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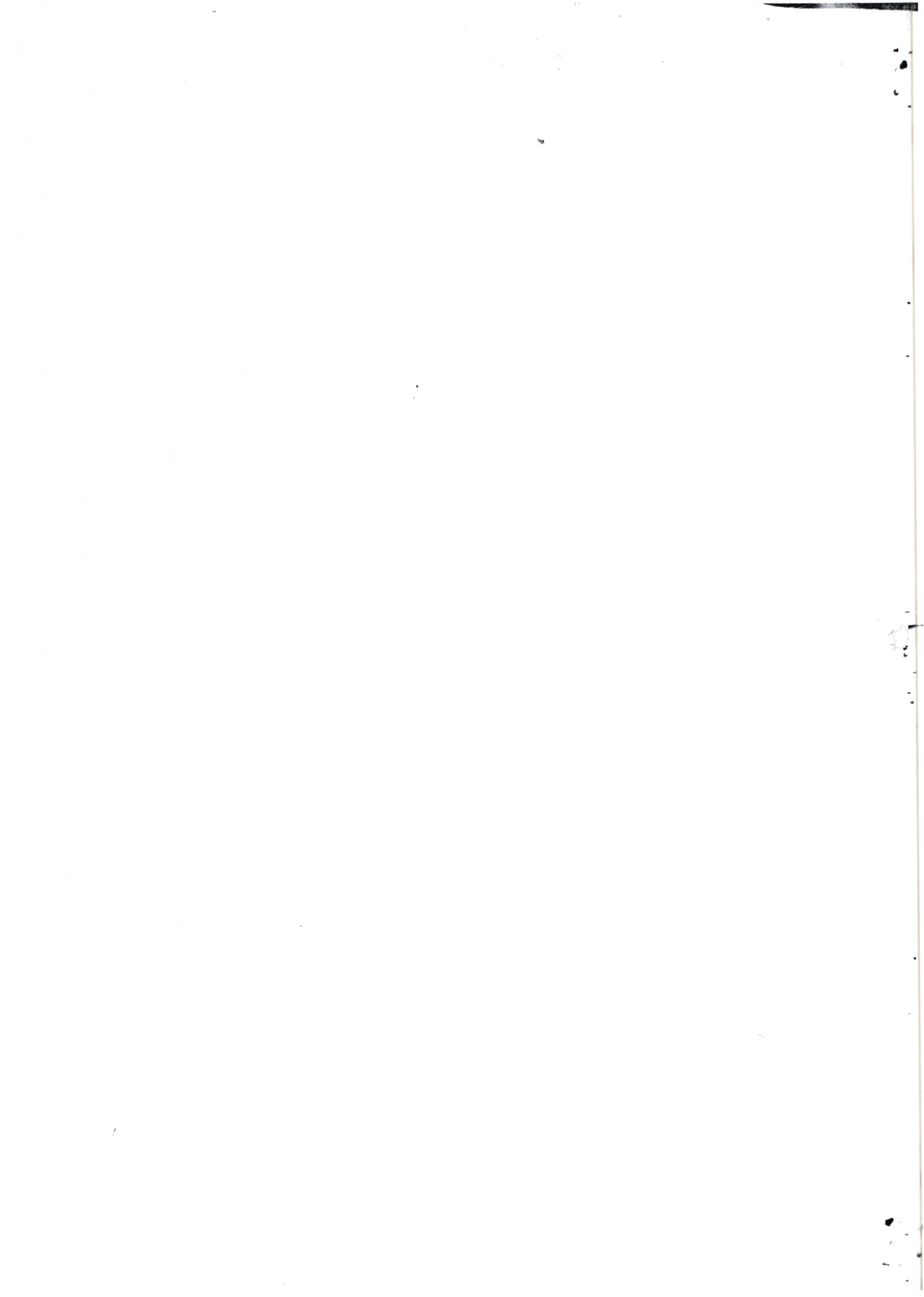
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**REPORT OF THE CONTROLLER AND AUDITOR  
GENERAL ON THE ACCOUNTS OF THE KENYA  
RAILWAYS CORPORATION FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2003.**



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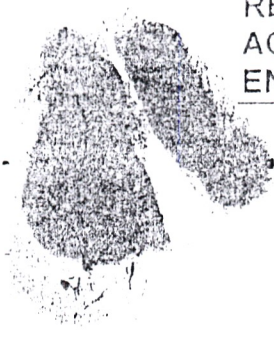
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NAIROBI

# KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
ACCOUNTS OF KENYA RAILWAYS CORPORATION FOR THE YEAR  
ENDED 30 JUNE 2003

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# KENYA RAILWAYS

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# KENYA NATIONAL AUDIT OFFICE

## REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE ACCOUNTS OF KENYA RAILWAYS CORPORATION FOR THE YEAR ENDED 30 JUNE 2003

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I have audited the financial statements of Kenya Railways Corporation for the year ended 30 June, 2003 in accordance with the provisions of Section 29 of the Exchequer and Audit Act, Cap 412. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

### **Respective Responsibilities of the Directors and the Controller and Auditor General**

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The directors are responsible for the preparation of financial statements which give a true and fair view of the Corporation's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

### **Basis of Opinion**

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

### **Comments**

#### **1. Financial Position**

The Corporation incurred a net loss of Kshs.1,238,239,328 during the year which brought the its cumulative deficit to Kshs.11,258,066,563 as at 30 June 2003. The balance sheet also reflected a negative working capital of Kshs.3,550,794,834 and the Corporation could not meet its obligations totaling Kshs.11,865,295,756. These factors raise substantial doubt as to

whether the Corporation will be able to continue as a going concern and its continued operation is dependent upon the support of its lenders, creditors and the Government.

## **2. General Electric (GE) Inc. Contract**

### **i). Maintenance of locomotives**

As reported in the previous years, the Corporation in 1996 without open tendering procedures entered into a US\$ 65 million (Kshs.4.9 billion) contract agreement with General Electric (GE) Inc. for the overhaul and maintenance of 35 locomotives without indicating explicitly in the agreement the post overhaul performance targets (Revenues) to be achieved. However, in what appeared to be post overhaul parameters, the contract performance guarantees provided loosely and in unclear terms for the locomotive overhaul and maintenance of 80% minimum average availability and 50,000 Km. per failure minimum reliability. Available information however, indicates that although the locomotive availability has been satisfactory, the minimum reliability of the locomotive at 50,000 Km. per failure has been below par. Consequently, in the absence of competitive tendering and considering that the minimum reliability of the locomotives at 50,000 per failure was one of the fundamental and key objectives of the contract and which was not achieved, it was not possible to express an opinion as to whether the Corporation obtained value for money in respect of US\$65 million (Kshs.4.9 billion) contract on the locomotive overhaul project.

### **ii). Contracted staff**

It was also noted that the management signed a contract agreement under which the Corporation was to provide a total of 37 of its staff to assist General Electric in the locomotive rehabilitation works at the Corporation's expense. As a result 37 Kenya Railways employees who were paid an undetermined amount of salaries between 1997 and 30 June 2001 were fully engaged in the exercise of overhauling and maintenance of 35 locomotive engines at the Corporation's expense without compensation. The Corporation has not provided justification for this arrangement or provided a satisfactory answer to the question whether the undetermined amount of salaries paid by the Corporation to its employees under the terms of the contract was a proper charge to the Corporation's funds.

### **iii). Payments to General Electric (Inc)**

Since 1997 the Corporation has made payments to General Electric amounting to US\$19,322,309.89 as at August, 2002 for the overhaul and maintenance of locomotives. Available information however shows that additional payments of US\$390,566 and US\$28,846,865 have been made to General Electric since 1997 by Magadi Railways and the Kenya Government

respectively for the overhaul and maintenance of the same locomotives. It is not clear whether this additional expenditure has been incorporated in the financial statements of the Corporation. Further it is not clear how the Government and Magadi Railways expenditure totaling US\$28,486,865.58 and US\$390,566.61 respectively should be treated in the Corporation's books of account.

### **3. Cash in Hand**

The balance sheet reflected Kshs.37,475,314 as cash on hand as at 30 June 2003. This figure is composed of cash on hand of Kshs.3,382,475, imprest cash of Kshs.27,736,906 and cash-in-transit of Kshs.5,058,943 among others. However, cash survey certificates which were availed for audit reflected cash on hand figure of Kshs.3,304,761 hence an unexplained difference of Kshs.78,145. Further, imprest cash certificates were not made available for audit review and, therefore, the accuracy of the imprest cash could not be confirmed. Under the circumstances, the accuracy of the balance sheet cash on hand figure of Kshs.37,475,314 as at 30 June 2003 could not be confirmed.

### **4. Bank Balances(Overdraft)**

The Balance Sheet reflected an overdraft of Kshs.711,323,896 as at 30 June 2003. This figure included an overdraft in the main account of Kshs.696,576,420. However, bank certificates which were made available for the main account reflected an overdraft balance of Kshs.286,273,559, therefore, giving rise to a difference of Kshs.410,302,861 which has not been explained. It is further noted that the overdraft in the main bank account of Kshs.286,273,559 exceeded the approved limit of Kshs.200 million and no authority to exceed the approved overdraft was produced for audit scrutiny. Further, included in the balance sheet bank overdraft of Kshs.711,323,896 is an amount of Kshs.29,383,151 described as net miscellaneous bank debits. This figure was not supported and therefore it is not clear what it represent. Under the circumstances, I am unable to confirm the overdraft figure as recorded in the financial statements.

### **5. Debtors**

Included in the balance sheet debtors figure of Kshs.4,758,688,137 are current debtors of Kshs.2,498,218,526 and bad and doubtful debtors of Kshs.1,263,187,498. But relevant supporting schedules for both were not made available for audit verification. Further, while the balance sheet reflects the advances E/S staff figure of Kshs. 105,891,190 the ledger showed a balance of Kshs.99,822,853 while computerized staff advances register revealed Kshs.36,728,598 hence. The differences between the three balances have not been explained as reconciled. In addition, the computerized advances register contained retired employees with

outstanding advances against their names. It is not clear when or how such advances would be recovered. The figure of Kshs.1,263,187,498 described as bad and doubtful debts significantly differs with total provision for bad and doubtful debts of Kshs.358,688,620 indicated in notes to financial statements. In addition, the relationship between bad and doubtful debts of Kshs.1,263,187,498 and provision for bad and doubtful debts of Kshs.32,373,675 was not explained. In view of the above, it was not possible to confirm the accuracy of debtors figure of Kshs 4,758,688,137 as at 30 June 2003.

## **6. Stocks**

The stocks figure of Kshs.2,606,708,110 reflected in the balance sheet includes stores un-issued of Kshs.2,504,365,757 and materials in transit of Kshs.302,060,451 among others. The stores un-issued reconciliation statement which was provided by the supplies department showed Kshs.4,162,225,328 thus occasioning a significant and material difference of Kshs.1,657,859,571 which was not explained. Further, supporting schedules for the figure of materials-in-transit of Kshs.302,060,451 was not made available for audit review. In addition no stock-take exercise was carried out during the year physical and therefore the various stocks could not be confirmed. Further, although the increase in provision for stock obsolescence during the year was Kshs.8,000,000, an amount of Kshs.17,000,000 was charged to the income and expenditure statement. No explanation was given for this inconsistency. Under the circumstances, it was not possible to confirm that the stocks figure of Kshs 2,606,708,110 is fairly stated in the financial statements.

## **7. Term Loan**

An overdraft amounting to Kshs.200 million was converted into term loan repayable over a period of 36 months which reflected unpaid balance of Kshs.153,955,047 as at 30 June 2003. However, Section 5(2) of the State Corporation's Act (Statute Law Miscellaneous Amendment Act 2002) requires that approval of the parent Ministry and Treasury be sought for such borrowing. However, no such authority was seen to support the term loan.

## **8. Creditors and Accrued Charges**

The balance sheet creditors and accrued charges reflects Kshs.11,153,971,859 includes deposits- Kshs.7,459,629, salaries and wages- Kshs.4,458,932, and accrued payments of Kshs.2,043,101,303 among others. The deposits figure should normally reflect credit balances but instead reflected unusual debit balances totaling Kshs.1,099,773,221 which were not analyzed and explained. Similarly salaries and wages figure of Kshs.4,459,932 was not analyzed and it is not clear what the figures


represent. The accrued payments figure of Kshs.2,043,101,303 was not in agreement with the supporting schedule figure of Kshs.2,927,375,736, thus indicating a difference of Kshs.884,274,433 which was similarly not explained. Under the circumstances it was not possible to confirm the accuracy of the creditors and accrued charges figure of Kshs.11,153,971,859 as at 30 June 2003.

#### **9. Other Provisions**

Although there was a net decrease of Kshs.127,770,136 in various provisions which amount ought to have credited to income account during the year as per the financial statements, Kshs.54,373,675 was expensed in the financial statements, resulting to an unexplained differences of Kshs.182,143,811 which has not been credited to income expenditure. Under the circumstances, it is not possible to confirm the accuracy of the provisions figure of Kshs.859,478,092 as at 30 June 2003.

#### **Opinion**

Except for any adjustments that might be necessary arising from the matters set out in the preceding paragraphs, in my opinion proper books of account have been kept and the financial statements give a true and fair view of the state of financial affairs of the Corporation as at 30<sup>th</sup> June 2003 and of its deficit and cash flows for the year then ended and comply with Kenya Railways Corporation Act (Cap 397).



**E.N. MWAI**  
**CONTROLLER AND AUDITOR GENERAL**

NAIROBI

17 October 2005



# KENYA RAILWAYS

## INCOME STATEMENT FOR THE PERIOD ENDED JUNE 30, 2003

	<u>NOTES</u>	<u>2001/2002</u> <u>Shs.</u>	<u>2002/2003</u> <u>Shs.</u>
<b><u>EARNINGS :</u></b>			
Passenger Traffic		123,037,077	127,966,555
Other Coaching Traffic		8,939,078	8,564,318
Goods Traffic		4,505,649,287	4,057,995,957
Livestock		1,566,857	648,454
Catering Services		31,454,152	33,475,046
Water Transport Services		96,657,778	167,512,796
Railway Training Institute		38,779,052	49,632,909
Miscellaneous Earnings	(16)	392,096,820	564,516,533
Interest on Cash Balances & Advances		38,917,130	10,188,435
<b>TOTAL</b>		<u>5,237,097,231</u>	<u>5,020,501,003</u>
<b><u>OPERATING EXPENDITURE :</u></b>			
Maintenance of Way and Works		793,434,284	646,744,657
Maintenance of Locomotives, Rolling Stock etc.		301,971,961	222,679,130
Locomotive Running Expenses		1,861,770,490	1,896,285,786
Traffic Expenses		355,186,736	311,405,185
Business Expenses		419,599,967	322,827,453
Catering Services		46,044,016	41,318,573
Water Transport Services		91,709,605	80,310,005
Electrical & Telecommunication Services		66,735,101	54,865,016
Railway Training Institute		55,390,173	39,173,436
General Charges		230,723,122	176,767,975
Miscellaneous Expenditure		1,054,145,604	1,220,027,385
<b>TOTAL</b>		<u>5,276,711,058</u>	<u>5,012,404,601</u>
<b><u>NON OPERATING EXPENDITUE :</u></b>			
Depreciation & Amortization	(2)	305,052,438	268,992,675
Loans Foreign Exchange Adjustments	(2C) & 9(VI)	54,262,969	(140,103,909)
Interest on Borrowings	(19)	1,005,751,354	1,063,073,258
Other Provisions	(18)	41,582,870	54,373,706
<b>Total Non Operating Expenditure</b>		<u>1,406,649,631</u>	<u>1,246,335,730</u>
<b>Total Expenditure :</b>		<u>6,683,360,689</u>	<u>6,258,740,330</u>
<b>Net Surplus / (Deficit) before extra ord.items</b>		<u>(1,446,263,458)</u>	<u>(1,238,239,328)</u>
<b>Extra Ordinary Items:-</b>			
GOK Grant		438,439,056	1,607,240,322
Gain/(Loss) on Land Sale	(20)	15,100,000	31,750,000
Retrenchments (W - 890)		(438,439,056)	(270,654,007)
<b>Total</b>		<u>15,100,000</u>	<u>1,368,336,315</u>
<b>Surplus / (Deficit) For the Year</b>		<u>(1,431,163,458)</u>	<u>130,096,987</u>
Working Ratios %	Actual	100.76	99.84
	Target	85.55	85.55

# KENYA RAILWAYS

## CASHFLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2003

<u>2001/2002</u>			<u>2002/2003</u>	
Shs	Shs		Shs	Shs
		<b>Cash from Operations</b>		
	(1,447,566,367)	Surplus / (Deficit) for the Year		130,096,987
		Add : Items not Involving		
		Movement of Cash		
305,052,438		- Depreciation for the Year	268,992,675	
0		- Prior Depreciation Adjustment	0	
	<u>305,052,438</u>			<u>268,992,675</u>
	<b>(1,142,513,929)</b>	<b>Total Cash from Operations</b>		<b>399,089,662</b>
		<b>Add : Movement In Current Assets</b>		
513,139,274		Stores Stocks Decrease/(Increase)	(177,527,418)	
(38,122,556)		Short T. Invest. Decrease/(Increase)	(410,944,955)	
928,902,070		Creditors Increase/(Decrease)	711,322,509	
(72,554,165)		=Curr. Loan Liab. Increase/(Decrease)	0	
(833,638,752)		Debtors Decrease/(Increase)	(367,066,677)	
<u>84,655,896</u>		W/Shop Sus. Decease/(Increase)	<u>(3,944,258)</u>	
	<b>582,381,767</b>	<b>Net Current Assets Movement</b>		<b>(248,160,799)</b>
		<b>Less : Investing Activities</b>		
88,736,004		Current Loan Liability Adjustments	91,567,586	
298,584,406		Long Term Loan Liab. Adjustment	164,595,105	
		Fixed term Loans(Stocks)	36,843,776	
0		Short term Loans Received	224,275,207	
0		Short term Loans Repaid	(70,320,160)	
(54,262,969)		Foreign Exchange Adjustment	140,103,909	
(838,812,605)		Interest Charges	(1,074,874,792)	
0		Write-off on Disposal	31,750,000	
10,063,429		Fixed Assets Adjustment	(9,821,349)	
<u>168,828,222</u>		Capitalisation of Work In Progress	<u>(43,444,580)</u>	
	<b>(326,863,513)</b>	<b>Total Investing Activities</b>		<b>(509,325,298)</b>
		<b>Add : Financing Activities:-</b>		
3,500,000		Disposal of Fixed Assets	11,100,000	
(255,020,728)		Provisions Increase/(Decrease)	(127,770,136)	
1,596,387		Reserves Increase/(Decrease)	(11,330,641)	
<u>266,806,129</u>		Prior Year Adjustments	<u>(576,895,275)</u>	
	<b>16,881,798</b>	<b>Total Financing Activities</b>		<b>(704,896,052)</b>
	<b>(216,386,861)</b>	<b>Net Increase/(Decrease) In</b>		<b>(41,641,891)</b>
		<b>Cash and Cash Equivalents</b>		
		<b>Movement in Cash &amp; Cash Equivalents</b>		
		<b>Opening Balances :</b>		
54,834,359		Opening Cash Balance	46,392,004	
		Cash Book Adjustment	(210,164,399)	
(125,421,198)		Opening Bank Balance	(466,034,296)	
	<b>(70,586,839)</b>	<b>Total Opening Balances</b>		<b>(629,206,691)</b>
		<b>Closing Balances :</b>		
46,992,004		Closing Cash Balance	37,475,314	
(333,965,704)		Closing Bank Balance	(711,323,896)	
	<b>(286,973,700)</b>	<b>Total Closing Balances</b>		<b>(673,848,582)</b>
	<b>(216,386,861)</b>	<b>Net Increase/(Decrease) In</b>		<b>(41,641,891)</b>
		<b>Cash and Cash Equivalents</b>		

# NOTES TO THE ACCOUNTS

## **Note 1. ACCOUNTING POLICIES**

- (a) **Basis**  
Accounts are prepared on a historical cost basis as modified by the revaluation of fixed assets from time to time.
- (b) **Compliance**  
Accounts are prepared in compliance with the Kenya Railways Corporation Act - Cap 397 , and Exchequer and Audit Act -Cap 412 , Laws of Kenya.
- (c) **Depreciation**  
Depreciation is charged on a straight line basis based on the estimated useful life of the various classes of assets. Assets are depreciated with effect from the year following commissioning. Details of the useful lives of various classes of assets are shown in Note 2 and Statement No.1 gives the movement of various assets.
- (d) **Stores Stocks**  
These are stated at cost less provision for obsolescence and deterioration as shown in Note 4.
- (e) **Short Term Investments**  
These consist of Fixed Deposits with various financial institutions stated at market value. They are normally used to provide security for short term borrowings, overdraft facilities and letters of credit. These are detailed in Note 5.
- (f) **Cash-on-Hand**  
This is represented by a physical cash count at the close of the Financial Year as shown in Note 6.
- (g) **Bad Debts**  
The Corporation provides for bad and doubtful debts at the rate of 5% of the debts that have proved uncollectable. This policy is effective from 1995/96 Financial Year.
- (h) **Workshops : Works-in-Progress**  
Workshop works in progress comprises of all materials and labour in the workshops at the various stages of production valued at cost.
- (i) **Creditors and Accrued Charges**  
These represent all short term indebtedness of the Corporation that are payable within the next Financial Year and include loan interest charges, arrears of loans, accrued payments and deposits .
- (j) **Retention Accounts**  
These are accounts maintained in foreign currencies and are converted to Kenya Shillings using the rate ruling at the close of the Financial Year.
- (k) **Loans**  
These are denominated in various foreign currencies as shown in Statements No.2 and 2-A and are converted into Kenya Shillings using the closing rate as at June 30, 2003. Arrears of loans and interest charges are transferred to current loan liability at the close of the Financial Year.
- (l) **Provisions**  
These are charged to the Accounts based on actual amounts set aside as shown in Statement Number 4

- (m) **Reserves**  
Transfer to reserves include prior-period adjustments and write off/back shown in Statement No. 4.
- (n) **Working Expenditure**  
These are working accounts under various Abstracts as shown in Statement No. 3.
- (o) **Cashflow Statement**  
This is provided in compliance with IAS 7
- (p) **Contingency Liability**  
Kshs.234 Million is provided as contingency liability for cases pending in court.

**Note 2. TANGIBLE ASSETS (See Statement No.1)**

Tangible Assets include Permanent Way, Buildings, Locomotives, Rolling Stock, Plant and Equipment etc. which are required for the on-going operations of the Railways. The table below shows the useful lives and the rates of depreciation for the major classes of Tangible Assets:-

<u>Class of Asset</u>	<u>Average Useful Life (Years)</u>	<u>Rate (%)</u>
(1) Permanent Way and Bridges	50	2
(2) Buildings	50	2
(3) Plant and Machinery	30	4
(4) Signalling Equipment	40	3
(5) Telecommunication Equipment	25	4
(6) Locomotives	30	4
(7) Coaches	25	4
(8) Wagons	20	5
(9) Motor Vehicles	5	20
(10) Office Equipment	5	20

Detailed movements of tangible assets are set out in Statement No.1. The wasting assets are shown at replacement values with subsequent additions at cost. Depreciation is charged on wasting assets based on asset replacement values and calculated on the straight line method over periods related to the useful lives of the assets commencing at the beginning of the year following entry into service.

The value of assets brought into service during the year under review was Kshs. 43.44million.

The value of tangible assets has been arrived at as follows :-

<b>Tangible Assets as at June 30.</b>	<b>2001/2002 KShs</b>	<b>2002/2003 KShs</b>
Land	3,780,645,000	3,769,545,000
Others	31,262,363,324	31,305,808,904
	<u>35,043,008,324</u>	<u>35,075,353,904</u>
<b>Less:</b>		
Accumulated Depreciation	(27,372,449,731)	(27,641,434,320)
<b>Net Tangible Assets as at June 30</b>	<u><u>7,670,558,593</u></u>	<u><u>7,433,919,575</u></u>

**Note 3. CAPITAL WORKS-IN-PROGRESS - KSHS. 1,388,571,940**

This consists of the value, stated at cost, of all the on-going Capital Works which were being undertaken as at June 30, 2003. Detailed movements of works-in-progress are set out in Statement No 1

**Note 4. STORES STOCKS**

These are stated at cost less provision for obsolescence and deterioration and comprise the following: -

	2001/2002 KShs	2002/2003 KShs
Stores Unissued	2,304,755,572	2,504,365,757
Capital Stores	50,231,168	50,134,638
Fuel Stocks	0	0
Materials-in-transit	316,763,259	302,060,451
Claims - Goods	17,238,619	17,306,248
Construction Plant	568,209	1,217,152
Uniforms	111,800	111,800
<b>GROSS STORES STOCKS</b>	<b>2,689,668,627</b>	<b>2,875,196,046</b>
Less : Provision for Deterioration and Obsolescence of Stores.	(260,487,935)	(268,487,935)
<b>NET STORES STOCKS</b>	<b>2,429,180,692</b>	<b>2,606,708,110</b>

**Note 5. SHORT TERM INVESTMENTS**

These comprise the following :-

	2001/2002 KShs	2002/2003 KShs
K.C.B. FDR NO.0016796	56,287,455	211,223,478
K.C.B FDR NO.0018221	392,417,212	600,000,000
K.C.B FDR NO.0016797	10,619,026	59,045,170
<b>TOTAL</b>	<b>459,323,693</b>	<b>870,268,648</b>

**Note 6. CASH ON HAND**

The balance of Cash on Hand consists of the following:-

	2001/2002 KShs	2002/2003 KShs
Cash on Hand	6,364,374	3,382,474
Cash with Overseas Agents	1,296,991	1,296,991
Imprest Cash	16,590,256	27,736,906
Cash in Transit	22,740,383	5,058,943
<b>TOTAL CASH ON HAND</b>	<b>46,992,004</b>	<b>37,475,314</b>

**Note 7. DEBTORS**

Details of debtors as at June 30, are as follows :-

	2001/2002 KShs	2002/2003 KShs
Traffic Account -Trade Debtors	2,965,208,621	2,498,218,626
Suspense Account -Trade Debtors	0	0
Bad & Doubtful Debts	615,714,006	1,263,187,498
Advances (General)	67,603,293	72,768,084
Uganda Railways	646,968,646	797,311,323
Numerical Machining Complex Limited	16,293,079	16,293,079
Advances E/S Staff	62,812,887	105,891,190

Car Purchase Scheme	2,367,311	1,939,796
Kenrail Consultants	3,089,221	3,089,221
House Ownership Scheme	11,564,396	(11,460)
<b>GROSS DEBTORS</b>	<b>4,391,621,460</b>	<b>4,758,388,137</b>
Provision for Bad & Doubtful Debts	30,785,700	32,373,675

The provision for bad and doubtful debts is 5% of all debts that proved to be uncollectable for a period exceeding one year as listed in statement No.5.

**Note 8. WORKSHOPS : WORKS-IN-PROGRESS**

This consists of the value, stated at cost, of all the unallocated works which were being undertaken at the underlisted three Kenya Railways workshops as at June 30, 2003

	2001/2002 KShs	2002/2003 KShs
Central Workshops - Nairobi.	936,785	344,634
Marine Workshops - Kisumu	13,002,496	15,348,053
Permanent Way Depot - Nairobi	23,477,174	25,668,026
<b>TOTAL</b>	<b>37,416,455</b>	<b>41,360,713</b>

**Note 9. CREDITORS & ACCRUED CHARGES**

Details of Creditors and Accrued charges for the year ended June 30, 2003 are as follows:-

	2001/2002 KShs	2002/2003 KShs
(a) Industrial Area Accounts	53,728,213	53,443,213
(b) Loan Interest Charges (Statement No. 2-A)	6,689,270,020	7,901,376,913
(c) Deposits	72,699,177	7,459,629
(d) Salaries and Wages	6,213,625	4,458,932
(e) Fixed Recoveries	67,794,397	-
<b>Sub-Total</b>	<b>6,889,705,432</b>	<b>7,966,738,687</b>
(f) Demands Payable		
(i) Accrued Payments	2,311,613,373	2,043,101,303
(ii) Subsidiary Loan Interest Liabilities (GOK & Current Loan Liabilities)	88,736,004	91,567,586
(iii) Uganda Railways	663,596,533	761,192,497
(iv) General Electric International (USA)	42,974,297	0
(v) GOK - Payment to Genereral Electric	130,000,000	130,000,000
(vi) Spornet (SA)	78,729,756	85,389,367
(vii) Audit Fees	3,415,656	5,347,656
(viii) Others	-	20,486,453
(viii) Retrenchment costs		
Sub-Total	3,319,065,619	3,137,084,862
(ix) Retrenchment costs	231,046,717	50,148,311
Sub-Total	3,550,112,336	3,187,233,173
<b>TOTAL</b>	<b>10,439,817,768</b>	<b>11,153,971,959</b>
Less : Current Loan Liabilities (Statement 2B)	88,736,004	91,567,586
<b>GRAND TOTAL</b>	<b>10,351,081,764</b>	<b>11,062,404,273</b>

**Note 10. BANK BALANCES**

Bank Balances for the year ended June 30,2003 comprise the following:-

	2001/2002 KShs	2002/2003 KShs
Main Account (Overdraft)	(337,491,962)	(696,576,420)
Land Account	225	1,884
Passenger Services Account	598,469	1,304,813
Scrap Metal Account	1,072,191	5,041
Collection Accounts	4,882,102	2,644,072
Pension Warrants Account	231,047,717	(49,963,681)
Central Workshops Account	192,163	0
Railway Training Institute Account	508,344	7,916
K.G.I.A. Account	9,881	9,881
Letters of Credit - Active Account	483	40,970
Escrow Account		1,603,461
Project Account		41,549,205
Rental Account		2,136,437
Retention Accounts	21,895,474	11,473,090
Citibank A/C 300045-006	23,297,480	305,578
Citibank A/C 300045-014	6,014,408	2,636,570
Citibank A/C 300045-022	2,126,357	682,117
Citibank A/C 100092-012	-	198,320
<b>TOTAL BANK BALANCES</b>	<b>(45,846,668)</b>	<b>(681,940,745)</b>
Unpresented cheques	400,000,000	-
	<b>(445,846,668)</b>	<b>(681,940,745)</b>
Add : Miscellaneous Bank Debits	22,571,085	51,750,909
Less : Miscellaneous Bank Credits	(42,758,713)	(81,134,060)
<b>NET BANK BALANCES</b>	<b>(466,034,296)</b>	<b>(711,323,896)</b>

**Note 11(a) LOANS**

Details of loans are contained in Statement No.2. The Net Public Debt amounted to KShs. 4,559 Million , while accumulated Loan Interest Charges amounted to KShs. 7,901 Million . as shown in Statement No. 2A. Loan current liabilities payable are shown separately on Statement No. 2-B and amounted to KShs. 91.6 Million.

**Note 11(b) KCB TERM LOAN**

This is a term loan acquired in August,2002 from KCB on conversion of an existing Overdraft Facility of Kshs . 200 , 000 , 000 .

**Note 12. GOVERNMENT SUBVENTIONS & EQUITY**

These consists of the following:-

	2001/2002 KShs	2002/2003 KShs
Kenya Government, 1974	50,000,000	50,000,000
Kenya Government Equity for the purchase of new equipment	468,000,000	468,000,000
<b>TOTAL</b>	<b>518,000,000</b>	<b>518,000,000</b>

**Note 13. GRANTS**

This consists of the balance brought forward of KShs. 35,555,108.00 , being Capital materials paid through grants in the Financial Years 1989/90,1990/91 & 1991/92

**Note 20. LAND SALE AND SEVERANCE PAYMENTS :**

These were treated as Extra-ordinary items during the year as follows:-

	<u>2001/2002</u> KShs	<u>2002/2003</u> KShs
Gross Land sales	15,100,000	42,850,000
Less: Book Value of Land	<u>3,500,000</u>	<u>11,100,000</u>
Gain on Sale of Land	11,600,000	31,750,000
Less: Severance payments	0	0
<b>TOTAL</b>	<b><u>11,600,000</u></b>	<b><u>31,750,000</u></b>

**STATEMENT NO.1**

**FIXED ASSETS SCHEDULE / DETAILS FOR THE PERIOD ENDED JUNE 30, 2003**

	Land	Earth works Ballast and Fencing	Permanent Way Buildings and Other Improvements	Locomotives and Rolling Stock	Workshop Plant and Machinery	Telecommu- nications	Water Transport Road Services Other Assets	TOTAL
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>ASSETS IN USE</b>								
Balance as at 1-7-2002	3,780,645,000	263,034,539	13,654,335,572	15,393,690,725	1,317,925,772	276,460,406	356,916,310	35,043,008,324
Additions during the period	0	0	42,477,390	0	0	967,190	0	43,444,580
Adjustments during the period	0	0	0	0	0	0	0	0
Sub-Total	3,780,645,000	263,034,539	13,696,812,962	15,393,690,725	1,317,925,772	277,427,596	356,916,310	35,086,452,904
Disposals during the period	11,100,000	0	0	0	0	0	0	11,100,000
Balance as at 30-6-2003	3,769,545,000	263,034,539	13,696,812,962	15,393,690,725	1,317,925,772	277,427,596	356,916,310	35,075,352,904

**DEPRECIATION**

Accumulated Depreciation as at 1-7-2002	0	248,295,655	10,740,200,495	14,618,525,911	1,194,076,585	218,804,719	352,546,366	27,372,449,731
Depreciation Adjustment	0	0	0	0	0	0	(8,077)	(8,077)
Depreciation during the period	0	334,542	162,621,820	93,666,260	5,007,187	7,028,672	304,194	268,982,675
Sub-Total	0	248,630,197	10,902,822,315	14,712,222,171	1,199,083,772	225,833,391	352,842,483	27,641,434,329

Accumulated Depreciation as at 30-6-2003

Net Value of Tangible Assets	3,769,545,000	14,404,342	2,793,990,647	681,468,554	118,842,000	51,594,205	4,073,827	7,433,916,575
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**WORKS-IN-PROGRESS**

Expenditure as at 1-7-2002	0	52,410,598	134,593,605	676,529,385	60,253,923	352,940,286	163,110,072	1,441,637,869
Add: Exp/Adjustment in 2002/2003	0	0	(6,935,283)	0	0	0	(2,886,066)	(9,821,349)
Sub-Total	0	52,410,598	127,658,322	676,529,385	60,253,923	352,940,286	160,224,006	1,432,016,520
Less: Capitalisation in 2002/2003	0	0	42,477,390	0	0	967,190	0	43,444,580
Net Value of Works-in-Progress	0	52,410,598	85,180,932	676,529,385	60,253,923	351,973,096	160,224,006	1,389,571,940

## STATEMENT NO. 2

## LOANS AS AT JUNE 30, 2003

	OPENING BALANCES AS AT JULY 1, 2002 (A)	CURRENT LOAN LIABILITIES (B)	CURRENT UNREDEEMED LIABILITIES ADJUSTMENT (C)	FOREIGN EXCHANGE (GAIN)/LOSS ADJUSTMENT (D)	LOAN LIABILITIES AS AT JUNE 30, 2003 (A-B+C+D)
	Shs	Shs	Shs	Shs	Shs
<b>A. FIXED TERM LOANS RAISED BY PUBLIC</b>					
<b>SUBSCRIPTION EAST AFRICAN LOAN STOCKS</b>					
1954 STG PD 5.0 M (1973-76) 4%	90,000	0	0	0	90,000
1957 STG PD 8.5 M (1977-83) 5.7%	20,000	0	0	0	20,000
1975 STG PD 5.9 M (1977) 9%	24,918,842	0	0	0	24,918,842
1970 KENYA PD 1.0 M (1990) 6.75%	513,100	0	0	0	513,100
1971 KENYA PD 3.4 M (1986) 6.75%	11,301,834	0	0	0	11,301,834
	<u>36,843,776 0</u>	<u>0 0</u>	<u>0 0</u>	<u>0 0</u>	<u>36,843,776</u>
<b>LOANS</b>					
<b>B. INTERNATIONAL AGENCIES</b>					
AFDB UA.10.0 M. 8 %	465,988,114	0	0	41,349,263	507,337,377
IBRD 1965 US\$ 38.00 M. (428]	93,723,061	0	0	0	93,723,061
IBRD 1970 US\$ 42.40 M. (670]	165,855,789	0	0	0	165,855,789
IBRD 1981 US\$ 58.00 M. (1976-O KE) 9.6 %	2,037,749,368	0	0	(120,477,230)	1,917,272,138
LLOYDS BANK STG 18.79 M.	106,126,421	0	0	0	106,126,421
EXIM BANK 1985 US\$ 15.3 M.	384,826,371	0	0	0	384,826,371
BANQUE INDOSUEZ 1985 US\$ 0.90 M. (1997) 7.4 %	7,117,090	0	0	(420,781)	6,696,309
IDA (1820-O KE) SDR 21.80 M. 8.8 %	471,231,206	42,832,780	42,832,780	(27,860,462)	443,370,744
ODA Estg. 7.04 M. 9 %	180,632,449	33,126,387	30,334,825	(29,869,228)	147,971,659
PARIS CLUB RESCHEDULING	653,848,860	0	0	(38,657,305)	615,191,555
SUB TOTAL	<u>4,567,098,729</u>	<u>75,959,167</u>	<u>73,167,605</u>	<u>(175,935,743)</u>	<u>4,388,371,424</u>
<b>C. OTHER GOVERNMENTS</b>					
<b>FEDERAL GOVERNMENT OF WEST GERMANY</b>					
K.F.W. 1971 DM. 8.60 M. (1996) 3%	18,199,051	0	0	557,466	18,756,517
K.F.W. DM. 4.5M. (2010) 2 %	17,267,833	2,031,071	1,991,051	1,708,929	18,936,742
K.F.W. DM. 27.00 M. (2031) 7.5 %	120,596,124	13,577,348	13,577,348	11,905,825	132,501,949
SUB TOTAL	<u>156,063,008</u>	<u>15,608,419</u>	<u>15,568,399</u>	<u>14,172,220</u>	<u>170,195,208</u>
TOTAL LOANS	<u>4,723,161,737 0</u>	<u>91,567,586 0</u>	<u>88,736,004</u>	<u>(161,763,523)</u>	<u>4,558,566,632</u>
(NET PUBLIC DEBT A-B+C+D)					

## STATEMENT NO. 2-A

LOAN INTEREST CHARGES

Loan Particulars	Cumulative Interest as at June 30 2002 Kshs.	Interest for the period 2002-2003 Kshs.	Cumulative Interest as at June 30 2003 Kshs.
1. ODA £Stg. 7.04 M. 9%	356,591,234	52,229,198	408,820,432
2. IDA (1820-O KE) SDR 21.80 M. 8.8%	615,593,721	109,148,665	724,742,386
3. KFW DM. 27.00 M. (2031) 7.5%	535,808,101	68,673,111	604,481,212
4. A.F.D.B. US\$ 11.031M. 8%	1,011,571,102	151,449,830	1,163,020,932
5. K.F.W DM 4.5M. (2031) 7.5%	9,770,778	583,469	10,354,247
6. IBRD 1981 US\$ 58.0M. (1976-0KE) 9.6%	3,729,174,671	591,476,543	4,320,651,214
7. K.F.W 1971 DM 8.6M. (1996) 3%	37,505,473	11,697,948	49,203,421
8. BANQUE INDOSUEZ USD.9490.12 @74.00	2,897,873	702,269	3,600,142
9. PARIS CLUB USD. 1,201,537.28 @74.00	527,589,168	88,913,759	616,502,927
TOTAL	6,826,502,121	1,074,874,792	7,901,376,913

## STATEMENT NO. 2-B

(A) ARREARS OF LOANS AS AT JUNE 30, 2003

<u>LOAN &amp; DETAILS</u>		<u>AMOUNT</u>
		<u>KShs.</u>
1.	ODA £Stg. 7.04 M. 9%	15,834,604
2.	IDA (1820-O KE) SDR 21.80 M. 8.8%	21,416,390
3.	KFW DM. 27.00 M. (2031) 7.5%	6,788,674
4.	A.F.D.B. US\$ 11.031M. 8%	0
5.	K.F.W DM 4.5M. (2031) 7.5%	1,005,431
6.	IBRD 1981 US\$ 58.0M. (1976-0KE) 9.6%	0
7.	PARIS CLUB (USD 1,187,628.48 @ KShs. 79.15)	0
<b>TOTAL</b>		<b>45,045,099</b>

(B) LOANS CURRENT LIABILITIES

<u>LOAN &amp; DETAILS</u>		<u>AMOUNT</u>
		<u>KShs.</u>
1.	ODA £Stg. 7.04 M. 9%	17,291,783
2.	IDA (1820-O KE) SDR 21.80 M. 8.8%	21,416,390
3.	KFW DM. 27.00 M. (2031) 7.5%	6,788,674
4.	A.F.D.B. US\$ 11.031M. 8%	0
5.	K.F.W DM 4.5M. (2031) 7.5%	1,025,640
6.	IBRD 1981 US\$ 58.0M. (1976-0KE) 9.6%	0
7.	PARIS CLUB (USD 1,187,628.48 @ KShs. 79.15)	0
<b>TOTAL</b>		<b>46,522,487</b>
<b>TOTAL (A + B)</b>		<b>91,567,586</b>

## CALCULATION OF EXCHANGE GAIN/(LOSS) FOR SERIAL LOANS FOR THE PERIOD ENDING JUNE 30, 2003

	CUMULATIVE DRAWINGS	CUMULATIVE REPAYMENTS	NET TOTAL	CONVERTED APPLYING RATE AS AT 30.6.2003 Shs.	INITIAL LOAN BALANCES AS AT 30.5 2002 Shs.	TOTAL CUMULATIVE EXCHANGE GAIN/(LOSS) Shs.
1	27,537,152	0	27,537,152	1,917,272,040	2,037,749,270	150,477,250
2	1,724,716	0	210,967,274	181,098,046	210,967,274	29,369,228
3	342,662,246	0	342,662,246	443,370,803	471,231,265	27,860,462
4	151,784,021	0	151,784,021	507,337,475	465,988,212	(41,549,263)
5	19,258,884	0	19,258,884	20,967,813	19,258,884	(1,708,929)
6	135,773,472	1,600,000	134,173,472	146,079,297	134,173,472	(11,905,825)
7	18,199,050	0	18,199,050	18,756,516	18,199,050	(557,466)
8	899,188	809,269	89,919	6,696,308	7,117,089	420,781
9	8,313,399	0	8,313,399	615,191,526	653,848,831	38,657,305
				<u>3,856,769,824</u>	<u>4,018,533,347</u>	<u>161,763,523</u>

June 30, 2003

June 30, 2002

NOTE

Loan balances denominated in foreign

currency, as at June 30, 2003 were converted

using the following exchange rates

US \$ 1 = KShs.

74.00

US \$ 1 = KShs

78.65

£Sg. 1 = KShs.

122.32

£Sg. 1 = KShs

120.12

Euro. 1 = KShs.

84.66

Euro. 1 = KShs

77.76

STATEMENT NO. 3

WORKING EXPENDITURE FOR THE YEAR ENDED JUNE 30, 2003

		2001/2002	2002/2003
		<u>Shs.</u>	<u>Shs.</u>
<u>Abstract A</u>	<u>Maintenance of Way and Works</u>		
100 - 108	CCE's Headquarters and District Staff	137,234,323	123,733,610
109 - 120	Maintenance of Permanent Way	438,139,761	369,584,978
121 - 126	Maintenance of Bridges & Culverts	5,893,575	2,843,603
130 - 136	Maintenance of Works	48,980,707	24,715,583
140 - 145	Water Supply	2,507,427	473,291
150	Bush, Gardens Clearing and Conservancy	43,371,771	34,535,398
151	Maintenance of Tools and Plant	13,993,679	9,889,959
152	Purchase of Spares for Tools and Plant	147,372	286,872
153	Fuel Oil And Lubricant	22,890,261	27,359,799
154	Domestic Water Supply	41,110,082	33,419,226
155	Licences and Insurance for Motor Vehicles	7,395	91,817
156	Street Lighting	4,310,792	3,890,391
160	Contingencies for Floods and Accidents	28,151,157	9,304,146
165 - 169	Printing and Stationery	1,249,494	525,071
170 - 173	Maintenance of Mechanical Power Signals	130,454	40,960
180 - 186	Office Telephones	4,048,218	5,272,049
190	Minor Works	73,355	237,643
195	Non-Capitalised Major Works	632,803	239,973
196 - 199	Work Done for Other Departments	561,658	300,288
	Total - Abstract A	<u>793,434,284</u>	<u>646,744,657</u>
 <u>Abstract B</u>	 <u>Maintenance of Locomotives, Rolling Stock, etc.</u>		
200 - 208	Central Workshops Manager and Staff	24,420,505	25,940,972
210 - 215	Workshops - Maintenance of Locomotives	87,461,163	43,047,349
220 - 225	Workshops - Maintenance of Coaching Stock	29,484,024	25,070,573
230 - 235	Workshops - Maintenance of Goods Stock	107,846,554	80,966,561
240 - 244	Maintenance of Machinery, Tools and Plant	24,363,979	21,491,151
245	Work Done for Other Departments	31,485	83,481
246	Commercial & Private Work Orders	1,564,977	890,074
248	Departmental Telephone Charges	226,269	2,424,908
250	Electrical Maintenance	24,256,046	21,670,486
255	Printing and Stationery	1,403,023	837,244
270 - 272	Canteen Stores, Equipments, Staff & Uniforms	289,404	130,603
285 - 297	Minor Works	624,532	125,728
	Total - Abstract B	<u>301,971,961</u>	<u>222,679,130</u>

		2001/2002	2002/2003
		KSHS	KSHS
<u>Abstract C</u>	<u>Locomotive Running Expenses</u>		
300 - 305	CM&EE's Headquarters and District Staff	31,543,344	25,564,435
306	Drawing Office	194,323	664,500
308	Staff Training	15,401,766	22,949,349
310 - 316	Running Repairs	334,832,758	386,854,384
317	Running Expenses	169,988,063	123,911,959
320 - 329	Running Stores	59,179,688	42,980,519
330 - 336	Fuel	1,069,760,236	1,143,755,813
340 - 341	Locomotive Running Sheds	13,805,625	14,296,977
345 - 346	Work Done for Other Departments	5,235,819	4,737,345
350 - 356	Cleaning and Care of Locomotives	11,354,812	10,507,818
360 - 362	Maintenance of Machinery, Tools and Plant	1,296,423	1,659,959
367 - 368	Departmental Telephone Charges	1,810,208	4,591,212
369	Maintenance Repairs and Fuel to Dept. Vehicles	14,704,904	8,992,198
370 - 371	Maintenance of Outside Mech. Handling Equip.	6,336,380	4,463,738
372 - 373	Maintenance of Mech. Handling Equipment	23,308	75,111
380 - 382	Running Staff	95,434,815	83,124,506
383 - 384	Electrical Maintenance	18,223,108	14,132,961
385	Printing and Stationery	989,725	330,331
387	Accident Repairs	11,528,190	2,698,172
390	Minor works	126,994	4,500
	Total - Abstract C	1,861,770,490	1,896,285,786
<u>Abstract D(i)</u>	<u>Traffic Expenses</u>		
400 - 408	CTM's Headquarters and District Staff	79,996,375	76,804,588
410 - 417	Station Staff	181,969,021	162,735,907
420	Loading and Unloading of Vessels and Trucks	5,175	47,397
421	Weighing at Ports	67,005	16,671
422	Shore Works	15,129,582	13,717,216
423	Hire of Buses	0	0
424	Motor Vehicles Fuel and Maintenance	8,304,820	1,315,275
425	Office Telephone Charges	12,556,793	12,910,475
426 - 435	Running Rooms Staff	30,722,370	25,864,221
440 - 444	Station Stores	13,844,128	9,813,290
445	Accidents	1,372,932	494,390
450	Clothing	3,198,828	78,244
460 - 465	Printing and Stationery	2,552,467	3,017,201
470 - 490	Collection, Delivery & local Haulage	5,467,241	4,590,310
	Total - Abstract D(i)	355,186,736	311,405,185
<u>Abstract D(ii)</u>	<u>Business Expenses</u>		
500 - 506	Business Manager's Headquarters Staff	19,314,412	20,955,988
507 - 511	Station Pier and Shore Working	21,928,893	26,927,226
512	Maintenance Repairs and Other Transport Charges	4,312,856	2,974,244
513 - 515	Station Stores	2,645,732	1,967,087
517	Clothing	108,072	175,190
518	Entertainment	470,736	509,362
519	Commission, Rebates & Discounts	283,464,417	167,391,415
520-521	Printing and Stationery	131,466	14,850
522 - 529	Hire of Uganda Locos	79,470,574	85,479,681
530	Magadi Railways	0	0
531 - 549	Hire of UR Wagons	7,752,810	16,432,410
	Total - Abstract D(ii)	419,599,967	322,827,453

		2001/2002	2002/2003
		<u>Shs</u>	<u>Shs</u>
<u>Abstract E</u>	<u>Catering Services</u>		
550 - 559	Superintendence	6,556,068	4,836,833
570 - 573	Refreshment Rooms	34,729,048	27,517,355
574	Hotels Licence Fees	0	52,800
575 - 576	Hotels Beddings and Laundry	3,982,399	7,841,204
577	Printing and Stationery	2,140	95,059
579	Agency Commission & Motor Maintainance	514,650	333,164
580 - 588	Inland Waterways	226,704	584,630
589	Uniforms	33,008	57,528
	Total - Abstract E	<u>46,044,016</u>	<u>41,318,573</u>

<u>Abstract F</u>	<u>Water Transport Services</u>		
500 - 608	Superintendence	2,447,087	1,772,859
610 - 620	Maintenance and Minor Renewals in Workshops	17,315,254	12,782,667
621 - 631	Running Expenses	69,593,420	63,593,053
632	Repairs, Fuel and Other Transport Charges	708,038	839,264
633	Departmental Telephone Charges	121,459	18,728
635 - 636	Printing and Stationery	64,267	76,673
637	Uniforms	630,043	14,290
640	Minor Works	3,134	0
645	Non-Capitalised Major Works	174,600	0
646	Insurance	652,302	1,212,471
	Total - Abstract F	<u>91,709,605</u>	<u>80,310,005</u>

		2001/2002	2002/2003
		Shs	Shs
<u>Abstract G</u>	<u>Maintenance of Electrical &amp; Telecommunication Services</u>		
650 - 655	Superintendence	13,417,411	12,294,712
656	Motor Drivers	1,697,716	1,760,198
657	Works & Supervisory Staff	16,740,041	13,639,785
658	Staff Training	87,295	140,730
659	Electrical Maintenance	1,767,189	26,700
660 - 665	Station Operations	3,386,116	2,084,416
666 - 669	Signal and Radio Maintenance	20,087,653	17,861,735
670 - 677	Running expenses	4,513,572	5,291,682
678	Electricity Charges	4,906,413	1,337,032
680 - 689	Telephone Directory	124,405	31,320
690	New Minor Works	0	2,280
695	Non-Capitalised Major Works	7,291	394,426
	=		
	Total - Abstract G	66,735,101	54,865,016

		Shs	Shs
<u>Abstract H</u>	<u>General Charges</u>		
700 - 701	Board Expenses	4,231,473	9,259,776
702 - 706	Administration	25,999,359	24,901,808
707 - 709	Legal Expenses	40,938,446	14,853,394
710 - 711	Secretariat	1,271,555	880,304
712 - 714	Internal Audit	4,814,333	4,889,683
715 - 718	Management Services	5,893,814	4,537,828
720 - 722	Data Processing	22,884,484	18,427,226
724 - 738	Personnel	47,000,489	34,596,123
740 - 744	Railway Training Institute	37,822,623	23,509,624
745 - 751	Railway Training Institute Hostels	17,328,679	14,931,196
753 - 755	Staff Training (R.T.I.)	238,871	732,616
760 - 761	Finance	36,529,177	32,804,008
762 - 763	Audit Expenses	1,939,981	1,940,902
764	Staff Training (Finance Department)	29,250	23,600
766	Kampala Office - Uganda	84,046	0
769 - 774	Supplies	26,845,558	18,826,699
780 - 790	Business Development	12,261,157	10,836,624
	Total - Abstract H	286,113,294	215,941,411

		2001/2002	2002/2003
		Shs.	Shs.
Abstract J	<u>Miscellaneous Expenses</u>		
800 - 804	Pensions and Gratuities	649,542,997	709,208,221
805 - 809	Free Railway Traffic Costs	8,794,748	35,600,336
810	Refund of Fares to Passengers	0	95,251
811	Compensation to Employees	583,759	433,403
812	Refund of Fares to Other persons	22,950,633	28,473,900
814	Loss and Damage to Freight	3,531,080	31,413,828
815	Loss and Damage to Luggages	0	0
818	Kathekani Train Disaster	0	0
820 - 823	Security Services	98,370,405	91,820,906
825 - 827	Fire Precautions	1,498,081	2,470,083
830 - 831	Headquarters Central Despatch Office	818,125	800,931
833	Cleaning of Passenger Coaches	-140,802	0
835 - 837	Office Cleaning	44,228	186,283
840 - 844	Staff Housing	112,618,413	86,616,162
845	Free Railway Passenger Costs	-362,096	0
850 - 859	Staff Allowances	22,250	13,550
860 - 861	Stationery and Printing	11,988,944	32,553,933
864	Cash Shortage Allowance	0	0
865	Exchange and Brokerage	10,021,749	26,889,546
866	Professional Subscriptions	173,511	54,000
867	Consulting Services	681,800	12,058,121
868	Municipal Rates	253,695	2,258,784
869	Out-patient Medical Services	47,088,289	36,049,426
870	Coffin and transportation Services	3,007,632	1,552,080
871	Agency Services	8,044	0
873	Metric Conversion Services	0	28,002
874	Harambee Projects	378,050	179,800
876	Celebrations Costs	0	0
877	All African Railways	0	0
879	R. T. I. General Account	2,198,681	35,334,451
880	Motor Vehicles Fuel and Maintenance Costs	24,485,739	36,003,788
881	Road Warrants For Staff	32,455,043	31,575,082
883	Telephone Charges	22,094,139	18,281,344
885	Emergency Action Plan Costs	27,630	1,753
887	Railways House Telephone Charges	122,816	0
888	Union of African Railways	74,978	74,421
890	Retrenchment	813,045	0
	Total - Abstract J	1,054,145,604	1,220,027,385
	<b>TOTAL EXPENDITURE</b>	<b>5,276,711,058</b>	<b>5,012,404,601</b>

**STATEMENT NO. 4.**

**MOVEMENT IN PROVISIONS AND RESERVES**

	<u>Shs.</u>	<u>Shs.</u>	<u>Shs.</u>	<u>Shs.</u>	<u>Shs.</u>	<u>Shs.</u>	<u>Shs.</u>
	Staff Pensions	Widows & Orphans Pensions	Fixed Assets Obsolescence	Insurance	Gratuities & Provident Fund	Bad & Doubtful Debts	TOTAL
Balance as at 1st July 2002	676,581,718	181,083,681	(190,242,686)	(68,820,249)	(30,993,902)	419,639,666	987,248,228
Charges in the Accounts	548,600,000	30,000	9,000,000	5,000,000	154,959,520	32,373,675	750,003,595
Total	<u>1,225,181,718</u>	<u>181,113,681</u>	<u>(181,242,686)</u>	<u>(63,820,249)</u>	<u>124,006,018</u>	<u>452,013,341</u>	<u>1,737,251,923</u>
Less:							
Payments/Transfers	682,774,985	(257,309)	0	18,431,342	89,459,592	93,324,721	977,773,731
Balance as at June 30, 2003	<u>542,406,733</u>	<u>181,370,990</u>	<u>(181,242,686)</u>	<u>(82,251,591)</u>	<u>40,506,026</u>	<u>358,688,620</u>	<u>859,479,092</u>

**B. RESERVES**

	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>	<u>Shs</u>
	General Reserve	Reserves Adjustment	Asset Revaluation Reserve	Special Depreciation Magadi-Line	Total	Total
Balance as at 1st July 2002	2,693,265,933	(273,032,066)	7,981,331,507	13,972,632	10,415,538,005	10,415,538,005
Less: Adjustments - Charges in the Accounts	0	0	7,077	0	7,077	7,077
Less: Amounts written off / back	236,718	0	11,100,000	0	11,336,718	11,336,718
Balance as at June 30, 2003	<u>2,693,029,215</u>	<u>(273,032,066)</u>	<u>7,970,238,584</u>	<u>13,972,632</u>	<u>10,404,208,365</u>	<u>10,404,208,365</u>

STATEMENT NO. 5

BAD AND DOUBTFUL DEBTS AS AT 30TH JUNE, 2003

	<u>MINISTRIES</u>	<u>PARATOTALS</u>	<u>PRIVATE FIRMS</u>	<u>TOTALS</u>
	<u>KSHS.</u>	<u>KSHS.</u>	<u>KSHS.</u>	<u>KSHS.</u>
1 Ledger Accounts	4,650,354	34,831,685	508,426,617	547,908,656
2 Outstanding at Stations				
(a) Goods	0	0	139,237,787	139,237,787
(b) Coaching	0	0	99,092,393	99,092,393
3 Deposit Accounts	0	25,149,325	188,953,716	214,103,041
4 Government Warrants	17,729,247	1,933,363	0	19,662,610
5 Passenger Travel Agencies	0	0	0	0
6 Catering	227,615	1,573,016	560,363	2,360,994
7 Water	1,582,142	1,026	4,081,729	5,664,897
8 Rents	5,225,088	33,776,679	196,155,353	235,157,120
<b>TOTAL</b>	<b>29,414,446</b>	<b>97,265,094</b>	<b>1,136,507,958</b>	<b>1,263,187,498</b>

# KENYA RAILWAYS

## PERFORMANCE ON THE BUDGET IN 2002/2003

	NOTES	ACTUALS		VARIANCE
		REVISED BUDGET	2002/2003	
		Shs.	Shs.	Shs.
<b>EARNINGS :</b>				
Passenger Traffic		168,000,000	127,966,555	(40,033,445)
Other Coaching Traffic		10,000,000	8,564,318	(1,435,682)
Goods Traffic		5,019,872,000	4,057,995,957	(961,876,043)
Livestock		1,600,000	648,454	(951,546)
Catering Services		47,500,000	33,475,046	(14,024,954)
Water Transport Services		198,227,900	167,512,796	(30,715,104)
Railway Training Institute		45,500,000	49,632,909	4,132,909
Miscellaneous Earnings,	(16)	199,000,000	564,516,533	365,516,533
Interest on Cash Balances & Advances		20,000,000	10,188,435	(9,811,565)
<b>TOTAL</b>		<b>5,709,699,900</b>	<b>5,020,501,003</b>	<b>(689,198,897)</b>
<b>OPERATING EXPENDITURE :</b>				
Maintenance of Way and Works		775,969,100	646,744,657	129,224,443
Maintenance of Locomotives, Rolling Stock etc.		250,177,600	222,679,130	27,498,470
Locomotive Running Expenses		1,927,327,100	1,896,285,786	31,041,314
Traffic Expenses		235,510,000	311,405,185	(75,895,185)
Business Expenses		130,670,000	322,827,453	(192,157,453)
Catering Services		33,561,000	41,318,573	(7,757,573)
Water Transport Services		88,500,000	80,310,005	8,189,995
Electrical & Telecommunication Services		61,200,000	54,865,016	6,334,984
Railway Training Institute		53,202,500	39,173,436	14,029,064
General Charges		231,448,600	176,767,975	54,680,625
Miscellaneous Expenditure		1,100,901,400	1,220,027,385	(119,125,985)
<b>TOTAL</b>		<b>4,888,467,300</b>	<b>5,012,404,601</b>	<b>(123,937,301)</b>
<b>NON OPERATING EXPENDITURE</b>				
Depreciation & Amortization	(2)	312,000,000	268,992,675	43,007,325
Loans Foreign Exchange Adjustments	(2C)	55,000,000	(140,103,909)	195,103,909
Interest on Borrowings	(19)	1,090,000,000	1,063,073,258	26,926,742
Other Provisions	(18)	56,000,000	54,373,706	1,626,294
<b>Total Non Operating Expenditure</b>		<b>1,513,000,000</b>	<b>1,246,335,730</b>	
<b>Total Expenditure</b>		<b>6,401,467,300</b>	<b>6,258,740,331</b>	<b>266,634,270</b>
<b>Net Surplus / Deficit before Extra Ord. Items</b>		<b>(691,767,400)</b>	<b>(1,238,239,328)</b>	
<b>Extra Ordinary Items:</b>				
GOK Grant		0	1,607,240,322	
Add Gain/Loss on Land Sale		0	31,750,000	31,750,000
Less Retrenchments		0	(270,654,007)	270,654,007
<b>Surplus / (Deficit) For the Year</b>		<b>(691,767,400)</b>	<b>130,096,987</b>	
Working Ratios %	Actual	85.62	99.84	
	Target	85.55	85.55	