

REPUBLIC OF KENYA



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Deputy Speaker	C. H. Editor
Clerk N. A.	Deputy Librarian
Clerk	Press
P. C. A.	

KENYA NATIONAL AUDIT OFFICE

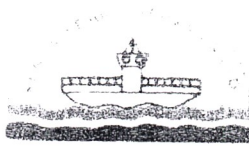


**REPORT  
OF  
THE CONTROLLER  
AND AUDITOR-GENERAL**

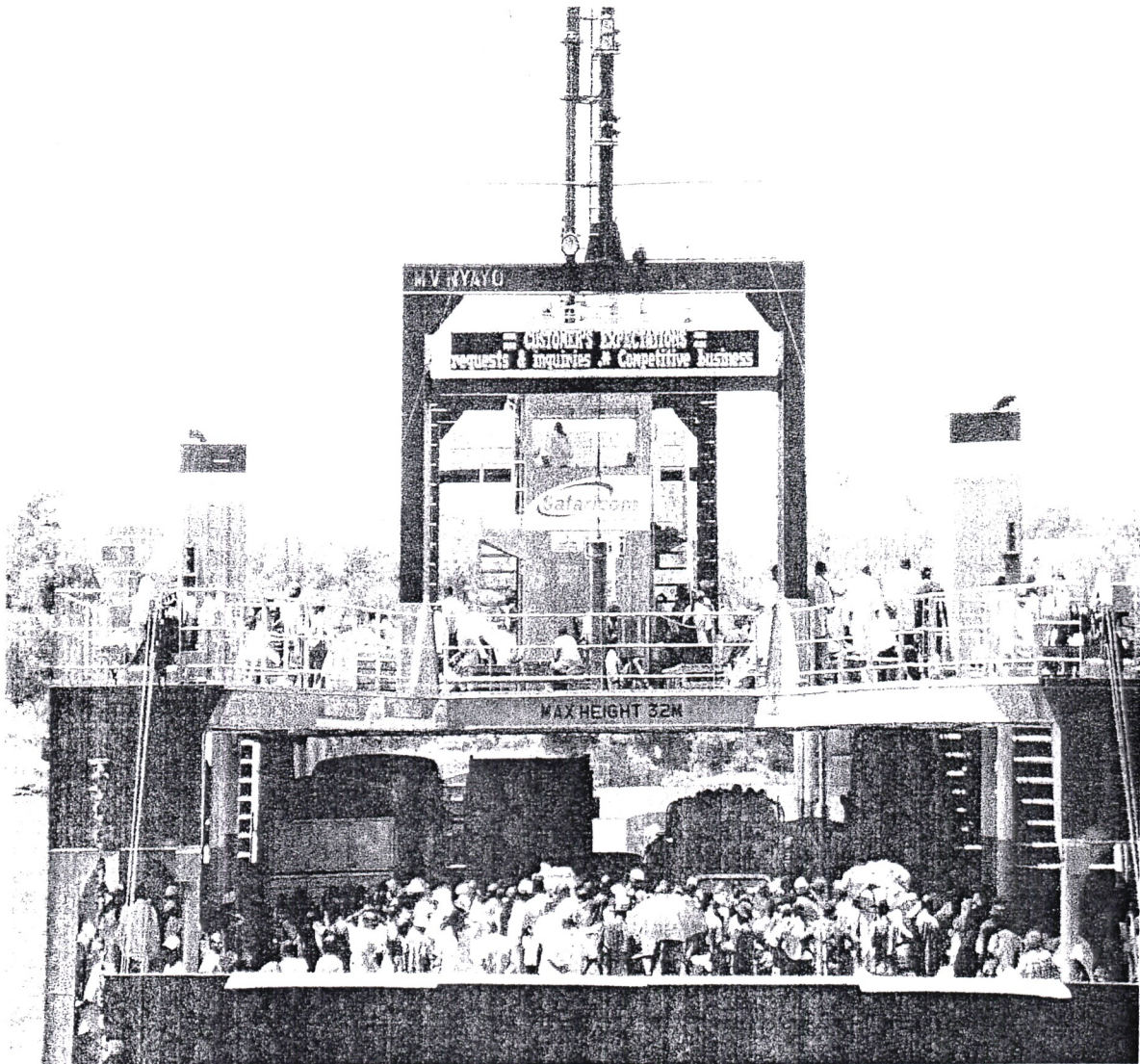
**ON**

**FINANCIAL STATEMENTS OF  
THE KENYA FERRY SERVICES  
LIMITED FOR THE YEAR  
ENDED 30 JUNE 2009**

**CONFIDENTIAL**



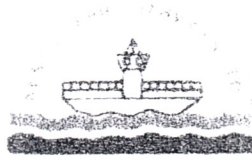
**KENYA FERRY SERVICES LIMITED**



Kenya Ferry Services Limited,  
Peleleza Headquarters,  
P.O. Box 95187, Mombasa, Kenya.  
Tel: 020 2118344, 0723 664000, 0736 999906  
Fax: 020 2118346  
Email: [info@kenyaferry.co.ke](mailto:info@kenyaferry.co.ke)

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**KENYA FERRY SERVICES LIMITED**

**FERRYING YOU ACROSS TO THE FUTURE**



**KENYA FERRY SERVICES LIMITED  
ANNUAL REPORT**

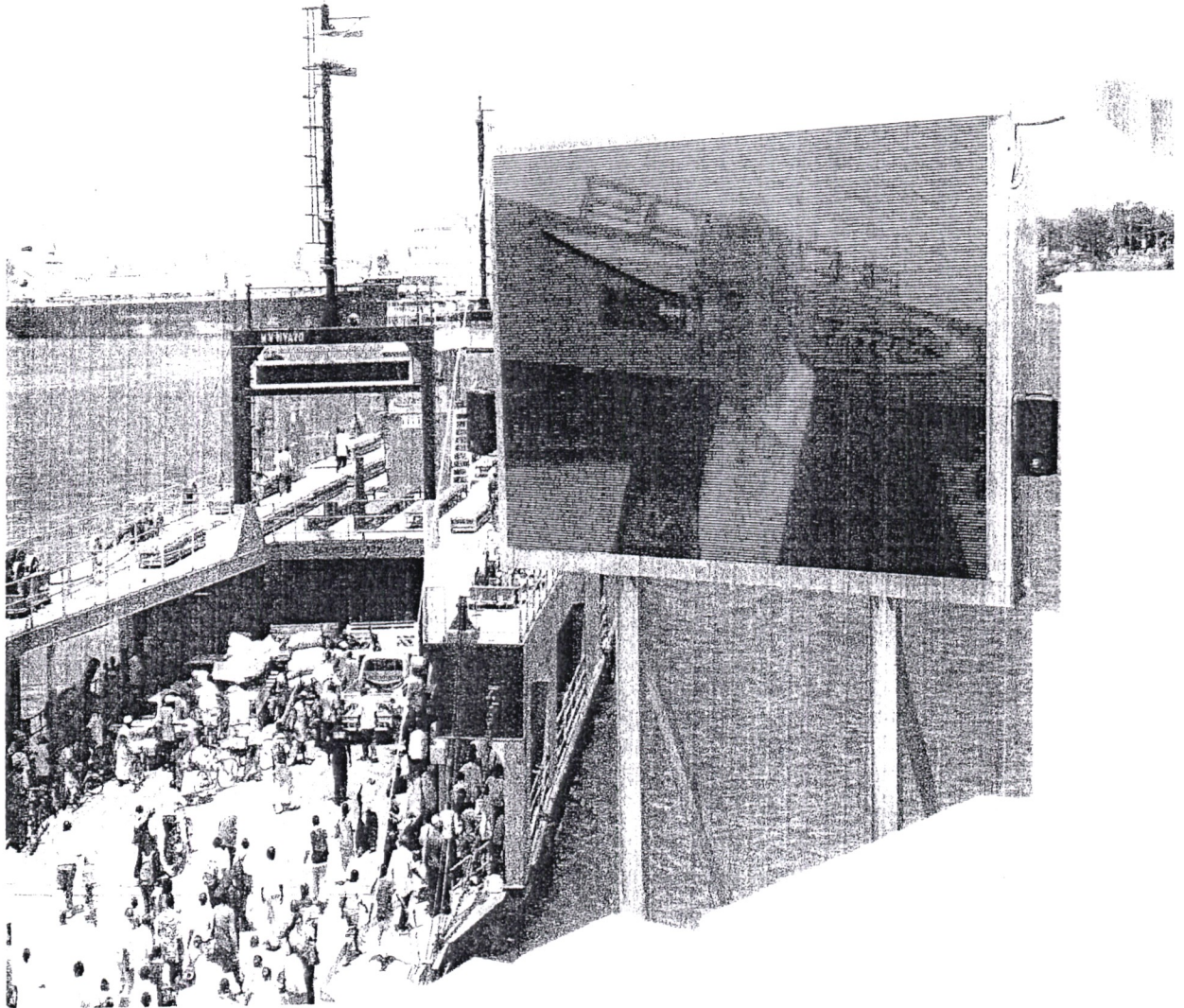
**And Financial Statements  
30<sup>th</sup> June 2009**

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## Our Vision

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



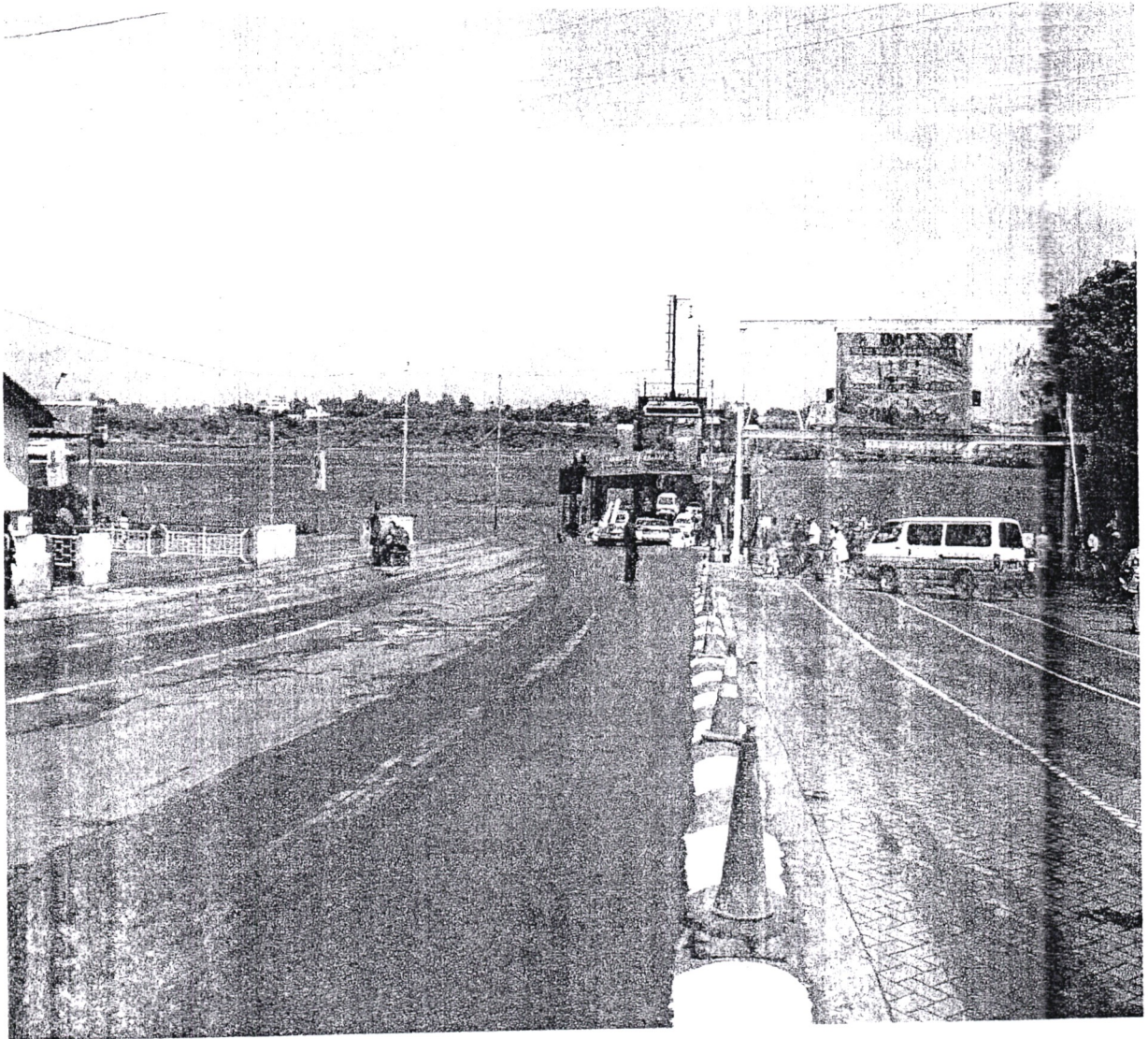
**ADVERTISEMENT POTENTIAL AVAILABLE AT FERRY RAMP APPROACHES**

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## Our Mission

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



**MINDING ABOUT THE SAFETY OF USERS AS VEHICLES ARE  
SEGREGATED AT THE RAMP**

**BOARD OF DIRECTORS**



**JOSEPH KINGI  
CHAIRMAN**



**ISAAC KAMAU  
Ag. MANAGING DIRECTOR**



**JOSEPH KINYUA  
DIRECTOR  
PS - TREASURY**

**Dr. Eng C.NJIRU  
DIRECTOR  
PS – TRANSPORT**



**A. G. WARUI  
DIRECTOR**



**A.M. GUNDA  
DIRECTOR**

**JAMES MULEWA  
DIRECTOR**



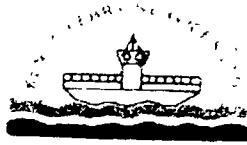
**J.F. OLINGA  
ALTERNATE DIRECTOR  
TO PS TREASURY**



**MUTHONI GATERE  
COMPANY SECRETARY**

**M. ESHIWANI  
ALTERNATE DIRECTOR  
TO PS TRANSPORT**

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<b>DIRECTORS</b>	JOSEPH KINGI	CHAIRMAN (DEC 2008)
	ISAAC KAMAU	Ag. MANAGING DIRECTOR (JUL 2009)
	JOSEPH KINYUA	PS TREASURY
	Dr. Eng. C. NJIRU	PS TRANSPORT
	A.G. WARUI	DIRECTOR
	ALI HAJI GUNDA	DIRECTOR
	JAMES MULEWA	DIRECTOR
	MWALIMU DIGORE	DIRECTOR (FEB 2009)
	KHAMISI S. KHAMIS	DIRECTOR (FEB 2009)
	MARIAM N. MAHERO	DIRECTOR (FEB 2009)
	J.F. OLINGA	ALTERNATE TO JOSEPH KINYUA
	MARTIN ESHIWANI	ALTERNATE TO Dr. Eng. C. NJIRU

**REGISTERED OFFICE AND PLACE OF BUSINESS** PELELEZA LIKONI  
P.O. BOX 95187 - 80104  
MOMBASA, KENYA.

**PRINCIPAL BANKERS** NATIONAL BANK OF KENYA LTD  
PORTWAY HOUSE BRANCH  
P.O. BOX 87770  
MOMBASA.

**AUDITOR** CONTROLLER AND AUDITOR GENERAL  
KENYA NATIONAL AUDIT OFFICE  
P.O. BOX 30084-00100 GPO  
NAIROBI.

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## SENIOR MANAGEMENT



**ISAAC KAMAU**  
Ag. MANAGING DIRECTOR



**PANUEL NYAGA**  
Human Resource &  
Development Manager  
MBA, CPS (K)



**A.D.MADZUNGU**  
Operations Manager  
BA (HONS)



**MUTHONI GATERE**  
Company Secretary  
LLB (HONS)

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## KENYA FERRY SERVICES LIMITED CHAIRMAN'S REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2009



I am delighted to present the annual report and financial statement of accounts of Kenya Ferry Services Ltd for the financial year ended 30<sup>th</sup> June 2009.

During the year under review, the Corporation recorded an increase in total assets from Kshs. 1.333 billion to Kshs. 1.632 billion. The increase can mainly be attributed to the construction of a bus park and market stalls on the mainland side of the Likoni channel.

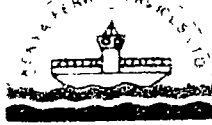
The total income earned during the year amounted to Kshs. 447 million down from Kshs. 465 million. The Corporation posted a loss of Kshs. 184 million during the year under review. The decline in financial performance can be attributed to an increase in operating costs as a result of increase in fuel prices, escalating inflation, restructuring, increased depreciation provision and the ageing fleet of the ferries.

During the year under review, the vehicle traffic using the ferries increased from 1.2 million to 1.3 million translating to an increase of 7.8%. The number of people using the ferries also increased and is currently standing at 187,000 per day. The Corporation also exercised stringent controls on motor vehicle running expenses by introducing fuel cards. This has reduced the motor vehicle running expenses by 70%.

Going forward, the Corporation is in the process of increasing the fleet of ferries to cope with the increased traffic. The Corporation has also embarked on other income generating activities like the light emitting diode screens advertisement which in addition to providing advertisement space, is also used to educate the ferry users on safety issues while crossing the channel.

  
HON. JOSEPH K. KAHINDI  
CHAIRMAN

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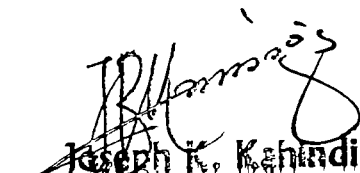
## KENYA FERRY SERVICES LIMITED


### STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2009

We, the directors certify that:

- a) We are responsible for the preparation of financial statements, which present a true and fair view of the state of affairs of the Corporation and of its operating results.
- b) The financial statements have been prepared in accordance with International Financial Reporting Standards.
- c) We are responsible for safeguarding the assets of the corporation.
- d) We are responsible for establishing and maintaining systems of Internal Control designed to provide reasonable assurance as to the integrity and reliability of the corporation's financial reporting.
- e) The directors are of the opinion that the financial statements for the year ended 30<sup>th</sup> June 2009 fairly presents the financial position and operating results of the corporation.
- f) Nothing has come to the attention of the directors to indicate that the corporation will not remain a going concern for at least twelve months from the date of this statement.

Signed for and on behalf of the Board of Directors by:-

  
JOSEPH K. KAHINDI  
CHAIRMAN

  
I. Kamau  
Ag. MANAGING DIRECTOR

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## KENYA FERRY SERVICES LIMITED

### INCOME STATEMENT FOR THE YEAR ENDED 30TH JUNE 2009

		2008 - 2009	2007 - 2008
		Kshs.	Kshs.
<b>INCOME</b>	<b>Note</b>		
Income from operations	1	136,307,494	147,368,713
Interest Income	2	139,031	5,490,541
Other income	3	16,056,019	12,666,708
Government Grants	4	<u>295,210,882</u>	<u>300,000,000</u>
Total		<u>447,713,426</u>	<u>465,525,962</u>
<b>EXPENDITURE</b>			
Staff & Administrative Cost	5	274,440,288	206,532,772
Operational Costs	6	262,735,771	234,762,670
Depreciation Expenses	7	95,397,511	76,706,109
Mtongwe Compensation	21	<u>-</u>	<u>32,388,499</u>
<b>TOTAL</b>		<u>632,573,570</u>	<u>550,390,050</u>
Surplus or Deficit from Operation			
Net Surplus/Deficit for the year		<u>(184,860,144)</u>	<u>(84,864,088)</u>



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE KENYA FERRY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accompanying financial statements of Kenya Ferry Services Limited set out at pages 10 to 23 which comprise the Balance Sheet as at 30 June 2009, the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

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

#### **Responsibility of the Controller and Auditor General**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

## **1. Going Concern**

During the year ended 30 June 2009, the Company recorded a loss of Kshs.184,860,144 (2008-Kshs.84,864,088) which brought its accumulated deficit to Kshs.1,401,931,436 (2008-Kshs.1,217,071,292). In addition, the Company's current liabilities of Kshs.219,445,654 exceeded the current assets of Kshs.144,911,652 by a figure of Kshs.74,534,002. The Company attributes the poor financial performance during the period to reduced income and increased expenditure.

Although the Company has indicated that it is in the process of revising toll charges, enhancing revenue collection processes and reviewing all expenditure items to ascertain their validity and reasonableness amongst other aspects, there is no indication as to when these measures will turn around performance of the Company.

Consequently, the financial statements of the Company have been prepared on a going concern assumption, on the basis of continued financial support from the Government, Kenya Ports Authority, bankers and creditors.

## **2. Kenya Ports Authority Advances**

The Balance Sheet as at 30 June 2009 reflects a balance of Kshs.325,507,569 against non-current liabilities, representing advances from Kenya Ports Authority arising from an agreement signed between the two organizations in the year 2000. However, the balance of Kshs.325,507,569 differs by a figure of Kshs.17,091,431 from the amount of Kshs.342,599,000 shown in the Kenya Ports Authority records. Although as in the previous year the Management attributes this difference to accruing of interest against the advances by Kenya Ports Authority, no reason has been provided for failure to agree and harmonize treatment of the advances in the financial statements for the two organizations.

In the circumstances, it has not been possible to ascertain the completeness and accuracy of the advances balance of Kshs.325,507,569 as at 30 June 2009.

## **3. Purchase of Two New Ferries**

### **3.1 Disbursements to Contractor**

On 17 February 2007, the Kenya Ferry Services Limited contracted a foreign firm based in the Federal Republic of Germany to design, manufacture, deliver and commission two (2) new ferries and to provide back up spares at a contract price of Kshs.898,573,840 (Euro.9,458,672) as analysed below:-

Item	Specification	Cost in Euros	Cost in Ksh.
Ferry 1	48mx13m	3,678,200	
Ferry 2	60mx15m	4,203,700	
Spare Parts 1		12,700	
Spare Parts 2		12,700	
Transport (Both)		1,500,000	
Insurance (Both)		51,372	
	<b>Total</b>	<b><u>9,458,672</u></b>	<b><u>898,573,840</u></b>

According to records available, the Government had as at 30 June 2009 disbursed a sum of Kshs.1,355,080,000 towards purchase of the two ferries, which was expended as follows:

Item	Payment in Ksh.
Payment to the Contractor	794,040,470
Travel & Accommodation	6,261,205
Amount placed in a Fixed Deposit Account	8,827,684
Difference	545,950,641

The difference of Kshs.545,950,641 has not been explained or accounted for.

### 3.2. Contract Variation

Additional records in respect of the procurement indicate that the Management varied specifications of the vessels four months after signing the contract and as a result, the contract price of Kshs.898,573,840 (Euro 9,458,672) was increased by approximately 25% to stand at Kshs.1,250,624,674 (Euro 11,810,000). However, no reference or approval by the Kenya Ferry Services Tender Committee was sought as required by Section 47 of the Public Procurement and Disposal Act 2005. Further, the variation was also not based on the prevailing Consumer Price Index obtained from the Central Bureau of Statistics or the monthly inflation rate issued by the Central Bank of Kenya.

3.3. Other Records show that although the Contract Agreement between Kenya Ferry Services and the foreign firm of Schiffbau-und Entwicklungsgesellschaft Tangermunde (SET) required that neither the Kenya Ferry Services nor SET could assign their responsibilities under their contract to third parties without the consent of the other party, the firm ceded

the contract to another company by the name of Sciffs-und Yachtwerfft Dresden GmbH (SYWD), apparently without the consent of the Kenya Ferry Services

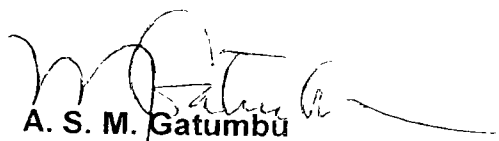
### **3.4. Contract Period**

Although the contract period for completion and commissioning of the two ferries was for 13 months ending in February 2008, the ferries had not been completed and delivered as at the date of this report. Further, the progress status of completion and delivery of the ferries is still unclear and no reports in this regard have been seen. In addition, and according to information available, additional budgetary provision may be required for construction of two new ramps and jetties in order to facilitate use of the ferries. This provision does not appear to have been taken account of during the procurement process.

In the circumstances, the validity, completeness and accuracy of the work in progress balance of Kshs.1,146,396,058 in the Balance Sheet as at 30 June 2009 could not be ascertained.

### **Opinion**

Except for the foregoing reservations, in my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2009, and its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards and comply with the Kenya Companies Act, Cap 486 of the Laws of Kenya.

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

Nairobi

9 April 2010

**KENYA FERRY SERVICES LIMITED**  
**BALANCE SHEET AS AT 30TH JUNE 2009**

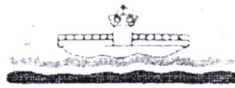
		2008 - 2009	2007 - 2008
	NOTE	Kshs.	Kshs.
<b>Non - Current Assets</b>			
Property, Plant & Equipment	7	341,510,253	311,566,315
Capital Works in Progress	8	1,146,396,058	869,726,223
		<u>1,487,906,311</u>	<u>1,181,292,538</u>
<b>Current Assets</b>			
Short term Investments	9	8,827,684	42,916,489
Inventory	10	107,878,139	87,980,825
Trade and Other Receivables	11	27,393,330	21,251,746
Bank and Cash Balance	12	812,499	389,054
		<u>144,911,652</u>	<u>152,538,114</u>
<b>Total Assets</b>		<u>1,632,817,963</u>	<u>1,333,830,652</u>
<b>Shareholders Funds &amp; Liabilities</b>			
Share Capital	13	499,904,000	499,904,000
Accummilated Losses	14	(1,401,931,436)	(1,217,071,292)
Revaluation Reserves	15	346,472,073	346,472,073
Government Funds	16	1,643,420,103	1,286,340,103
		<u>1,087,864,740</u>	<u>915,644,884</u>
<b>Non-Current Liabilities</b>			
Advances from KPA	17	325,507,569	325,507,569
		<u>325,507,569</u>	<u>325,507,569</u>
<b>Current Liabilities</b>			
Trade and Other Payables	18	217,874,366	91,567,157
Bank Overdraft	19	1,571,288	1,111,042
		<u>219,445,654</u>	<u>92,678,199</u>
<b>Total Equity and Liabilities</b>		<u>1,632,817,963</u>	<u>1,333,830,652</u>

The financial statements on pages 10 to 22 were approved for issue by the board of directors on 00/09/2009 and were signed on its behalf by:

  
**JOSEPH KINGI**  
 CHAIRMAN

  
**ISAAC KAMAU**  
 Ag. MANAGING DIRECTOR

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2009

	Share Capital	Revaluation Reserve	Accumulated Losses	Government Funds	TOTAL
	<u>KSHS.</u>	<u>KSHS.</u>	<u>KSHS.</u>	<u>KSHS.</u>	<u>KSHS.</u>
At 1st July 2008	499,904,000	346,472,073	(1,217,071,292)	1,286,340,103	915,644,884
Net Surplus/Deficit for the year			(184,860,144)		(184,860,144)
Receipt of Government funds for purchase of ferries & investment				357,080,000	357,080,000
At 30th June 2009	499,904,000	346,472,073	(1,401,931,436)	1,643,420,103	1,087,864,740

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## CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2008 - 2009 KSHS.	2007 - 2008 KSHS.
<b>OPERATING ACTIVITIES</b>			
Cash generated from operating activities	20	<u>368,345,924</u>	<u>370,485,527</u>
<b>INVESTMENT ACTIVITIES</b>			
Purchase of Property, Plant & Equipment	7	125,341,449	119,373,458
Capital Works in Progress		<u>276,669,835</u>	<u>359,223,098</u>
Net Cash (used) in Investing Activities		402,011,284	478,596,556
<b>FINANCING ACTIVITIES</b>			
Net Cash used in financing in financing Activities		<u>(33,665,360)</u>	<u>(108,111,029)</u>
(Decrease)/Increase in cash and cash equivalent			
Movement in cash and cash equivalent			
At start of year		43,305,543	151,416,572
(Decrease)/Increase		<u>(33,665,360)</u>	<u>(108,111,029)</u>
At end of year		<u>9,640,183</u>	<u>43,305,543</u>



### Significant Accounting Policies

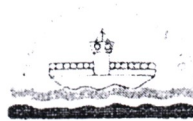
The principal accounting policies adopted in the preparation of the financial statements are set out below.

(a) **Basis for preparation**

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

(b) **Revenue Recognition**

- (i) Revenue from vehicular toll and ferry pass holders is recognized in the year in which it is due.
- (ii) Interest income is recognized on a time proportion basis that takes into account the effective yield on the asset.
- (iii) Other income which is mainly sale of advertisement space is recognized when it is received.
- (iv) Government Grant or Subvention.  
This is recognized when received. The Government of Kenya and the company have a signed memorandum of understanding whereby the Government is to compensate the company for providing free pedestrians services and for charging motorists at rates lower than market rates.



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

Property, Plant and equipment is initially recorded at cost and thereafter stated at historical or revalued cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following rates.

- (i) Ferry crafts -over 20 years or 5%
- (ii) Motor vehicles -over 4 years or 25%
- (iii) Ferry plants, tools and Equipment -over 8 years or 12.5%
- (iv) Office furniture & Equipment -over 8 years or 12.5%
- (v) Standby Generator -over 8 Years or 12.5%
- (vi) Computers and software- over 4 years or 25%
- (vii) Leasehold land/Buildings- over 30 years term of lease on land or 3%
- (viii) Drive way, Watchtower and Crew boat - over 10 years or 10%
- (ix) Permanent Buildings over 50 years or 2%
- (x) Freehold land is not depreciated.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the surplus/deficit) for the year.

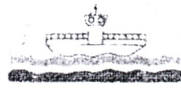
**(d) Inventories are stated at the lower of cost and net realizable value.**

Cost is determined by first in first out (FIFO) method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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- (e) **Cash and cash equivalents**  
For the purposes of the cash flow statements, cash and cash equivalents comprises cash in hand and short term deposits held at call with banks.
  
- (f) **Retirement Benefit Obligations**  
The company operates a defined contribution scheme for all its employees. The scheme is administered by Insurance Company of East Africa and is funded by contribution from both the company and the employees. The company's contributions to the defined contribution retirement benefit scheme are charged to the Income and Expenditure Statement in the year to which they relate. The company also contributes to a statutory defined benefit scheme, the National Social Security Fund (NSSF). Contribution is determined by legal statute and is currently limited to Kshs.200 per employee per month. The company's contribution to the above scheme is charged to the Income and Expenditure Statement in the year to which they relate.
  
- (g) **Employee Entitlement**  
The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognized as an expense accrual.
  
- (h) **Comparatives**  
Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.



NOTES TO THE ACCOUNTS

NOTE 1 Income earned from Principal Activity

	2008 - 2009	2007 - 2008
	Kshs.	Kshs.
Income from vehicle ferry crossing	135,126,894	145,828,173
Sale of ferry passes	1,027,600	1,195,540
Hire of ferry	<u>153,000</u>	<u>345,000</u>
	<u><u>136,307,494</u></u>	<u><u>147,368,713</u></u>

NOTE 2 Net Interest Income from Short term deposit

	2008 - 2009	2007 - 2008
	Kshs.	Kshs.
Interest Income	1,192,085	6,149,338
Less Bank charge and Interest on overdraft	<u>(1,053,054)</u>	<u>(658,797)</u>
	<u><u>139,031</u></u>	<u><u>5,490,541</u></u>

NOTE 3 Other Income

	2008 - 2009	2007 - 2008
	Kshs.	Kshs.
Other Income	18,542,584	14,363,716
Less Advertisement cost	(2,936,565)	(1,997,008)
CASH on disposal of fxd. Assets	<u>450,000</u>	<u>300,000</u>
	<u><u>16,056,019</u></u>	<u><u>12,666,708</u></u>

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

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	2008 - 2009	2007 - 2008
	Kshs.	Kshs.
<b>NOTE 4 Government Grants/Subvention</b>	<b>295,210,882</b>	<b>300,000,000</b>
<b>NOTE 5 Staff/Administrative Costs</b>		
	2008 - 2009	2007 - 2008
	Kshs.	Kshs.
(i) Salaries & Wages	211,829,050	140,054,250
(ii) Staff Transport	9,400,500	7,999,217
(iii) NSSF	539,800	550,100
(iv) Provident/Pension Contribution	7,811,357	6,999,324
(v) Gratuity	1,512,786	10,000,292
(vi) Service Pay Benefits	-	-
(vii) Medical Expenses	20,259,758	20,998,788
(viii) Staff Uniforms	1,517,804	2,997,704
(ix) Staff Welfare Expenses	3,921,677	3,999,805
(x) Staff Training	7,330,851	3,497,488
(xi) HIV/AIDS awareness	-	1,953,367
(xii) Leave Traveling Expenses	4,436,114	3,982,581
(xiii) Board Expenses & Directors fees	5,880,591	3,499,856
	<u>274,440,288</u>	<u>206,532,772</u>
Number of staff	230	220
<b>NOTE 6 Operational Costs</b>		
(i) Fuel/Oil Expenses	78,240,891	57,247,900
(ii) Cost of ferry repairs and Maint.	59,981,487	54,537,649
(iii) Ferry Dry-docking	6,551,519	21,982,988
(iv) Ferry Insurance	33,237,596	27,499,760
(v) Licence, Inspection & Survey	-	3,999,732
(vi) Office building repair & Maint.	1,966,647	985,959
(vii) Office furniture & Equipment	1,815,437	1,951,089
(viii) Ferry Safety, Equipment & Repair	1,917,947	1,988,879
(ix) Motor vehicle running expenses	635,000	2,252,123
(x) Audit Professional fees	806,265	281,340
(xi) Publicity & Public Relations	1,542,474	990,725
(xii) Entertainment	399,999	976,738
(xiii) Legal Expenses	2,301,505	2,005,000
(xiv) Motor vehicle Insurance	429,266	861,635
(xv) Other Insurance	5,844,321	3,899,090
(xvi) Rents and Rates	166,820	199,914
(xvii) Electricity and Water	6,179,867	2,458,175
(xviii) Telephone & Postage	3,460,133	3,415,110
(xix) Printing & Stationery	2,499,920	2,310,642
(xx) Security Provision	24,733,043	19,999,434
(xxi) Newspaper & Periodicals	360,287	499,940
(xxii) Laundry Expenses	458,328	699,695
(xxiii) Donation and Subscription	797,735	499,200
(xxiv) General Office Expenses	4,541,674	2,499,475
(xxv) Money transits Services	773,998	748,865
(xxvi) Research & Development	4,971,795	2,996,462
(xxvii) Consultancy	4,560,585	6,292,639
(xxviii) Contingency	-	2,680,260
(xxix) Duty Travel & Conn. Expenses	5,639,979	5,998,575
(xxx) Sports Recreation & Exhibition	5,937,308	-
(xxxii) Information Technology Expenses	1,983,945	1,999,677
	<u>262,735,771</u>	<u>234,762,670</u>



**Property, plant & equipment**  
**Year ended 30th June 2009**

COST	FERRY VESSELS Kshs	FERRY, PLANT & TOOLS Kshs	MOTOR VEHICLES Kshs	COMPUTERS Kshs	LED SCREENS Kshs	OFFICE EQUIPMENT & SURVEILLANCE E CAMERAS Kshs	FREEHOLD LAND Kshs	BUILDINGS Kshs	DRIVE WAY, WATCHTOWER, WAITING SHEDS, INFRASTRUCTURE, E ROADS, CREWBOAT & GARDEN Kshs	LEASED BUILDING Kshs	LEASED LAND Kshs	STANDBY GENERATOR Kshs	GUARD RAILS Kshs	GROVE CRANE Kshs	TOTAL Kshs
At 01 7 2008	1,149,100,661	136,017,384	17,013,467	31,417,532	-	54,880,366	16,537,108	60,242,514	47,269,494	8,000,000	2,000,000	7,968,830	6,455,380	9,460,000	1,546,362,736
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	51,709,285	939,392	-	194,914	60,048,265	6,472,945	-	1,527,000	3,539,280	-	-	-	910,368	-	125,341,448
Disposals	-	-	(1,289,925)	-	-	-	-	-	-	-	-	-	-	-	(1,289,925)
At 30 6 2009	1,200,809,946	136,956,776	15,723,542	31,612,446	60,048,265	61,353,311	16,537,108	61,769,514	50,808,774	8,000,000	2,000,000	7,968,830	7,365,748	9,460,000	1,670,414,269
DEPRECIATION															
At 01 7 2008	1,007,274,739	130,982,790	15,622,771	27,965,565	-	22,953,601	-	4,881,116	14,579,682	3,072,485	1,202,930	1,850,552	3,227,890	1,182,500	1,234,796,424
On Disposals	-	-	(1,289,925)	-	-	-	-	-	-	-	-	-	-	-	(1,289,925)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	60,040,497	746,748	347,674	911,720	15,012,066	7,669,164	-	1,235,390	5,080,877	266,667	66,666	996,104	1,841,437	1,182,500	95,397,754
At 30 6 2009	1,067,315,236	131,729,538	14,680,520	28,877,285	15,012,066	30,622,765	-	6,116,506	19,660,559	3,339,152	1,269,596	2,846,656	5,069,127	2,365,000	1,328,904,007
NET BOOK VALUE															
At 30 6 2009	133,494,710	5,227,238	1,043,022	2,735,161	45,036,199	30,730,546	16,537,108	55,653,008	31,148,215	4,660,848	730,404	5,122,174	2,296,621	7,095,000	341,510,263
At 30 6 2008	141,825,922	5,034,594	1,390,696	3,451,967	0	31,926,765	16,537,108	55,361,398	32,689,812	4,927,515	797,070	6,118,278	3,227,690	8,277,500	311,566,315

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## NOTE 8 CAPITAL WORKS IN PROGRESS

	2008 - 2009	2007 - 2008
	Kshs	Kshs
Bus Park, Likoni Walkways, Resource Centre	1,146,396,058	869,726,223

This represent work in progress at bus park, resource centre and business stalls at the Likoni mainland and building of two new ferry vessels.

## NOTE 9 SHORT TERM INVESTMENTS

This represents funds held in fixed deposit A/Cs at National bank of Kenya, the funds are ment for the purchase of two new Ferries. The funds are on call as and when they shall be required by the ferry builders  
A/C 0135057007201

2008 - 2009	2007 - 2008
Kshs	Kshs
8,827,684	42,916,489
<u>8,827,684</u>	<u>42,916,489</u>

## NOTE 10 Inventories

	2008 - 2009	2007 - 2008
	Kshs	Kshs
Fuel, Oil stocks	1,778,355	2,336,504
Stationery stocks	1,060,733	1,728,583
Spares Stocks	105,039,051	83,915,738
	<u>107,878,139</u>	<u>87,980,825</u>

## NOTE 11 RECEIVABLES

	2008 - 2009	2007 - 2008
	Kshs	Kshs
Public Sector debtor	1,148,324	536,042
Private Sector Debtor	8,679,458	5,533,357
Toll Collector Debtor	17,273	25,992
Refundable deposit	(287,000)	320,000
Staff Imprests	2,355,910	3,961,182
Salary advances	15,479,365	10,875,173
	<u>27,393,330</u>	<u>21,251,746</u>

**NOTE 12 Bank and Cash Balance**

	2008 - 2009	2007 - 2008
Bank Account	Kshs	Kshs
Cash on Hand at Likoni	812,499	360,844
Petty Cash/Cash on hand at Peleleza	-	28,210
	<u>812,499</u>	<u>389,054</u>

**NOTE 13 Share Capital**

par value per share: Shs.100.00

	No. of shares		
Authorized share Capital 5,000,000		<u>500,000,000</u>	<u>500,000,000</u>
Issued Share Capital			
Government of Kenya : 3,999,040		399,904,000	399,904,000
Kenya Ports Authority: 1,000,000		100,000,000	100,000,000
		<u>499,904,000</u>	<u>499,904,000</u>

**NOTE 14 Accumulated Losses**

At start of year	(1,217,071,292)	(1,132,207,204)
Adjustments for prior year [Pension funds in Kenya	-	-
Deficit for the year	(184,860,144)	(84,864,088)
	<u>(1,401,931,436)</u>	<u>(1,217,071,292)</u>

**NOTE 15 Revaluation Reserves**

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

	<u>346,472,073</u>	<u>346,472,073</u>
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**NOTE 16 Government Funds for Capital Works**

	2008 - 2009 Kshs.	2007 - 2008 Kshs.
Funds for Purchase of Maintenance Facility	72,090,103	58,340,103
Funds for Purchase of ferries	1,355,080,000	1,053,000,000
Funds for Construction Of Bus Park and Stall	<u>216,250,000</u>	<u>175,000,000</u>
	<u>1,643,420,103</u>	<u>1,286,340,103</u>

**NOTE 17 Kenya Ports Authority Advances**

At start of year 1.7.08	325,507,569	<u>325,507,569</u>
At end of year 30.6.09	<u>325,507,569</u>	<u>325,507,569</u>

**NOTE 18 Trade and Other Payables**

	2008 - 2009 Kshs	2007 - 2008 Kshs
Trade Payables	169,905,559	36,054,035
Pension payable		0
Provision and Accruals	300,000	200,000
VAT & Withholding tax	33,205,365	35,578,823
Other Agency Payables	14,422,062	19,734,299
Group Life Clearing A/c	41,380	-
	<u>217,874,366</u>	<u>91,567,157</u>

**Provision and Accruals**

This is in respect of Audit fee payable on certification of the accounts.

**NOTE 19 BANK OVERDRAFT**

	2008 - 2009 Kshs	2007 - 2008 Kshs
	1,571,288	1,111,042



**NOTE 20 CASH GENERATED FROM OPERATIONS**

	2008 - 2009	2007 - 2008
	Kshs.	Kshs.
Deficit for the year	(184,860,144)	(84,864,088)
Adjustment for depreciation (7)	95,397,511	76,706,109
Government funds received for capital projects	357,080,000	375,000,000
Designated Funds used	1,049,277	(17,317,375)
Interest Income	(1,192,085)	6,149,338
Interest Expense	1,053,054	(658,797)
Proceeds on Disposal of fixed Assets	(450,000)	300,000
Receivables	(6,141,584)	(3,308,148)
Inventories	(19,897,314)	(9,744,899)
Payables	<u>126,307,209</u>	<u>28,223,387</u>
Cash Generated from Operations	<b>368,345,924</b>	<b>370,485,527</b>

**NOTE 21 Mtongwe Compensation**

This is amount which had been concluded by the Court and paid as at end of financial year for Mtongwe victims	-	<b>32,388,499</b>
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**NOTE 22 CURRENCY**

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