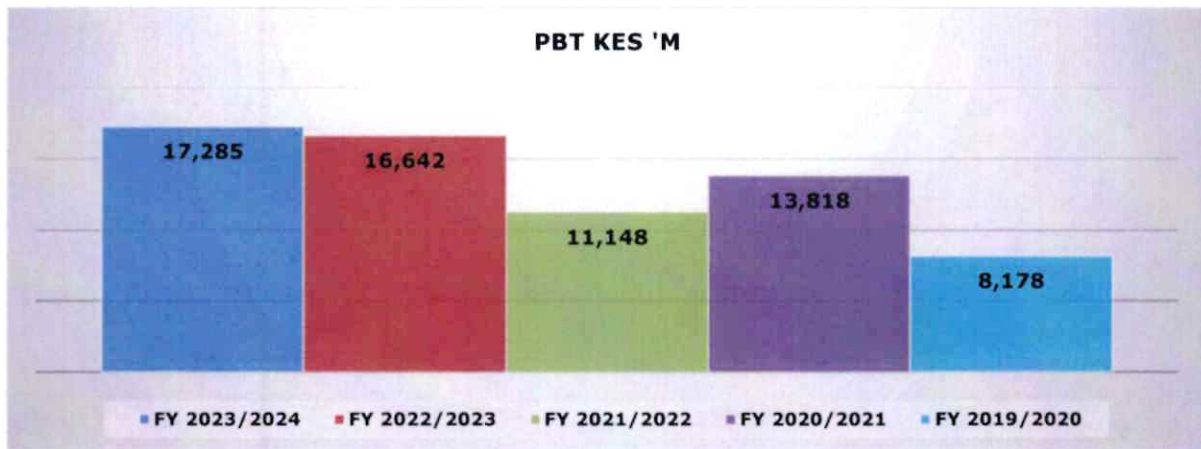
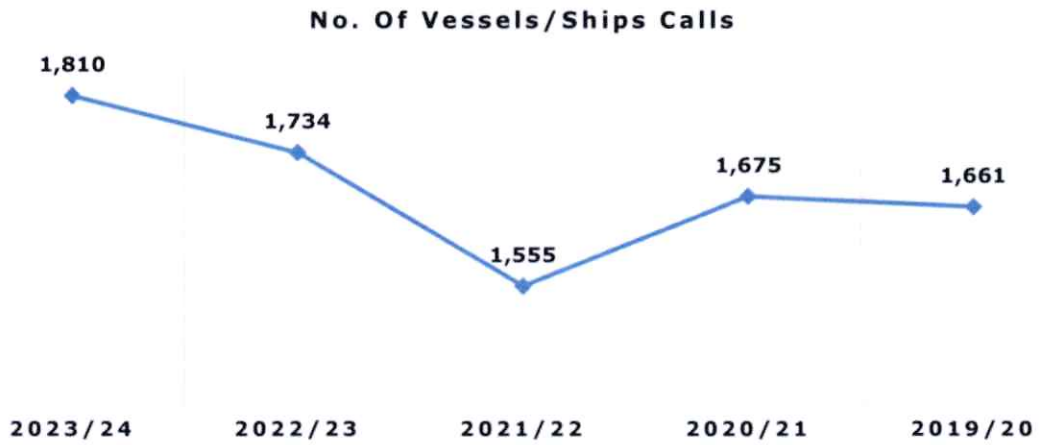
**Container Traffic TEUs In '000**



# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## THE YEAR IN REVIEW (CONT'D)



**MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE**

**1.0 Introduction**

Management wishes to present an analysis of the Authority’s financial performance for the period ending 30 June 2024.

**2.0 Performance Summary Overview**

the Authority’s recorded a significant increase in throughput mainly driven by Transshipment and Transit segments. The throughput increased by 9% compared to previous year. This translated to increased revenue for the Authority and is in tandem with increase in operational cost.

The cost incurred for the period increased compared to previous year on account of higher consumption of fuel, spares and electricity due to increased cargo handling. Also, impact cost increased as result of implementation of organisation structure and increased cost of imported goods and services due to depreciation of local currency.

**Actual Performance Overview**

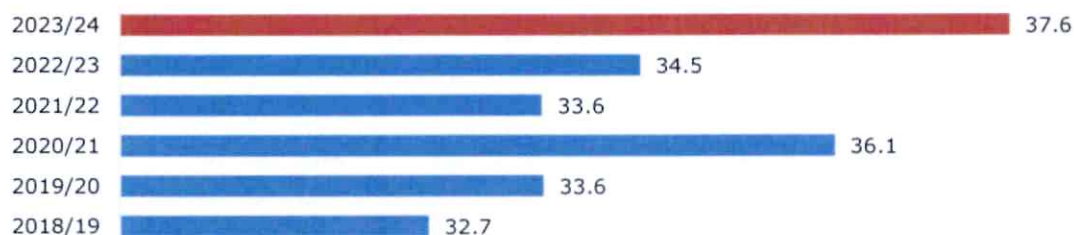
|                           | <b>ACTUAL<br/>FY 2023/24</b> | <b>ACTUAL<br/>FY 2022/23</b> |
|---------------------------|------------------------------|------------------------------|
| Throughput, MTS `000      | <b>37,630</b>                | <b>34,481</b>                |
| Total Revenue, KES `M     | <b>67,677</b>                | <b>60,979</b>                |
| Total Cost, KES `M        | <b>50,392</b>                | <b>44,337</b>                |
| Profit Before Tax, KES `M | <b>17,285</b>                | <b>16,642</b>                |
| <b>Profit Margin</b>      | <b>26%</b>                   | <b>27%</b>                   |

**3.0 Throughput Overview**

During the period ended 30 June 2024, the Port handled a record 37,629,575 tons against 34,481,300 tons registered in the similar period in 2022/23 tons representing an increase of 3,148,276 tons or 9.1%.

The positive performance is attributed to a notable increase in handling of containerised cargo by 3,166,703 tons or 19.0%. The increased containers handled were majorly for the transit and transshipment segments.

Throughput, MT in millions



**MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (CONT'D)**

**Throughput Traffic (MT '000) FY 2023/2024 against FY 2022/2023**

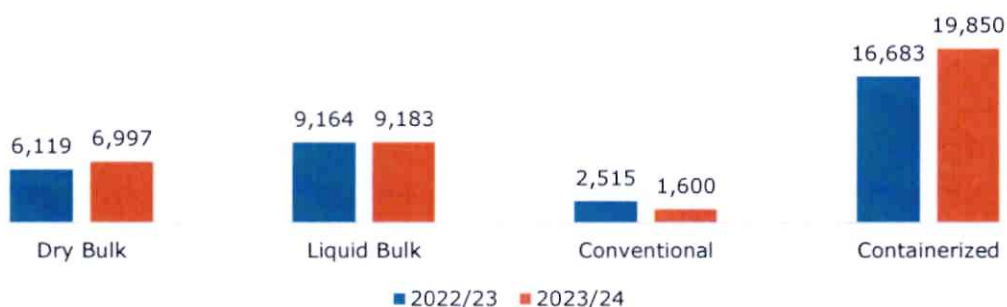
| Type of Cargo          | 2022/23       | 2023/24       | Change       |               |
|------------------------|---------------|---------------|--------------|---------------|
|                        |               |               | Volume       | %             |
| <b>Non - Container</b> |               |               |              |               |
| Dry Bulk               | 6,119         | 6,997         | 878          | 14.40%        |
| Liquid Bulk            | 9,164         | 9,183         | 18           | 0.20%         |
| Conventional           | 2,515         | 1,600         | (915)        | -36.40%       |
| <b>Sub-Total</b>       | <b>17,798</b> | <b>17,780</b> | <b>(19)</b>  | <b>-0.10%</b> |
| Containerized          | 16,683        | 19,850        | 3,167        | 19.00%        |
| <b>TOTAL</b>           | <b>34,481</b> | <b>37,630</b> | <b>3,148</b> | <b>9.10%</b>  |
| <b>Import/Export</b>   |               |               |              |               |
| Imports                | 27,420        | 28,476        | 1,057        | 3.90%         |
| Exports                | 4,898         | 4,827         | (72)         | -1.50%        |
| Transshipments         | 2,064         | 4,139         | 2,075        | 100.50%       |
| Restows                | 99            | 188           | 88           | 89.20%        |
| <b>Total</b>           | <b>34,481</b> | <b>37,630</b> | <b>3,148</b> | <b>9.10%</b>  |
| Set Target 2023/24     |               | 36,569        | 1,061        | 2.90%         |

There was strong growth of throughput in Transshipment and Transit markets especially Uganda, South Sudan and Democratic Republic of Congo.

The growth in transit markets is mainly from improved efficiency at the port with Tanzania and Burundi recording the highest growth within the East African Community.

Ethiopia had the highest growth rate, and the bulk of its cargo was handled in the Port of Lamu.

Actual 2022/23 vs 2023/24 (MT '000')



**MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (CONT'D)**

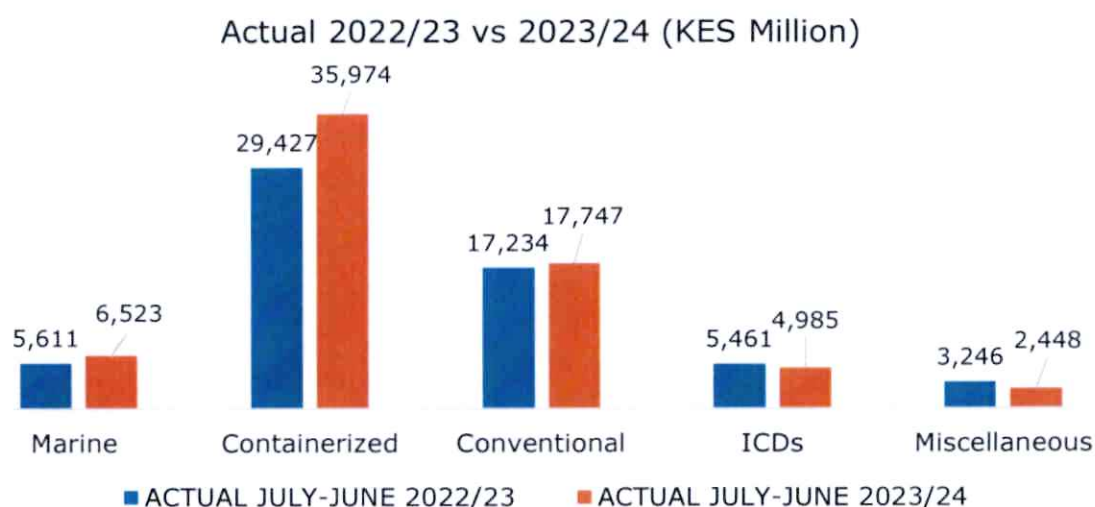
**4.0 Revenue Overview**

**4.1 Revenue Performance**

Revenue performance during the current period recorded KES 67,677 million compared to KES 60,979 million recorded during the same period last year. This reflected an increase by KES 6,698 million or 11%. The performance was also above the budgeted figure of KES 54,772 million.

There was an increase all major business streams – Marine, Container and Conventional Cargo and a decline in ICDs and Miscellaneous.

Throughput increased by 9.1% compared to same period last year and revenue increased by 11%. The increase in revenue was mainly driven by the volume growth and to a lesser extent by favourable foreign exchange.

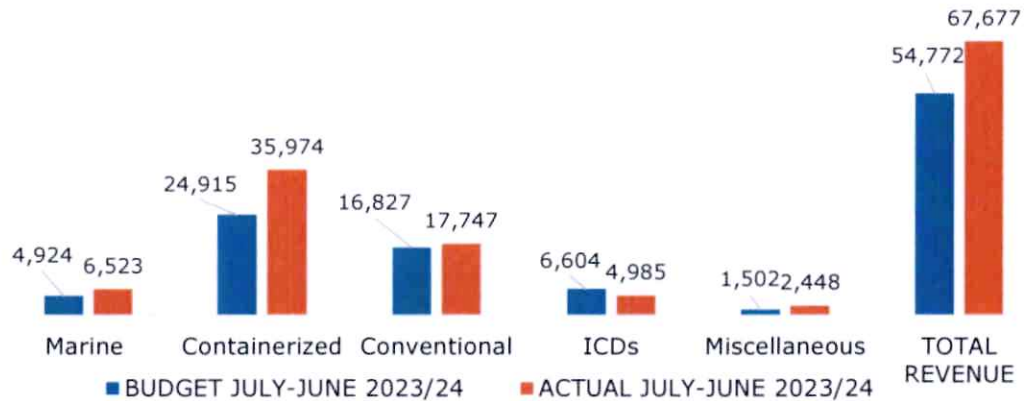


**4.2 Actual versus Budget**

The performance exceeded the Budget for all business streams except the ICD. The higher revenue was mainly from the container segment especially the Transit and Transshipment market and the appreciation of USD against the local currency.

**MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (CONT'D)**

Budget Vs Actual (KES Million)



Marine revenue performed above the budget resulting to a favourable budget variance of KES 1,599 million or 32%. The revenue was also above last year by KES 912 million. This is mainly driven by favourable exchange rates and increased number of the high earning container cargo vessels.

Container revenue grew in tandem by 22%. The growth of full imports was significant in revenue growth while Transshipment was important for throughput growth. Full imports generate the highest revenue per TEU while Transshipment and Restows generate the lowest. All the container categories registered growth with Transshipment registering the highest growth in quantity. The imports especially to Transit markets have been on the increase signifying growth of other East African economies brought about by Macroeconomic stability and competitiveness of the Port.

Revenue earned at the Depots recorded an unfavourable variance compared to the same period last year. The adverse variance was at 9% below last year. ICD was negatively impacted by the directive to allow clearance of cargo destined for Nairobi at the Port of Mombasa and the emergence of competition.

Conventional cargo throughput has reduced marginally in the current year compared to same period last year. The dry bulk that recorded an increase is majorly low earning wheat and clinker that have been concessioned. The conventional cargo volume reduced while liquid bulk was flat.

Revenue earned from miscellaneous services during the period had a significant favourable variance of 63% compared to budget. The increase was majorly from realised gain on non-operating revenue. It is lower than same period last year with unfavourable variance of 25%.

**MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (CONT'D)**

**5.0 Total Expenditure KES 50,392 million**

**Expenditure Performance Overview**

Expenditure recorded during the period under review was KES 50,392 million. This was higher than the budgeted figure of KES 44,485 million. It is higher than last year's same-period expenditure of KES 44,337 million.

The main drivers for the increased cost were consumables used in operations such as spares and Fuel and also Finance cost from the commercial loan.

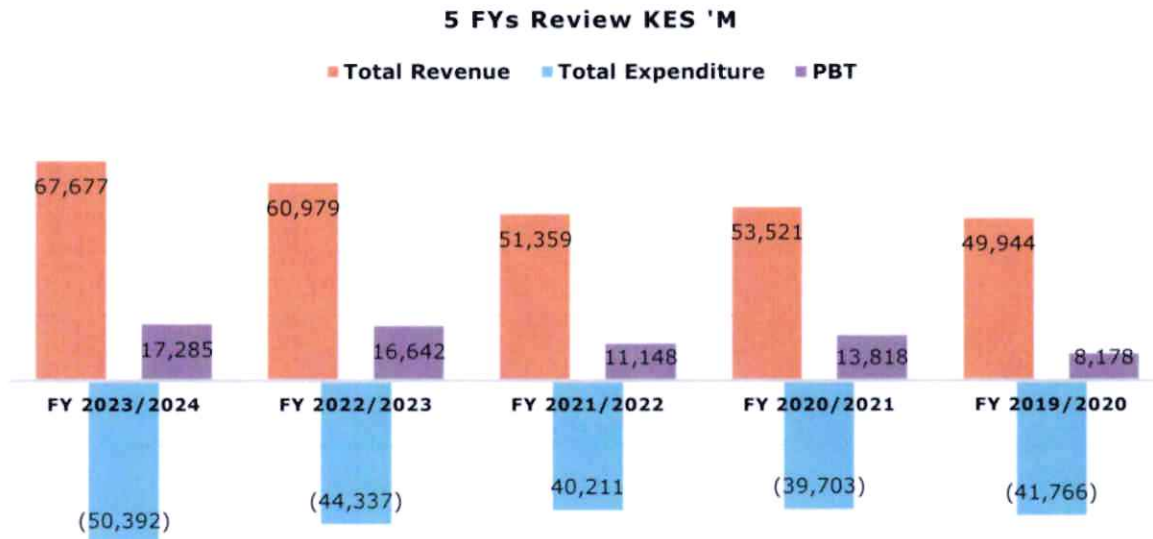
**Expenditure Per Classes Performance**

The spending is higher than the Budget for most items except the cost of employment. This was due to the increased cost of operations driven by increased output and higher prices, especially for imported consumables that were affected by unfavourable exchange rates. A Supplementary Budget was prepared and approved by the Board to cover for the increased cost but was not approved by the Treasury in time.

**Five-Year Summarized Statement of Profit or Loss**

|                          | <b>2023/2024</b> | <b>2022/2023</b> | <b>2021/2022</b> | <b>2020/2021</b> | <b>2019/2020</b> |
|--------------------------|------------------|------------------|------------------|------------------|------------------|
|                          | <b>KES 'M</b>    | <b>KES 'M</b>    | <b>KES 'M</b>    | <b>KES 'M</b>    | <b>KES 'M</b>    |
| Total Revenue            | 67,040           | 58,944           | 50,639           | 52,851           | 48,854           |
| Total Operating Expenses | (48,804)         | (43,768)         | (40,081)         | (39,320)         | (41,412)         |
| <b>Operating Profit</b>  | <b>18,236</b>    | <b>15,177</b>    | <b>10,558</b>    | <b>13,530</b>    | <b>7,442</b>     |
| Finance Income           | 589              | 266              | 167              | 168              | 1,310            |
| Finance Cost             | (1,079)          | (526)            | (130)            | (140)            | (135)            |
| Impairment (loss)/Gain   | (508)            | (43)             | 55               | (243)            | (219)            |
| Other Gain/(Loss)        | 47               | 1,769            | 498              | 503              | (220)            |
| <b>Profit Before Tax</b> | <b>17,285</b>    | <b>16,642</b>    | <b>11,148</b>    | <b>13,818</b>    | <b>8,178</b>     |
| Tax Charge               | (5,107)          | (4,649)          | (3,463)          | (5,978)          | (4,473)          |
| <b>Profit After Tax</b>  | <b>12,178</b>    | <b>11,993</b>    | <b>7,685</b>     | <b>7,840</b>     | <b>3,705</b>     |

**MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (CONT'D)**



**6.0 Financial Position KES 350,891 million**

All categories of the Balance Sheet items recorded an improvement. The Current Assets reduced due to collection of outstanding debts and moving cash payments while Current Liabilities increased as result of supplier invoices due for payment at the financial year closure. The semiannual repayment for JICA loan 2 (KE P30) also become due effective March 2025 and has been factored into the current Liabilities. Dividend for FY 2022/2023 is also payable in FY 2024/2025.

**6.1 Non-Current Assets KES 321,937 million**

Non-current assets amounted to KES 321,937 million during the period, up from KES 313,642 million reported in the comparative period. The increase of 2.64% is attributed to additions of new assets.

**6.2 Current Assets KES 28,954 million**

Current assets stood at KES 28,954 million compared to KES 33,350 million recorded last year, a decrease of 13.18%.

**6.3 Receivables and Prepayments KES 15,969 million**

Receivables were KES 15,969 million as at the close of the year, compared to KES 22,596 million for the comparative period. Declined in line with the change in terms of payment from credit to cash.

**6.4 Cash & Cash Equivalents KES 7,098 million**

Cash in bank & at hand amounted to KES 7,098 million during the period under review compared to KES 8,369 million recorded during the comparative period.

**MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (CONT'D)****6.5 Current Liabilities KES 17,095 million**

The balance as at the end of the current period was KES 17,095 million up from KES 12,932 million reported last year.

**6.6 Borrowings KES 51,711 million**

**JICA loans I (KE-P25, KEP25A):** JICA funded the implementation of the Mombasa Port Development Project phase I. The project was completed and commissioned in September 2016. As of 30 June 2024, the outstanding balance for the JICA 1 loan was JPY 20,869 million translated to KES 16,814 million.

**JICA Loan II (KE-P30):** JICA funded the implementation of the Mombasa Port Development Project phase II. As of 30 June 2024, the outstanding balance for the loan was JPY 32,110 million translated to KES 25,845 million.

**JICA III (Special Economic Zone KE-P35):** The agreement on this loan is between JICA and the Government of Kenya, and on lent to KPA as the implementing Agency for the implementation of the MSEZ Development Project. As of 30 June 2024, a total of JPY 1,003 million translating to KES 808 million had been received.

**Stanbic Loan 1:** The loan was for the operationalisation of the first three Berths of Lamu Port specifically the completion of construction and procurement of marine equipment. As of 30 June 2024, a total of USD 49 Million translating to KES 6,435 million had been disbursed.

**Stanbic Loan 2 -** The Loan was for the purpose of the loan is to finance the purchase of four (4) rubber tyred gantries and three (3) STS gantries for Lamu Port. As of 30 June 2024, a total of USD 14 million translating to KES 1,808 million had been disbursed. The equipment have been delivered.

**6.7 Dividends Payment to National Treasury**

During the year, the Authority remitted KES 10,000 million to the National Treasury as Special Dividends. Further, dividends amounting to KES 576.4 million for the financial year 2021/2022 were also paid. The dividends for the financial year 2022/2023, amounting to KES 899.4 million is payable in Fy2024/2025. The Dividend obligation for the year ended 30 June 2024 is KES 9,742.46 million and will be paid subject to approval by the board.

**6.8 Directors' fees**

Directors are paid fees at the rate of KES 50,000 per Director per month, subject to approval by the National Treasury, through the parent Ministry and upon completion of the audit of the Annual Report & Financial Statements for the relevant year. Approvals have not been received for payment of the fees for the last 10 FYs, 2013/2014 to 2021/2022, totalling to KES 59.4 million. The provision for the directors' fees for the FY 2023/2024 is KES 6 million.

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## MANAGEMENT DISCUSSION AND ANALYSIS ON PORT PERFORMANCE (CONT'D)

### Five-Year Summarized Statement of Financial Position

|                                     | 2023/2024      | 2022/2023      | 2021/2022      | 2020/2021      | 2019/2020      |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets:</b>                      | <b>KES 'M</b>  | <b>KES 'M</b>  | <b>KES 'M</b>  | <b>KES 'M</b>  | <b>KES 'M</b>  |
| Total non-current Assets            | 321,937        | 313,642        | 307,233        | 280,791        | 270,337        |
| Total Current Asset                 | 28,954         | 33,350         | 31,144         | 23,425         | 24,433         |
| <b>Total Assets</b>                 | <b>350,891</b> | <b>346,992</b> | <b>338,377</b> | <b>304,216</b> | <b>294,769</b> |
| <b>Equity and Liabilities</b>       |                |                |                |                |                |
| Total Capital and Reserves          | 221,517        | 215,084        | 222,675        | 192,876        | 187,476        |
| Total Non-Current Liabilities       | 112,279        | 118,976        | 103,294        | 94,193         | 86,214         |
| Total Current Liabilities           | 17,095         | 12,932         | 12,408         | 17,147         | 21,080         |
| <b>Total Equity and Liabilities</b> | <b>350,891</b> | <b>346,992</b> | <b>338,377</b> | <b>304,216</b> | <b>294,769</b> |

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Authority exists to transform lives. This is our purpose: the driving force behind everything we do as per the Vision 2030 flagship projects and the Strategic Plan implementation matrix. It's what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant services and operational excellence.

The Authority is committed to the development of a Sustainability Framework, which will help it consolidate the analysis and reporting of its sustainability impacts and embedding best practices undertaken in Kenya and globally such as the ESG standards, in line with the Global Reporting Initiatives.

KPA's current sustainability efforts are focused on:

- Risk Management Framework
- Environmental performance
- Employee Welfare
- Market Place Practice
- ICT Improvements and Solutions
- Corporate Social Investments
- Sports

Below is an outline of the activities that promote the Authority's sustainability initiatives.

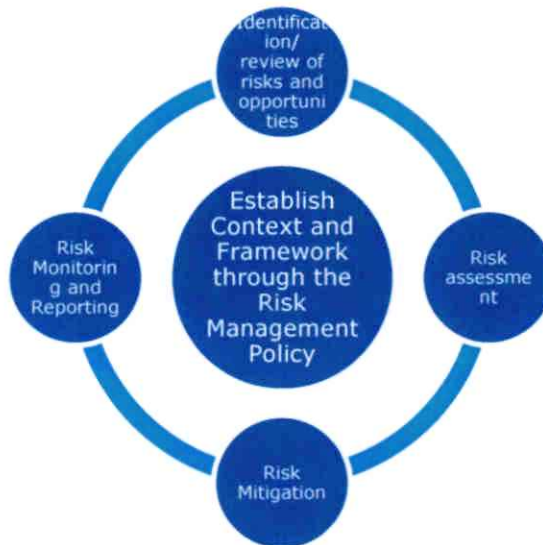
### **A. Risk Management Framework**

#### **Enterprise Risk Management Statement**

The Authority's Enterprise Risk Management Framework has adopted ISO 31000:2018 Risk Management guidelines and includes the Committee of Sponsoring Organizations (COSO) control activities. This ensures that the Authority aligns with the best practices in managing risks and fosters proactive risk identification, assessment, mitigation and continuous monitoring across the business. The Enterprise Risk Management Framework enables the Authority to manage and report its strategic and operational risks consistently. The Authority remains committed to ensuring improved customer experience and facilitating regional trade while proactively and systematically managing risk.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Enterprise Risk Management Statement (cont'd)**



Risk Management Process

**Risk Management Governance**

The Board takes overall responsibility for managing risk. A Risk Management Committee is in place to oversee the implementation of policies approved by the Board. The Risk Management Framework provides Management with a clear and an informed Risk-Based decision-making process. The Authority continues to be committed to robust risk management practices as an integral part of good corporate governance. In the Financial Year 2023/2024 the Risk Management Policy was reviewed and a Risk Appetite Statement was developed. The documents were adopted by the Risk Management Committee and approved by the Board.



Risk Management Levels With Responsibilities

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Risk Management (cont'd)**

**Strategic Risks**

The strategic risks for the Authority were identified with a focus on the impact on achievement of the seven (7) strategic objectives outlined in the Strategic Plan for 2023/24 – 2027/28.

They were identified through the Enterprise Risk Management Framework, thus providing the Board and Risk Management Committee with a current assessment of the key risks facing the Authority. These risks are identified through an integrated iterative enterprise risk management process.

The following are the strategic risks that received close management attention in 2023/24 FY:

|                                                                                                      | <b>Strategic Risk</b>                                                | <b>Rating and Status</b>                                                            | <b>Category</b> | <b>Related Strategic Objective/Goal</b>   |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------|-------------------------------------------|
| 1.                                                                                                   | Dynamism in customer needs and expectations                          |    | Competitive     | Attain customer satisfaction index of 75% |
| <b>Mitigation:</b>                                                                                   |                                                                      |                                                                                     |                 |                                           |
| — Continuous customer satisfaction / engagement and employing best practices across all touch points |                                                                      |                                                                                     |                 |                                           |
| — Customer satisfaction surveys                                                                      |                                                                      |                                                                                     |                 |                                           |
| 2.                                                                                                   | Financial and general insecurity (cyber threats and terrorism) risks |  | Operational     | Improve port efficiency by 41%            |
| <b>Mitigation:</b>                                                                                   |                                                                      |                                                                                     |                 |                                           |
| — Prioritizing CAPEX projects                                                                        |                                                                      |                                                                                     |                 |                                           |
| — Adopting Public-Private Partnerships                                                               |                                                                      |                                                                                     |                 |                                           |
| — Implementing information security and business continuity initiatives                              |                                                                      |                                                                                     |                 |                                           |
| — Process automation, system upgrades, cyber fusion, etc.                                            |                                                                      |                                                                                     |                 |                                           |

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Risk Management (cont'd)**

**Strategic Risks (cont'd)**

|                                                                                                                                                                                                                                                                                                                                                                                      | <b>Strategic Risk</b>                                          | <b>Rating and Status</b>                                                            | <b>Category</b> | <b>Related Strategic Objective/Goal</b>                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------|--------------------------------------------------------------------|
| 3.                                                                                                                                                                                                                                                                                                                                                                                   | Health safety and environmental risks                          |    | Operational     | Promote a safe and healthy working environment with zero accidents |
| <p><b>Mitigation:</b></p> <ul style="list-style-type: none"> <li>— 100% Compliance to HSE laws and regulations such as Environmental Audits and OSH Audits</li> <li>— Develop and implement a disaster management plan</li> <li>— Adherence to preventive maintenance schedules for equipment</li> <li>— Incorporate and enforce HSE criteria in the supply chain process</li> </ul> |                                                                |                                                                                     |                 |                                                                    |
| 4.                                                                                                                                                                                                                                                                                                                                                                                   | Geopolitical re-organization within the region                 |    | Competitive     | Increase common transit market share by 7% by 2027/28              |
| <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>— Collaboration with government agencies</li> <li>— Regional Partnership Management Framework e.g. through bilateral meetings</li> </ul>                                                                                                                                                                             |                                                                |                                                                                     |                 |                                                                    |
| 5.                                                                                                                                                                                                                                                                                                                                                                                   | Political, Infrastructure and logistics barriers               |  | Financial       | Increase profitability to KES 20 billion by 2027/28                |
| <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>— Collaboration with government agencies to reduce logistics barriers</li> <li>— Advocacy and lobbying for investments in the inland waterways such as Lake Victoria</li> </ul>                                                                                                                                      |                                                                |                                                                                     |                 |                                                                    |
| 6.                                                                                                                                                                                                                                                                                                                                                                                   | Talent Risk - Availability and retention of specialized skills |  | People          | Increase employee productivity by 2 percent by 2027/28             |
| <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>— Effective implementation of the Authority's succession plan</li> </ul>                                                                                                                                                                                                                                             |                                                                |                                                                                     |                 |                                                                    |

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Risk Management (cont'd)**

**Strategic Risks (cont'd)**

|    | <b>Strategic Risk</b>        | <b>Rating and Status</b>                                                          | <b>Category</b> | <b>Related Strategic Objective/Goal</b>                                                     |
|----|------------------------------|-----------------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------|
| 7. | Regulatory environment risks |  | Governance      | Promote 100% compliance to legal and regulatory requirements and good governance principles |

**Mitigation**

- Implementation of ethics and integrity initiatives
- Sensitization on corporate long-term plans when on-boarding
- Regular legal compliance monitoring

Status Of Risk Compared To 2022/23

The following is the Authority’s Risk Assessment Heat-Map Dashboard of the identified strategic risks.

|               |                 |                               |                 |                 |               |                |    |    |
|---------------|-----------------|-------------------------------|-----------------|-----------------|---------------|----------------|----|----|
| <b>Impact</b> | <b>Critical</b> | 5                             | 10              | 7               | 6             | 20             | 1  | 25 |
|               | <b>High</b>     | 4                             | 8               | 12              | 3             | 5              | 2  |    |
|               | <b>Moderate</b> | 3                             | 6               | 9               | 4             |                | 12 |    |
|               | <b>Low</b>      | 2                             | 4               | 6               | 8             |                | 10 |    |
|               | <b>Minor</b>    | 1                             | 2               | 3               | 4             |                | 5  |    |
|               |                 | <b>Rare</b>                   | <b>Unlikely</b> | <b>Possible</b> | <b>Likely</b> | <b>Certain</b> |    |    |
|               |                 | <b>Likelihood/Probability</b> |                 |                 |               |                |    |    |

**Implementation and Certification of ISO Management Systems**

**1. Introduction**

The Authority is implementing four Management Systems based on ISO standards as follows:

- i. Quality Management System (QMS) based on ISO 9001 standard
- ii. Information Security Management System (ISMS) based on ISO 27001 standard

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Risk Management (cont'd)**

**Implementation and Certification of ISO Management Systems (cont'd)**

- iii. Environment Management System (EMS) based on ISO 14001
- iv. Occupational Health and Safety Management System (OHSMS) based on ISO 45001 standard

The QMS has been certified since 2009. The Authority is in the process of seeking certification for the other three management systems, namely:

**i. Quality Management System (QMS)**

The Authority has been implementing a certified QMS based on ISO 9001 standard since 2009. FY 2023/24 marked the end of the 5th cycle of ISO 9001 QMS certification. The Authority was successfully re-certified and commenced the 6th certification cycle and marking 15 years of QMS certification.



QMS Certification Journey

The efforts to implement a QMS were guided by the government performance contracting guidelines which required all government departments and agencies to implement a certified QMS. The management also saw the implementation of a QMS as a way of improving the efficiency of services provided to the customers to improve their satisfaction.

**ii. Information Security Management System (ISMS)**

The implementation of an ISMS was also a government initiative through performance contracting. The aim was to ensure maintenance of confidentiality, integrity and availability of information within government institutions. The Authority's Management embraced the implementation of an ISMS to ensure the security of its information and information assets. The Authority is currently pursuing certification to ISO 27001:2022.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)****Risk Management (cont'd)****Implementation and Certification of ISO Management Systems (cont'd)****iii. Environment Management System (EMS) and Occupational Health and Safety Management System (OHSMS)**

The Authority in partnership with TMEA has been implementing the MRIP. One of the projects in the programme is the implementation of an EMS and an OHSMS. This will enhance the international status of the Port in line with our vision of being world-class ports of choice and demonstrate environmental stewardship.

The Authority is currently pursuing certification for the two management systems with the following activities undertaken:

- a. Gap analysis
- b. Capacity building (training GMs, HODs, Champions and internal auditors)
- c. Documentation and Risk Assessment
- d. Staff awareness

**2. Maintenance Activities**

Management Systems maintenance activities include:

- a) **Continual Improvement** – this includes review and update of the documented information for management systems (QMS, ISMS, EMS and OHSMS). It also includes taking correction and corrective actions for nonconformities raised.
- b) **Quality Assurance** – this includes checking whether the management systems conform to the requirements (standards, documented information and legal) through conducting audits (internal and external) as well as self-assessments.
- c) **Management Review** - This includes periodic reporting to Management on the performance of the management system to ensure continued suitability, adequacy and effectiveness.
- d) **Divisional Management Representatives** - These are champions selected from each division to assist in the implementation and monitoring of management systems. They are provided with continuous training to ensure they have the capacity to undertake their duties.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Risk Management (cont'd)**

**Implementation and Certification of ISO Management Systems (cont'd)**



Management Systems Maintenance Activities

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)****B. Environmental Performance**

The Authority's current sustainability efforts are focused on the environmental pillar with environmental sustainability being a priority. With this regard, efforts have been made through the previous and current strategic plans to focus on:

- Adoption and implementation of the Green Port Policy.
- Efforts towards energy conservation and efficient utilization
- An active participation in support of the Blue Economy.
- Implementation of an integrated waste management plan

Further, the Authority in partnership with TMEA has been implementing the MRIP. One of the projects in the programme is the implementation of ISO 14001 EMS and ISO 45001 OHSMS standards. This will enhance the international status of the Port in line with our vision of being a world-class ports of choice and demonstrate environmental stewardship.

**1. Environmental Policy**

The Authority has adopted a GPP that is intended to address the negative impacts of port operations and is geared towards the integration of environmental sustainability in port development/operations and a significant reduction in greenhouse gas emissions. The policy focuses on initiatives on climate change mitigation/adaptation, the use of renewable energy and recognizes the importance of stakeholders and partners towards achieving its sustainability objectives. Implementation of the policy is undertaken through green projects, Environmental Auditing, restoration of biodiversity conservation, and Compliance programmes.

A review of the GPP was completed and the report was submitted. The Scope was expanded to cover Kisumu, ICD Nairobi and Lamu Port.

**i) Energy Management**

In our effort to implement the Environmental Policy, the Authority has invested in energy-efficient equipment and alternative green energy as listed:

- Procurement of hybrid and energy-efficient equipment
- Installation of solar power plants. Three (3) solar plants installed with a total capacity of 1,060KW
- Installation of 500 KW plants is ongoing, which upon completion will raise capacity to 1.5MW.
- LED Lighting- All offices are fitted with LED lighting to replace the existing less efficient and more energy-consuming light fittings.
- Use of energy-efficient and environmentally friendly Air Conditioning systems
- Onshore power at Dockyard jetty
- Green buildings' architectural designs i.e. Cruise terminal.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Environmental Performance (cont'd)**



Solar Power Plant At Kapenguria



Led Yard Lighting



Wind And Solar Energy Lighting



70% Energy Saving Air Conditioners

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Environmental Performance (Cont'd)**

**ii) Biodiversity Management**

The Authority has been committing resources towards the protection and conservation of both terrestrial and marine biodiversity through restoration, maintenance, and rehabilitation of degraded systems. The following are some of the conservation programmes carried out in the last financial year:

- (i) Terrestrial tree growing activities by the Authority's staff (November 2023 to June 2024), 9,078 terrestrial seedlings planted.



- (ii) Mangrove growing activities.



River Mwachema, Tiwi, 10,000 mangrove seedlings planted



Caucas Youth Group Planted 1,000 Mangrove Seedlings At Dongo Kundu Sponsored By KPA

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Environmental Performance (Cont'd)**



Majoreni Landing Site, Pongwe Kidimu Location, 10,000 Mangrove Seedlings Planted



Aldina, Jomvu Sub-County, 12,500 Mangrove Seedlings Planted



Mwangala, Dongo Kundu, 3,000 Mangrove Seedlings Planted



Dongo Kundu, 3,000 Mangrove Seedlings Planted

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Environmental Performance (Cont'd)**

**iii) Waste Management**

The Authority waste management strategy/plan focuses on waste reduction, segregation, collection, appropriate transportation, and disposal. Some of the initiatives include:

- a. Engagement of firms licensed by NEMA in the management and disposal of solid and sewage waste.
- b. Waste tracking
- c. Additional waste segregation infrastructure at the new Kipevu clinic



**iv) Control of dust emissions**

Efforts to reduce emissions related to the handling of bulk cargoes at Berth 8-10 and Berth 4/5. These include the use of Eco-hoppers and closed conveyor systems. Environmental impact assessment report for the installation of dust suppression system at berth 9/10 finalized and report submitted.



**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Environmental Performance (Cont'd)**

**Control of dust emissions (cont'd)**

Periodic Air Quality monitoring is undertaken to record the levels of particulate matter (PM). The results show that the levels are generally within the Tolerance Limits (TL) as per the Air quality regulations.

**v) Climate Change Initiatives, Reduction of CO<sup>2</sup>**

Initiatives related to climate change include.

- Shore Power for marine vessel. The Tugboats connect to shore power at Dockyard jetty during maintenance which guarantees near zero emission hence reduction of CO<sup>2</sup> levels.



Tugboat jetty at dockyard fitted with shore power boxes

- Eco-terracing of hillsides as a climate change adaptation programme. This has been completed and maintenance is ongoing.



**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)****C. Employee Welfare**

As of 30 June 2024, the staff strength was 6,245 (FY 2022/23 6,480). A total of 245 employees exited while 16 employees were recruited.

**i) Revised Organizational Structure**

The Authority's grading structure is determined by requisite basic academic and professional qualifications and experience for appointment to the various grades/levels. The Revised Organizational structure was approved, among other Human Resource instruments, in April 2021. Subsequently, the Board approved the implementation of the reviewed organization structure. The grading structure is as below:

| <b>Current Grade</b> | <b>Previous Grade</b> | <b>Designation</b>                                   |
|----------------------|-----------------------|------------------------------------------------------|
| KPA1                 | HE1                   | Managing Director                                    |
| KPA2                 | HE1                   | General Manager                                      |
| KPA3                 | HE2                   | Manager                                              |
| KPA4                 | HM1                   | Principal Officer                                    |
| KPA5                 | HM2                   | Senior Officer                                       |
| KPA6                 | HM3                   | Officer                                              |
| KPA7                 | HM4                   | Assistant Officer                                    |
| KPA8                 | HG1                   | Senior Assistant (Clerical/Technical/Operations)     |
| KPA9                 | HG2                   | Assistant (Clerical/Technical/Operations)            |
| KPA10                | HG3 & HG4             | Cargo Rigger, Sailor II, Office Assistant, Operative |

**ii) Performance Management**

The Authority has in place a Performance appraisal policy, where employees are accorded an opportunity to conduct a self-appraisal before they are appraised by their supervisor. At the end of the year, an employee's overall performance is assessed, and new performance targets are set for the next review period.

Upon commencement of the current financial year, the management staff were guided and supported to develop their Balanced Scorecards by aligning them to the Divisional, Departmental and Corporate Scorecards.

The Authority undertook change management initiatives that communicated three themes to boost productivity namely, ***Kazi Safi is safe*** (because of the nature of our work, we take safety seriously), ***Kazi Safi Protects*** (our work gives us the means to take care of our families. It is worth our best effort), and ***Kazi Safi brings us together*** (our work is the source of our pride: it gives us purpose and lifelong friendships. It's worth our very best).

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)****Employee Welfare (cont'd)****iii) Disciplinary cases**

Employees in the Authority are expected to display high standards of conduct, act with integrity by consistently upholding the highest standards of honesty and ethical behavior to foster a conducive work environment.

The table below shows a summary of cases of employees who were reported to have violated different provisions of the HRPP Manual 2021 and the disciplinary action meted against them:

| No. | Description               | Number    | Remarks                       |
|-----|---------------------------|-----------|-------------------------------|
| 1   | Interdiction              | 11        | Ongoing                       |
|     |                           | 8         | Interdiction lifted           |
| 2   | Suspension                | 5         | Ongoing                       |
|     |                           | 2         | Suspension lifted             |
| 3   | Dismissal                 | 1         | Suspension lifted & dismissed |
| 4   | Show Cause Letters issued | 52        |                               |
|     | <b>TOTAL</b>              | <b>79</b> |                               |

**iv) Skills & Competence Development**

Learning and development play a significant role in honing employees' skills and competencies and developing new capacities to help the Authority effectively deliver on its broad mandate

The Authority also makes efforts to manage staff careers by sponsoring training programs that focus on enhancing employee competencies. A total of 130 training programs were conducted for 2,953 staff.

The lack of an in-house training institution has made the learning and development of employees very expensive. This is a result of Bandari College, the primary training arm of the Authority being upgraded into an independent institution, by Legal Notice No. 233 of November 28, 2018.

**v) Youth Internships/Apprenticeship**

During the year, 50 students were recruited as interns, and 46 completed a one (1) year internship program. Additionally, the Board of Directors approved further recruitment of 200 interns for the financial year 2024/2025. 171 Interns reported before 30 June 2024 and were posted to various Divisions of the Authority.

The PSC posted 10 interns for engagement, making a total of 227 interns. A total of 1,401 students underwent industrial attachment during the period.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)****Employee Welfare (cont'd)****vi) Hiring**

As outlined in the KPA HR policy manual (April 2021). The MD declares to the Board all vacant posts within the establishment, which are to be filled substantively, or in an acting capacity. Such declaration originates from the various Heads of Divisions and must be supported by good justification for the recruitment and confirmation that the positions are within the approved establishment.

During the year, the Authority recruited sixteen (16) staff in the Medical Services Division and Administration Division.

**vii) Gender Ratio**

The Authority is an equal opportunity employer and does not in its recruitment and selection process, discriminate on the basis of gender, race, religion, ethnicity, or any other form of discrimination. The constitutional requirement on mainstreaming of gender and persons with disabilities as stipulated in Article 52 to 57 of the Constitution is observed alongside any other policies issued by the National Cohesion and Integration Commission.

The principles of affirmative action, gender and persons living with disability and national values apply. The Authority observes gender mainstreaming, balance on appointment, promotion and ensures that a minimum of a third (1/3) are of either gender.

**viii) Staff Turnover**

The Authority does not experience high employee turnover. For illustration, the employee turnover for June 2024 was 0.21% as shown below: -

$$= \frac{\text{Total No. of staff exits}}{\text{Total No. of staff over the period}} \times 100$$
$$= \frac{13}{6,245} \times 100 = \mathbf{0.21\%}$$

**ix) Labour Relations and Collective Bargaining Agreement**

The current trade union relations with the Authority's Management are cordial and are guided by Industrial Relations Machinery (1986) signed between both parties. This agreement regulates the relations and procedures to be followed in negotiation, consultation and dispute resolution as per the Industrial Relations Charter (1984) and the Labour Relations Act (2007)

Both parties also embrace social dialogue through The JIC where all matters which either Management or the Union desire to be discussed are referred to the Council.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

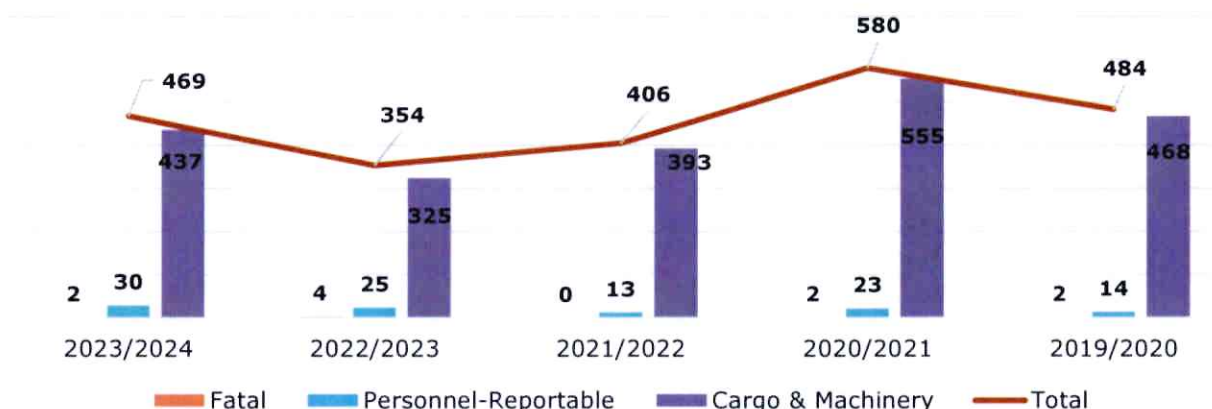
**Employee Welfare (cont'd)**

**x) Health and Safety**

The Authority recognizes the impact caused by our activities and services and therefore undertakes to employ environmentally friendly practices and to provide safe and healthy working and operating environment for all employees, contractors, customers, port users and visitors.

**i. Health and Safety Performance**

**Accidents Data**



**ii. Measures/actions taken to prevent work-related injuries and ill health**

- Safety Inspections of Workplaces to identify unsafe acts and conditions to eradicate hazardous elements in the work environment.
- Investigations of workplace incidents & accidents to identify root causes and recommendation of prevention strategies.
- Risk assessments of workplaces, operations, processes and activities for the purposes of identification, evaluation and control of health, safety and environmental hazards and their potential risks at workplaces.
- Safety training, inductions, awareness and monitoring of contractors, Port Users, employees, to ensure necessary information is shared to all parties on safe work practices.
- Inspection of Dangerous Cargo to ensure compliance with International and National Regulations
- Statutory Inspections of Equipment

**iii. Policy/initiatives in place to provide safety at work**

- Currently the Authority is in the process of implementing the Integrated Management System (EMS 14001:2015 and 45001: 2018). The training of Lead Auditors and review of documents has been completed awaiting staff awareness before full implementation.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Employee Welfare (Cont'd)**

- Conducted Safety Compliance and Perception Survey.
- The Authority purchased a Hazmat unit in the last financial year to enable quick response by Fire Services during emergency incidents involving dangerous goods.

**xi) Medical Services**

The Authority runs an in-house funded medical scheme to cater for employees and their eligible dependents. Outpatient services are offered through two operational clinics in Mombasa (Bandari & Kipevu), and two clinics in ICDN while medical care for employees in Lamu, Kisumu and Naivasha is outsourced through contracted facilities. Inpatient care and referrals to consultants are done through contracted hospitals.

The Authority’s medical policy was implemented on January 2023 after being approved by the KPA Board and control measures instituted to ensure the sustainability of the scheme.

**Workplace Preventive Programs**

The Authority has various preventive programs that assist employees to guard themselves from infection with minor and major communicable and non-communicable diseases including mental health. These programs include ADA, HIV & AIDS and EAP.

ADA in the workplace has the potential to negatively affect health, safety, employee performance and productivity, which results in low output in organizations.



**• HIV & AIDS Program**

This comprises HIV counseling and testing, Antiretroviral treatment and treatment for opportunistic infections for employees found to have such challenges of health. There are psychosocial support groups among employees who live positively with the disease.

**• Employee Assistance Programs (EAP)**

During the EAP activities, the division conducts a biannual Health week where various activities are carried out to include anthropometric studies (weight, height, BMI), blood pressure taken, ECG, screening for cancer, diabetes, hypertension, ophthalmology, Bone density, Neuropathy, Nutritional Counseling, Dental check-up and mental. A total of 1,946 clients were screened for non-communicable diseases, 1,049 of whom were Employees.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)****D. Market Place Practice****i) Responsible competition practices**

KPA endeavors to ensure its seaports and peripheral facilities are competitive and at the same time adhere to existing policies and legal statutes in place that govern competition practices. These include but are not limited to, the Constitution of Kenya 2010, the Leadership and Integrity Act 2012, the KPA Code of conduct and the National Ethics and Anti-corruption policy.

As part of Ethics and Integrity initiatives to support Performance Management, the Authority initiated Public Complaints Management programs across the organization. This is in line with the provisions of the Public Service (Values and Principles) Act 2015 which mandates public institutions to maintain a complaints register where a complaints may be recorded for allegation or violation of values and principles of public service by a public officer. These programs are designed to address and manage public complaints efficiently and ethically. By implementing these initiatives, the Authority aims to bolster efforts in Performance Management, ensuring a transparent, accountable, and responsible approach in all our business practices. The initiatives are not only in alignment with our commitment to Ethics and Integrity but also part of our Performance Contract deliverable. The initiatives also included awareness creation on complaints handling mechanisms. The Complaints register has also been digitalized in line with the guidance in previous evaluations on Values and Principles in Articles 10 and 232 of the Constitution. This is to enable ease of data retrieval upon request.

**ii) Responsible Supply Chain and Suppliers relations**

In FY 2023/2024, the Authority committed to allocate procurements worth KES 5,536 million to the Preference Groups. Find below the AGPO Report of what was realized for the FY 2023/24:

| <b>Category</b> | <b>Target<br/>(KES 'Million)</b> | <b>Actual<br/>(KES 'Million)</b> |
|-----------------|----------------------------------|----------------------------------|
| Youth           | 2,723                            | 2,468                            |
| Women           | 2,723                            | 2,467                            |
| PWD             | 111                              | 601                              |
| <b>Total</b>    | <b>5,557</b>                     | <b>5,536</b>                     |

Key Procurements undertaken during FY 2023/2024 include:

| <b>Description</b>                                                                                                                       | <b>Contracted Cost ('000)</b> |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| VTMIS Installation                                                                                                                       | USD 7, 957                    |
| VTMIS Annual Maintenance                                                                                                                 | USD 650                       |
| Pilot Boat                                                                                                                               | USD 5,435                     |
| Stormwater drainage design and construction for the port of Mombasa                                                                      | KES 174,800                   |
| Capital and maintenance dredging of the port channel-<br>Consultancy Services for Dredging (Deepening and Turning Basin) at Mombasa Port | KES 592,332 &<br>USD 6,314    |
| Procurement of five (5 No.) Rubber Tyred Gantry cranes                                                                                   | USD 21,200                    |

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

Lastly, the Authority has in place a Cash Management policy that ensures adequate liquidity at all times to guarantee timely settlements of obligations while maintaining minimal level of idle funds as guided by various Government circulars and the PFM Act.

| <b>Description</b>                                                                                                                                                                                                            | <b>Contracted Cost ('000)</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Procurement of 20 No. TTs                                                                                                                                                                                                     | USD 3,410                     |
| Procurement of 20 No. Skeletal Trailers                                                                                                                                                                                       | USD 858                       |
| 2 No. Auto-Spreaders- Twin lift & 2 No. Auto-Spreaders Single lift                                                                                                                                                            | USD 1,165                     |
| Supply and installation of pilot shore power facility for the RoRo vessels at berth no.1 to feed the already shore power ready vessels berthing at this quay.                                                                 | USD 662                       |
| 1 No. Ferry-Mombasa                                                                                                                                                                                                           | USD 24,787                    |
| Purchase of Lake Victoria Ferry                                                                                                                                                                                               | USD 5,891                     |
| Bromma spreaders. 4 No.                                                                                                                                                                                                       | USD 1,973                     |
| Ferry Ramps (Consultancy Services for Design and Construction Supervision for Improvement of Traffic Circulation Management Plan Including Expansion of Ramp and Holding Bay Reconstruction at Mainland Side at Likoni Ferry) | KES 221, 563                  |
| Fire detection and suppression system for RTGs.                                                                                                                                                                               | KES 94, 634                   |
| Smart cabling                                                                                                                                                                                                                 | USD 2,365                     |

**E. ICT Improvements and Solutions**

The Authority continues to leverage on ICT to enable it offer better services to customers. Our Systems managed an average uptime of 99.52% throughout the FY 2023/2024 with minor downtime thus ensuring our stakeholders got the much-needed port services without delays. KPA has invested and continues to invest heavily on data protection and constant real-time monitoring of the Authority's network to ensure data and network security.

**a. IT charter, policy, and strategy**

The objective of the KPA ICT strategy (2023-2027) is to enhance service delivery while embracing innovation through supporting the Authority's business objectives, continued ICT improvement programs, and optimization of emerging technological development relevant to seaports in line with the National ICT policy. The Authority's elaborate ICT strategy aims at making the Port of Mombasa an E-Port while providing smart ICT solutions and innovations.

The ICT policy which was enforced in April 2021 establishes an overall policy framework for electronic communication which the ICT Division supports. It guides the usage and operation of all ICT infrastructure, projects and operations within the Authority while complying to international standards and best practices.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**ICT Improvements and Solutions (cont'd)**

The ICT policy is currently under review to keep abreast with the changing technological requirements and changing business needs and environment and also ensure alignment to the Corporate Strategic Plan 2023-2027.

**b. New ICT systems or upgrades done during the year**

**(i) Upgrade of Oracle Database on all SAP and KWATOS Systems**

Upgrading a database to the current version is a vital decision that offers numerous benefits, including enhanced security, improved performance, new features, and better support. It ensures that the database environment remains robust, compliant, and capable of meeting the organization's evolving needs.

**(ii) Implementation of Secure File Transfer Protocol for Electronic Data Interchange**

Implementation of SFTP for Electronic Data Interchange (KWATOS) servers offers a secure, reliable, and versatile solution for file transfer needs.

**(iii) Migration of Medical Comprehensive Care Clinic Drug Dispensing System from a desktop to a server hosted at our primary data center**

Migration of the system from a desktop to a server offers system reliability, availability and security.

**(iv) Decommissioning of CiYOS, automation of the outer lanes and ensuring end-to-end use of KWATOS in ICDN**

The support and maintenance contract for CiYOS expired and thus left the Authority exposed in terms of system security. The outer lanes were also not automated. The Authority commissioned the use of KWATOS in the yard operations and also integrated the smart gates and outer lane to KWATOS thus ensuring end-to-end usage of KWATOS in ICDN and also resolving the system security issue.

We endeavour to constantly implement new ICT systems and upgrades. This goes a long way in ensuring that we improve our systems' performance, security and availability to better serve our key stakeholders in the market.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**ICT Improvements and Solutions (cont'd)**

The table below is a summary of the other ICT projects that were undertaken during the financial year:

| <b>Module</b>   | <b>ICT activities 2023/2024</b>                                                                                                                          | <b>Remarks</b>                                                                                                                                                              |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                 | VMware upgrade from v-share ver. 8.0.2 to 8.0.3<br>Virtualisation Technology used for virtualising servers to ensure:                                    | VMware upgraded to current version to ensure effective resource allocation, management, and isolation, better hardware utilization, cost savings, and improved performance. |
| Infrastructure  | Synergy service pack upgrade for blade and chassis to the latest version.                                                                                | Upgrade to latest version completed. This ensures system reliability, availability and improves performance.                                                                |
|                 | Migration of Medical Comprehensive Care Clinic Drug Dispensing System from a desktop computer to server environment hosted at KPA's primary data centre. | Comprehensive Care Clinic Drug Dispensing System successfully migrated to server environment. This will ensure system availability, security and reliability.               |
| SAP             | SAP Oracle Upgrade                                                                                                                                       | Successful oracle database upgrade done on all SAP systems.                                                                                                                 |
| KWATOS          | KWATOS Oracle upgrade                                                                                                                                    | Successful oracle database upgrade done on KWATOS.                                                                                                                          |
|                 | Pre-Arrival Processing (PAP) integration completed                                                                                                       |                                                                                                                                                                             |
|                 | Implementation of Azure Application Gateway for additional security for our KPA website                                                                  |                                                                                                                                                                             |
| System Security | Upgrade of Kaspersky Endpoint Security from Version 11 to 12.0 and Kaspersky Security Center from Version 14 to 15                                       |                                                                                                                                                                             |
|                 | Implementation of Defender for Endpoint for additional protection of our Laptops and PCs                                                                 |                                                                                                                                                                             |
|                 | Implementation of SFTP for EDI servers                                                                                                                   |                                                                                                                                                                             |
| Medical System  | Addition of Consumables screens to MCH Clinics (ANC, MFP, CHC), Internal Referrals (Injection Room) and Laboratory Services                              | New screens and functionalities added successfully.                                                                                                                         |
|                 | Implementation of Internal Consumables Billing in the Smart System – Consumables provided within KPA Facilities to patients                              | The Internal Consumables Billing to go-live in the next fiscal year, i.e. July 2024.                                                                                        |

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**ICT Improvements and Solutions (cont'd)**

| <b>ICT Projects undertaken for the year 2023/2024</b> |                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                            |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Module</b>                                         | <b>ICT activities 2023/2024</b>                                                                                                                                                                                                                                                                                                                                                                      | <b>Remarks</b>                                                                                             |
| Upgrade of Helpdesk System (LAN support)              | Upgrade of the LAN Support system which has additional functionalities which include: <ul style="list-style-type: none"> <li>i. Service outage management.</li> <li>ii. Contract management.</li> <li>iii. Access Management.</li> <li>iv. Service Catalog.</li> <li>v. Change management.</li> <li>vi. Problem Management</li> <li>vii. Scheduling and tracking of tasks and activities.</li> </ul> | Training has been done for Champions, ICT Sectional Heads and LAN support administrators                   |
| Data cleanup of Inventory System (Satis)              | viii. Maintain Knowledgebase<br>Inventory records updated to include: <ul style="list-style-type: none"> <li>i. Asset numbers</li> <li>ii. Physical location.</li> </ul>                                                                                                                                                                                                                             | Tagging of the equipment. Update on physical location on going to ascertain the location of ICT equipment. |

**c. Product/Service Stewardship**

The Authority has invested in a robust ICT security infrastructure and architecture to safeguard its IT Assets, applications and stakeholders’ data against malicious actors, unlawful access and damage and data loss.

We are committed in handling and processing customer data in accordance with our responsibilities under Data Protection Act (2019).

We have also instituted appropriate technical and security measures such as identity and access management to protect against unauthorized or unlawful processing, loss, damage of organizations data.

We are currently implementing ISO/IEC 27001:2013 Information Security Management Systems, which is a framework that will go a long way in enhancing overall security posture our ICT infrastructure and applications.

Ensuring that hard drives are removed and formatted before disposal of computers.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)****ICT Improvements and Solutions (cont'd)****d. Key achievements during the financial year.**

- i. Implementation of Kargo Pay – Kargo Pay is an innovative solution that enabled implementation of the government directive regarding movement from credit to cash collection regime. The solution enables customers to deposit their cash in an e-Wallet from multiple channels e.g. M-PESA and from their bank accounts via RTGS. The customers then use the deposits to pay for their consignments real-time on 24/7 basis and receive payment notification in one platform without the need to visit their banks. This solution will also enable customers to pay in their local currencies to make payments more convenient for our transit customers.
- ii. E-Citizen integration with SAP and KWATOS Systems – This implementation enables importers and exporters to have visibility of the consignments for purposes of tracking the same and to know how much they are expected to pay for Port services rendered to them by availing the invoices in this platform. Our customers, i.e. C&F Agents and Shipping Agents as well are also able to process documents, track consignments and pay for Port services in a simplified manner.
- iii. Development and implementation of key performance indicators (KPI) dashboard.
- iv. Development and Implementation of an innovation portal
- v. Integration with banks, for example, Equity and Stanbic for payments to vendors.
- vi. Upgrade of oracle database for KWATOS and SAP
- vii. The Authority has extended the SAP Biller Direct functionality to conduct Web-based invoice submission to clients, display accounts, raise claims and make online payments that transit customer utilizes to leverage expeditious off-take of cargo.

**e. Challenges**

- 1) Lack of adequate budget to upgrade our mission-critical applications i.e. TOS (Terminal Operating System) and SAP ERP Solution to better serve our customers effectively.
- 2) Inability to adapt to technological advancement hence running end-of-life infrastructure and applications. This affected some of the application's functionalities, performance availability and performance.
- 3) Lack of adequate skill sets to appropriately manage technological dynamism and emerging systems changes.
- 4) Lack of adequate budget to enable us to purchase/replace ageing computing devices.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)****F. Corporate Social Investments**

As a responsible corporate citizen, our CSI programme is committed to making a meaningful impact on poverty alleviation and promoting development in coastal communities and other areas within our operational scope.

In line with our CSI policy, our focus areas for support and implementation of CSI activities include education, healthcare, environmental conservation, sports, arts & culture, humanitarian aid & relief, and support for various natural causes.

In the financial year 2023/2024, the Authority carried out the following CSI initiatives:

- i. Educational support programmes such as scholarships, school infrastructure development, and vocational training.
- ii. Healthcare initiatives, including medical outreach programmes, provision of medical supplies, and support for healthcare facilities.
- iii. Sports and cultural events sponsorships encourage community participation and talent development.
- iv. Humanitarian aid and disaster relief efforts in collaboration with local and international organizations.
- v. Support for natural causes like wildlife conservation and environmental protection efforts

The Authority officially handed over hygiene facilities (four pit latrines) to Gwakaithi Primary School in Embu County, highlighting the importance of education in promoting growth and progress. A total of 344 pupils at the school benefited from the Authority's donation. The Authority handed over a Multipurpose Hall constructed at the Mazeras Memorial Secondary School in Kilifi County on February 2024.

The Authority's core value truly reflects the Authority's comprehensive approach to the responsibility and support we provide to the communities in which we operate. In this regard, the Authority considers it one of our primary responsibilities to demonstrate our commitment to, and effectiveness in responding appropriately to, our communities' sustainability challenges, especially since they are critical to our long-term and developmental success as a business and as a caring organization.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Multipurpose Hall constructed at the Mazeras Memorial Secondary School in Kilifi County.**



**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Medical camp in Kilifi County's Madzimbani/Tsangatsini Constituency**



**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**G. Sports facing the future in confidence**

The Authority, in recognition of the value of sports, has developed a Sports Policy as a framework to guide in promoting sports programmes, to inspire recreation and exercise for healthy lifestyles, improve employee welfare and wellness and enhance productivity at work.

The Authority provides support for participation of its teams in planned National sporting events and the KECOSO games as follows:

- i. Men Volleyball team – which participates in the KVF National league.
- ii. Ladies & Men Basketball teams – which participate in the KBF National League.
- iii. Annual KECOSO games which involve both genders & PWD's.
- iv. Bandari Football Club – which participates in the FKF National League

**KPA Volleyball Team**

The KPA team participated in the Pipeline National tournament where they played and won against the Kenya Administration Police, the Kenya Forest Services and the Kenya Prisons teams from 23rd-26th February 2024, the 2023/2024 National KVF League and emerged No. 3 overall and the results therefore qualified the club to represent the Authority and Kenya in the CAVB in Morocco next year and also the CAVB Africa Club champions in AL Ahly sporting club in Cairo Egypt from 12<sup>th</sup> to 24<sup>th</sup> April 2024 where they emerged as the 7<sup>th</sup> best team in the continent.



The MD handing over the national flag to the KPA volleyball team

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Sports (cont'd)**



The KPA team during the 2024 men's African volleyball club championship in Egypt

**Basketball Men & Women**

The Authority's Men & Women Basketball Clubs participated in the 2023/2024 KBF National Premier League and both teams emerged in 2nd position.

Following their impressive results in the 2022/2023 KBF National Premier League, the two teams qualified to represent the Authority and Kenya in the Qualifying round/Preliminaries of the FIBA Africa Champions Cup for Women (Africa Women Basketball League) in Kigali, Rwanda where the club emerged champions (1st position), 1st Round of the prestigious Basketball Africa League (BAL) in Tanzania where the men team emerged in 3rd position, and as FIBA Africa Zone V Champions where the Women Basketball Club qualified to represent Kenya and the region in the prestigious FIBA Africa Champions Cup for Women (Africa Women Basketball League) in Alexandria, Egypt attaining an impressive 2nd position.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Sports (cont'd)**



Victorious KPA team after winning the FIBA Africa women's basketball league qualifiers in Rwanda

**KECOSO**

The Authority participated in the 2023 KECOSO games held in Narok County with a contingent of sportsmen/women that included PWDs in the disciplines listed below:

| <b>Teams</b>            | <b>Composition</b> | <b>Position</b> |
|-------------------------|--------------------|-----------------|
| Golf                    | Men & Women        | 1               |
| Swimming PWDs           | Men & Women        | 1               |
| Snooker                 | Men                | 1               |
| Scrabble                | Men & Women        | 2               |
| Swimming (Able Persons) | Men & Women        | 2               |
| Darts                   | Men & Women        | 2               |
| Table Tennis            | Men & Women        | 2               |
| Athletics               | Men & Women        | 5               |

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)****Sports (cont'd)****Bandari Football Club**

Bandari FC is a Kenyan football club based in Mombasa and is being sponsored by Kenya Ports Authority. It has three teams participating in different leagues.

The 2023/2024 season was a noteworthy campaign for Bandari FC, marked by resilience and determination. The team started the season with a strong showing, establishing themselves as serious contenders in the league. Despite facing stiff competition from other top-tier teams, Bandari FC consistently delivered commendable performances both at home and away despite being the only team in the premier league travelling the longest.

**Bandari Queens**

Bandari Queens, the newly formed women's football team, has quickly established itself as a formidable force in Kenyan women's football. In their debut season, Bandari Queens made an immediate impact by dominating the Women's Regional Division. The victory in the Women's Regional Division earned Bandari Queens a well-deserved promotion to the NSL. Bandari Queens' remarkable season was capped off by winning the prestigious KUZA Talanta Tournament.

**Bandari Youth FC**

Bandari FC's strong youth development program nurtures talent that can contribute at higher levels. The Bandari Youth had an outstanding season, marked by significant milestones and commendable performances across various competitions such as the promotion from County League to Regional League, runners-up in the Regional League, Victory in Chapa Dimba na Safaricom Coast Region, 3rd Place in the Chapa Dimba na Safaricom Nationals. Another significant achievement of the season was the selection of six Bandari Youth players to represent Kenya in the Talanta Hela program in Spain, the promotion of six of their standout players to join the senior BFC team whereby one of the promoted players earned the honor of representing Kenya in the national team, Harambee Stars, during the Under-23 tournament in South Africa.

**Bandari Junior**

The formation of Bandari Junior goes beyond football. It is a testament to BFC's and the Authority's dedication to nurturing the next generation of footballers from the coastal region. By providing these youngsters with a structured and supportive environment, Bandari Junior helps instill important values such as discipline, commitment, and a love for the game. This initiative also strengthens the bond between the club, the Authority, and the local community, reinforcing their role as pillars of support and development in the region.

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)**

**Sports (cont'd)**

Bandari Junior represents a significant investment in the future of coastal football. By participating in the County League and offering a platform for young players, Bandari FC and KPA are not only developing future stars but also making a lasting positive impact on the community.



Bandari Junior Team



Bandari Queens Champions Kuza Talanta Cup

**ENVIRONMENTAL AND SUSTAINABILITY REPORTING (CONT'D)****H. Key Project Implementation**

During the period under review, the Authority implemented various Vision 2030 flagship projects including construction of Shimoni fish port and Dongo Kundu Berth number I,

**Shimoni Port**

The project entails the development of an industrial fishing port with a capacity of 50,000 MTs at Shimoni Kwale County. Phase I involves construction of a jetty of 75m by 30m adjacent to the existing jetty with associated facilities such as an auction market, cold room and ice making machines. The objective is to contribute to the development of the rural communities through enhanced fishing and its associated industry within the Kwale region. The construction of the Port is underway.

**Dongo Kundu Port project under the Special Economic Zone**

The project entails the construction of the First Berth of 300m quay length, depth of 15 metres and procurement of associated equipment to catalyze development of a Special Economic Zone (SEZ) at Dongo Kundu in Mombasa County and Kwale County. The objective is to facilitate industrialization and trade. The tender for Construction of the first Berth at Dongo Kundu was awarded in the year under review. The contract with the contractor has however not been signed following challenges with the Kenya Revenue Authority. The Authority commenced compensation of Project Affected Persons (PAPs). However, the compensation of the project affected persons was also stopped by the Ethics and Anti-Corruption Commission.

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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## REPORT OF THE DIRECTORS

The Board of Directors submits the annual report together with the audited financial statements for the year ended 30 June 2024 which show the state of the Authority's affairs.

### Principal Activities

The Authority's mandate continues to be to develop, maintain, operate, improve, and regulate all scheduled seaports along Kenya's coastline. Core activities include pilotage, towage, mooring, dry docking, navigational aids, and maintenance of the channel, stevedoring and shore handling and reception of cruise vessels in accordance with KPA Act CAP 391.

### Results for the year

|                         | <b>2023/2024</b>  | <b>2022/2023</b>  |
|-------------------------|-------------------|-------------------|
|                         | <b>KES '000</b>   | <b>KES '000</b>   |
| Profit Before Tax       | 17,284,512        | 16,642,226        |
| Tax                     | (5,106,436)       | (4,649,450)       |
| <b>Profit after Tax</b> | <b>12,178,076</b> | <b>11,992,776</b> |

### Dividend

Following the Government directive, the dividend pay-out rate has been revised to 80% of Profits After Tax as compared to prior years whereby the rate was 7.5% of Profits After Tax. The Dividend obligation for the year ended 2023/24 is KES 9,742.46 million and will be paid subject to the approval by the Board upon issue of the Audit certificate on the Financial Statements by the Office of the Auditor General in conformity with the Authority's policy on dividends.

### Directors

The directors who held office during the year and to date are shown on page 6.

### Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. In accordance with section 23 of the Public Audit Act 2015, the Auditor General is empowered to nominate another Auditor to carry out the audit on their behalf.

By order of the Board



Turasha Kinyanjui  
**CS & GM, BOARD & LEGAL SERVICES**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the PFM Act 2012, Section 14 of the State Corporations Act, 1986 and Section 20 of KPA Act, 1978 requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the operating results. It also requires the directors to ensure that the Authority keeps proper records which disclose, with reasonable accuracy at any time, the financial position of the Authority. The directors are also responsible for safeguarding the assets of the Authority.

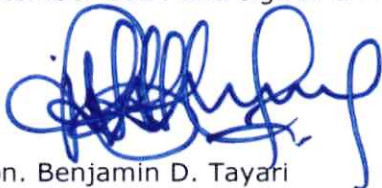
The Directors are responsible for the preparation of Financial Statements that give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on 30 June 2024. The responsibility includes:

- (i) Maintain adequate financial management arrangements and ensure 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 Authority.
- (iii) Design, implement and maintain internal controls relevant to the preparation and presentation of the financial statement and ensuring that they are free from material misstatements, whether due to error or fraud
- (iv) Safeguarding the assets of the Authority
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards and in the manner required by the Public Finance Management Act and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of financial affairs of the Authority's transactions during the financial year ended 30 June 2024 and of the Authority's financial position as at that date. The directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statement as well as the adequacy of the systems of internal financial control.

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

The Authority's financial statements were approved by the Board of Directors on 26 September 2024 and signed on its behalf by:



Hon. Benjamin D. Tayari  
**CHAIRMAN**



Capt. William Ruto, AFNI, MBS  
**MANAGING DIRECTOR**

**KENYA PORTS AUTHORITY**

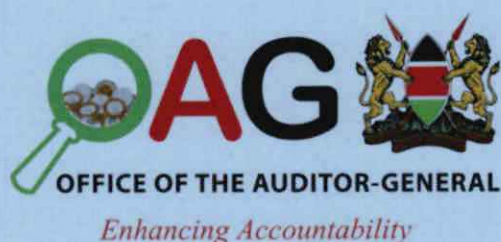
**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

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**REPORT OF THE AUDITOR GENERAL**

# REPUBLIC OF KENYA

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HEADQUARTERS  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KENYA PORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

1. Report on 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.
2. Report on Lawfulness and Effectiveness in the 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 the Government achieves value for money and that such funds are applied for the intended purpose.
3. 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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.

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*Report of the Auditor-General on Kenya Ports Authority for the year ended 30 June, 2024*

## REPORT ON THE FINANCIAL STATEMENTS

### **Qualified Opinion**

I have audited the accompanying financial statements of Kenya Ports Authority set out on pages 93 to 167, which comprise of the statement of financial position as at 30 June, 2024 and the statement of profit of loss and other 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 Kenya Ports Authority as at 30 June, 2024 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 Public Finance Management Act, 2012 and the Kenya Ports Authority Act, Cap 391

### **Basis for Qualified Opinion**

#### **1. Unsupported Sports Expenditure**

The statement of profit or loss and other comprehensive income reflects administrative expenses of Kshs.5,867,235,000 as disclosed in Note 8 to the financial statement. Included in the amount is Kshs.199,251,000 expenditures on sports of Kshs.135,000,000 relating to Bandari Football Club. The expenditure exceeded the Kshs.125,000,000 budget for the activity and there was no approval for the increase provided for audit. Further, the expenditure was not supported with schedules, invoices, receipts, travel documents amongst others.

In the circumstances, the accuracy and completeness of the Kshs.199,251,000 sports expenditures could not be confirmed.

#### **2. Property, Plant and Equipment**

##### **2.1 Lack of Valuation on Fully Depreciated Assets**

The statement of financial position and Note 11 to the financial statements reflect a balance of Kshs.318,873,928,000 in respect of property, plant and equipment. The assets with Nil balances as disclosed in the footnote to Note 11 to the financial statements had acquisition cost of Kshs.19,969,740,000 an increase by Kshs.3,645,395,000 from the previous financial year's reported cost of Kshs.16,324,345. Review of the schedules supporting the fully depreciated assets indicates that the assets, are deployed to the

services of KPA and therefore producing value for the Authority but without corresponding depreciation expenses recorded. Although Management has indicated that there are plans to value the assets, the process had not been completed as at the time of the audit in December 2024.

In the circumstances valuation of property, plant and equipment of Kshs.318,873,928,000 could not be confirmed.

## **2.2 Lack of Valuation and Uncertainties of Land Leased Out**

The property, plant and equipment balance of Kshs.318,873,928,000 includes an amount of Kshs.60,017,222,000 in respect of land leased out. As previously reported, review of documents provided for audit indicates uncertainties in regards to the ownership and flow of benefits to the Authority. Twenty-nine (29) parcels of land are in the hands of private developers and have court cases which are at various levels of legal determination. Further, three (3) out of the twenty-nine (29) parcels of land have not been revalued.

In the circumstance the ownership of land of Kshs.60,017,222,000 could not be confirmed.

## **2.3 Lack of Land Ownership Documents for Lamu Port and Kisumu Port**

The audit revealed that the land where the Lamu port is built was not included in the KPA asset register. The management indicated that the entire title for Lamu port was in the name of Lamu Port South Sudan- Ethiopia Transport (LAPSSET). Further, the parcel of land where the port of Kisumu is located is in the name of Kenya Railways Corporation. There were no documents availed to show how the land was allocated to KPA, the size and whether the transfer process is in progress.

In the circumstance the ownership of Lamu Port land of unknown value could not be confirmed.

## **3. Bank and Cash Balances.**

The statement of financial position for the year ended June, 30 reflects Bank and Cash balance of Kshs.1,217,580,000. However, an account in commercial bank with a balance of USD 3,105 was not included in the financial statements. Further, analysis of bank reconciliations revealed long-uncredited receipts in three bank accounts of USD 44,299 and Kshs.604,992 from various uncredited income entries dating back to August 2017.

In the circumstances, the accuracy and completeness of the reported Bank and Cash Balances of Kshs.1,217,580,000 could not be confirmed.

## **4. Variance in Overtime Payment Balances**

The statement of profit and loss and other comprehensive income reflects Kshs. 20,277,353,000 in relation to establishment expenses as disclosed in Note 9 to the

financial statements. Included in this amount is Kshs.1,431,104,000 as payment for overtime. The recomputed overtime expenditure based on data provided for rates and hours indicated Kshs.1,445,366,719, and which differs with the reported figure by Kshs.14,262,719.

In the circumstances, the accuracy and completeness of the Kshs.1,431,104,000 payments for overtime could not be confirmed.

## **5. Unsupported Board Expenses**

The statement of profit or loss and other comprehensive income reflects administrative expenses of Kshs.5,867,235,000 which include directors allowances of Kshs.109,540,000 as per Note 8 to the financial statements. This expenditure exceeded the Kshs.30,000,000 amount allowable as per Circular No OP/CAB.9/1A dated 11 March, 2020 on management of state corporations which requires Board expenses for a financial year to be capped at Kshs.30 million or 5% of the operations and maintenance budget and there were no approvals from the Cabinet Secretary for the extra expenditure. Further, amounts totaling Kshs.45,451,714 lacked supporting documents such as receipts, schedules and copies of travel documents, details of activities undertaken among others. A schedule indicating payments made to each director for various activities and attendance to the meetings was also not provided.

In the circumstances, the accuracy and validity of Kshs.109,540,000 directors' allowances could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Ports Authority Management in accordance with ISSAI 130 on the 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.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issues have not been discussed .

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*Report of the Auditor-General on Kenya Ports Authority for the year ended 30 June, 2024*

## **Other Information**

The Directors are responsible for the other information set out on page 1 to 83 which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, The Year in Review, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Non-Compliance with the Law on Public Finance Management**

The statement of financial position reflects receivables and prepayments of Kshs.15,968,859 as disclosed in Note 22 to the financial statements. The balance includes staff receivables balance of Kshs.95,957,000 which further includes un-surrendered daily subsistence allowance of Kshs.52,170,932 with an amount of Kshs.2,081,056 remaining outstanding for a period of over one (1) year of Kshs.2,081,056. No explanation was given as to why the subsistence allowance had not

been recovered in full from the holders as at the end of the financial year 2023-2024. This was contrary to Section 93(3) and 93(8) of the Public Finance Management Regulations 2015.

In the circumstances, the Management was in breach of the Law.

## **2. Design, Supply, Integration and Implementation of an Operations Control Center (OCC)**

The statement of profit or loss and other comprehensive income reflects operating expenses of Kshs.9,783,066,000 as disclosed in Note 9 to the financial statements. The amount includes Kshs.1,333,116,000 for operational supplies which further include expenditure of Kshs.856,501,464 to a supplier. Review of documents revealed that Management entered into a contract for design, supply, integration, and implementation of an Operations Control Center (OCC) at a contract sum of Kshs.2,141,253,659. The following anomalies were noted;

- i. The management did not provide a Project Concept Note detailing the deliverable and benefits of the investment to the Authority.
- ii. There were no detailed specifications for furniture and monitors that were to be procured through the project.
- iii. The Authority did not provide evidence of regulatory requirements, including necessary approvals and submissions to the National Treasury.
- iv. Possible material risks and potential financial losses were noted due to delays in negotiations for installing cameras, which could incur extra costs of Kshs.1,792,000,000 as per request by the contractor.
- v. The management did not provide details why various solutions which were available at the port were being procured including provision of additional cameras, fibre cable and multiple display units.

In the circumstances, value for money of Kshs.856,501,464 could not be confirmed.

## **3. Procurement and Supply of One-hundred and fifty (150) Portable handheld VHF Radios**

The Statement of Profit or Loss for the year ending June 30, 2024, indicates operating expenses of Kshs.9,783,066,000, which includes Kshs.1,333,116,000 for operational supplies. This amount includes Kshs.13,192,000 for the procurement of 150 handheld VHF radios. However, the audit review revealed several anomalies, including expired performance security, unverified advance payments, failure to withhold contractual retention monies, and non provision of warranty.

In the circumstances, value for money on the expenditure of Kshs.13,192,000 could not be confirmed.

#### **4. Irregular Purchase of Ferry Operations Site Management Equipment**

The statement of profit or loss and other comprehensive income reflects operating expenses of Kshs 9,783,066,000 as disclosed in Note 10 to the financial statements. The amount includes Kshs.1,333,116,000 for operational/ running supplies which further include Kshs.19,488,000 for the purchase of ferry site management equipment a review of which revealed the following anomalies

The operational supplies amount further;

- i. The expiration of the performance guarantee prior to delivery, which left the advance payment of Kshs 3,360,000 unprotected
- ii. Additionally, the authority did not retain the required 5% of the contract price, amounting to Kshs.974,400, intended for release post-warranty period.
- iii. The authority failed to impose liquidated damages on the vendor for delays in delivery, despite the contract stipulating a completion date of November 28, 2023. The vendor's request for a purchase order extension made after this date, violated contractual terms.
- iv. A valid performance bond was also lacking for a critical period from December 22, 2023, until the goods were eventually delivered on March 14, 2024
- v. The required evidence and documentation for a 12-month warranty was not available for audit review. These findings indicate a need for improved procurement oversight and adherence to contractual obligations.

In the circumstances, value for money on purchase of ferry site management equipment of Kshs.19,488,000 could not be confirmed.

#### **5. Maintenance of Fuel Management Systems**

The statement of profit or loss and other comprehensive income reflects operating expenses as Kshs.9,783,066,000 as disclosed in Note 10 to the financial statements. The amount includes mobile plant spares of Kshs.599,775,000 which further include Ksh.11,475,688 in relation to provision of maintenance services for the existing automated fuel management fuelling and control system. Review of the records revealed that the extension of the services to the current supplier was not justified or explained. Further, the mobile plant spares vote was used instead on fuel account. In addition, there

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*Report of the Auditor-General on Kenya Ports Authority for the year ended 30 June, 2024*

was no evidence for the provision of performance guarantee upon the extension of the contract

In the circumstances, value for money on expenditure of Kshs.11,475,688 could not be confirmed.

## **6. Encroachment on KPA Land**

Physical verification of assets owned by the Authority in November 2024 revealed the following;

- i. The Authority owns one hundred and seventy-three (173) hectares of land in Shariani, Takaungu with a book value of Kshs.1,100,000,000 that had been encroached by squatters and erected permanent structures.
- ii Reported as part of property, plant and equipment is the cost of fencing plot the same property in Takaungu - A (Kilifi) and Takaungu - B (Kilifi) at Kshs 21,900,000 However, the fence did not exist at the time of the site visit in November 2024.
- iii. Land in Kisumu valued at Kshs.27,000,000 has been encroached by squatters while Land and properties valued at Kshs.579,123,493 in Eldoret ICD were idle.

In the circumstance ownership and valuation of the land of Kshs.1,728,023,493 could not be confirmed.

## **7. Operational Inefficiencies at the Port of Lamu**

Review of documents revealed that the Port of Lamu became operational on 21 May, 2021, with an investment of Kshs.59,600,000,000. However, since becoming operational, only seventy-six (76) vessels have docked, with seventeen (17) being containerized cargo vessels. At the time of the audit, one hundred and three (103) staff were stationed at the port. A site inspection of the facility in November, 2024 revealed no ongoing operations, highlighting significant underutilization of both human resources and equipment. Operational challenges, particularly electrical inefficiencies have also hindered the full implementation of containerized cargo operations, affecting critical equipment like the ship to shore gantry cranes, which were recently acquired at a cost of Kshs.3,843,189,390 and are nearing the expiration of their defect liability period.

In the circumstances, value for money on investment at Lamu Port of Kshs.59,600,000,000 could not be confirmed.

## **8. Non-Compliance with the Law on Gender and Ethnic Composition**

Review of the staff biodata revealed that the Authority had a total of 6,245 staff as at 30 June, 2024, out of which 4,853 (77%) were male while 1,392 (22%) were female contrary to Paragraph B.22(2) of the Public Service Commission Human Resource Policies and Procedures Manual, 2016 that states that “the Government will endeavor to

have a gender balanced Civil Service by ensuring that not more than 2/3 of positions in its establishment are filled by either gender”.

Further, it was observed that the Authority had a total of 2,154 (35%) staff out of the 6,245 employees drawn from one ethnic group. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that “no public establishment shall have more than one third of its staff from the same ethnic community”.

In the circumstances, Management was in breach on the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 effect of 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 governance were not effective.

### Basis for Conclusion

#### 1. Weaknesses in Payroll Management

Review of the Authority payroll revealed that ninety-nine (99) staff members on contract terms who had exited the organization with effect from 31 May, 2024 as indicated in the availed staff exit list however it was noted that these staff were paid the salary for the month of June, 2024 totaling Kshs 8,046,230.

Further, some employees were using the same bank account for salary remittances. Notably, four employees consistently shared bank accounts throughout the six months.

In addition, review of the payroll data and bank remittance records for employees' net pay for the period between January and June, 2024 showed variances between the payroll records and bank remittance records totalling of Kshs.3,448,520.

In the circumstances, the effectiveness of internal controls over payroll management could not be confirmed.

## **2. Overtime Payment Not Defined in KPA HR Policy Manual, 2021**

The statement of profit or loss and other comprehensive income reports establishment expenses of Kshs.20,277,353,000 as disclosed in Note 9 to the financial statements. The amount, includes Kshs.1,431,104,000 for overtime pay. However, it was noted that KPA HR policy manual (2021) has not defined the framework or basis for overtime payments. This absence of a clear overtime guideline within the KPA HR Policy Manual raises concerns about potential inconsistencies and gaps in payment practices as well as challenges in justifying payments made and related controls.

In the circumstances, the effectiveness of Management's Human Resources policies on payment of overtime allowance could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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.

### **Responsibilities of the Management and Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective 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 and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors are responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management 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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**31 December, 2024**

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*Report of the Auditor-General on Kenya Ports Authority for the year ended 30 June, 2024*



**KENYA PORTS AUTHORITY**

ANNUAL REPORT &amp; FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2024**

|                                                                         |             | <b>2023/2024</b>    | <b>2022/2023</b>    |
|-------------------------------------------------------------------------|-------------|---------------------|---------------------|
|                                                                         | <b>Note</b> | <b>KES '000</b>     | <b>KES '000</b>     |
| Operating Revenue                                                       | 6           | 65,233,738          | 57,733,206          |
| Other Incomes                                                           | 7           | 1,806,565           | 1,211,129           |
| <b>Total Revenues</b>                                                   |             | <b>67,040,303</b>   | <b>58,944,335</b>   |
| <b>Less Expenses:</b>                                                   |             |                     |                     |
| Administrative Expenses                                                 | 8           | (5,867,235)         | (5,465,480)         |
| Establishment Expenses                                                  | 9           | (20,277,353)        | (19,158,645)        |
| Operating Expenses                                                      | 10          | (9,783,066)         | (6,766,761)         |
| Depreciation Property, Plant and Equipment                              | 11,12       | (12,498,702)        | (12,203,027)        |
| Amortization of Intangible Assets                                       | 13          | (378,048)           | (173,883)           |
| <b>Total Operating Expenses</b>                                         |             | <b>(48,804,404)</b> | <b>(43,767,796)</b> |
| <b>Operating Profit</b>                                                 |             | <b>18,235,899</b>   | <b>15,176,539</b>   |
| Finance Income                                                          | 14          | 589,035             | 265,568             |
| Finance Cost                                                            | 15          | (1,079,305)         | (526,201)           |
| Impairment Loss                                                         | 16          | (508,410)           | (43,092)            |
| Other Gains                                                             | 17          | 47,293              | 1,769,412           |
| <b>Profit Before Tax</b>                                                |             | <b>17,284,512</b>   | <b>16,642,226</b>   |
| Tax Charge                                                              | 18          | (5,106,436)         | (4,649,450)         |
| <b>Profit for the Year</b>                                              |             | <b>12,178,076</b>   | <b>11,992,776</b>   |
| <b>Other Comprehensive Income (OCI)</b>                                 |             |                     |                     |
| <b>OCI not to be reclassified to Profit or Loss in subsequent years</b> |             |                     |                     |
| Deficit Resulting from Pension Valuation                                | 32          | (2,272,200)         | (3,410,800)         |
| <b>OCI to be reclassified to Profit or Loss in subsequent years</b>     |             |                     |                     |
| Unrealized Foreign Exchange Loss                                        | 26          | (17,024,646)        | (5,056,072)         |
| Unrealized Forex Gain/(Loss) from Valuation of Loans                    | 29          | 10,127,465          | (6,986,051)         |
| <b>Earnings/(Losses) Reported</b>                                       |             | <b>3,008,695</b>    | <b>(3,460,147)</b>  |

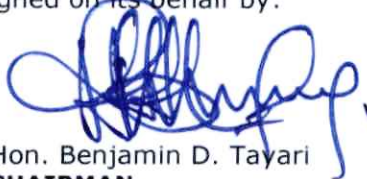
# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

|                                        | Note | 2023/2024<br>KES '000 | 2022/2023<br>KES '000 |
|----------------------------------------|------|-----------------------|-----------------------|
| <b>Non-Current Assets:</b>             |      |                       |                       |
| Property Plant and Equipment           | 11   | 318,873,928           | 310,310,393           |
| Intangible Assets                      | 12   | 1,096,543             | 1,348,295             |
| Leased Property                        | 13   | 579,123               | 602,154               |
| Assets Held for Sale                   | 19   | 324,319               | 324,319               |
| Long Term Investment                   | 20   | 1,063,068             | 1,056,914             |
| <b>Total Non-Current Assets</b>        |      | <b>321,936,981</b>    | <b>313,642,075</b>    |
| <b>Current Assets:</b>                 |      |                       |                       |
| Inventories                            | 21   | 995,739               | 689,110               |
| Receivables and Prepayments            | 22   | 15,968,859            | 22,595,500            |
| Tax paid in advance                    | 23   | 4,891,292             | 1,696,031             |
| Short Term deposits                    | 24   | 5,880,305             | 6,700,789             |
| Bank & Cash Balances                   | 24   | 1,217,580             | 1,668,566             |
| <b>Total Current Assets</b>            |      | <b>28,953,775</b>     | <b>33,349,996</b>     |
| <b>TOTAL ASSETS</b>                    |      | <b>350,890,756</b>    | <b>346,992,071</b>    |
| <b>Capital and Reserves:</b>           |      |                       |                       |
| Revaluation Reserves                   | 25   | 70,585,679            | 78,066,325            |
| General Reserves                       | 26   | 142,696,223           | 128,408,508           |
| Grants                                 | 27   | 8,234,800             | 8,608,913             |
| <b>Total Capital and Reserves</b>      |      | <b>221,516,702</b>    | <b>215,083,746</b>    |
| <b>Non-Current Liabilities:</b>        |      |                       |                       |
| GOK Project Funds                      | 28   | 48,300,157            | 48,150,157            |
| Borrowings                             | 29   | 49,373,450            | 59,690,103            |
| Deferred Tax Liability                 | 30   | 6,952,168             | 5,219,441             |
| Retirement Benefit Liability           | 32   | 7,653,600             | 5,916,600             |
| <b>Total Non-Current Liabilities</b>   |      | <b>112,279,375</b>    | <b>118,976,301</b>    |
| <b>Current Liabilities</b>             |      |                       |                       |
| Borrowings                             | 29   | 2,337,375             | 1,021,691             |
| Trade and Other Payables               | 31   | 13,322,646            | 11,375,133            |
| Retirement Benefit Liability           | 32   | 535,200               | 535,200               |
| Dividends Payable                      | 38   | 899,458               | 0                     |
| <b>Total Current Liabilities</b>       |      | <b>17,094,679</b>     | <b>12,932,024</b>     |
| <b>TOTAL CAPITAL &amp; LIABILITIES</b> |      | <b>350,890,756</b>    | <b>346,992,071</b>    |

The financial statements were approved by the Board of Directors on 26 September 2024 and signed on its behalf by:

  
Hon. Benjamin D. Tayari  
**CHAIRMAN**

  
CPA Geoffrey Kavate  
**GM, FINANCE**  
ICPAK M/No: 6399

  
Capt. William Ruto, AFNI, MBS  
**MANAGING DIRECTOR**

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

|                                      | No | Revaluation<br>Reserves | General<br>Reserves | Grants<br>Grants | Total              |
|--------------------------------------|----|-------------------------|---------------------|------------------|--------------------|
|                                      | te | KES '000                | KES '000            | KES '000         | KES '000           |
| Balance brought down                 |    | 78,066,325              | 127,820,632         | 8,608,913        | 214,495,870        |
| Bonus provision                      |    | 0                       | 587,876             | 0                | 587,876            |
| <b>Balance as at 01.07.2023</b>      |    | <b>78,066,325</b>       | <b>128,408,508</b>  | <b>8,608,913</b> | <b>215,083,746</b> |
| Profit After Tax                     |    | 0                       | 12,178,076          | 0                | 12,178,076         |
| <b>Other Comprehensive Income:</b>   |    |                         |                     |                  |                    |
| Unrealized Foreign Exchange (Loss)   | 26 | 0                       | (17,024,646)        | 0                | (17,024,646)       |
| Revaluation Gain on Loans            | 29 | 0                       | 10,127,465          | 0                | 10,127,465         |
| Increase in Pension DB Deficit       | 32 | 0                       | (2,272,200)         | 0                | (2,272,200)        |
| <b>Others:</b>                       |    |                         |                     |                  |                    |
| Asset Revaluation Effect/Adjustments | 26 | (7,480,646)             | 7,480,646           | 0                | 0                  |
| Other adjustments                    | 26 | 0                       | (652)               | 0                | (652)              |
| Bonus Reversal                       | 26 | 0                       | (563,539)           | 0                | (563,539)          |
| Other Valuation adjustments          | 26 | 0                       | 15,464,310          | 0                | 15,464,310         |
| Dividends Paid (Special & Normal)    | 38 | 0                       | (10,576,400)        | 0                | (10,576,400)       |
| Dividends payable                    | 38 | 0                       | (899,458)           | 0                | (899,458)          |
| SGR Assets Revaluation effect        | 27 | 0                       | 374,113             | (374,113)        | 0                  |
| <b>Balance as at 30.06.2024</b>      |    | <b>70,585,679</b>       | <b>142,696,223</b>  | <b>8,234,800</b> | <b>221,516,702</b> |

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

|                                    | Note | Revaluation<br>Reserves | General<br>Reserves | Grants           | Total              |
|------------------------------------|------|-------------------------|---------------------|------------------|--------------------|
|                                    |      | KES '000                | KES '000            | KES '000         | KES '000           |
| Balance brought down               |      | 85,791,507              | 126,836,160         | 8,895,947        | 221,523,614        |
| Bonus provision                    |      | 0                       | 1,151,415           | 0                | 1,151,415          |
| <b>Balance as at 01.07.2022</b>    |      | <b>85,791,507</b>       | <b>127,987,575</b>  | <b>8,895,947</b> | <b>222,675,029</b> |
| Profit After Tax                   |      | 0                       | 11,992,776          | 0                | 11,992,776         |
| <b>Other Comprehensive Income:</b> |      |                         |                     |                  |                    |
| Unrealized Foreign Exchange (Loss) | 26   | 0                       | (5,056,072)         | 0                | (5,056,072)        |
| Revaluation loss on Loans          | 29   | 0                       | (6,986,051)         | 0                | (6,986,051)        |
| Increase in Pension DB Deficit     | 32   | 0                       | (3,410,800)         | 0                | (3,410,800)        |
| <b>Others:</b>                     |      |                         |                     |                  |                    |
| Revaluation Effect/Adjustments     | 26   | (7,725,183)             | 7,725,183           | 0                | 0                  |
| Other Adjustments                  |      | 1                       | 5,182               | (1)              | 5,182              |
| Transfer of director fees          |      | 0                       | 53,400              | 0                | 53,400             |
| Free trade Area                    | 27   | 0                       | 0                   | 50,000           | 50,000             |
| Other Valuation adjustments        |      | 0                       | (501,303)           | 0                | (501,303)          |
| Dividends (Special & Normal)       | 38   | 0                       | (3,341,921)         | 0                | (3,341,921)        |
| Transfer/effect of KFS merger      |      | 0                       | (2,906)             | 0                | (2,906)            |
| Effects of Deferred Tax            | 30   | 0                       | (601,245)           | 0                | (601,245)          |
| SGR Asset Revaluation Effects      | 27   | 0                       | 544,690             | (544,690)        | 0                  |
| Dongo Kundu                        |      | 0                       | 0                   | 207,657          | 207,657            |
| <b>Balance as at 30.06.2023</b>    |      | <b>78,066,325</b>       | <b>128,408,508</b>  | <b>8,608,913</b> | <b>215,083,746</b> |

**KENYA PORTS AUTHORITY**

ANNUAL REPORT &amp; FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 30 JUNE 2024**

|                                                              |              | <b>2023/2024</b>    | <b>2022/2023</b>    |
|--------------------------------------------------------------|--------------|---------------------|---------------------|
|                                                              | <b>Notes</b> | <b>KES '000</b>     | <b>KES '000</b>     |
| <b>Operating Activities:</b>                                 |              |                     |                     |
| Cash Generated from Operations                               | 33           | 36,967,197          | 26,129,155          |
| Interest Received                                            | 14           | 589,035             | 265,568             |
| Interest Paid                                                | 15           | (793,205)           | (445,587)           |
| Tax Paid                                                     | 23           | (6,568,970)         | (4,097,398)         |
| Dividends Paid                                               | 38           | (576,400)           | (1,596,921)         |
| Special Dividend paid                                        | 38           | (10,000,000)        | (1,745,000)         |
| Pension paid                                                 |              | (535,200)           | (535,200)           |
| <b>Net cash generated from Operating Activities</b>          |              | <b>19,082,457</b>   | <b>17,974,617</b>   |
| <b>Investing Activities:</b>                                 |              |                     |                     |
| Purchase of Property, Plant and Equipment                    | 36           | (21,310,485)        | (18,642,358)        |
| Direct Acquisitions PPE                                      |              | (398,880)           | (178,525)           |
| Proceeds from Disposal of Assets                             |              | 0                   | 34,483              |
| Purchase of Long-Term Investment                             | 20           | (6,154)             | (8,631)             |
| Proceeds from sale of surveyed stock                         |              | 1,174               | 3,731               |
| <b>Net Cash used in Investing Activities</b>                 |              | <b>(21,714,345)</b> | <b>(18,791,300)</b> |
| <b>Financing Activities:</b>                                 |              |                     |                     |
| Receipt of GoK Project Funds                                 | 37           | 150,000             | 350,000             |
| Receipts from Stanbic Loans                                  | 29           | 1,535,872           | 1,512,012           |
| Payment of JICA I Loan                                       | 29           | (970,201)           | (918,487)           |
| Receipt of JICA II Loan                                      | 29           | 137,699             | 3,257,882           |
| Receipt of JICA Dongo Kundu Grant                            | 27           | 0                   | 207,657             |
| Receipt of JICA Dongo Kundu loan                             | 29           | 507,048             | 513,947             |
| <b>Net Cash generated from Financing Activities</b>          |              | <b>1,360,418</b>    | <b>4,923,011</b>    |
| <b>Net (decrease)/increase in Cash &amp; Cash Equivalent</b> |              | <b>(1,271,470)</b>  | <b>4,106,328</b>    |
| <b>Cash &amp; Cash Equivalents as at 1 July</b>              |              | <b>8,369,355</b>    | <b>4,263,027</b>    |
| <b>Cash and Cash Equivalents as at 30 June</b>               | 24           | <b>7,097,885</b>    | <b>8,369,355</b>    |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

|                                 | Original<br>budget | Adjustment       | Final Budget      | Actual on<br>Comparable<br>Basis | Performance<br>Difference | % of<br>utilization |
|---------------------------------|--------------------|------------------|-------------------|----------------------------------|---------------------------|---------------------|
|                                 | a                  | b                | c = a+b           | d                                | E=c-d                     | d/c%                |
| <b>Revenue</b>                  | <b>KES '000</b>    | <b>KES '000</b>  | <b>KES '000</b>   | <b>KES '000</b>                  | <b>KES '000</b>           | <b>%</b>            |
| Operating Revenue               | 53,270,000         | 0                | 53,270,000        | 65,233,738                       | 11,963,738                | 122%                |
| Other Incomes                   | 1,410,185          | 0                | 1,410,185         | 1,806,565                        | 396,380                   | 128%                |
| <b>Total Revenues</b>           | <b>54,680,185</b>  | <b>0</b>         | <b>54,680,185</b> | <b>67,040,303</b>                | <b>12,360,118</b>         | <b>123%</b>         |
| <b>Expenses:</b>                |                    |                  |                   |                                  |                           |                     |
| Administrative Expenses         | 5,378,859          | (138,802)        | 5,240,057         | 5,867,235                        | (627,178)                 | 112%                |
| Establishment Expenses          | 20,728,860         | (2,529,901)      | 18,198,959        | 20,277,353                       | (2,078,394)               | 111%                |
| Operating Expenses              | 6,939,795          | 1,922,993        | 8,862,788         | 9,783,066                        | (920,278)                 | 110%                |
| Depreciation                    | 11,648,673         | 0                | 11,648,673        | 12,498,702                       | (850,029)                 | 107%                |
| Amortization                    | 363,327            | 0                | 363,327           | 378,048                          | (14,721)                  | 104%                |
| <b>Total Operating Expenses</b> | <b>45,059,514</b>  | <b>(745,710)</b> | <b>44,313,804</b> | <b>48,804,404</b>                | <b>(4,490,600)</b>        | <b>110%</b>         |
| <b>Operating Profit</b>         | <b>9,620,671</b>   | <b>(745,710)</b> | <b>10,366,381</b> | <b>18,235,899</b>                | <b>16,850,718</b>         | <b>176%</b>         |
| Finance Income                  | 296,395            | 0                | 296,395           | 589,035                          | 292,640                   | 199%                |
| Finance cost                    | (517,950)          | (386,255)        | (904,205)         | (1,079,305)                      | 175,100                   | 119%                |
| Impairment Loss                 | (100,000)          | (360,518)        | (460,518)         | (508,410)                        | 47,892                    | 110%                |
| Other Gains                     | (204,580)          | 203,516          | (1,064)           | 47,293                           | (48,357)                  | (4400)%             |
| <b>PBT</b>                      | <b>9,094,537</b>   | <b>202,453</b>   | <b>9,296,989</b>  | <b>17,284,512</b>                | <b>7,987,522</b>          | <b>186%</b>         |

**Note:** PFM Act section 81(2) ii and iv requires Kenya Ports Authority, a national government entity, to present appropriation accounts showing the status of votes compared with the appropriation for the vote. IFRSs does not require entities complying with IFRSs to prepare budgetary information because most of the entities that apply IFRSs are private entities that do not make their budgets publicly available. However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRSs compliant financial statements and a statement explaining any variations between actual expenditure and the sums voted.

### Explanation of variances

**Operating Revenue:** Higher Throughput and depreciation of the Kenya shilling led to higher revenues.

**Other Incomes:** One-off revenues from salvage operations and legal claims refunds led to higher revenue.

**Administrative Expenses:** Increase attributed to expenses quoted in foreign currencies which were impacted by the depreciation of the Kenya Shilling.

**Establishment Expenses:** This was mainly due to the change in the organization structure where staff were reassigned to higher roles and emoluments increase from pay-scale changes.

**Operating Expenses:** Increase attributed to expenses quoted in foreign currencies which were impacted by the depreciation of the Kenya Shilling.

**Depreciation:** Increased due to capitalization of new assets. The major capitalisations in the year were the Relocation of KOT and four STS Cranes.

**Finance Income:** Higher investment returns during the period.

**Finance Cost:** Higher interest rates on loans.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****1. General Information**

Kenya Ports Authority is established by and derives its authority and accountability from Cap 391 of the laws of Kenya. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya with liaison offices in Uganda, Rwanda, and Burundi. The entity's principal activity is to develop, maintain, operate, improve, and regulate the Port of Mombasa, Port of Lamu and all other seaports along the Kenya coastline as well as ferry operations. In addition, the Authority manages Inland Waterways and Inland Container Depots at Embakasi, Naivasha, Eldoret and Kisumu in Kenya. At the cabinet level, the Authority is represented by the Cabinet Secretary for the Ministry of Roads and Transport. The Authority is domiciled in Kenya.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and the International Financial Reporting Standards (IFRSs). The preparation of financial statements in conformity with IFRSs allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Authority's accounting policies.

Where necessary the comparative figures for the previous financial year (2022/2023) have been stated in the financial statements to conform to changes in presentation.

The financial statements were approved by the Board of Directors on 26 September 2024. The accounting policies applied in the preparation of these financial statements are set out below. The Authority adopted all the new and revised IFRS as adopted by the PSASB and IASB that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. The adoption of the standards did not have a material effect in financial statements.

The financial statements are prepared and presented in Kenya Shillings (KES), which is the functional and reporting currency of the Authority, and all values are rounded to the nearest thousand (KES '000) unless otherwise stated. The financial statements are prepared on a historical cost basis except for the recognition at fair value of financial instruments, impaired assets at their estimated recoverable amounts and actuarially determined assets at their present value.

**Going concern**

Based on the financial performance of the Authority and the risk management policies, the Board is of the opinion that the Authority is well placed to continue business in the foreseeable future. The financial report is therefore prepared on a going concern basis, which contemplates the continuity of normal business activities, the realization of assets and the settlement of liabilities in the ordinary course of business.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****3. Application of New and Revised International Financial Reporting Standards (IFRS)****i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2024****Amendments to IAS 1 - Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)**

**Description:** The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

**Effective date:** The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

**Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback (issued in September 2022).**

**Description:** The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognize any amount of the gain or loss.

**Effective date:** The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022).

**Description:** The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

**Effective date:** The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024**

At the reporting date certain new standards, amendments to the existing standards and interpretations have become mandatory. No standard, amendments or interpretations are expected to have a material impact.

**Amendments to IAS 1 - Presentation of Financial Statements Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants**

**Description:** Under existing IAS 1 requirements, companies classify liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.

**Effective date:** The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024 (cont'd)**

**Amendments to IAS 7 - Statement of Cashflows and IFRS 7 Financial Instruments Disclosure**

**Description:** Additional disclosure requirements regarding supplier finance arrangements.

**Effective Date:** The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted.

**Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback**

**Description:** Provides guidance on determining whether a transaction is a sale and lease back transaction and how to account for the transaction.

**Effective Date:** The amendment is effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted.

**New standard IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information**

**Description:** The general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets. The standard requires entities to disclose information about their sustainability-related risks and opportunities useful to primary users of general-purpose financial reports in making decisions to provide resources to the organization.

**Effective Date:** The standards are effective from 1 January 2024, but it will be for individual jurisdictions to decide whether and when to adopt them.

**New standard IFRS S2 - Climate-related Disclosures**

**Description:** The standard requires entities to disclose information about climate-related risks and opportunities useful to the primary users of general-purpose financial reports in making decisions about whether they should provide resources to the entity. Requires disclosure about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance or cost of capital over the short, medium and long term.

**Effective Date:** The standards are effective from 1 January 2024, but it will be for individual jurisdictions to decide whether and when to adopt them.

**Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates**

**Description:** Contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The IASB has published 'Lack of Exchangeability (Amendments to IAS 21)' that contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments to clarify the accounting when there is a lack of exchangeability contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

**Effective Date:** The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024 (cont'd)****Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures Amendments to the Classification and Measurement of Financial Instruments****Description:** IFRS 9 - The amendments include guidance on the classification of financial assets, including those with contingent features.

IFRS 7 Financial Instruments: Disclosures. Companies will now be required to provide additional disclosures on financial assets and financial liabilities that have certain contingent features.

**Effective Date:** The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.**Amendment to IFRS 9 Financial Instruments****Description:** The IASB's amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognized at an amount that differs from the transaction price e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price.

The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15

**Effective Date:** The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.**Description:** If a lease liability is derecognized, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 Leases. The IASB's amendment states that when lease liabilities are derecognized under IFRS 9, the difference between the carrying amount and the consideration paid is recognized in profit or loss.**Effective Date:** The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.**IFRS 18 Presentation and Disclosure in Financial Statements****Description:** The new Standard changes how entities present their results on the face of the income statement and disclose information in the notes to the financial statements. It introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories based on a company's main business activities. IFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement – either by nature, by function or on a mixed basis.**Effective Date:** 1 January 2027.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****iii. Early adoption of standards**

The Authority did not early adopt any new or amended standards in the year.

**4. Summary of Accounting Policies**

The significant accounting policies adopted in the preparation of these Financial Statements are set below:

**(a) Revenue Recognition**

IFRS 15 replaced the previous revenue recognition requirements in IAS 18 Revenue and applies to all revenue arising from contracts with customers. According to the new standard, revenue is recognized when a customer obtains control of the goods or services.

Revenue represents the fair value of consideration received or receivable for the sale of services in the course of the Authority's activities. It is recognized when it is probable that future economic benefits will flow to the Authority and the amount of revenue can be measured reliably. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

It is stated net of Value Added Tax (where applicable), rebates and trade discounts. Discounts are included as part of finance costs.

The Authority's revenue mainly consists of revenue from port-related services and lease rentals. Where the Authority is an agent between a service provider and the end customer, an administrative fee is recognized as revenue on satisfaction of the performance obligation. Revenues earned by the Authority are recognized on the following basis.

**Sale of services** are recognized upon performance of the services and customer acceptance. The Authority only bills once the consignee for the cargo has been determined and upon lodgment of customs approved documents. It is only then that it is probable that future economic benefits will flow to the Authority and the amount of revenue can be measured reliably.

**Rental income** is recognized at the time of billing as per the effective lease agreements. Where lease agreements are under preparation, billing is based on letters of offer, signed, and accepted by the tenants. A signed letter of offer is a commitment from the tenant.

**Finance income** comprises of Interest receivable from bank deposits and investments in securities and is recognized in profit or loss on a time proportion basis using the effective interest rate.

**(b) Property, Plant and Equipment**

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware, is capitalized as part of the computer equipment. All items in an asset category are re-valued every 5 years.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Summary of Accounting Policies (cont'd)****Property, Plant and Equipment (cont'd)**

The categories of assets listed below were last re-valued in the FY 2018/2019: -

- Land and Buildings
- Plant and Equipment
- Basic Constructions
- Services and systems
- Intangible Assets

The exercise was undertaken by M/s Sec & M Limited. Details and qualifications for the director of M/s Sec & M Ltd are:

- Director Name: H.M. Kaburu,
- M.A. (Valn & Ppty Mgmt.) University of Nairobi, MRICS No. 1280168
- B.A Land Econ (Hons) University of Nairobi, MISK No. 690, REA
- NEMA EIA/EA Lead Expert No 1025
- Chartered Valuation Surveyor/RV 405

The methodology, basis of valuation and significant assumptions made were in accordance with the procedures and guidelines as laid down by the international Assets Valuation Standards Committee. M/s Sec & M Co. Ltd valuations and appraisals are carried out in accordance with the RICS Appraisal and Valuation Standards and are Uniform Standards of Professional Appraisal Practice (USPAP) complaint. The valuer therefore considers all three approaches to valuation.

Asset revaluation is scheduled to be undertaken in the FY 2024/2025 in line with the Asset policy.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognized in other comprehensive income.

All other decreases are charged to the Statement of Profit or Loss and Other Comprehensive Income. Annually, the difference between depreciation charge based on the valued carrying amount of the asset charged to the Statement of Profit or Loss and Other Comprehensive Income and depreciation based on the asset's original cost is transferred from the revaluation surplus reserve to retained earnings.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Summary of Accounting Policies (cont'd)****(c) Depreciation and impairment of property, plant, and equipment**

Freehold land and capital works in progress are not depreciated. Capital works in progress relates to the costs of ongoing but incomplete works on buildings and other civil works and installations.

**Depreciation and impairment of property, plant, and equipment (cont'd)**

Depreciation on property, plant and equipment is calculated using the straight-line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

|                                             | <b>Rate</b> |
|---------------------------------------------|-------------|
| Dredging/reclamation                        | 2.5%        |
| Building commercial and non-commercial      | 2.5%        |
| Rail lines                                  | 2.5%        |
| Roads and Bridges                           | 2.5%        |
| Quays/wharves                               | 2.5%        |
| Berthing Tugs                               | 5%          |
| Pilot & Mooring Boats and Navigational Aids | 10%         |
| Cranes                                      | 10%         |
| Forklifts/Reach takers                      | 20%         |
| Tractors/Trailers                           | 20%         |
| Vehicles                                    | 20%         |
| Equipment                                   | 20%         |
| Furniture                                   | 20%         |
| Data processing equipment                   | 33.33%      |
| Software/ Intangibles                       | 33.33%      |

Depreciation is charged from the date of asset recognition and ceases on the date of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are considered in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Summary of Accounting Policies (cont'd)****(d) Impairment of non-financial assets**

Non-financial assets that are carried at amortized cost are reviewed at the end of each reporting period for any indication that an asset may be impaired.

If any such indication exists, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**(e) Intangible Assets**

Intangible assets comprise purchased computer software licenses and other software, which are capitalized based on costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

**(f) Amortization and impairment of intangible assets**

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

**(g) Assets Held for Sale**

Non-current assets held for sale (or disposal) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at Net Book Value.

**(h) Leased Property**

Standalone properties for which lease rentals are received are treated in the Statement of Financial Position according to the nature of the asset.

**(i) Retirement Benefits**

The Authority operates a defined benefit and defined contribution plans for eligible employees. The Authority is running the two schemes in parallel with the intention of phasing out the defined benefit scheme in the long run.

The defined benefit scheme was closed effectively on 31<sup>st</sup> December 2012 to new entrants and future accrual of benefits for members below age 45 as at 31<sup>st</sup> December 2011 and also those above age 45 who opted to accrue their future service benefits in the new defined contribution scheme.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Summary of Accounting Policies (cont'd)****Retirement Benefits (cont'd)**

In addition, the Authority makes contributions to the Social Security Fund for employees other than those covered under the retirement benefit scheme and those in other countries of operation, which are statutory, defined. The Authority's obligations under these schemes are limited to specific contributions as legislated from time to time.

**Defined Benefit**

The Scheme is established and governed by a trust deed with effect from 1<sup>st</sup> January 1998. The Scheme is administered by Actuarial Services (E. A) Ltd ('ACTSERV'). The Scheme assets are invested by Co-op Trust Investment Services and Britam Asset Managers (Kenya) Limited in a segregated fund. The Scheme was previously administered by Zamara Actuaries, Administrators and Consultants Ltd. Employees contribute to the fund at the rate of 7.5% of their respective basic salary while the employer's current contribution rate is 14.7% of the basic salary.

The Authority recognizes actuarial gains and deficits in its books of accounts whenever an actuarial valuation of the scheme is done. Actuarial gains are recognized as non-current asset (excess of accrued scheme assets less liabilities) while deficits are recognized as long term liabilities. Where there is a deficit, the Authority increases its contribution to the scheme to offset the actuarial deficit. Where there is a gain, the Authority stops payment of additional contributions to the scheme.

The scheme is assessed annually by independent actuaries using the actuarial assumptions adopted. The valuation method used is known as the "Attained Age Method". Under this method, the future service contribution rate is calculated as the level percentage of payroll which would be adequate to fund the cost of future benefits of existing members arising over the full period to their normal retirement date. Allowances have been made for assumed future salary increase and pension increase, mortality, and investment returns.

The objective of this method of funding is to aim for a funding level equal to 100% and then accumulate sufficient surplus in the earlier years to maintain the contribution rate even though the average age of the membership will increase.

As at 30 June 2024, the scheme had an actuarial deficit of KES 8,188.8 million (KES 6,451.8 million deficit FY 2022/2023). The actuarial report as at 31<sup>st</sup> December 2023 showed an actuarial deficit of KES 8,724 million. Within the year the Authority made additional monthly payments of KES 44.6 million as part of the remedial plan to fund the deficit. The remedial plan as per the amortization schedule runs for six years.

The last discretionary pension increase was awarded as of 31<sup>st</sup> December 2017 and effected in November 2018 in line with Rule 17, the next pension increase shall be actuarially determined.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Summary of Accounting Policies (cont'd)  
Retirement Benefits (cont'd)**

There was no pension increases granted to pensions in payments and deferred pensions during the inter-valuation period. Rule 17 of the Deed of Amendments dated 12 May 2020 stipulates that 'The Founder and the Trustees shall once every (3) years review the level of pensions in payment.

The Scheme was underfunded as at 31<sup>st</sup> December 2023. The assets taken at market value represented 66.6% of the accrued liabilities at this date.

**Defined Contribution**

The Authority started a defined contribution scheme for her employees who were below the age of 45 as at 31<sup>st</sup> December 2012. The employees contribute 10% of their basic salary while the employer contributes 20% of the employee's basic salary.

The employer's contribution is charged to the Statement of Profit or Loss and Other Comprehensive Income for the period it relates. Both the employee and employer contribution are paid to an independent scheme which manages the resources pooled. Employees will benefit from the employer's contributions on meeting specific criteria set out in the pension scheme trust deed.

The employer's contributions payable for DC scheme of KES 1,486 million (FY 2022/2023 KES 1,374 million) was recognized in the Statement of Profit or Loss and Other Comprehensive Income.

**(j) Inventories**

Inventories are stated at cost. Cost of inventories includes import duties, non-refundable taxes, transport, and handling costs, and any other directly attributable costs less trade discounts, rebates, and similar items. The cost of inventories is assigned by weighted average cost formula. The Authority has a policy of stocking strategic consumable spare parts for a line of operational equipment. The spares are included in the inventory as of the Statement of Financial Position date. During the year, approval to write off stock that had been provided for in 2018 was granted.

**(k) Trade and other receivables**

Trade receivables are stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts.

Objective evidence of impairment of the receivables is when there is significant financial difficulty of the counterparty or when there is a default or delinquency in payment according to agreed terms. When a trade receivable is considered uncollectible, it is written off against the Statement of Profit or Loss and Other Comprehensive Income while adjusting the impairment provision.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Summary of Accounting Policies (cont'd)  
Financial Instruments (cont'd)****(I) Financial Instruments**

On initial recognition a financial asset is classified and measured at:

➤ **Amortized cost:**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains and losses are recognized in profit or loss when the asset is derecognized or impaired. The Authority's financial assets measured at amortized cost include trade receivables, other receivables and cash and cash equivalents.

Trade receivables are amounts due from customers for or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional. The Authority holds the trade receivables with the objective of collecting the contractual cash flows. Details about the Authority's impairment policies and the calculation of the loss allowance are provided in Risk Management.

➤ **Fair value through other comprehensive income ('FVOCI') –**

**Debt instrument:** A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Equity instrument:** On initial recognition of an equity investment that is not held for trading, the Authority may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

➤ **Fair value through profit or loss (FVTPL').**

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

In addition, on initial recognition, the Authority may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Summary of Accounting Policies (cont'd)****Financial Instruments (cont'd)**

Financial assets are not reclassified subsequent to their initial recognition unless the business model changes for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. At the reporting date, the Authority has not identified a change in its business model.

**Derecognition of financial assets**

The Authority derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the

financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred and it does not retain control of the financial asset.

**Impairment of non-derivative financial assets**

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Trade and other receivables are initially recognized at fair values and subsequently measured at amortized cost using the effective interest method, less an allowance for Expected Credit Loss ("ECL").

The Authority applied the 'simplified approach' for determining the allowance for ECL for trade receivables, where lifetime ECL are recognized in the Profit and Loss at initial recognition of receivables and updated at each reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the receivable. When determining the allowance for ECL, the Authority's considers reasonable and supportable information that is relevant and available for customer types. This includes both qualitative and quantitative information based on the Authority's historical experience and general economic factors. Loss events include financial difficulty or bankruptcy of the debtor, and breaches of contracts.

Trade and other receivables are written off against the allowance for ECL when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are recognized in the statement of Profit or Loss. The Authority assumes that the credit risk on a financial asset increases significantly if it is more than 90 days past due.

**Non-derivative financial liabilities Classification, initial recognition, and measurement**

The Authority's non-derivative financial liabilities consist of loans and borrowings, amounts due to related parties, and trade and other payables. All non-derivative financial liabilities are recognized initially at fair value, less any directly attributable transaction costs. The Authority classifies all its non-derivative financial liabilities as financial liabilities to be carried at amortized cost using the effective interest method.

The subsequent measurement of non-derivative financial liabilities are carried at their amortized cost using the effective interest method.

The Authority derecognizes financial liability when its contractual obligations are discharged or cancelled or expired.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Summary of Accounting Policies (cont'd)**

The Authority also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

- **Offsetting**

Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

**(m) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

**(n) Borrowing**

Interest bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

**(o) Borrowing Costs**

Borrowing costs that are attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the asset. The costs refer to all costs incurred in the acquisition and management of the borrowed funds during the qualifying asset construction.

In the case of general borrowings, the borrowing cost is charged to the Statement of Profit or Loss and Other Comprehensive Income.

Capitalization of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use are complete. All other borrowing costs are recognized in the profit or loss in the year in which they are incurred.

**(p) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at cost, which is consideration to be paid in future in respect of goods and services supplied, whether billed to the Authority or not.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Summary of Accounting Policies (cont'd)****(q) Taxation****Income Tax**

Income tax expense is the aggregate amount charged/ (credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognized in the Statement of Profit or Loss and Other Comprehensive Income except when it relates to items recognized in other comprehensive income, in which case it is also recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized directly in equity.

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

**Deferred Tax**

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Recognized and unrecognized deferred tax assets are reassessed at the end of each reporting period. The recognized amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

**(r) Translation of Foreign Currencies**

On initial recognition, all transactions are recorded in the functional currency, which is Kenya Shillings. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the Statement of Financial Position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognized on a net basis in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they arise.

**(s) Short term employee benefits**

The estimated monetary liability for employees accrued at the Statement of Financial Position date is recognized as an employment cost accrual. Gratuity earned at Statement of Financial Position date is accrued and recognized as an employee cost in the Statement of Profit or Loss and Other Comprehensive Income.

**(t) Dividends**

In line with the Government directive to pay 80% as dividend to the National government, the Authority reviewed its Dividend policy, and Directors recommend dividend payout of 80% of PAT to the National Treasury.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Summary of Accounting Policies (cont'd)****Dividends Cont'd**

Dividend payment is pegged on financial statements being duly audited and certified by the Office of the Auditor General. Dividends are charged to equity in the period in which they are paid.

**(u) Grants from donors and the National Government**

The grants are received in the form of direct payments to suppliers or contractors for the construction of specific capital projects of the Authority. The grants are recognized in the Statement of Financial Position and realized in the Statement of Profit or Loss and Other Comprehensive Income over the useful life of the assets.

**(v) Comparative figures**

Where necessary the comparative figures for the previous financial year 2022/2023 have been amended to conform to changes in presentation.

**(w) 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 30 June 2024.

**5. Significant Judgements and Sources of Estimation Uncertainty**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances that prevailed during the period.

The Board has reassessed its assumptions and estimates used in the measurement of assets and liabilities at the reporting date against the background of uncertainty in operating environment resulting from political agitations, Government fiscal programs, inflationary pressures experienced in the country, the foreign currency regime and impact of activities at the Suez Canal. There is no indication of any significant impairment or valuation risks for existing receivables and other assets or liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

In the process of applying the Authority's accounting policies, management has made judgment in determining:

- i. The depreciation rates and impairment of PPE, PPE balances represent a significant component of the Authority's assets. PPEs are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. The management reviews the estimated useful lives of property, plant and equipment on an annual basis

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

- ii. based on factors such as expected level of usage, forecasts, and assumptions. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above.
- iii. Basis of Valuation and fair value measurement – in estimating the fair value of assets and liabilities, management uses market observable data where available. Where not available the management uses value of identical assets and liabilities or engages a third party to perform the valuation.
- iv. ECL of Trade receivables: At each reporting date, the Authority assesses whether trade receivables are credit impaired. Management makes judgement on the collectability of individual customer accounts taking into consideration the credit worthiness and financial condition of those customers. The Authority also records an allowance for receivables based on management’s collective assessment of their collectability taking into consideration factors such as including historical experience of credit losses and the aging of the receivables with allowances generally increasing as the receivables age.
- v. The amortization of Intangible assets
- vi. The impairment of long-term investments in Kenya National Shipping Line, Consolidated Bank and deposits in Chase Bank Ltd in receivership-KDIC,
- vii. Provisions for obsolete inventory based on frequency of usage either dormant or slow moving and technological obsolescence where the inventory can no longer be utilized due to change in technology and lack of support for the technology by the vendors.
- viii. Deferred tax assets and liabilities the probability that the tax asset will be utilized in future, or the liability will crystallize.
- ix. The recognition of Retirement Benefit Asset/Liability,  
Judgments required by actuaries in respect of discount rates, future salary increments, mortality rates and inflation rates used for computation of defined benefit liability.
- x. *Chase Bank (IR) and SBM Bank Deposits*

Chase Bank Ltd. was placed under receivership in April 2016 by Central Bank of Kenya. The Authority’s Board made a 25% impairment provision on the deposits during the 336<sup>th</sup> regular meeting held in December 2017.

*xi. Revenue Recognition*

As stated in Note 4 (a) on Sales of services: Revenue represents the fair value of consideration received or receivable for the sale of services in the course of the Authority’s activities. It is recognized when it is probable that future economic benefits will flow to the Authority and the amount of revenue can be measured reliably. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

On rental income, where lease agreements are under preparation, billing is based on letters of offers, signed, and accepted by the tenants. A signed letter of offer is a commitment from the tenant.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**Significant Judgements and Sources of Estimation Uncertainty (cont'd)**

*xii. Contingent Liabilities*

The management consults with its legal counsel on matters related to litigation, and other experts both within and outside the Authority with respect to matters in the ordinary course of business. As at the reporting date, the Authority was involved in various legal proceedings where it has been vigorously defending its claims. Assessment on whether the risk of loss is remote, possible, or probable requires significant judgment given the complexities involved.

*xiii. Accounting for leases*

Accounting for leases under IFRS 16 involves the use of judgements, estimates and assumptions that impact the amounts recognized as right-of-use assets and lease liabilities. The Authority does not also recognize leases of low-value assets and or leases it has no right of control on the Statement of Financial Position, but instead recognizes an expense on a straight-line basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

| <b>6. Operating Revenue</b>  | <b>2023/2024</b>  | <b>2022/2023</b>  |
|------------------------------|-------------------|-------------------|
|                              | <b>KES '000</b>   | <b>KES '000</b>   |
| Pilotage                     | 872,716           | 730,534           |
| Tug Services Dues            | 2,625,738         | 2,181,928         |
| Mooring                      | 471,426           | 397,137           |
| Navigational Dues            | 366,039           | 311,428           |
| Port Dues                    | 840,719           | 705,159           |
| Dockage                      | 863,992           | 809,935           |
| Fresh Water - Normal         | 3,216             | 1,372             |
| Laid Up Vessels              | 703               | 0                 |
| Security                     | 222,896           | 187,675           |
| Stevedoring                  | 23,737,409        | 18,198,866        |
| Hire of Labor/Equipment      | 110,994           | 161,082           |
| Handling of Empty Containers | 266,436           | 1,892,531         |
| Handling of Full Containers  | 20,446            | 38,076            |
| Shore handling               | 9,128,360         | 7,386,979         |
| Re Marshaling Charges        | 1,108,308         | 1,072,688         |
| Container Stripping/Stuffing | 4,066             | 3,238             |
| Verification Charges         | 101               | 16                |
| Storage of General Cargo     | 15,742            | 30,120            |
| Storage - Empty Containers   | 304,923           | 379,654           |
| Storage-Full Containers      | 5,171,980         | 6,460,366         |
| Jetty Fees                   | 172               | 1,472             |
| Licenses                     | 255,309           | 285,256           |
| Other Revenue                | 73,705            | 57,002            |
| Wharfage                     | 18,532,145        | 16,329,708        |
| Sale of Fresh Water          | 319               | 225               |
| Other Miscellaneous Revenue  | 235,878           | 110,759           |
| <b>TOTAL</b>                 | <b>65,233,738</b> | <b>57,733,206</b> |

The increase in revenue is attributed to the increase in total cargo throughput from 34.5 million tonnes to 37.63 million tonnes and the depreciation of the Kenya Shilling during the period.

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| <b>7. Other Income:</b>        | <b>2023/2024</b> | <b>2022/2023</b> |
|--------------------------------|------------------|------------------|
|                                | <b>KES '000</b>  | <b>KES '000</b>  |
| Toll Collections               | 608,049          | 552,525          |
| Rent & Rates Receivable        | 485,886          | 277,702          |
| Recovery from Housed Employees | 114,463          | 115,164          |
| Sale of Passes                 | 123,115          | 111,595          |
| Sale of Books                  | 0                | 549              |
| Sundry Income                  | 475,052          | 153,594          |
| <b>TOTAL</b>                   | <b>1,806,565</b> | <b>1,211,129</b> |

Included in Sundry Income is USD 1.065 million equivalent to KES 163.3 million being monies received for salvage operation of vessel MSC Eagle F which had run aground while entering the Port of Mombasa.

| <b>8. Administrative Expenses:</b>  | <b>2023/2024</b> | <b>2022/2023</b> |
|-------------------------------------|------------------|------------------|
|                                     | <b>KES '000</b>  | <b>KES '000</b>  |
| Telephone/Telex/Fax Services        | 7,980            | 10,074           |
| Water Supply Services               | 143,014          | 402,448          |
| City & Municipal Council Rates      | 133,991          | 42,005           |
| Office Rental-Kampala               | 14,647           | 11,815           |
| Library & Archives                  | 3,588            | 1,724            |
| Nursery Schools                     | 5,753            | 5,011            |
| Laundry                             | 440              | 266              |
| Provisions & Catering               | 10,470           | 8,145            |
| Cleaning of Carpets & Curtains      | 333              | 442              |
| Directors Allowances                | 109,540          | 110,696          |
| Furniture & Equipment               | 0                | 1,573            |
| Printing & Stationery               | 97,545           | 90,973           |
| Postage & Courier Services          | 2,061            | 1,757            |
| Office Incidentals & Consumables    | 37,502           | 34,390           |
| Entertainment Allowance             | 6,233            | 5,011            |
| Club Membership Fees                | 3,364            | 2,611            |
| Police Services                     | 16,971           | 13,234           |
| Security Guards Services            | 161,665          | 124,071          |
| Port Passes                         | 16,902           | 10,558           |
| Publicity & Advertising             | 205,136          | 156,106          |
| Subscriptions & Donations           | 7,052            | 15,744           |
| Hire of Commuter Bus Service        | 238,584          | 254,449          |
| Agricultural Society of Kenya Shows | 56,294           | 30,088           |
| Sports                              | 199,251          | 146,078          |
| Welfare                             | 67,052           | 37,727           |
| Industrial Relations Costs          | 39,806           | 16,475           |
| Development Studies                 | 188,436          | 176,864          |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

|                                        | <b>2023/2024</b> | <b>2022/2023</b> |
|----------------------------------------|------------------|------------------|
|                                        | <b>KES '000</b>  | <b>KES '000</b>  |
| <b>Administrative Expenses Cont'd:</b> |                  |                  |
| Consultant Fees                        | 87,686           | 93,147           |
| Training                               | 522,808          | 379,209          |
| Survey Fees                            | 92               | 15,678           |
| Recruitment costs                      | 11,793           | 26,214           |
| Retirement costs                       | 31,357           | 993              |
| Computer & Network Maintenance         | 360,951          | 471,501          |
| Licenses & Computers                   | 1,017,235        | 1,106,173        |
| Insurance Premiums                     | 1,184,407        | 943,407          |
| Un-Insured Loss                        | 8,627            | 27,076           |
| Car Registration & Licenses            | 839              | 485              |
| Stock Take Expenses                    | 982              | 1,846            |
| Corporate Social Responsibility        | 262,459          | 262,299          |
| Victuals & Snacks                      | 42,640           | 19,935           |
| Wajibika                               | 16,383           | 18,974           |
| Professional Education                 | 111,718          | 62,002           |
| Audit Fees                             | 8,050            | 8,050            |
| Bank Charges                           | 13,376           | 27,265           |
| Bank Commission                        | 22,508           | 0                |
| Legal Fees                             | 298,902          | 251,032          |
| Revaluation Fees                       | 80,000           | 0                |
| Tax Penalties                          | 10,812           | 39,859           |
| <b>TOTAL</b>                           | <b>5,867,235</b> | <b>5,465,480</b> |

During the year, a total of 130 training programs were conducted for 2,953 employees of various cadres.

The Authority recruited sixteen (16) staff during the financial year in the Medical Services Division and Administration Division. The gender distribution of the recruited staff was as follows:

| <b>Gender</b> | <b>Total</b> |
|---------------|--------------|
| Male          | 5 (31%)      |
| Female        | 11 (69%)     |

A total of 245 employees left employment during the year the Authority facilitates transportation of baggage for retirees

The Authority entered a settlement arrangement with Kenya Revenue Authority on additional taxes arising from compliance audits.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

| <b>9. Establishment Expenses:</b> | <b>2023/2024</b>  | <b>2022/2023</b>  |
|-----------------------------------|-------------------|-------------------|
|                                   | <b>KES '000</b>   | <b>KES '000</b>   |
| Basic Salary                      | 7,529,875         | 7,522,175         |
| Overtime                          | 1,431,104         | 1,526,748         |
| Paid break Allowances             | 109,342           | 61,824            |
| Staff Allowances                  | 1,894,533         | 1,943,419         |
| 3rd Shift Allowance               | 472,528           | 247,933           |
| Normal Staff Housing              | 2,782,526         | 2,631,393         |
| House Development Levy            | 196,350           | 0                 |
| Leased Staff Housing              | 28,802            | 24,777            |
| Special Accommodation             | 14,994            | 7,796             |
| Duty Travel                       | 521,021           | 409,327           |
| Leave Travel                      | 522,231           | 250,673           |
| Transport Allowance               | 1,721,415         | 1,584,374         |
| Intern Allowances                 | 19,359            | 4,008             |
| Staff Pension-DC                  | 1,486,392         | 1,374,162         |
| Staff Pension-DB                  | 59,976            | 84,372            |
| Staff Gratuity                    | 18,930            | 29,803            |
| Long Service Awards               | 0                 | 4,170             |
| Social Security                   | 63,310            | 36,756            |
| Medicines                         | 293,419           | 345,255           |
| Hospital/Referral Bills           | 831,718           | 774,649           |
| First Aid                         | 8,721             | 12,885            |
| Medical Education Expenses        | 17,246            | 14,344            |
| Incentive Scheme                  | 253,561           | 267,802           |
| <b>TOTAL</b>                      | <b>20,277,353</b> | <b>19,158,645</b> |

During the year, the Authority successfully carried out organizational restructuring exercises to align Human Resource requirements with the Strategic objectives. The staff translation exercise was completed on 1<sup>st</sup> July 2023 and resulted to promotions of 2,949 staff. The Authority also recruited 16 staff in the Medical Service division and Administration division.

A total of 245 employees exited the Authority during the year through normal retirement (193), retirement on medical grounds (1), early retirement (18), dismissal (1), resignation (6) and death (16)

On the interns, out of the 50 students recruited in financial year 2022/2023, 46 completed one (1) year internship program in the FY 2023/2024. Additionally, the Board of Directors approved further recruitment of 200 interns during the financial year. 171 Interns reported before 30th June 2024 and were posted to various Divisions.

The PSC posted 10 interns for engagement, making a total of 227 interns. A total of 1,401 students underwent industrial attachment during the period.

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| <b>10. Operating Expenses:</b>  | <b>2023/2024</b> | <b>2022/2023</b> |
|---------------------------------|------------------|------------------|
|                                 | <b>KES '000</b>  | <b>KES '000</b>  |
| Operational / Running Supplies  | 1,333,116        | 752,485          |
| Marine Spares                   | 971,638          | 680,130          |
| Diving & Signaling Equip.       | 5,845            | 50               |
| Buoys                           | 14,068           | 5,408            |
| Flowers & Plants                | 734              | 548              |
| Crane Spares                    | 908,237          | 728,565          |
| Fuel                            | 2,070,081        | 1,782,757        |
| Oils and Lubricants             | 106,619          | 155,440          |
| Cleansing Agents                | 6,946            | 3,109            |
| Gas/Welding Supplies            | 1,904            | 0                |
| Uniforms & Clothing             | 218,326          | 128,755          |
| Cleaning Implements/ Detergents | 24,487           | 28,850           |
| Workshop Tools and Equipment    | 104,268          | 70,085           |
| Comm./ Equipment Spares         | 36,622           | 38,095           |
| Medical Equipment               | 17,907           | 16,706           |
| Repairs: Port Infrastructure    | 1,995,079        | 643,946          |
| Electricity Services            | 718,788          | 584,081          |
| Cargo Verification              | 167,133          | 194,167          |
| Mobile Plant Spares             | 599,775          | 430,079          |
| Electrical Spares               | 206,344          | 309,040          |
| Tyres and Tubes                 | 184,529          | 135,654          |
| Refrigeration/ Air Conditioning | 61,125           | 41,488           |
| Batteries Charges and Clocks    | 29,495           | 37,323           |
| <b>TOTAL</b>                    | <b>9,783,066</b> | <b>6,766,761</b> |

Operating expenses recorded an increase of due to higher costs on operating supplies on account of depreciation of the Kenya shilling.

Fuel consumption increased on account of increased operational activities and rising prices of fuel.

Uniforms' cost is cyclical depending on the year of procurement as the uniform is not issued every year.

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 11. Property, Plant & Equipment For the Year Ended 30 June 2024

| Cost/Valuation                  | Land Leased<br>Out | Land and<br>Buildings | Plant Equipment,<br>Motor Vehicles and<br>Furniture | Services and<br>Systems | Basic<br>Constructions | Balance as at 30<br>June, 2024 |
|---------------------------------|--------------------|-----------------------|-----------------------------------------------------|-------------------------|------------------------|--------------------------------|
|                                 | KES '000           | KES '000              | KES '000                                            | KES '000                | KES '000               | KES '000                       |
| Balance as at 01.07.2023        | 15,192,362         | 80,846,815            | 60,503,791                                          | 12,866,508              | 112,821,135            | 282,230,611                    |
| Additions                       | 0                  | 448,828               | 12,085,033                                          | 648,036                 | 36,555,154             | 49,737,051                     |
| Write-offs                      | 0                  | (215,266)             | (132,300)                                           | (8,563)                 | 0                      | (356,129)                      |
| Re-classification Adj.          | 44,824,860         | (44,824,860)          | 2,400                                               | 0                       | (2,400)                | 0                              |
| <b>Balance as at 30.06.2024</b> | <b>60,017,222</b>  | <b>36,255,517</b>     | <b>72,458,924</b>                                   | <b>13,505,981</b>       | <b>149,373,889</b>     | <b>331,611,533</b>             |
| <b>Depreciation</b>             |                    |                       |                                                     |                         |                        |                                |
| <b>Balance as at 01.07.2023</b> | 0                  | 2,964,333             | 18,401,566                                          | 5,368,313               | 36,206,603             | 62,940,815                     |
| Charge for the year             | 0                  | 727,118               | 5,181,076                                           | 755,598                 | 5,811,879              | 12,475,671                     |
| Eliminated on Write off         | 0                  | (79,030)              | (82,493)                                            | (7,518)                 | 0                      | (169,041)                      |
| Re-classification Adj.          | 0                  | 0                     | 40                                                  | 0                       | (40)                   | 0                              |
| <b>Balance as at 30.06.2024</b> | <b>0</b>           | <b>3,612,421</b>      | <b>23,500,189</b>                                   | <b>6,116,393</b>        | <b>42,018,442</b>      | <b>75,247,445</b>              |
| N.B.V as at 01.07.2023          | 15,192,362         | 77,882,482            | 42,102,225                                          | 7,498,195               | 76,614,532             | 219,289,796                    |
| <b>NBV as at 30.06.2024</b>     | <b>60,017,222</b>  | <b>32,643,096</b>     | <b>48,958,735</b>                                   | <b>7,389,588</b>        | <b>107,355,447</b>     | <b>256,364,088</b>             |
| W.I.P as at 01.07.2023          | 0                  | 330,944               | 1,691,991                                           | 38,210,206              | 51,138,256             | 91,371,397                     |
| <b>W.I.P as at 30.06.2024</b>   | <b>0</b>           | <b>328,798</b>        | <b>7,435,882</b>                                    | <b>1,399,117</b>        | <b>54,021,473</b>      | <b>63,185,270</b>              |
| <b>Sub Totals</b>               | <b>60,017,222</b>  | <b>32,971,894</b>     | <b>56,394,617</b>                                   | <b>8,788,705</b>        | <b>161,376,920</b>     | <b>319,549,358</b>             |
| Impairment                      | 0                  | (633,835)             | (587)                                               | 0                       | (41,008)               | (675,430)                      |
| <b>Grand Total</b>              | <b>60,017,222</b>  | <b>32,338,059</b>     | <b>56,394,030</b>                                   | <b>8,788,705</b>        | <b>161,335,912</b>     | <b>318,873,928</b>             |
| <b>Assets with Nil Balances</b> |                    |                       |                                                     |                         |                        |                                |
| Cost                            | 0                  | 29,809                | 5,018,294                                           | 529,836                 | 14,391,801             | <b>19,969,740</b>              |
| Expected Depreciation           | 0                  | 745                   | 501,829                                             | 26,492                  | 359,795                | <b>888,861</b>                 |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### Property, Plant & Equipment For the Year Ended 30 June 2023

| Cost/Valuation                  | Land Leased<br>Out | Land and<br>Buildings | Plant Equipment,<br>Motor Vehicles and<br>Furniture | Services and<br>Systems | Basic<br>Constructions | Balance as at 30<br>June, 2023 |
|---------------------------------|--------------------|-----------------------|-----------------------------------------------------|-------------------------|------------------------|--------------------------------|
|                                 | KES '000           | KES '000              | KES '000                                            | KES '000                | KES '000               | KES '000                       |
| Balance as at 01.07.2022        | 15,192,362         | 77,356,968            | 50,591,196                                          | 11,151,771              | 94,415,428             | 248,707,725                    |
| Additions                       | 0                  | 3,205,314             | 10,362,934                                          | 1,712,538               | 18,471,555             | 33,752,341                     |
| Assets held for sale            | 0                  | 0                     | (154,399)                                           | 0                       |                        | (154,399)                      |
| Disposals                       | 0                  | 0                     | (271,008)                                           | 0                       |                        | (271,008)                      |
| Write-offs                      | 0                  | (7,750)               | (24,932)                                            | (4,537)                 | (65,848)               | (103,067)                      |
| Re-classification Adj.          | 0                  | 292,283               | 0                                                   | 6,736                   |                        | 299,019                        |
| <b>Balance as at 30.06.2023</b> | <b>15,192,362</b>  | <b>80,846,815</b>     | <b>60,503,791</b>                                   | <b>12,866,508</b>       | <b>112,821,135</b>     | <b>282,230,613</b>             |
| <b>Depreciation</b>             |                    |                       |                                                     |                         |                        |                                |
| <b>Balance as at 01.07.2022</b> | 0                  | 2,328,490             | 14,334,175                                          | 4,686,399               | 29,612,741             | 50,961,805                     |
| Charge for the year             | 0                  | 627,784               | 4,219,878                                           | 683,744                 | 6,643,607              | 12,175,013                     |
| Assets Held for sale            | 0                  | 0                     | (68,074)                                            | 0                       |                        | (68,074)                       |
| Disposals                       | 0                  | 0                     | (62,803)                                            | 0                       |                        | (62,803)                       |
| Eliminated on Write off         | 0                  | (3,867)               | (21,610)                                            | (2,363)                 | (49,744)               | (77,584)                       |
| Re-classification Adj.          | 0                  | 11,926                | 0                                                   | 533                     |                        | 12,459                         |
| <b>Balance as at 30.06.2023</b> | <b>0</b>           | <b>2,964,333</b>      | <b>18,401,566</b>                                   | <b>5,368,313</b>        | <b>36,206,603</b>      | <b>62,940,816</b>              |
| N.B.V as at 01.07.2022          | 15,192,362         | 75,028,478            | 36,257,021                                          | 6,465,372               | 64,802,687             | 197,745,920                    |
| <b>NBV as at 30.06.2023</b>     | <b>15,192,362</b>  | <b>77,882,482</b>     | <b>42,102,225</b>                                   | <b>7,498,195</b>        | <b>76,614,532</b>      | <b>219,289,797</b>             |
| W.I.P as at 01.07.2022          | -                  | 328,300               | 2,857,237                                           | 36,397,592              | 67,276,090             | 106,859,219                    |
| <b>W.I.P as at 30.06.2023</b>   |                    | <b>330,944</b>        | <b>1,691,991</b>                                    | <b>38,210,206</b>       | <b>51,138,256</b>      | <b>91,371,397</b>              |
| <b>Sub Totals</b>               | 15,192,362         | 78,213,426            | 43,794,216                                          | 45,708,401              | 127,752,788            | 310,661,193                    |
| Impairment                      |                    | (308,045)             | (510)                                               | (1,237)                 | (41,008)               | (350,800)                      |
| <b>Grand Total</b>              | <b>15,192,362</b>  | <b>77,905,381</b>     | <b>43,793,706</b>                                   | <b>45,707,164</b>       | <b>127,711,780</b>     | <b>310,310,393</b>             |
| <b>Assets with Nil Balances</b> |                    |                       |                                                     |                         |                        |                                |
| Cost                            | 0                  | 28,619                | 4,302,629                                           | 497,225                 | 11,495,873             | <b>16,324,345</b>              |
| Expected Depreciation           | 0                  | 715                   | 860,526                                             | 99,445                  | 287,397                | <b>1,248,083</b>               |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| <b>12.Intangible Assets:</b>                      | <b>2023/2024</b> | <b>2022/2023</b> |
|---------------------------------------------------|------------------|------------------|
| <b>Cost:</b>                                      | <b>KES '000</b>  | <b>KES '000</b>  |
| Balance as at 1 July                              | 3,099,790        | 2,389,400        |
| Additions                                         | 126,296          | 710,390          |
| <b>Balance as at 30 June</b>                      | <b>3,226,086</b> | <b>3,099,790</b> |
| <b>Amortization:</b>                              |                  |                  |
| Balance as at 1 July                              | 1,751,495        | 1,577,612        |
| Charge for the year                               | 378,048          | 173,883          |
| <b>Balance as at 30 June</b>                      | <b>2,129,543</b> | <b>1,751,495</b> |
| <b>Net Book Values as at 30<sup>th</sup> June</b> | <b>1,096,543</b> | <b>1,348,295</b> |
| <b>Assets with Nil Balance</b>                    |                  |                  |
| Cost                                              | 2,129,543        | 1,120,900        |
| Expected Depreciation                             | 1,096,543        | 373,596          |

### 13. Leased Property As at 30 June 2024

|                                 | <b>Buildings</b> | <b>Basic</b>        | <b>Services</b> | <b>Bal. as at 30</b> |
|---------------------------------|------------------|---------------------|-----------------|----------------------|
| <b>Cost/Valuation</b>           | <b>KES '000</b>  | <b>Construction</b> | <b>and</b>      | <b>June 2024</b>     |
|                                 |                  | <b>KES '000</b>     | <b>Systems</b>  | <b>KES '000</b>      |
|                                 |                  |                     | <b>KES '000</b> |                      |
| Balance as at 01.07.2023        | 183,579          | 502,261             | 18,474          | 704,314              |
| <b>Balance as at 30.06.2024</b> | <b>183,579</b>   | <b>502,261</b>      | <b>18,474</b>   | <b>704,314</b>       |
| <b>Depreciation:</b>            |                  |                     |                 |                      |
| <b>Balance as at 01.07.2023</b> | 30,253           | 66,369              | 5,539           | 102,161              |
| Charge for the year             | 5,002            | 17,072              | 956             | 23,030               |
| <b>Balance as at 30.06.2024</b> | <b>35,255</b>    | <b>83,441</b>       | <b>6,495</b>    | <b>125,191</b>       |
| N.B.V as at 01.07.2023          | 153,326          | 435,892             | 12,935          | 602,154              |
| <b>N.B.V as at 30.06.2024</b>   | <b>148,324</b>   | <b>415,820</b>      | <b>11,979</b>   | <b>579,123</b>       |

### Leased Property As at 30 June 2023

|                                 | <b>Buildings</b> | <b>Basic</b>        | <b>Services</b> | <b>Bal. as at 30</b> |
|---------------------------------|------------------|---------------------|-----------------|----------------------|
| <b>Cost/Valuation</b>           | <b>KES '000</b>  | <b>Construction</b> | <b>and</b>      | <b>June 2023</b>     |
|                                 |                  | <b>KES '000</b>     | <b>Systems</b>  | <b>KES '000</b>      |
|                                 |                  |                     | <b>KES '000</b> |                      |
| Balance as at 01.07.2022        | 482,598          | 502,261             | 18,474          | 1,003,333            |
| Re-Classification               | (299,019)        | 0                   | 0               | (299,019)            |
| <b>Balance as at 30.06.2023</b> | <b>183,579</b>   | <b>502,261</b>      | <b>18,474</b>   | <b>704,314</b>       |
| <b>Depreciation:</b>            |                  |                     |                 |                      |
| <b>Balance as at 01.07.2022</b> | 32,726           | 49,297              | 4,582           | 86,605               |
| Charge for the year             | 9,986            | 17,072              | 957             | 28,015               |
| Re-Classification               | (12,459)         | 0                   | 0               | (12,459)             |
| <b>Balance as at 30.06.2023</b> | <b>30,253</b>    | <b>66,369</b>       | <b>5,539</b>    | <b>102,160</b>       |
| N.B.V as at 01.07.2022          | 449,872          | 452,964             | 13,892          | 916,728              |
| <b>N.B.V as at 30.06.2023</b>   | <b>153,326</b>   | <b>435,892</b>      | <b>12,935</b>   | <b>602,154</b>       |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| <b>14. Finance Income:</b> | <b>2023/2024</b> | <b>2022/2023</b> |
|----------------------------|------------------|------------------|
|                            | <b>KES '000</b>  | <b>KES '000</b>  |
| Bank Interest Earnings     | 589,035          | 265,568          |
| <b>TOTAL</b>               | <b>589,035</b>   | <b>265,568</b>   |

| <b>15. Finance Costs:</b>          | <b>2023/2024</b> | <b>2022/2023</b> |
|------------------------------------|------------------|------------------|
|                                    | <b>KES '000</b>  | <b>KES '000</b>  |
| Interest Charges - Long-Term Loans | 793,205          | 445,587          |
| Discounts                          | 81,066           | 20,532           |
| Fringe Benefit Tax                 | 15,374           | 1,582            |
| Write-off of Inventory             | 0                | 33,018           |
| Write-off of PPE                   | 187,088          | 25,482           |
| Compensation for Cargo Claims      | 2,572            | 0                |
| <b>TOTAL</b>                       | <b>1,079,305</b> | <b>526,201</b>   |

| <b>16. Impairment Gains/(Losses):</b> | <b>2023/2024</b> | <b>2022/2023</b> |
|---------------------------------------|------------------|------------------|
|                                       | <b>KES '000</b>  | <b>KES '000</b>  |
| Prov. Impairment Loss on Debtors      | (183,781)        | (112,493)        |
| Prov for Obsolete Stock-Gain/Reversal | 0                | 32,996           |
| Prov. Impairment Gain/Reversal on PPE | (324,629)        | 36,405           |
| <b>TOTAL</b>                          | <b>(508,410)</b> | <b>(43,092)</b>  |

| <b>17. Other Gains/(Losses)</b>          |             | <b>2023/2024</b> | <b>2022/2023</b> |
|------------------------------------------|-------------|------------------|------------------|
|                                          | <b>Note</b> | <b>KES '000</b>  | <b>KES '000</b>  |
| Loss on Disposal of Non-Financial Assets | 17(a)       | 1,218            | (171,716)        |
| Realized Foreign exchange Gain           |             | 44,901           | 1,939,640        |
| Price Difference Gain                    |             | 1,174            | 1,488            |
| <b>TOTAL</b>                             |             | <b>47,293</b>    | <b>1,769,412</b> |

| <b>17a. Gain/(Loss) on Disposal of Non-Financial Assets:</b> | <b>2023/2024</b> | <b>2022/2023</b> |
|--------------------------------------------------------------|------------------|------------------|
|                                                              | <b>KES '000</b>  | <b>KES '000</b>  |
| Loss on sale of fixed assets                                 | (180)            | (173,722)        |
| Profit on sale of surveyed stock                             | 1,398            | 2,006            |
| <b>TOTAL</b>                                                 | <b>1,218</b>     | <b>(171,716)</b> |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### 18. Income Tax Expense

|                                                                                         | 2023/2024<br>KES '000 | 2022/2023<br>KES '000 |
|-----------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>(a) Current Taxation</b>                                                             |                       |                       |
| Current taxation based on the adjusted profit for the year                              | 3,373,709             | 4,649,450             |
| Current year deferred tax charge                                                        | 1,732,727             | 0                     |
| <b>Tax charge for the year</b>                                                          | <b>5,106,436</b>      | <b>4,649,450</b>      |
| <b>(b) Reconciliation of tax expense to the expected tax based on accounting profit</b> |                       |                       |
| <b>Profit before taxation</b>                                                           | <b>17,284,512</b>     | <b>16,642,226</b>     |
| Tax at the applicable tax rate                                                          | 5,185,353             | 4,992,668             |
| Tax effects of expenses not deductible for tax purposes                                 | 4,944,631             | 674,123               |
| Tax effects of income not taxable                                                       | (133,573)             | (202,005)             |
| Tax effects of excess capital allowances over depr. /amort.                             | (6,622,702)           | (815,336)             |
| <b>Current taxation based on adjusted profit</b>                                        | <b>3,373,709</b>      | <b>4,649,450</b>      |

#### 19. Non-Current Assets Held for Sale

|                         | 2023/2024<br>KES '000 | 2022/2023<br>KES '000 |
|-------------------------|-----------------------|-----------------------|
| Others                  | 122,983               | 122,983               |
| Berthing Tug MT-El Lamy | 201,336               | 201,336               |
| <b>Total</b>            | <b>324,319</b>        | <b>324,319</b>        |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| 20. Long Term Investment          | Note | 2023/2024<br>KES '000 | 2022/2023<br>KES '000 |
|-----------------------------------|------|-----------------------|-----------------------|
| <b>Fixed Deposits:</b>            | (a)  |                       |                       |
| Housing Scheme Backup Funds- HFCK |      | 261,863               | 274,141               |
| Fixed Deposits- HFCK              |      | 329,956               | 312,471               |
| KCB -Savings and Loans            |      | 420,015               | 419,439               |
| Eco-Bank Kenya Ltd                |      | 22,134                | 21,763                |
| <b>Subtotal</b>                   |      | <b>1,033,968</b>      | <b>1,027,814</b>      |
| <b>Equities:</b>                  | (b)  |                       |                       |
| Kenya National Shipping Line      |      | 54,346                | 54,346                |
| Impairment of Trade Investment    |      | (54,346)              | (54,346)              |
| Consolidated Bank of Kenya        |      | 29,100                | 29,100                |
| <b>Subtotal</b>                   |      | <b>29,100</b>         | <b>29,100</b>         |
| <b>Other Investment:</b>          | (c)  |                       |                       |
| Chase bank Deposits (KDIC)        |      | 747,608               | 747,608               |
| Impairment                        |      | (747,608)             | (747,608)             |
| <b>Subtotal</b>                   |      | <b>0</b>              | <b>0</b>              |
| <b>TOTAL</b>                      |      | <b>1,063,068</b>      | <b>1,056,914</b>      |

Chase Bank Ltd. was placed under receivership in April 2016 by the CBK. The Authority's Board made a 25% impairment provision on the deposits during the 336<sup>th</sup> regular meeting held in December 2017.

### a. Fixed Deposits

Details and movement of the fixed deposits are shown below:

|                             | Balance<br>1 July 2023<br>KES '000 | Charges<br>KES '000 | Interest<br>KES '000 | Inter<br>Account<br>Transfer<br>KES '000 | Balance 30<br>June 2024<br>KES '000 | Balance 30<br>June 2023<br>KES '000 |
|-----------------------------|------------------------------------|---------------------|----------------------|------------------------------------------|-------------------------------------|-------------------------------------|
| Housing Scheme Backup- HFCK | 274,141                            | 0                   | 0                    | (12,278)                                 | 261,863                             | 274,141                             |
| Fixed Deposits- HFCK        | 312,471                            | 0                   | 5,206                | 12,278                                   | 329,955                             | 312,471                             |
| KCB-Savings and Loan        | 419,439                            | 0                   | 577                  | 0                                        | 420,016                             | 419,439                             |
| Eco-Bank Kenya Ltd          | 21,763                             | 0                   | 371                  | 0                                        | 22,134                              | 21,763                              |
| <b>TOTAL</b>                | <b>1,027,814</b>                   | <b>0</b>            | <b>6,154</b>         | <b>0</b>                                 | <b>1,033,968</b>                    | <b>1,027,814</b>                    |

- i. Funds invested with Housing Finance amounted to KES 592 million out of which KES 262 million is held as lien on loans advanced to staff under the HOMS and earns interest at 2% pa. The balance of KES 330 million is held in a fixed deposit account and earns interest of 7% pa.
- ii. Funds invested with Kenya Commercial Bank amounting to KES 420 million is held as security on loans advanced to staff under HOMS. They earn interest at 2% p.a.
- iii. Funds invested with ECO-Bank amounting to KES 22 million are held as security on loans advanced to staff under HOMS. They earn interest at 2% p.a.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**b. Equities:** The effective shareholding is 0% because the investments were fully impaired.

**c. Other Investment:**

Chase Bank Ltd was placed under receivership in April 2016 by the Central Bank of Kenya. The Authority's Board approved a 25% impairment provision on the deposits during the 336<sup>th</sup> regular meeting held in December 2017.

| <b>21. Inventories</b>        | <b>2023/2024</b> | <b>2022/2023</b> |
|-------------------------------|------------------|------------------|
|                               | <b>KES '000</b>  | <b>KES '000</b>  |
| Engineering stores            | 904,777          | 612,965          |
| Fuel, oil, and lubricants     | 1,267            | 71               |
| Motor vehicle spare parts     | 39,354           | 14,559           |
| Stationery and general stores | 16,851           | 14,656           |
| Medicines                     | 33,490           | 46,859           |
| <b>Sub-Total</b>              | <b>995,739</b>   | <b>689,110</b>   |
| Provision for Write-off       | 0                | 0                |
| <b>Total</b>                  | <b>995,739</b>   | <b>689,110</b>   |

| <b>22. Receivables &amp; Prepayments</b> |             | <b>2023/2024</b> | <b>2022/2023</b> |
|------------------------------------------|-------------|------------------|------------------|
| <b>Trade Receivables</b>                 | <b>Note</b> | <b>KES '000</b>  | <b>KES '000</b>  |
| Trade Cargo                              |             | 2,963,434        | 4,377,024        |
| Trade Marine                             |             | 710,509          | 510,306          |
| Rental                                   |             | 487,429          | 334,579          |
| <b>Subtotals (i)</b>                     | (a)         | <b>4,161,372</b> | <b>5,221,909</b> |
| Railways Debtors                         |             | 218,684          | 426,126          |
| Misc. A/C Receivables                    |             | 16,467           | 16,180           |
| <b>Subtotals (ii)</b>                    |             | <b>235,151</b>   | <b>442,306</b>   |
| Less: Provision for Impairment (iii)     |             | (2,688,479)      | (2,504,698)      |
| <b>Subtotals (i+ii-iii)</b>              |             | <b>1,708,044</b> | <b>3,159,517</b> |
| KNSL                                     |             | 1,507            | 1,507            |
| Mot (Treasury / Dredgco)                 |             | 287,231          | 287,231          |
| Impairment of Other Debtors              |             | (288,738)        | (288,738)        |
| <b>Subtotals</b>                         |             | <b>0</b>         | <b>0</b>         |
| <b>Other Receivables:</b>                |             |                  |                  |
| Staff Receivables                        |             | 95,957           | 106,765          |
| Prepayments & Accrued Income             | (b)         | 1,187,185        | 967,085          |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| Receivables & Prepayments (Cont'd) | Note | 2023/2024         | 2022/2023         |
|------------------------------------|------|-------------------|-------------------|
|                                    |      | KES '000          | KES '000          |
| Advance Creditors                  | (c)  | 2,266,510         | 6,296,391         |
| E-Citizen                          |      | 15,296            | 0                 |
| Deposit Others                     |      | 119,207           | 113,409           |
| Valuation Adjustment               |      | 1,030,518         | 1,852,565         |
| Tax Recoverable                    | (d)  | 7,894,528         | 7,463,633         |
| VAT in                             |      | 40,387            | 58,679            |
| Others                             |      | 1,611,227         | 2,577,456         |
| <b>Subtotals</b>                   |      | <b>14,260,815</b> | <b>19,435,983</b> |
| <b>TOTAL</b>                       |      | <b>15,968,859</b> | <b>22,595,500</b> |

a. As at June 30, 2024, the ageing analysis of the Trade and Rental receivables was as follows:

| Ageing Analysis<br>Period | 2023/2024        | 2022/2023        |
|---------------------------|------------------|------------------|
|                           | KES '000         | KES '000         |
| From 0 To 90              | 970,478          | 2,092,600        |
| From 91 To 120            | 50,823           | 129,870          |
| From 121 To 150           | 63,529           | 202,066          |
| From 151 To 180           | 77,400           | 126,822          |
| From 181 To 365           | 386,392          | 340,031          |
| 1 To 2 Years              | 807,411          | 453,516          |
| Over 2 years              | 1,805,339        | 1,877,004        |
| <b>Total</b>              | <b>4,161,372</b> | <b>5,221,909</b> |

In compliance with the Authority's impairment policy and IFRSs, all overdue debts have been impaired. The Authority assumes that the credit risk on a financial asset increases significantly if it is more than 90 days past due. Debts over 2 years old have been impaired 100%.

| b. Prepayments & Accrued Income | 2023/2024        | 2022/2023      |
|---------------------------------|------------------|----------------|
|                                 | KES '000         | KES '000       |
| Accrued income                  | 111,219          | 16,433         |
| Rents & rates – prepaid         | 47,295           | 64,409         |
| Insurance – prepaid             | 664,537          | 641,528        |
| Prepayments Others              | 364,134          | 244,715        |
| <b>Total</b>                    | <b>1,187,185</b> | <b>967,085</b> |

**KENYA PORTS AUTHORITY**

ANNUAL REPORT &amp; FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

|                             | <b>2023/2024</b> | <b>2022/2023</b> |
|-----------------------------|------------------|------------------|
|                             | <b>KES '000</b>  | <b>KES '000</b>  |
| <b>c. Advance Creditors</b> |                  |                  |
| Advance Lamu Creditors      | 336,267          | 336,267          |
| Advance Other Creditors     | 1,768,549        | 5,311,095        |
| Dongo Kundu Creditors       | 161,694          | 649,029          |
| <b>Total</b>                | <b>2,266,510</b> | <b>6,296,391</b> |

|                                         | <b>2023/2024</b> | <b>2022/2023</b> |
|-----------------------------------------|------------------|------------------|
|                                         | <b>KES '000</b>  | <b>KES '000</b>  |
| <b>d. Tax Recoverable</b>               |                  |                  |
| Balance as at 01 July                   | 7,463,633        | 8,338,035        |
| Total Output VAT                        | (3,216,244)      | (3,023,601)      |
| Total Input VAT and Withheld output VAT | 3,647,139        | 2,149,199        |
| <b>Total</b>                            | <b>7,894,528</b> | <b>7,463,633</b> |

|                                  | <b>2023/2024</b> | <b>2022/2023</b> |
|----------------------------------|------------------|------------------|
|                                  | <b>KES '000</b>  | <b>KES '000</b>  |
| <b>23. Tax Paid in Advance</b>   |                  |                  |
| Balance as at 1st July           | 1,696,031        | 2,287,941        |
| Income tax charge for the year   | (3,373,709)      | (4,649,450)      |
| Income tax paid during the year  | 5,219,927        | 3,849,715        |
| Final Tax paid                   | 1,315,827        | 241,040          |
| Tax on assessment                | 33,216           | 6,643            |
| Additional Tax Assessed/Computed | 0                | (39,858)         |
| <b>Total</b>                     | <b>4,891,292</b> | <b>1,696,031</b> |

|                                      |          | <b>2023/2024</b> | <b>2022/2023</b> |
|--------------------------------------|----------|------------------|------------------|
|                                      |          | <b>KES '000</b>  | <b>KES '000</b>  |
| <b>24. Cash and Cash Equivalents</b> |          |                  |                  |
| Short Term Deposits                  | Note (a) | 5,880,305        | 6,700,789        |
| Bank and Cash Balances               | (b)      | 1,217,580        | 1,668,566        |
| <b>Total</b>                         |          | <b>7,097,885</b> | <b>8,369,355</b> |

|                                | <b>2023/2024</b> | <b>2022/2023</b> |
|--------------------------------|------------------|------------------|
|                                | <b>KES '000</b>  | <b>KES '000</b>  |
| <b>a. Short Term Deposits:</b> |                  |                  |
| National bank                  | 0                | 711,184          |
| Citibank                       | 1,748,205        | 2,933,580        |
| Equity bank                    | 766,600          | 1,375,245        |
| Housing finance                | 1,311,140        | 135,900          |
| Stanbic bank                   | 2,054,360        | 1,544,880        |
| <b>Total</b>                   | <b>5,880,305</b> | <b>6,700,789</b> |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### b. Bank and Cash Balances

| Name of Bank           | 2023/2024<br>KES '000 | 2022/2023<br>KES '000 |
|------------------------|-----------------------|-----------------------|
| National Bank of Kenya | 175,533               | 489,030               |
| Kenya Commercial Bank  | 1,656                 | 5                     |
| Citibank N. A          | 47,676                | 734,538               |
| Equity                 | 336,542               | 113,220               |
| Stanbic Bank           | 652,193               | 330,692               |
| Petty Cash             | 1,714                 | 1,008                 |
| Cash-In -Transit       | 0                     | 73                    |
| C2B Safaricom Mpesa    | 2,266                 | 0                     |
| <b>Total</b>           | <b>1,217,580</b>      | <b>1,668,566</b>      |

Details of cash and cash equivalents are as follows:

| Financial Institution             | Bank Account<br>Nos. | Currency | 2023/2024<br>KES '000 | 2022/2023<br>KES '000 |
|-----------------------------------|----------------------|----------|-----------------------|-----------------------|
| <b>i) Current account</b>         |                      |          |                       |                       |
|                                   | 1003057307400        | KES      | 49,221                | 370,941               |
| National Bank of Kenya            | 2003057307400        | USD      | 78,041                | 61,258                |
|                                   | 1003000909000        | KES      | 0                     | 1,398                 |
|                                   | 1003057007203        | KES      | 48,271                | 55,433                |
|                                   | 1107638127           | KES      | 0                     | 1                     |
| Kenya Commercial Bank             | 1146962908           | USD      | 1,657                 | 0                     |
|                                   | 6690361829           | BIF      | 0                     | 0                     |
|                                   | 6690361837           | USD      | (1)                   | 4                     |
|                                   | 300046401            | KES      | (239,092)             | 337,482               |
| Citibank N, A                     | 300046428            | USD      | 286,768               | 397,056               |
|                                   | 1560267794795        | KES      | 204,376               | 75,888                |
| Equity                            | 1560261552619        | USD      | 132,160               | 37,107                |
|                                   | 4002200349395        | RWF      | 6                     | 225                   |
|                                   | 9030008175933        | USD      | 10,086                | 6,064                 |
| Stanbic bank                      | 9030005614383        | UGX      | 99                    | 281                   |
|                                   | 100009442566         | KES      | (190,263)             | 173,167               |
|                                   | 100009442582         | USD      | 832,271               | 151,180               |
| <b>Sub-total</b>                  |                      |          | <b>1,213,600</b>      | <b>1,667,485</b>      |
| <b>ii) Others:</b>                |                      |          |                       |                       |
| Cash in Transit                   |                      | KES      | 0                     | 73                    |
| Petty Cash                        |                      | KES      | 1,714                 | 1,008                 |
| Safaricom Mpesa                   | 929929               | KES      | 2,266                 | 00                    |
| <b>Sub-Total</b>                  |                      |          | <b>3,980</b>          | <b>1,081</b>          |
| <b>iii) Fixed Deposit Account</b> |                      |          |                       |                       |
| Investment Deposits               |                      | KES      | 5,880,305             | 6,700,789             |
| <b>Sub-Total</b>                  |                      |          | <b>5,880,305</b>      | <b>6,700,789</b>      |
| <b>Grand-Total</b>                |                      | KES      | <b>7,097,885</b>      | <b>8,369,355</b>      |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| <b>25.Movement in Revaluation Reserves</b> | <b>2023/2024</b>  | <b>2022/2023</b>  |
|--------------------------------------------|-------------------|-------------------|
|                                            | <b>KES '000</b>   | <b>KES '000</b>   |
| Opening Balance                            | 78,066,325        | 85,791,507        |
| <b>Transfers to General Reserves:</b>      |                   |                   |
| Effects on Revaluation                     | (7,480,646)       | (7,702,529)       |
| KFS merger effects on Revaluation          | 0                 | (22,654)          |
| <b>Closing Balance</b>                     | <b>70,585,679</b> | <b>78,066,325</b> |

| <b>26.Movement in General Reserves</b>  | <b>2023/2024</b>   | <b>2022/2023</b>   |
|-----------------------------------------|--------------------|--------------------|
|                                         | <b>KES '000</b>    | <b>KES '000</b>    |
| Balance B/d                             | 127,820,632        | 126,836,160        |
| Bonus provision                         | 587,876            | 1,151,415          |
| <b>Opening Balance</b>                  | <b>128,408,508</b> | <b>127,987,575</b> |
| <b>Adjustments for:</b>                 |                    |                    |
| Profit After Tax                        | 12,178,076         | 11,992,776         |
| Revaluation Effects                     | 7,480,646          | 7,725,183          |
| Grants                                  | 374,113            | 544,690            |
| Other Adjustments                       | 652                | 5,182              |
| Transfer of director fees               | 0                  | 53,400             |
| Increase in Pension Deficit             | (2,272,200)        | (3,410,800)        |
| Unrealized Foreign Exchange Gain/(Loss) | (17,024,646)       | (5,056,072)        |
| Bonus Reversal                          | (563,539)          | 0                  |
| Effect of Deferred Tax                  | 0                  | (601,245)          |
| Dividends Paid (Special & Normal)       | (10,576,400)       | (3,341,921)        |
| Dividends Payable                       | (899,458)          | 0                  |
| Other Valuation adjustments             | 15,464,310         | (501,303)          |
| Effect of Merger-Defunct KFS            | 0                  | (2,906)            |
| Loan Revaluation Effects                | 10,127,465         | (6,986,051)        |
| <b>Closing Balance</b>                  | <b>142,696,223</b> | <b>128,408,508</b> |

#### 27.Grants

Grants represent funds provided by donors, either directly or via a sponsor for the purposes of financing specific capital projects. No additional grants were received for the listed projects in the year. The credit amount under SGR Grant is recognition of the grant asset utilization over the useful life.

|                       | <b>1/7/2023</b>  | <b>Capitalized/<br/>Adjusted</b> | <b>Cumulative</b>   |
|-----------------------|------------------|----------------------------------|---------------------|
|                       | <b>KES '000</b>  | <b>2023/24</b>                   | <b>to 30/6/2024</b> |
|                       |                  | <b>KES '000</b>                  | <b>KES '000</b>     |
| Free trade Area       | 1,050,000        | 0                                | <b>1,050,000</b>    |
| Ferry services        | 4,145,139        | 0                                | <b>4,145,139</b>    |
| Trademark East Africa | 251,704          | 0                                | <b>251,704</b>      |
| SGR                   | 2,954,413        | (374,113)                        | <b>2,580,300</b>    |
| Dongo Kundu SEZ- JICA | 207,657          | 0                                | <b>207,657</b>      |
| <b>Total</b>          | <b>8,608,913</b> | <b>(374,113)</b>                 | <b>8,234,800</b>    |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### Grants (cont'd)

|                        | <b>1/7/2022</b>  | <b>Received<br/>2022/23</b> | <b>Capitalized/<br/>Adjusted<br/>2022/2023</b> | <b>Cumulative<br/>to 30/6/2023</b> |
|------------------------|------------------|-----------------------------|------------------------------------------------|------------------------------------|
|                        | <b>KES '000</b>  | <b>KES '000</b>             | <b>KES '000</b>                                | <b>KES '000</b>                    |
| Free trade Area        | 1,000,000        | 50,000                      | 0                                              | <b>1,050,000</b>                   |
| Ferry services         | 4,145,139        | 0                           | 0                                              | <b>4,145,139</b>                   |
| Trade Mark East Africa | 251,704          | 0                           | 0                                              | <b>251,704</b>                     |
| SGR                    | 3,499,103        | 0                           | (544,690)                                      | <b>2,954,413</b>                   |
| Dongo Kundu SEZ- JICA  | 0                | 207,657                     | 0                                              | <b>207,657</b>                     |
| <b>Total</b>           | <b>8,895,946</b> | <b>257,657</b>              | <b>(544,690)</b>                               | <b>8,608,913</b>                   |

#### 28. Government Project Funds

GoK project funds are disbursed to the Authority for specific GoK projects not in direct control of the Authority. During the year, the movement was as below:

|                            | <b>1/7/2023</b>   | <b>Received<br/>2023/24</b> | <b>Cumulative<br/>to 30/6/2024</b> |
|----------------------------|-------------------|-----------------------------|------------------------------------|
|                            | <b>KES '000</b>   | <b>KES '000</b>             | <b>KES '000</b>                    |
| Infrastructure Kisumu Port | 350,000           | 150,000                     | 500,000                            |
| Lamu Port Development      | 47,800,157        | 0                           | 47,800,157                         |
| <b>Total</b>               | <b>48,150,157</b> | <b>150,000</b>              | <b>48,300,157</b>                  |

|                            | <b>1/7/2022</b>   | <b>Received<br/>2022/23</b> | <b>Cumulative<br/>to 30/6/2023</b> |
|----------------------------|-------------------|-----------------------------|------------------------------------|
|                            | <b>KES '000</b>   | <b>KES '000</b>             | <b>KES '000</b>                    |
| Infrastructure Kisumu Port | 50,000            | 300,000                     | 350,000                            |
| Lamu Port Development      | 47,800,157        | 0                           | 47,800,157                         |
| <b>Total</b>               | <b>47,850,157</b> | <b>300,000</b>              | <b>48,150,157</b>                  |

During the year the Authority received KES 150 Million from the State Department of Transport for the Kisumu Port development project.

**KENYA PORTS AUTHORITY**

ANNUAL REPORT &amp; FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Lamu Port Project  
Balance Sheet  
As at 30 June 2024**

|                                                                                            | <b>KES '000</b>   |
|--------------------------------------------------------------------------------------------|-------------------|
| <b>A. Non-current Assets</b>                                                               |                   |
| Boundary wall – National Youth Service                                                     | 20,000            |
| Police station & staff quarters (Vaghjiyani Enterprises- up to certificate 15)             | 619,816           |
| <b>Works in progress:</b>                                                                  |                   |
| 1. Civil works:                                                                            |                   |
| 1 <sup>st</sup> Three Berths – China Communications (Forex & taxes Included)               | 54,259,319        |
| 2. Consultancy:                                                                            |                   |
| 1 <sup>st</sup> Three berths – Yooshin Engineering Certificate 16 (Forex & taxes Included) | 1,518,385         |
| 3. PAPs:                                                                                   |                   |
| Kenya Forestry Services                                                                    | 64,939            |
| Lamu Municipal council – Approval fee                                                      | 35,000            |
| Compensation for local fishermen                                                           | 918,276           |
| National Land Commission                                                                   | 1,925,348         |
|                                                                                            | <b>59,361,083</b> |
| <b>B. Current Assets</b>                                                                   |                   |
| unrecovered advance up to certificate no 32 (China Communications)                         | 0                 |
| <b>Total Assets</b>                                                                        | <b>59,361,083</b> |
| <b>Current liabilities</b>                                                                 |                   |
| China Communications (Retention up to certificate 32):                                     |                   |
| KES portion                                                                                | 0                 |
| USD portion                                                                                | 0                 |
| <b>Financed by</b>                                                                         |                   |
| Government Funds                                                                           | 47,184,251        |
| Interest on GOK funds                                                                      | 195,647           |
| Funds for Dongo Kundu utilized on PAPs                                                     | 431,374           |
| KPA funds                                                                                  | 11,549,811        |
|                                                                                            | <b>59,361,083</b> |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### 29. Borrowings: As at 30 June 2024

|                       | Balances 01 July  | Disbursements    | Prepayments     |                  |                 |                | Front end fee adj.  | Interest Paid     | Valuation effects | Total             | Closing Balances |             |
|-----------------------|-------------------|------------------|-----------------|------------------|-----------------|----------------|---------------------|-------------------|-------------------|-------------------|------------------|-------------|
|                       |                   |                  | Forex           | Principal        |                 |                |                     |                   |                   |                   | Current          | Non-Current |
| Domestic Loans        | KES '000          | KES '000         | KES '000        | KES '000         | KES '000        | KES '000       | KES '000            | KES '000          | KES '000          | KES '000          | KES '000         |             |
| Stanbic1              | 6,342,741         | 681,755          | 0               | 0                | 0               | 572,535        | (589,718)           | 6,434,778         | 1,072,463         | 5,362,315         |                  |             |
| Stanbic2              | 1,123,543         | 854,117          | 0               | 0                | 0               | 143,325*       | (169,651)           | 1,808,009         | 0                 | 1,808,009         |                  |             |
| <b>Sub-Total</b>      | <b>7,466,284</b>  | <b>1,535,872</b> | <b>0</b>        | <b>0</b>         | <b>0</b>        | <b>715,860</b> | <b>(759,369)</b>    | <b>8,242,787</b>  | <b>1,072,463</b>  | <b>7,170,324</b>  |                  |             |
| <b>External Loans</b> |                   |                  |                 |                  |                 |                |                     |                   |                   |                   |                  |             |
| JICA-1                | 21,444,472        | 0                | (58,047)        | (970,201)        | 0               | 29,577         | (3,601,761)         | 16,814,463        | 841,178           | 15,973,285        |                  |             |
| JICA-2                | 31,287,291        | 137,699          | 0               | 0                | (25,876)        | 47,768         | (5,553,621)         | 25,845,293        | 423,734           | 25,421,559        |                  |             |
| JICA SEZ              | 513,947           | 507,048          | 0               | 0                | 0               | 0*             | (212,713)           | 808,282           | 0                 | 808,282           |                  |             |
| <b>Sub-Total</b>      | <b>53,245,510</b> | <b>644,747</b>   | <b>(58,047)</b> | <b>(970,201)</b> | <b>(25,876)</b> | <b>77,345</b>  | <b>(9,368,095)</b>  | <b>43,468,038</b> | <b>1,264,912</b>  | <b>42,203,126</b> |                  |             |
| <b>Total</b>          | <b>60,711,794</b> | <b>2,180,619</b> | <b>(58,047)</b> | <b>(970,201)</b> | <b>(25,876)</b> | <b>793,205</b> | <b>(10,127,464)</b> | <b>51,710,825</b> | <b>2,337,375</b>  | <b>49,373,450</b> |                  |             |

### As at 30 June 2023

| Domestic Loans        | Balances 01 July  | Disbursements    | Prepayments          |                  |               | Interest Paid   | Valuation effects | Total             | Closing Balances |                   |
|-----------------------|-------------------|------------------|----------------------|------------------|---------------|-----------------|-------------------|-------------------|------------------|-------------------|
|                       |                   |                  | Interest Capitalized | Principal        | Forex         |                 |                   |                   | Current          | Non-Current       |
|                       | KES '000          | KES '000         | KES '000             | KES '000         | KES'000       | KES '000        | KES '000          | KES '000          | KES '000         |                   |
| Stanbic1              | 4,842,980         | 516,942          | 0                    | 0                | 0             | 0               | 982,819           | 6,342,741         | 0                | 6,342,741         |
| Stanbic2              | 0                 | 995,070          | 0                    | 0                | 0             | 0               | 128,473           | 1,123,543         | 0                | 1,123,543         |
| <b>Sub-Total</b>      | <b>4,842,980</b>  | <b>1,512,012</b> | <b>0</b>             | <b>0</b>         | <b>0</b>      | <b>0</b>        | <b>1,111,292</b>  | <b>7,466,284</b>  | <b>0</b>         | <b>7,466,284</b>  |
| <b>External Loans</b> |                   |                  |                      |                  |               |                 |                   |                   |                  |                   |
| JICA-1                | 19,773,565        | 0                | 41,134               | (918,487)        | 41,943        | (38,592)        | 2,506,317         | 21,444,472        | 1,021,691        | 20,422,781        |
| JICA-2                | 24,660,767        | 3,257,881        | 0                    | 0                | 0             | 0               | 3,368,442         | 31,287,091        | 0                | 31,287,091        |
| JICA SEZ              | 0                 | 513,947          | 0                    | 0                | 0             | 0               | 0                 | 513,947           | 0                | 513,947           |
| <b>Sub-Total</b>      | <b>44,434,332</b> | <b>3,771,828</b> | <b>41,134</b>        | <b>(918,487)</b> | <b>41,943</b> | <b>(38,592)</b> | <b>5,874,759</b>  | <b>53,245,510</b> | <b>1,021,691</b> | <b>52,223,819</b> |
| <b>Total</b>          | <b>49,277,312</b> | <b>5,283,841</b> | <b>41,134</b>        | <b>(918,487)</b> | <b>41,943</b> | <b>(38,592)</b> | <b>6,986,051</b>  | <b>60,711,794</b> | <b>1,021,691</b> | <b>59,690,103</b> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Borrowings (cont'd)****JICA Loan 1 (KE-P25, KE-P25A)**

JICA funded the implementation of the Mombasa Port Development Project, phase I. The principal value of the loan is JPY 26,711 million, interest rate is 0.2% paid per annum paid semi-annually.

The loan disbursements were completed. The total amount disbursed was JPY 26,329 million translated to KES 24,359 million as at 30th June 2017. The Loan repayment will be for thirty (30) years, paid semi-annually on 20th May and 20th November. The loan repayment commenced on 20th November 2017 and the last instalment will be repaid on 20th November 2047. The loan was for the purchase of goods and services from suppliers and contractors of civil works and building, equipment, and consultancy and related items, to facilitate the implementation of the MPDP Phase I (berth 20 and 21).

On 15 April 2020, the G20 together with the Paris club announced DSSI to assist developing countries tackle Covid 19. Following the GoK's application to the Paris club and in line with DSSI, JICA temporarily suspended the obligation from 1st January 2021 to 31st December 2021 and did not issue any invoices for the May 2021 and November 2021 instalments. A total of JPY 863 Million translating to KES 849 million was deferred.

Upon conclusion of the exchange of notes between JICA and GoK, it was agreed that the deferred portion be paid in equal semi-annual instalments every 15th June and 15th December at an interest rate of 0.8% p.a. Repayment resumed in December 2022.

By 30 June 2024, the outstanding balance of the loan was JPY 20,281 million translating to KES 16,340. This is inclusive of the deferred portion which now stands at JPY 588 Million translating to KES 474 million.

**JICA Loan 2 (KE-P30)**

JICA funded the implementation of the MPDP phase II. The Loan agreement became effective on 24 August 2016. The purpose of the loan is to purchase goods and services from suppliers and contractors of civil works and building equipment. Security systems and consultancy to facilitate the implementation of the MPDP Phase II.

The principal value of the loan is JPY 32,116 million. The final disbursement was on 24 August 2023.

As of 30 June 2024, the total disbursed amount was JPY 32,110, and the outstanding balance for the loan was JPY 32,078 Million translated to KES 25,845 Million. The Loan repayment will be for thirty (30) years, paid semi-annually on 20 March and 20th September commencing on 20 March 2025 to 20 March 2055 at an interest rate is 0.1% per annum.

The Government of Kenya guarantees both JICA 1 and 2 loans.

**Stanbic Loan 1**

Stanbic Bank Ltd is for the the operationisation of the first three Berts of Lamu Port specifically procurement of vessels and equipment. The Loan agreement became effective on 5 April 2022 for the sum of USD 63 Million.

The loan tenure is 8 years with a grace period of 24 months after the agreement date. Repayment commences on 31 October 2024 and will be in equal semiannual instalments. The interest rate will be determined by the prevailing market rate (SOFR) at the time of repayment plus a margin of 3.55% per annum. The last repayment will be on 5 April 2030.

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### Borrowings (cont'd)

##### Stanbic Loan 2

The Loan agreement became effective on 26 July 2022 for the sum of USD 39,997,979. The purpose of the loan is to finance the purchase of four (4) rubber-tired gantries and three (3) ship-to-shore gantry cranes for Lamu Port.

As at 30 June 2024, a total of USD 14 Million translating to Kes 1,808 million had been disbursed.

\*Interest of USD 637,741 equivalent to KES 84.58 Million has been accounted for in accordance with IAS 23 on Borrowing Costs.

##### JICA Loan KE P35 Mombasa Special Economic Zone

The loan agreement between JICA and the Government of Kenya came into effect on 27 February 2020 for the sum of JPY 37,090,000.00. It is to finance the implementation of the Mombasa Special Economic Zone Development Project. The implementing/executing agencies for the project are KPA, KENHA and KETRACO.

As at 30 June 2024, a total of JPY 1,003 million translating to KES 808 Million had been received.

Repayment will be at an interest 0.1% per annum semi-annually every 20 February and 20 August commencing on 20 February 2032 up to 20 February 2060.

\*Interest of JPY 54,691 equivalent to KES 46,314 has been accounted for in accordance with IAS 23 on Borrowing Costs.

#### 30. Deferred Tax:

The net deferred tax liability movement at year-end is as shown below:

|                       | 2023/2024<br>KES '000 | 2022/2023<br>KES '000 |
|-----------------------|-----------------------|-----------------------|
| Balance as at 1 July  | 5,219,441             | 4,618,196             |
| Movement for the year | 1,732,727             | 601,245               |
| <b>Total</b>          | <b>6,952,168</b>      | <b>5,219,441</b>      |

| 31. Trade & Other Payables         |      | 2023/2024 | 2022/2023 |
|------------------------------------|------|-----------|-----------|
| Trade Payables:                    | Note | KES '000  | KES '000  |
| General Trade Creditors            |      | 3,070,194 | 820,769   |
| General Foreign Suppliers          |      | 1,741,152 | 960,922   |
| Third-Party payroll Creditors      |      | 536,601   | 518,891   |
| Accrued Expenditure                |      | 1,241,814 | 1,081,951 |
| Other Payables                     |      |           |           |
| Ministry of Finance/Dredgco        |      | 287,231   | 287,231   |
| 2 <sup>nd</sup> Terminal Suppliers |      | 1,737     | 76,190    |
| Staff Payables                     |      | 12,111    | 4,938     |
| Stock accruals                     |      | 2,206,998 | 2,774,826 |
| Advance Receipts                   | (a)  | 187,263   | 231,511   |
| KPA Directors                      |      | 0         | 420       |
| Creditors Valuation                |      | 2,977,756 | 2,339,057 |
| Tax Clearing                       |      | 5,376     | 0         |
| Contractors Deposit                |      | 151,150   | 875,711   |
| Down Payment Cargo Customers       |      | 500       | 11,772    |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| <b>Trade &amp; Other Payables</b> |             | <b>2023/2024</b>  | <b>2022/2023</b>  |
|-----------------------------------|-------------|-------------------|-------------------|
| <b>Other Payables</b>             | <b>Note</b> | <b>KES '000</b>   | <b>KES '000</b>   |
| Lamu Port Project Suppliers       |             | 202,134           | 0                 |
| Mombasa County Payable            |             | 16,548            | 0                 |
| KRC                               |             | 312,844           | 1,092,411         |
| VAT Payable                       |             | 72,873            | 73,421            |
| Verification Payable              |             | 51,340            | 43,811            |
| Others                            |             | 247,024           | 181,301           |
| <b>Total</b>                      |             | <b>13,322,646</b> | <b>11,375,133</b> |

As at 30 June 2024, the ageing analysis of General Trade and General Foreign Suppliers was as follows:

|                      | <b>2023/2024</b> | <b>2022/2023</b> |
|----------------------|------------------|------------------|
| <b>Period (Days)</b> | <b>KES '000</b>  | <b>KES '000</b>  |
| From 0 to 30         | 2,904,151        | 1,206,440        |
| From 31 to 90        | 54,635           | 290,215          |
| Above 90             | 1,852,560        | 285,036          |
| <b>TOTAL</b>         | <b>4,811,346</b> | <b>1,781,691</b> |

| <b>a) Advance Receipts</b> | <b>2023/2024</b> | <b>2022/2023</b> |
|----------------------------|------------------|------------------|
|                            | <b>KES '000</b>  | <b>KES '000</b>  |
| Marine                     | 66,825           | 108,391          |
| Cargo                      | 77,777           | 95,708           |
| Rentals                    | 41,067           | 27,339           |
| Miscellaneous              | 2                | 73               |
| Freight                    | 1,592            | 0                |
| <b>Total</b>               | <b>187,263</b>   | <b>231,511</b>   |

### 32. Retirement Benefits

The Authority operates a Defined Benefit (DB) and Defined Contribution (DC) scheme for its employees. The assets of the two schemes are held in separate trustee-administered funds which are funded by both contributions from the Authority and employees. The Scheme is administered by Actuarial Services (E.A) Ltd (ACTSERV'). The Scheme assets are invested by Co-op Trust Investment Services and Britam Asset Managers (Kenya) Limited in a segregated fund.

The Authority's contribution to the Defined contribution scheme is the final obligation. The employer's contributions payable for DC scheme was KES 1,486 million (FY 2022/2023 KES 1,374 million) and has been recognized in the Statement of Profit or Loss and Other Comprehensive Income.

The Authority Defined Benefit retirement scheme was closed to new entrants and future accrual of benefits effectively on 31<sup>st</sup> December 2012. The Authority only contributes to the scheme in respect of those members who opted to remain in the Defined Benefit scheme.

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### Retirement Benefits (cont'd)

The actuarial report as at 31<sup>st</sup> December 2023 showed an actuarial deficit of KES 8,724 million. The Authority as the sponsor contributes KES 44.6 million per month as part of the remedial plan to clear the deficit. A total of KES 535.2 million was remitted in FY 2023/2024. As at 30 June 2024, the scheme had an actuarial deficit of KES 8,188.8 million (KES 6,451.8 million deficit FY 2022/2023), out of which KES 535.2 million is classified as current.

|                                 | <b>2023/2024</b> | <b>2022/2023</b> |
|---------------------------------|------------------|------------------|
|                                 | <b>KES '000</b>  | <b>KES '000</b>  |
| Valuation at beginning          | 6,451,800        | 3,576,200        |
| Payments                        | (535,200)        | (535,200)        |
| Changes in valuation (Increase) | 2,272,200        | 3,410,800        |
| <b>Valuation at end</b>         | <b>8,188,800</b> | <b>6,451,800</b> |
| Apportioned as:                 | <b>KES '000</b>  | <b>KES '000</b>  |
| Non-Current Liability           | 7,653,600        | 5,916,600        |
| Current Liability               | 535,200          | 535,200          |
| <b>Total</b>                    | <b>8,188,800</b> | <b>6,451,800</b> |

#### 33.Reconciliation of operating profit to cash generated from operations

##### Cash Flow from Operating Activities:

|                                                   | <b>Note</b> | <b>2023/2024</b> | <b>2022/2023</b> |
|---------------------------------------------------|-------------|------------------|------------------|
|                                                   |             | <b>KES '000</b>  | <b>KES '000</b>  |
| Operating profits before tax                      |             | 17,284,512       | 16,642,226       |
| <b>Add/Deduct):</b>                               |             |                  |                  |
| Interest income                                   | 14          | (589,035)        | (265,568)        |
| Interest expense                                  | 15          | 793,205          | 445,587          |
| <b>Non-Cash Items:</b>                            |             |                  |                  |
| Depreciation of Property Plant and Equipment      | 11,12       | 12,498,702       | 12,203,027       |
| Amortization of Intangible Assets                 | 13          | 378,048          | 173,883          |
| Increase in Provision for impairment of debts     | 16          | 183,781          | 112,493          |
| Increase /(decrease)in Impairment of Asset-PPE    | 16          | 324,629          | (36,405)         |
| Bonus paid                                        |             | (563,539)        | 0                |
| Adjustment of loan Front End Fee                  |             | (25,876)         | 0                |
| Decrease in Provision for impairment of Inventory |             | 0                | (32,996)         |
| Write-off of Asset (PPE)                          |             | 187,088          | 25,482           |
| Write-off of Inventory                            |             | 0                | 33,018           |
| Loss on sale of assets                            | 17          | 0                | 173,722          |
| Profit on sale of Surveyed stock                  | 17          | (1,398)          | (2,006)          |
| Other Net Gain/Loss                               | 17          | (1,174)          | 11,871           |

**KENYA PORTS AUTHORITY**

ANNUAL REPORT &amp; FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Reconciliation of operating profit to cash generated from operations (cont'd)**

|                                                        |             | <b>2023/2024</b>  | <b>2022/2023</b>  |
|--------------------------------------------------------|-------------|-------------------|-------------------|
|                                                        |             | <b>KES '000</b>   | <b>KES '000</b>   |
| <b>Cash Flow from Operating Activities:</b>            |             |                   |                   |
| <b>Operating Profit before working capital changes</b> | <b>Note</b> | <b>30,468,943</b> | <b>29,484,334</b> |
| (Increase)/Decrease in Inventories                     | 34          | (306,629)         | (104,375)         |
| (Increase)/Decrease in Prepayments                     | 35(a)       | (220,100)         | (452,082)         |
| (Increase)/Decrease in Trade & other receivables       | 35(a)       | 5,663,135         | (1,444,962)       |
| Increase/Decrease in Trade & other payables            | 35(b)       | 1,361,848         | (1,353,760)       |
| <b>Cash generated from operations</b>                  |             | <b>36,967,197</b> | <b>26,129,155</b> |

| <b>34.Reconciliation of Inventories:</b> |  | <b>2023/2024</b> | <b>2022/2023</b> |
|------------------------------------------|--|------------------|------------------|
|                                          |  | <b>KES '000</b>  | <b>KES '000</b>  |
| Balance as at 30 June                    |  | 995,739          | 689,110          |
| <b>Reconciled Movement Amount</b>        |  | <b>995,739</b>   | <b>689,110</b>   |

| <b>35.Reconciliation of Receivables &amp; Payables</b> |  | <b>2023/2024</b>  | <b>2022/2023</b>  |
|--------------------------------------------------------|--|-------------------|-------------------|
| <b>(a) Reconciliation of Accounts Receivables:</b>     |  | <b>KES '000</b>   | <b>KES '000</b>   |
| Balance as at 30 June                                  |  | 15,968,859        | 22,595,500        |
| <b>Add/(Less):</b>                                     |  |                   |                   |
| Returned receipts                                      |  | 361,559           | 0                 |
| Prepayment                                             |  | (1,187,185)       | (967,085)         |
| <b>Subtotal</b>                                        |  | <b>15,143,233</b> | <b>21,628,415</b> |
| Add: Valuation Adjustment                              |  | (1,030,518)       | (1,852,565)       |
| <b>Reconciled Movement Amount</b>                      |  | <b>14,112,715</b> | <b>19,775,850</b> |

| <b>(b) Reconciliation of Accounts Payables:</b> |  | <b>2023/2024</b>  | <b>2022/2023</b>  |
|-------------------------------------------------|--|-------------------|-------------------|
|                                                 |  | <b>KES '000</b>   | <b>KES '000</b>   |
| Balance as at 30 June                           |  | 13,322,646        | 11,375,133        |
| <b>Less/Add:</b>                                |  |                   |                   |
| Vendor adjusted recovery                        |  | 53,034            | 0                 |
| <b>Subtotal</b>                                 |  | <b>13,375,680</b> | <b>11,375,133</b> |
| Less: Creditors Valuation                       |  | (2,977,756)       | (2,339,057)       |
| <b>Reconciled Movement Amount</b>               |  | <b>10,397,924</b> | <b>9,036,076</b>  |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

| <b>36. Purchase of PPE</b>             | <b>2023/2024</b>  | <b>2022/2023</b>  |
|----------------------------------------|-------------------|-------------------|
|                                        | <b>KES '000</b>   | <b>KES '000</b>   |
| Purchase of PPE as at 30 June          | 21,310,485        | 18,642,358        |
| <b>Purchase of PPE as per Cashflow</b> | <b>21,310,485</b> | <b>18,642,358</b> |

| <b>37. Gok Project Funds</b> | <b>2023/2024</b> | <b>2022/2023</b> |
|------------------------------|------------------|------------------|
|                              | <b>KES '000</b>  | <b>KES '000</b>  |
| Kisumu Port infrastructure   | 150,000          | 300,000          |
| <b>Reconciled Movement</b>   | <b>150,000</b>   | <b>300,000</b>   |

During the year Kenya Ports Authority received KES 150 million from the State Department of Transport for Kisumu Port infrastructure.

### 38. Dividends

| <b>a. Dividends (Special)</b>         | <b>2023/2024</b> | <b>2022/2023</b> |
|---------------------------------------|------------------|------------------|
|                                       | <b>KES '000</b>  | <b>KES '000</b>  |
| Requested in the year                 | 10,000,000       | 1,745,000        |
| Paid within the year                  | (10,000,000)     | (1,745,000)      |
| <b>Balance at the end of the year</b> | <b>0</b>         | <b>0</b>         |

| <b>b. Dividends (Normal)</b>                      | <b>KES '000</b>   | <b>KES '000</b>  |
|---------------------------------------------------|-------------------|------------------|
| FY 2018/19                                        | 0                 | 731,072          |
| FY 2019/20                                        | 0                 | 277,882          |
| FY 2020/21                                        | 0                 | 587,967          |
| FY 2021/22                                        | 576,411           | 576,411          |
| FY 2022/23                                        | 899,458           | 899,458          |
| FY 2023/24                                        | 9,742,461         | 0                |
| <b>Paid within the year:</b>                      |                   |                  |
| FY 2018/19                                        | 0                 | (731,072)        |
| FY 2019/20                                        | 0                 | (277,882)        |
| FY 2020/21                                        | 0                 | (587,967)        |
| FY 2021/22                                        | (576,400)         | 0                |
| <b>Balance to be paid as 30 June</b>              | <b>10,641,930</b> | <b>1,475,869</b> |
| <b>Disclosed as Current Liability in the SoFP</b> | <b>899,458</b>    | <b>0</b>         |

During the year, the Authority remitted KES 10,000 million to the National Treasury as Special Dividends. Further, dividends amounting to KES 576.4 million for the financial year 2021/2022 were also paid.

Following the Government directive, the dividend pay-out rate has been reviewed to 80% on Profits After Tax as compared to prior years whereby the rate was 7.5% on Profits After Tax. The Dividend obligation for the year ended 2023/24 is KES 9,742.46 million and will be paid subject to the approval by the Board upon issue of the Audit certificate on the Financial Statements by the Office of the Auditor General in conformity with the Authority's policy on dividends. The dividends for the financial year 2022/2023, amounting to KES 899.4 million is payable in Fy2024/2025.

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### 39. Related Party Transactions

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. Included in debtors and investments are balances owing or receivable from the following related parties:

| Description of Related Party              | 2023/2024        | 2022/2023        |
|-------------------------------------------|------------------|------------------|
|                                           | KES '000         | KES '000         |
| Ministry of Transport                     | 287,231          | 287,231          |
| Kenya National Shipping Line (Debtor)     | 28,178           | 28,178           |
| Kenya National Shipping Line (Investment) | 54,347           | 54,347           |
| Impairment provision                      | (369,756)        | (369,756)        |
| <b>Total</b>                              | <b>0</b>         | <b>0</b>         |
| DB Retirement Benefit Liability           | 8,188,800        | 6,451,800        |
| <b>Total</b>                              | <b>8,188,800</b> | <b>6,451,800</b> |

#### i. Kenya Railway Corporation

##### • SGR

Assets located at Kisumu, Naivasha, ICD Nairobi and Portreitz were transferred to the Authority from Kenya Railways under the SGR project. These assets have been incorporated into the statement of financial position based on estimated values of similar assets acquired by the Authority. A revaluation will be undertaken in financial year 2024/2025 to reflect the assets at market value.

##### • Take or Pay Arrangement

The TOPA places the Authority as the guarantor for minimum traffic and commits to pay KRC any shortfall. This arrangement increases the level of commitment and hence the risk on KPA cash flows. The agreement provides for a possible crystallization of the liability relating to the SGR project.

The minimum tonnage for the calendar year 2024 is 7.05 million tonnes as per Clause 7 of the TOPA. If this is prorated, the Authority should have railed 3.65 million tonnes in the last six months of 2023 and 3.53 million tonnes in the first six months of 2024 giving a total of 7.18 million tonnes for the financial year 2023/2024. However, 6.397 million tonnes were railed and USD 77.401 million remitted to the SGR Escrow Account, against the expected USD 93.315 million. This gives a shortfall of 782,605 tonnes translating to a shortfall of USD 15.914 million. The maximum reduction of profit or the contingent liability as at 30 June 2024 is therefore USD 15.914 million.

#### ii. Key Management Compensation

During the year, the senior management team comprising of the MD, Divisional & Departmental Heads, and the Principal Managers were paid KES 1,091 million as salaries,

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Key Management Compensation (Cont'd)**

bonus and other allowances. Director fees of KES 6 million have been provided for in the financial statements.

|                                        |                   |
|----------------------------------------|-------------------|
| Salaries and Other short-term benefits | KES 1,059 Million |
| Bonus Paid                             | KES 32 Million    |
| Pension Contribution                   | KES 44 Million    |
| Termination Benefits                   | NIL               |

**iii. Kenya National Shipping Line**

KNSL enjoyed secretarial services from the Authority on the understanding that this would be paid for. The line has, however, operated under difficulties and has been unable to pay.

The Authority has fully impaired the investment and the debt as per the impairment policy. Negotiations on the revival of operations and the restructuring of the shareholding of KNSL are ongoing.

**iv. Landlord Port Model**

The strategy of the port is to convert into a landlord model. GoK and other Stakeholders are in negotiations to implement the model in the long run. The expected transaction fees from the arrangement are expected to cover any financial obligations and have a reasonable return to KPA investment.

**v. Kenya Ports Authority Pension Scheme**

The Authority operates the Defined Benefit (DB) scheme alongside the Defined Contributory (DC) scheme. The Scheme is administered by an Internal Scheme Administrator assisted by Actuarial Services (E.A) Ltd (ACTSERV) the Scheme Actuaries. The Scheme assets are invested in a segregated fund by two Fund Managers: Co-op Trust Investment Services and Britam Asset Managers (Kenya) Limited who are registered by the Capital Markets Authority and Retirement Benefits Authority.

The actuarial report as at 31<sup>st</sup> December 2023 indicated a funding level of 66.6%. The Authority, as the sponsor, contributes KES 44.6 million monthly as part of the remedial plan to fund the deficit. A total of KES 535.2 million was contributed in FY 2023/2024. As at 30 June 2024, the scheme had an actuarial deficit of KES 8,188.8 million (KES 6,451.8 million deficit FY 2022/2023), with KES 535.2 million being classified as current.

Treasury Circular No. 18 of 2010 directed all Government Agencies Pension Schemes to be autonomous and be delinked from the Sponsor. The Authority as the sponsor complied with the Circular in June 2021 by fully delinking from the Management of the Schemes.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Kenya Ports Authority Pension Scheme (cont'd)**

The Schemes employed their independent employees who manage the Secretariat headed by the Scheme Administrator. The overall Management responsibility rests with the Scheme Trustees. The Sponsor and members each appoint 50% of the Trustees.

**40. Financial Risk Management Policies**

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and the effects of changes in foreign currency. The Authority's overall risk management policies are set out by the board and implemented by the management and focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Authority's financial risk management objectives and policies are detailed below:

**(i) Credit Risk Management**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets and is managed on an Authority-wide basis. The Authority does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution, as stated in the investment policy.

On Trade receivables, Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. 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 amounts presented in the Statement of Financial Position are net of provisions for impairment, estimated by the management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained is as follows:

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### Financial Risk Management Policies (cont'd)

| <b>30-Jun-24</b>            | <b>Fully<br/>Performing<br/>KES '000</b> | <b>Past due<br/>KES '000</b> | <b>Impaired<br/>KES '000</b> | <b>Total<br/>KES '000</b> |
|-----------------------------|------------------------------------------|------------------------------|------------------------------|---------------------------|
| Dues from related companies | 0                                        | 0                            | 373,848                      | <b>373,848</b>            |
| Trade receivables:          |                                          |                              |                              |                           |
| Marine                      | 381,544                                  | 176,575                      | 152,390                      | <b>710,509</b>            |
| Cargo                       | 248,330                                  | 499,955                      | 2,215,149                    | <b>2,963,434</b>          |
| Rental                      | 90,381                                   | 99,340                       | 297,708                      | <b>487,429</b>            |
| Bank balances               | 1,213,600                                | 0                            | 0                            | <b>1,213,600</b>          |
| <b>Total</b>                | <b>1,933,855</b>                         | <b>775,870</b>               | <b>3,039,095</b>             | <b>5,748,820</b>          |

| <b>30-Jun-23</b>            | <b>Fully<br/>Performing<br/>KES '000</b> | <b>Past due<br/>KES '000</b> | <b>Impaired<br/>KES '000</b> | <b>Total<br/>KES '000</b> |
|-----------------------------|------------------------------------------|------------------------------|------------------------------|---------------------------|
| Dues from related companies | 0                                        | 0                            | 372,459                      | <b>372,459</b>            |
| Trade receivables:          |                                          |                              |                              |                           |
| Marine                      | 304,229                                  | 37,216                       | 168,862                      | <b>510,307</b>            |
| Cargo                       | 1,755,230                                | 497,494                      | 2,124,299                    | <b>4,377,023</b>          |
| Rental                      | 33,141                                   | 70,120                       | 231,319                      | <b>334,580</b>            |
| Bank balances               | 1,667,485                                | 0                            | 0                            | <b>1,667,485</b>          |
| <b>Total</b>                | <b>3,760,085</b>                         | <b>604,830</b>               | <b>2,896,939</b>             | <b>7,261,854</b>          |

The customers are paying their debts as they continue trading. The Authority is actively pursuing this debt. The debt that is impaired has been provided for as per the Authority Credit control policy. The allowance for uncollectible amounts that the Authority has recognized in the financial statements is considered adequate to cover any potential irrecoverable amounts. The Authority is pursuing various measures to recover the impaired amounts.

The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### (ii) Liquidity Risk Management

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements thereby ensuring that all financial liabilities are settled as they fall due.

The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows and maintaining banking facilities to cover any shortfalls. The forecast provides details of additional undrawn facilities that may be utilized by the Authority to further reduce liquidity risk.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**Financial Risk Management Policies (cont'd)**

The table below analyses the Authority's financial liabilities as at 30 June 2024 that will be settled on a net basis on maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

**As at 30 June 2024**

| Payables                    | Less than        | Between        | Over             | Total            |
|-----------------------------|------------------|----------------|------------------|------------------|
|                             | 1 month          | 1 – 3 months   |                  |                  |
|                             | KES'000          | KES'000        | KES'000          | KES'000          |
| General & Foreign Payables  | 2,904,151        | 54,635         | 1,852,560        | <b>4,811,346</b> |
| Payroll & GPA               | 301,686          | 9,920          | 224,995          | <b>536,601</b>   |
| Borrowings-Current portion  | 0                | 0              | 2,337,375        | <b>2,337,375</b> |
| Employee Benefit Obligation | 44,600           | 133,800        | 356,800          | <b>535,200</b>   |
| <b>Total</b>                | <b>3,250,437</b> | <b>198,355</b> | <b>4,771,730</b> | <b>8,220,522</b> |

**As at 30 June 2023**

| Payables                    | Less than        | Between        | Over             | Total            |
|-----------------------------|------------------|----------------|------------------|------------------|
|                             | 1 month          | 1 – 3 months   |                  |                  |
|                             | KES'000          | KES'000        | KES'000          | KES'000          |
| General & Foreign Payables  | 1,206,440        | 290,215        | 285,036          | <b>1,781,691</b> |
| Payroll & GPA               | 335,206          | 12,610         | 171,075          | <b>518,891</b>   |
| Borrowings-Current portion  | 0                | 0              | 1,021,691        | <b>1,021,691</b> |
| Employee Benefit Obligation | 44,600           | 133,800        | 356,800          | <b>535,200</b>   |
| <b>Total</b>                | <b>1,586,246</b> | <b>436,625</b> | <b>1,834,602</b> | <b>3,857,473</b> |

**(iii) Market risk Management**

The Board takes overall responsibility for managing risk. A Risk Management Committee is in place to oversee the implementation of policies approved by the Board. The Risk Management Framework provides Management with a clear and an informed Risk-Based decision making process. The Authority continues to be committed to robust risk management practices as an integral part of good corporate governance.

The Authority maintains a sound risk management and internal control system that determines the nature and extent of the risks to take in pursuit of the strategic objectives. The Risk Management Committee reviews the risk management framework to ensure that it readily identifies key risks and strategies to mitigate them.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**Financial Risk Management Policies (cont'd)**

All business units have developed risk registers, based on a standardized risk management methodology to identify, assess and monitor the key risks faced by the business. Information on the efficacy of the risk treatment plans, trends, direction of risk over time, is provided in relation to each risk on a quarterly basis. The identified risks are assessed in terms of their impact and likelihood. Mitigation plans are put in place to manage the risks identified and exploit the attendant opportunities.

Risk Management is factored in the day-to-day processes thereby informing sound decision making.

Market risk is the risk arising from changes in market prices, such as interest rate, and foreign exchange rates which will affect the Authority'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 optimizing the return.

Market risk comprises two types of risk: currency risk and interest rate risk.

**a) Foreign Currency Risk**

The Authority's is exposed to foreign exchange risk arising from various transactions denominated in foreign currencies, primarily with respect to the US dollar and Japanese Yen. This results in exposures to exchange rate fluctuations. The balances impacted in this regard are the balances due to foreign suppliers, balances due from debtors, and bank balances. Exchange rate exposures are managed within approved policy parameters utilizing matching of assets and liabilities. Invoices denominated in foreign currencies are paid using the prevailing exchange rate at the time of payment.

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

| Currency<br>(USD)      | Liabilities<br>30-Jun<br>2023/24 |               | Assets<br>30-Jun<br>2023/24 |               | Liabilities<br>30-Jun<br>2022/23 |              | Assets<br>30-Jun<br>2022/23 |               |
|------------------------|----------------------------------|---------------|-----------------------------|---------------|----------------------------------|--------------|-----------------------------|---------------|
|                        | KES '000                         | USD '000      | KES '000                    | USD '000      | KES '000                         | USD '000     | KES '000                    | USD '000      |
| <b>Assets</b>          |                                  |               |                             |               |                                  |              |                             |               |
| Bank                   |                                  |               | 1,118,830                   | 8,663         |                                  |              | 668,275                     | 4,758         |
| Receivables            |                                  |               | 4,718,307                   | 36,534        |                                  |              | 9,313,290                   | 72,693        |
| <b>Liabilities</b>     |                                  |               |                             |               |                                  |              |                             |               |
| Borrowings-<br>Current | 1,072,463                        | 8,304         |                             |               | 0                                | 0            |                             |               |
| Payables               | 2,587,506                        | 20,034        |                             |               | 1,212,155                        | 7,982        |                             |               |
| <b>Total</b>           | <b>3,659,969</b>                 | <b>28,338</b> | <b>5,837,137</b>            | <b>45,197</b> | <b>1,212,155</b>                 | <b>7,982</b> | <b>9,981,565</b>            | <b>77,451</b> |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### Financial Risk Management Policies (cont'd)

| Currency<br>(JPY)      | Liabilities<br>30-Jun<br>2023/24 |                  | Assets<br>30-Jun<br>2023/24 |                | Liabilities<br>30-Jun<br>2022/23 |                  | Assets<br>30-Jun<br>2022/23 |                |
|------------------------|----------------------------------|------------------|-----------------------------|----------------|----------------------------------|------------------|-----------------------------|----------------|
|                        | KES '000                         | JPY '000         | KES '000                    | JPY '000       | KES '000                         | JPY '000         | KES '000                    | JPY '000       |
| <b>Assets</b>          |                                  |                  |                             |                |                                  |                  |                             |                |
| Receivables            |                                  |                  | 698,889                     | 720,400        |                                  |                  | 510,806                     | 521,976        |
| <b>Liabilities</b>     |                                  |                  |                             |                |                                  |                  |                             |                |
| Borrowings<br>-Current | 1,264,912                        | 1,569,954        |                             |                | 1,021,691                        | 1,044,034        |                             |                |
| Payables               | 0                                | 0                |                             |                | 69,284                           | 59,653           |                             |                |
| <b>Total</b>           | <b>1,264,912</b>                 | <b>1,569,954</b> | <b>698,889</b>              | <b>720,400</b> | <b>1,090,975</b>                 | <b>1,103,687</b> | <b>510,806</b>              | <b>521,976</b> |

#### b) Foreign currency sensitivity analysis

The sensitivity analysis in foreign currency arises from bank balances, trade receivables and payables denominated in foreign currency mainly US dollars and Japanese Yen.

The following table demonstrates the effect on the Authority's Statement of Profit or Loss and Other Comprehensive Income on applying the sensitivity for a reasonable possible 10% change in the exchange rate of the main foreign transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

|             | Exchange rate | Change in<br>currency rate | Effect on<br>Profit before tax<br>KES'000 |
|-------------|---------------|----------------------------|-------------------------------------------|
| <b>2024</b> |               |                            |                                           |
| USD         | 129.15        | 10%                        | 217,717                                   |
| JPY         | 0.8057        | 10%                        | 68,449                                    |
| <b>2023</b> |               |                            |                                           |
| USD         | 140.45        | 10%                        | 975,690                                   |
| JPY         | 0.9786        | 10%                        | 56,926                                    |

#### c) Interest Rate Risk

Interest rate risk is the risk that the Authority financial condition may be adversely affected as a result of changes in interest rate levels. The Authority is exposed to interest rate risk as it borrows and invests funds. The interest earning financial assets that the Authority holds include bank and short-term deposits whose rates of return are predetermined. The Authority regularly monitors the interest rate movements to ensure that the optimum interest rates are obtained.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024****Financial Risk Management Policies (cont'd)****Management of interest rate risk**

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

**Interest Rate Sensitivity Analysis**

As at 30 June 2024, an increase/decrease by 1% point, with all other variables held constant, would have resulted in a decrease/increase in profit for the year of KES 56 million (2022/2023: KES 16 million), mainly as a result of higher/lower interest charges on bank and short-term deposits. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KES 422 million (2022/2023: KES 81 million).

**(iv) Fair value of financial assets and liabilities  
(a) Financial instruments measured at fair value.**

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Authority's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.
- The authority considers relevant and observable market prices in its valuations where possible.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**Financial Risk Management Policies (cont'd)**

As at 30 June 2024, the Authority held the following financial instruments measured at fair value.

| <b>At 30 June 2024</b>     | <b>Level 1<br/>KES '000</b> | <b>Level 2<br/>KES '000</b> | <b>Level 3<br/>KES '000</b> | <b>Total<br/>KES '000</b> |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| <b>Financial Assets</b>    |                             |                             |                             |                           |
| Investment Deposit*        | 5,880,305                   | 0                           | 0                           | 5,880,305                 |
| <b>Total</b>               | <b>5,880,305</b>            | <b>0</b>                    | <b>0</b>                    | <b>5,880,305</b>          |
| <b>Financial Liability</b> |                             |                             |                             |                           |
| Borrowings - JICA 1        | 16,814,463                  | 0                           | 0                           | 16,814,463                |
| JICA 2                     | 25,845,293                  | 0                           | 0                           | 25,845,293                |
| JICA SEZ                   | 808,282                     | 0                           | 0                           | 808,282                   |
| Stanbic1                   | 6,434,778                   | 0                           | 0                           | 6,434,778                 |
| Stanbic2                   | 1,808,009                   | 0                           | 0                           | 1,808,009                 |
| <b>Total</b>               | <b>51,710,825</b>           | <b>0</b>                    | <b>0</b>                    | <b>51,710,825</b>         |
| <b>At 30 June 2023</b>     |                             |                             |                             |                           |
| <b>Financial Assets</b>    |                             |                             |                             |                           |
| Investment Deposit*        | 6,700,789                   | 0                           | 0                           | 6,700,789                 |
| <b>Total</b>               | <b>6,700,789</b>            | <b>0</b>                    | <b>0</b>                    | <b>6,700,789</b>          |
| <b>Financial Liability</b> |                             |                             |                             |                           |
| Borrowings - JICA 1        | 21,444,472                  | 0                           | 0                           | 21,444,472                |
| JICA 2                     | 31,287,091                  | 0                           | 0                           | 31,287,091                |
| JICA SEZ                   | 513,947                     | 0                           | 0                           | 513,947                   |
| Stanbic1                   | 6,342,741                   | 0                           | 0                           | 6,342,741                 |
| Stanbic2                   | 1,123,543                   | 0                           | 0                           | 1,123,543                 |
| <b>Total</b>               | <b>60,711,794</b>           | <b>0</b>                    | <b>0</b>                    | <b>60,711,794</b>         |

\* Call deposits held with various banks Refer to Note 24.

There were no transfers between levels during the year.

**(b) Financial instruments not measured at fair value.**

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**(v) Capital Risk Management**

The Authority's objectives when managing capital are:

- (i) To match the profile of its assets and liabilities, taking account of the risks inherent in the business:

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

#### Capital Risk Management (cont'd)

- (ii) To maintain financial strength to support business growth: and
- (iii) To safeguard the Authority's ability to continue as a going concern so that it can continue to provide adequate returns to the GoK and value to all other stakeholders. Capital adequacy is monitored regularly by the corporation's management and the Board of Directors.

The capital structure of the Authority consists of debt, which includes borrowings, and capital, other reserves and retained earnings. The Authority monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital and reserves.

| Description                                        | 2023/2024<br>KES '000 | 2022/2023<br>KES '000 |
|----------------------------------------------------|-----------------------|-----------------------|
| <b>Total Capital and Reserves</b>                  | <b>221,516,702</b>    | <b>215,083,746</b>    |
| Total Borrowings                                   | 51,710,825            | 60,711,794            |
| Less: Cash and Bank balances                       | (1,217,580)           | (1,668,566)           |
| <b>Net Debt/(Excess Cash and Cash Equivalents)</b> | <b>50,493,245</b>     | <b>59,043,228</b>     |
| <b>Gearing</b>                                     | <b>23%</b>            | <b>27%</b>            |

#### 41. Contingent Liabilities

Claims lodged and cases filed against the Authority in respect of third-party claims are estimated and are disclosed, in the table below:

| Contingent Liabilities | 2023/2024<br>KES '000 | 2022/2023<br>KES '000 |
|------------------------|-----------------------|-----------------------|
| Court cases            | 34,105,111            | 14,094,141            |
| Others                 | 2,055,285             | 2,409,526             |
| <b>Total</b>           | <b>36,160,396</b>     | <b>16,503,667</b>     |

#### 42. Incorporation

The Authority was established through an Act of parliament Cap 391 on 20<sup>th</sup> January 1978.

#### 43. Events after the Reporting Period

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2024.

#### 44. Reporting Currency

The functional and reporting currency is Kenya Shillings (KES).

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## APPENDICES

### I. PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS

The following is a summary of issues raised by the Office of the Auditor General, management comments and status:

| Audit Report | Observations From the auditor        | Management Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Status |
|--------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| FY 2022/23   | Inaccuracies of Financial Statements | The Government of Kenya participated in the Debt Service Suspension Initiative (DSSI) with Paris Club member countries during the COVID-19 period, resulting in the capitalization of Kshs 41,134,000 as deferred interest payment related to the JICA 1 & 2 loans. The total interest for the year was Kshs 445 million, covering JICA 1, JICA 2, Deferred JICA 1 Loan, Capitalized Interest on JICA Loans, and Stanbic loans 1 & 2. The interest on JICA loans was expensed because the associated projects (MPDP I & II) were completed. Additionally, the interest for Stanbic loans, related to the Lamu Port construction and procurement of a Tugboat delivered in the first quarter of the financial year 2023, was also expensed. |        |
|              |                                      | The variance between the Utility account and the Toll charges ledger is due to the Utility account including VAT, while the Toll ledger does not. The Toll ledger also accounts for billing to ferry customers with ongoing contracts, who pay via check or bank transfer, thus their payments aren't recorded in the Utility report. The total amount received by KPA and reflected in the KPA NBK Bank statement for the seven-month review period is Kshs 386,846,894.22.                                                                                                                                                                                                                                                               |        |

**KENYA PORTS AUTHORITY**

ANNUAL REPORT &amp; FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**APPENDICES (CONT'D)****PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS**

| <b>Audit Report</b> | <b>Observations From the auditor</b> | <b>Management Comments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Status</b>                                           |
|---------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| FY<br>2022/23       | Unsupported Sale of Port Passes      | During the year under review, the integration configuration module 3 (ZSS_3000) for payment validation in SAP and printing in Nice Label was disabled due to the absence of a database in SAP to initiate the port pass application process. This issue arose because the port pass application is a public service, leading developers to explore integration with the e-Citizen platform. This integration complies with the Government's directive for all services to be accessible through e-Citizen, enabling port users to apply for port passes online using their e-Citizen credentials. KPA has made progress in integrating with e-Citizen to enhance data collection and validation. However, the implementation has been slowed by changing business requirements, such as the shift from cash payments to M-Pesa, and limited resources for various ICT projects.                                                                                                       | Management is pursuing closure with the Auditor General |
|                     | Non-Collection of Jetty Fees         | During the year under review, the Authority sent letters of demand and billed jetty fees, supported by annual surveys for billing information. However, fee collection faced challenges as some boat owners relocated, changed addresses, or refused to pay for various reasons. In Kilifi, two major stakeholders were invited in July 2022 to discuss their refusal to pay under the KPA tariff 2012. In Lamu, boat owners opposed the tariff increase from \$75 to \$200, deeming it punitive, and refused to pay. The KPA's Lamu Port Management held a meeting in February 2023 to address their concerns. To overcome these challenges, KPA has engaged stakeholders through its Customer Engagement Service (CES) for timely fee collection. Additionally, KPA created a new post, Principal Hydrography and Outer Ports, to ensure continuity, enhance customer relations, centralize billing of private facilities, and maintain updated records along the Kenyan coastline. | Management is pursuing closure with the Auditor General |

**KENYA PORTS AUTHORITY**

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**APPENDICES (CONT'D)****PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS**

| <b>Audit Report</b> | <b>Observations From the auditor</b>         | <b>Management Comments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Status</b>                                           |
|---------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| FY<br>2022/23       | Hiring Conference Facilities                 | The cargo operations symposium was conducted within KPA's approved budget and followed standard procedures. Payments were made based on KPA's standard rates for different officer cadres. A sample of 115 officers, representing 0.032% of KPA's operations staff, was selected to participate in the three-day symposium, which covered the full agenda as outlined in the approval memo. The purpose of the symposium was to identify gaps, meet customer needs, and improve efficiency. The venue was chosen due to its moderate rates, previous positive experiences with KPA, and its capacity to accommodate the participants.                                                                                                                                                                                                               | Management is pursuing closure with the Auditor General |
|                     | Unsupported Accruals on Subsistence Expenses | The accrued subsistence posted vide document number 9086733 of 44 transactions, were pending trips that had not been accounted for as at 30 <sup>th</sup> June 2023.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Management is pursuing closure with the Auditor General |
|                     | Publicity and Advertising Expenses           | The Authority adopted a retainer-based model for Creative and Advertising Agency Consultancy Services, proving more economical than an hourly billing approach. A cost comparison from September to December 2022 revealed that the retainer method, totaling Kshs 6.8 million, was significantly less expensive than the hourly billing method, which totaled Kshs 10.1 million. Retainer fees ensure the agency's commitment and availability, essential for professional services. This approach, a global best practice in the creative industry, offers long-term cost savings, budgeting stability, and avoids unexpected charges. The contract for these services (Tender No. KPA/148/2019-20/MKTG), effective for three years from August 14, 2029, specifies monthly retainer payments, outlining the scope of work and service frequency. | Management is pursuing closure with the Auditor General |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### APPENDICES (CONT'D)

#### PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS

| Audit Report  | Observations From the auditor                  | Management Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Status                                                  |
|---------------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| FY<br>2022/23 | Corporate Social Responsibility (CSR) Expenses | No duty travel allowance is disbursed without prior approval. All travel transactions recorded in the SAP system are accompanied by necessary approvals, detailing the purpose and duration of the trip, and are budgeted for and approved by authorized officers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Management is pursuing closure with the Auditor General |
|               | Unsupported Consultancy Services               | <p>KPA entered into a contract with consultants for forensic audit services on 19 May 2017, following a successful bid in August 2016. The contract was valued at KES 24,845,625 for professional fees and KES 6,127,400 for disbursements. Consultants were required to engage legal, land surveying, and property valuation experts. During a negotiation meeting in September 2016, it was agreed that subconsultants (Surveyor, Valuer, and Lawyer) would be involved at the Authority's cost, though consultants initially raised concerns about their independence if the Authority selected the subconsultants. Eventually, the Authority approved the subconsultants.</p> <p>A deed of amendment was executed on 4 July 2022, which increased subconsultant fees to KES 26,580,646, modified payment schedules, and removed the requirement to appoint Advocates for legal due diligence. Following the amendment, consultants billed the Authority for 60% of the subconsultant mobilization fee. The draft forensic audit report was submitted in August 2023, leading to the payment of 20% of the subconsultant fees and 40% of the consultant fees. As of April 2024, the final draft report has been presented and is awaiting approval and adoption by the Authority's management and Board.</p> | Management is pursuing closure with the Auditor General |
|               | Student Deposits                               | The amount of Kshs 2,262,000.00 consists of student deposits made before Bandari Academy began operating autonomously. Since April 2020, no new deposits have been made. These deposits, classified as payables, are the Authority's obligation to refund the students. The funds are refundable upon the students' completion of their course and subsequent clearance by the college.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Management is pursuing closure with the Auditor General |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### APPENDICES (CONT'D)

#### PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS

| Audit Report | Observations From the auditor                                 | Management Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Status                                                  |
|--------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| FY 2022/23   | Lack of Valuation on Fully Depreciated Assets                 | The Authority's Non-current Assets Policy requires asset revaluation every five years, with the last revaluation conducted in 2019. The revaluation process has been initiated, and procurement for this is underway through tender number KPA/082/2023/24/AM. The forthcoming revaluation report will determine the current values of all assets held by the Authority.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Management is pursuing closure with the Auditor General |
|              | Lack of Proper Valuation and Uncertainties of Land Leased Out | <p>land/plots leased by KPA have title/ownership documents securely held by Authority, ensuring clear ownership. The benefits of leasing include:</p> <ol style="list-style-type: none"> <li>1. Rent payments contributing to KPA revenues.</li> <li>2. Prevention of illegal alienation and occupation by squatters.</li> <li>3. Promotion of port-related commercial activities, enhancing port growth and trade.</li> </ol> <p>KPA has initiated court proceedings to recover twenty-nine plots from private developers and cancel illegal titles, and has provided details to the EACC to aid in the recovery of these plots.</p> <p>Regarding asset revaluation, the process has started with the procurement of valuers underway through tender number KPA/082/2023/24/AM. The revaluation report will determine the current values of KPA's assets.</p> | Management is pursuing closure with the Auditor General |
|              | Overstatement of Non-Current Assets                           | When assets were transferred from Kenya Railways to Kenya Ports Authority (KPA), Kenya Shipyards Limited (KSL) did not yet exist. Later, when KSL was established, assets were transferred to KSL without a formal process, leading to their continued listing in KPA's records. The Authority plans to seek approvals from the National Treasury to write off demolished properties and formally transfer the assets to KSL. KPA and the Office of the Auditor General (OAG) conducted a joint site visit to assess the current status of these assets.                                                                                                                                                                                                                                                                                                       | Management is pursuing closure with the Auditor General |

**KENYA PORTS AUTHORITY**

ANNUAL REPORT &amp; FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**APPENDICES (CONT'D)****PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS**

| <b>Audit Report</b> | <b>Observations From the auditor</b>         | <b>Management Comments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Status</b>                                           |
|---------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| FY<br>2022/23       | Unsupported Appointment and Gratuity Payment | <p>Acting Managing Director of Kenya Ports Authority (KPA) was appointed by The National Treasury on 25th June 2021. The KPA Board sought clarification on his remuneration from The National Treasury on 5th July 2021, noting the previous MD, earned Kshs 1,000,000 per month.</p> <p>The National Treasury confirmed on 14th October 2021 that the Acting MD's salary would also be Kshs 1,000,000 per month. The Acting MD's terms were contractual, and gratuity is payable in accordance with Section 4.5.5 of the Human Resource Manual 2021 and Section 35 of the Employment Act 2007. The remuneration package was approved by both the KPA Board and the Cabinet Secretary for The National Treasury. Recruitment regulations for KPA are outlined in the Human Resource Manual 2021, not the Public Service Commission (PSC) Human Resource Manual, 2016.</p> | Management is pursuing closure with the Auditor General |
|                     | Under Billing of Rent from Leased Properties | <p>The Authority leased Sheds 5 and 6 to a developer who proposed to develop it, aiming to enhance tea export through the Port of Mombasa and optimize the use of the SGR for cargo haulage. The proposal, processed through KPA's Land Use and Development Committee and approved by the Board of Directors, required the developer to cover construction costs. These costs were to be offset by the rent, which was amortized over 20 years for each Shed. Although the lease is referred to as "peppercorn," it is essentially structured to allow developer to recover its investment through reduced rent over the lease term.</p>                                                                                                                                                                                                                                  | Management is pursuing closure with the Auditor General |
|                     | Irregular Special Duty and Acting Allowances | <p>The observation has been noted. Staff were paid for over six months while performing duties in new functional areas, as their organizational structure had not been formally approved. The Authority was in the process of seeking approvals for HR instruments, including the new structure, and the officers could not be confirmed due to the transition. According to section 4.5.5 of the HR policy, acting appointments are temporary, typically limited to six months or until the post is filled, but can be extended if necessary.</p>                                                                                                                                                                                                                                                                                                                        | Management is pursuing closure with the Auditor General |

**KENYA PORTS AUTHORITY**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**APPENDICES (CONT'D)**

**PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS**

| Audit Report | Observations From the auditor    | Management Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Status                                                  |
|--------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| FY 2022/23   | Irregular Overtime Allowances    | <p>During the review period, staff on training grades received overtime allowances due to:</p> <ul style="list-style-type: none"> <li>(a) A government freeze on filling vacant positions, which led to increased overtime work by existing staff</li> <li>(b) The Authority's expansion of capital works, including Container Operations Terminal 2, Nairobi, Lamu and Naivasha Inland Container Terminals, and the Standard Gauge Railway (SGR)</li> <li>(c) The acquisition of additional operational equipment and crafts for port expansion, requiring extra human resources to meet business demands.</li> </ul> <p>Key employee positions were necessary to support these business needs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Management is pursuing closure with the Auditor General |
|              | Unauthorized Fueling of Vehicles | <p>The vehicles in Lamu include:</p> <ul style="list-style-type: none"> <li>• <b>Government Agency Vehicles:</b> Belonging to the County Commissioner, Ministry of Housing, and security forces such as SOG, CIPU, and GSU.</li> <li>• <b>KPA Vehicles:</b> One registered in KPA's name and two belonging to the Lamu Port Project.</li> </ul> <p>KPA fuels other agencies' vehicles only for VIP visits, escort, patrol services, and Border Management Committee (BMC) assignments, which KPA chairs. Authorization for fueling these vehicles is given by the Chairman of BMC, the Manager Cargo Services, and the General Manager of Lamu Port.</p> <p>For VIP visits, the itinerary often includes a tour of the Lamu-Witu-Garsen road, requiring additional security escorts. The BMC oversees security programs at Lamu Port, including joint inspections and surveillance, necessitating transportation facilitation.</p> <p>The Vermet Fuel Management System is not yet implemented at Lamu Port, so OBD devices are not installed in the vehicles. Instances of vehicles being fueled more than once on the same date are due to separate fuel requisition forms used for invoicing.</p> | Management is pursuing closure with the Auditor General |

# KENYA PORTS AUTHORITY

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## APPENDICES (CONT'D)

### PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS

| Audit Report | Observations From the auditor                                                 | Management Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Status                                                  |
|--------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| FY 2022/23   | Non-Compliance with Tender Terms and Conditions                               | <p>The Kshs. 126,558.30 discrepancy in the professional opinion was due to a computational error, which was corrected in the final signed contract. No money was lost.</p> <p>Delivery of 5 units was completed on January 17, 2024, with the remaining 5 units scheduled for delivery in six weeks as per the supplier's request.</p> <p>To address concerns about contract enforcement, the Authority has established Contract Implementation Teams (CITs) in accordance with section 151 of the Public Procurement and Assets Disposal Act, 2015. These teams are responsible for managing contracts and ensuring compliance with terms and conditions.</p> | Management is pursuing closure with the Auditor General |
|              | Purchasing and Supply of Plastic Industrial Safety Helmets - White and Yellow | <p>Management has put in place a robust Contract Implementation system and has formed Contract Implementation Teams to manage contracts of similar nature to ensure strict adherence to contractual terms and conditions.</p> <p>We confirm that full delivery of the orders was made and the Authority did not lose any money in the circumstances.</p>                                                                                                                                                                                                                                                                                                       | Management is pursuing closure with the Auditor General |
|              | Upgrading the Inland Container Depot Nairobi (ICDN) Power Voltage             | <p>i. The contractor applied for an extension of completion time and the contract completion period has been extended to 30th June 2024.</p> <p>ii. The contractor has extended the performance bond to 6th June 2024.</p> <p>The advance payment has been recovered in the raised subsequent invoices</p>                                                                                                                                                                                                                                                                                                                                                     | Management is pursuing closure with the Auditor General |

**KENYA PORTS AUTHORITY**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**APPENDICES (CONT'D)**

**PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS**

| Audit Report | Observations From the auditor                                                     | Management Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Status                                                  |
|--------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| FY 2022/23   | Supply and Installation of Smart Gates on Manual Lanes at Inland Container Depots | Although the LPO was awarded in January 2023 with six months implementation period, the project kick off delayed till May 2023. The vendor had reported that there was a shortage of electrical components. The vendor was paid a down payment for mobilization on 13 <sup>th</sup> June 2023. The down payment was supported by an advance payment guarantee expiring on 25 <sup>th</sup> May 2024. Therefore, by the time of inspection on 7 <sup>th</sup> October 2023, the project was on its initial stages.                           | Management is pursuing closure with the Auditor General |
|              | Poor Fueling Management System at ICD Nairobi                                     | Control measures have been instituted as follows: <ul style="list-style-type: none"> <li>▪ Several vehicles have seen been fitted with the Tags.</li> <li>▪ For those which have not been fitted, the dispersing receipt is printed in three copies and the vehicle number entered manually and distributed as follows,                             <ul style="list-style-type: none"> <li>➢ One copy to procurement for payment reconciliation.</li> <li>➢ One copy to supplier.</li> </ul> </li> </ul> One copy maintained in office file | Management is pursuing closure with the Auditor General |
|              | Irregular Provision of Commuter Bus Services, Lamu Port                           | The differing dates between the date on the professional opinion and the receipt stamps was a typographical error in the Professional opinion as evidenced by the content of the professional opinion and the letters referred in the professional opinion.                                                                                                                                                                                                                                                                                 | Management is pursuing closure with the Auditor General |
|              | Unsupported Boat Services Transport Contract at Lamu                              | The boat services were procured through a restricted tendering process as the suppliers invited to bid were the only known suppliers providing boat and bus services in Lamu.                                                                                                                                                                                                                                                                                                                                                               | Management is pursuing closure with the Auditor General |
|              | Late Delivery of Repair Works                                                     | There was a delay in the supply of the seals from the overseas supplier.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Management is pursuing closure with the Auditor General |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### APPENDICES (CONT'D)

#### PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS

| Audit Report | Observations From the auditor                                | Management Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Status                                                  |
|--------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| FY 2022/23   | Irregular Payment Corporate Social Responsibility (CSR)      | <p>i. In reference to the above observation, please note that EXCOM approved an estimate subject to a procurement process. Consequently, a procurement process was initiated including scoping of the actual works, guided by the beneficiary and government surveyors which culminated in the preparation of Bills of quantities and subsequent tender documents and contracts with the awarded contractor.</p> <p>ii. In reference to the above, the Bills of Quantities were prepared as explained above and not provided by the contractor.</p> <p>iii. Further please note that from your statement the contractor has done more work than that provided in the Bills of Quantities.</p> <p>The final completion certificate was issued after confirming that the contractor had complied with the contract requirements in accordance with the bills of quantities as confirmed by the KPA Quantity Surveyor.</p> | Management is pursuing closure with the Auditor General |
|              | Non-Compliance with the Law on Gender and Ethnic Composition | <p>The Authority has acknowledged the male-dominated nature of the Port and Shipping industry but has made efforts to improve gender balance in accordance with the PSC HR Policy. Female representation has increased from 18.66% in 2006 to 21.98% by June 2023. Recruitment challenges include a higher number of male applicants and the manual nature of many jobs, which attract fewer female candidates. Additionally, the Authority is addressing workforce diversity issues, particularly the overrepresentation of the Mijikenda ethnic group at 35%, which exceeds the one-third limit set by the National Cohesion and Integration Act, 2008. The introduction of an e-recruitment platform is expected to enhance both gender and ethnic diversity within the workforce.</p>                                                                                                                               | Not Resolved                                            |

**KENYA PORTS AUTHORITY**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**APPENDICES (CONT'D)**

**PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS**

| Audit Report | Observations From the auditor                                                                                                                                               | Management Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Status       |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|              | Earnings Below the Statutory Minimum                                                                                                                                        | The Authority recognizes the issue of staff earning below the one-third threshold due to unexpected deductions, such as court attachments, overpayment recovery, and advance imprest recovery. These deductions often need to be processed immediately, leading to some employees earning less than a third of their salary. To address this, the Authority plans to implement a payroll policy that will include a review of third-party stakeholders. Human Resources will also work to sensitize stakeholders on the new changes and ensure compliance with policies to prevent similar issues in the future. | Not Resolved |
| FY 2022/23   | Lack of Service Level Agreement Between Kenya Ports Authority, Kenya Pipeline Company Ltd and Kenya Petroleum Oil Refineries on New Kipevu Oil Terminal (KOT II) Management | The Service Level Agreement between Kenya Pipeline Company and Kenya Ports Authority was concluded on 24 <sup>th</sup> April 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Resolved     |
|              | Lack of Induction Programme for Newly Appointed Board of Directors                                                                                                          | The Board induction program was developed and implemented as follows:<br><br>i) Orientation program – February 2023<br>ii) Governance Training program 17th March 2023<br>iii) Board induction training 29th March 2023                                                                                                                                                                                                                                                                                                                                                                                          | Resolved     |

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## APPENDICES (CONT'D)

### PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS

| Audit Report | Observations From the auditor                                        | Management Comments                                                                                                                                                                                                                                                                           | Status   |
|--------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| FY 2022/23   | Failure to Carry out Legal Compliance Audit                          | The critical compliance reports are:<br><br>i) Quarterly Procurement Plan Implementation status report<br>ii) Quarter Financial Reports<br>iii) Quarter Performance Contracting Reports<br><br>All Reports were timely reviewed by the Board and submitted to the relevant Regulatory Bodies. | Resolved |
|              | Irregular Composition of Corporate Social Investment (CSI) Committee | The revised CSI Policy outlines the current membership of the CSI Committee. Members of the KPA Standing Committee are appointed by the Managing Director, which explains the current composition of the CSI Committee as detailed in a circular dated 12th May 2023.                         | Resolved |

  
Capt. William Ruto, AFNI, MBS  
**MANAGING DIRECTOR**

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### APPENDICES (CONT'D)

#### II. INTER-ENTITY TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Name of the MDA/Donor Transferring the funds |                             |               |                         |                      | Where Recorded/ recognized         |                                   |
|----------------------------------------------|-----------------------------|---------------|-------------------------|----------------------|------------------------------------|-----------------------------------|
|                                              | Nature of Development Funds | Date received | Amount received KES'000 | Total Amount KES'000 | Statement of Financial Performance | Total Transfer FY 2023/24 KES'000 |
| State Department for Transport               | KSM Port                    | 28.02.2024    | 150                     | 150                  | Non-Current Liabilities            | 150                               |
| <b>Total</b>                                 |                             |               | <b>150</b>              | <b>150</b>           |                                    | <b>150</b>                        |

#### III. REPORTING OF CLIMATE RELEVANT EXPENDITURES

| Project Name                                                         | Project Objectives                                                                                                                                          | Project Site                         | Source of funds | Amount (KES '000) | Partners                                             |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------|-------------------|------------------------------------------------------|
| Removal of Asbestos Roofing and re-roofing with Aluminum Iron Sheets | To enhance the implementation of the Green Port Policy in line with the Government initiative in ensuring a clean and healthy environment for its citizenry | Kenya Ports Authority – Mombasa Port | KPA             | 358,929           | No external Partner involved                         |
| Tree planting                                                        | Restoration of degraded mangrove forest                                                                                                                     | Within Mombasa & Kwale Counties      | KPA             | 6,167             | State Agencies, CBOs, Youth and women groups, Scouts |

#### IV. PROJECTS IMPLEMENTED BY THE ENTITY

As at 30 June 2024 the Authority was undertaking the underlisted projects with the objective of expanding capacity and modernization of equipment to increase efficiency in port services.

| Project title                                      | Donor | Period/ duration         | Donor Commitment (JPY 'Million) | Separate donor reporting required as per the donor agreement (Yes/No) |
|----------------------------------------------------|-------|--------------------------|---------------------------------|-----------------------------------------------------------------------|
| Dongo Kundu Special Economic Zone (Loan Agreement) | JICA  | 27/02/2020 to 31/12/2028 | 37,090                          | Yes                                                                   |

## KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

### APPENDICES (CONT'D)

#### Projects Implemented By The Entity (cont'd)

| Project title                                       | Donor | Period/<br>duration      | Donor<br>Commitment<br>(JPY 'Million) | Separate donor<br>reporting<br>required as per<br>the donor<br>agreement<br>(Yes/No) |
|-----------------------------------------------------|-------|--------------------------|---------------------------------------|--------------------------------------------------------------------------------------|
| Dongo Kundu Special Economic Zone (Grant Agreement) | JICA  | 16/06/2022 to 31/12/2025 | 6,000                                 | Yes                                                                                  |

#### V. STATUS OF PROJECTS COMPLETION AND VIABILITY

| Project                                                        | Total project Cost ('000) | Total expended to date ('000) | Completion % to date                                | Budget ('000)  | Actual ('000) | Sources of funds |
|----------------------------------------------------------------|---------------------------|-------------------------------|-----------------------------------------------------|----------------|---------------|------------------|
| Shimoni Fish Port                                              | KES 2,436,720             | KES 1,166,427                 | 70%                                                 | KES 2,507,000  | KES 1,166,427 | KPA              |
| Extension of Berth 19B and Decommissioning of KOT              | USD 5,444<br>KES. 510,631 | KES 545,825                   | Detailed Design (80%) & Tender Preparation Complete | KES 2,000,000  | KES 545,825   | KPA              |
| Dongo Kundu Special Economic Zone (Loan Component)             | JPY 49,900,000            | JPY 924,971                   | Tender Assistance                                   | JPY 49,900,000 | JPY 924,971   | JICA             |
| Widening of Port Road from Gantry Workshop to Gate 18/20       | KES 111,982               | KES 65,060                    | Design Review & Tender Preparation                  | KES 915,000    | KES 65,060    | KPA              |
| Capital and maintenance Dredging of Port Channel               | USD 3,221                 | 0                             | Design stage, Data collection in progress           | KES 500,000    | 0             | KPA              |
| Storm Water drainage Design & Construction for port of Mombasa | KES 150,672               | KES 44,470                    | Design, Tender Preparation Supervision              | KES 150,000    | KES 44,470    | KPA              |

**KENYA PORTS AUTHORITY**

ANNUAL REPORT &amp; FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

**APPENDICES (CONT'D)****Status of Projects completion and viability (cont'd)**

| <b>Project</b>                                                                                                 | <b>Total project Cost ('000)</b> | <b>Total expended to date ('000)</b> | <b>Completion % to date</b>                        | <b>Budget ('000)</b> | <b>Actual ('000)</b> | <b>Sources of funds</b> |
|----------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------|----------------------------------------------------|----------------------|----------------------|-------------------------|
| Mbaraki Sports Stadium Running Track                                                                           | KES 282,531                      | KES 50,613                           | 32%                                                | KES 80,000           | KES 50,613           | KPA & Sports Kenya      |
| Improvement of Traffic Circulation Plan, expansion of ramp and reconstruction of Likoni Mainland Side Crossing | KES 191,003                      | KES 65,357                           | Data Collection & Preliminary Concept Design Stage | KES 600,000          | KES 65,357           | KPA                     |
| Rehabilitation and Extension of Peleleza Jetty                                                                 | KES 94,400                       | KES 56,640                           | 100% (Design Review)                               | KES 200,000          | KES 56,640           | KPA                     |
| Removal of Asbestos roof and Reroofing with Aluminium Sheet                                                    | KES 1,049,568                    | KES 358,929                          | 51%                                                | KES 550,000          | KES 358,929          | KPA                     |
| Refendering berth 1 - 10                                                                                       | KES 103,468                      | KES 51,759                           | 55%                                                | KES 100,000          | KES 51,759           | KPA                     |

**NOTE:** The project costs and expenditure shown are net of VAT.

# KENYA PORTS AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## APPENDICES (CONT'D)

### Status of Projects completion and viability (cont'd)

| Project Name                                          | Facilitation in KPA mandate delivery                                                                                                                                                                                                                                                                                                                                            | Alignment with National Government Strategic Objectives                                                                                                                                                                                                                                                                                                                                                                          | Expected Completion Date | Current Percent Completion | Key Achievements and Challenges                                                                                                                                                                                                                                                                                                     | Way Forward                              |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Shimoni Fish Port<br>(Construction of a Modern Jetty) | The current jetty is used for small scale fishing with yearly output of 10,000 metric tonnes. It is underdeveloped for deep sea fishing and there is lack of resources and knowledge by local small-scale fishermen for deep sea commercial fishing. This project will result in improved revenues for the small-scale farmers and underutilized natural re-sources in Shimoni. | KPA developed a Master Plan for Small Ports in November 2012 which provided the development plan for small ports based on their socio-economic significance, anticipated cargo and traffic volumes as well as future development needs of the coastal region and the Country. Shimoni Port was among the small ports which had the highest Economic Viability, creating an opportunity for development in line with Vision 2030. | Oct 2024                 | 70%                        | Building works including the Fish Processing Plant, the Goods Warehouse at the existing Jetty side, the Fish Meal Plant, Gates and support facilities are at an advanced stage. The Safe Removal and Disposal of Asbestos materials is complete. Site Constraints due to hard strata and dynamic strata increased the pile lengths. | Fastrack ongoing construction activities |
| Dongo Kundu Berth No. 1                               | The Authority is working closely together with other government agencies to develop a Special Economic Zone and Port facilities at Dongo-Kundu which includes Dongo Kundu Berth 1 with a Berth Length of 300m and draft of 15m and other related infrastructural works.                                                                                                         | Aligned to the job creation and cost of living initiatives of the National Government BETA.<br>-Aligned to support a Special Economic Zone and fostering Manufacturing.                                                                                                                                                                                                                                                          | Dec 2028                 | N/A                        | Areas for PAPs, roads, dispensary, and other social amenities were identified and the issue of Cargo Handling Equipment has been cleared. Concurrence from JICA on technical evaluation report for Civil and Building Works is pending.                                                                                             |                                          |

**APPENDICES (CONT'D)**

**Status of Projects completion and viability (cont'd)**

**Projects Viability Report (cont'd)**

| <b>Project Name</b>                                      | <b>Facilitation in KPA mandate delivery</b>                                                                                                                                                                                                                                                                                                                                      | <b>Alignment with National Government Strategic Objectives</b>                              | <b>Expected Completion Date</b> | <b>Current Percent Completion</b>  | <b>Key Achievements and Challenges</b>                                                                                                 | <b>Way Forward</b>                                           |
|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Widening of Port Road from Gantry Workshop to Gate 18/20 | The project entails the provision of an approximately 1.4 km long road extending from the Gantry Workshop to gate 18 exit via the One-Stop center. The envisaged benefit is that it shall provide an expressway from Kilindini Side to the Second Terminal avoiding the crossing at Gate 18 Junction and also the level crossing at the Western side of One Stop Centre Parking. | Aligned to the job creation and cost of living initiatives of the National Government BETA. | July 2026                       | Design Review & Tender Preparation | Consultancy services for design review awarded. ESIA for the project commenced.                                                        | Expedite ongoing process to enable construction commencement |
| Rehabilitation and Extension of Peleleza Jetty           | To construct a jetty that would allow berthing of at least two ferry-lengths. The new jetty would be made with offshore facilities like electrical and water connection. A boat landing area would also be constructed for use by the service and rescue boats. Currently, there is no emergency securing area for the ferries on the mainland side at night.                    | Aligned to the cost-of-living initiative of the National Government BETA.                   | Dec 2025                        | 100% (Design Review)               | The consultant has submitted the final design report inclusive of investigations and survey reports. The project awaiting procurement. | Expedite ongoing process to enable construction commencement |

**APPENDICES (CONT'D)**

**Status of Projects completion and viability (cont'd)**

**Projects Viability Report (cont'd)**

| <b>Project Name</b>                                                  | <b>Facilitation in KPA mandate delivery</b>                                                                                                           | <b>Alignment with National Government Strategic Objectives</b>                                                                                               | <b>Expected Completion Date</b> | <b>Current Percent Completion</b>                    | <b>Key Achievements and Challenges</b>                                                                                                                                         | <b>Way Forward</b>                       |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Removal of Asbestos Roofing and re-roofing with Aluminum Iron Sheets | Asbestos removal and re-roofing with non-corrosive and non-hazardous material.                                                                        | To enhance the implementation of the Green Port Policy in line with the Government's initiative to ensure a clean and healthy environment for its citizenry. | February 2025                   | 51%                                                  | Removal of asbestos and re-roofing Gantry Workshop completed, solar plant has been supplied, panels installed, cabling is in progress and the water reservoir is 65% complete. | Fastrack ongoing activities              |
| Extension of Berth 19B and Decommissioning of KOT                    | The project entails increasing the total quay line to 1,040m and dredging the bottom level of the water basin to -15.0CD.                             | Aligned to the job creation and cost of living initiatives of the National Government BETA                                                                   |                                 | Design Review& Tender Preparation                    | Pre-feasibility and feasibility studies were completed, and the project was considered viable and approved to progress to Design.                                              |                                          |
| Mbaraki Sports Club Stadium Running track                            | The project entails the Improvement and upgrading of the Mbaraki Sports Club running track to meet the required National and International standards. | Aligned with the job creation and cost of living initiatives of the National Government BETA                                                                 |                                 | The contract has been awarded and works are ongoing. | Works such as athletic tartan and upgrading of the football pitch edges bordering the track, are in progress.                                                                  | Fastrack ongoing construction activities |