

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
EXPORT PROCESSING ZONES  
AUTHORITY

FOR THE YEAR ENDED  
30 JUNE 2017



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**EXPORT PROCESSING ZONES AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2017**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)**

# EXPORT PROCESSING ZONES AUTHORITY

## REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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# **EXPORT PROCESSING ZONES AUTHORITY**

## **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

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### **I. KEY EPZA INFORMATION AND MANAGEMENT**

#### **(a) Background information**

The Export Processing Zones Authority (EPZA) was established in 1990 through the Export Processing Zone Act (Cap 517), for the promotion and facilitation of export oriented investments and the development of an enabling environment for investment in the export sector. The EPZA is a state corporation, under the Ministry of Industry, Trade and Cooperatives.

The day to day operations of EPZA are managed by a staff of 174 headed by the Chief Executive Officer, hereafter referred to as CEO, who is appointed by the Cabinet Secretary for the Ministry responsible for Industry, on recommendation by the Board.

The CEO is charged with the direction of the affairs and transactions of EPZA, the exercise, dis-charge and performance of the Authority's objectives, functions and duties, administration and control of the employees of the Authority.

To discharge its mandate and functions effectively, the EPZ Authority has been structured in four divisions and a number of departments. The divisions are: Investments and Corporate Communications; Operations and Investor Support; Commercial and Technical Services; and Finance Human Resources & Administration.

#### **(b) Principal Activities of EPZA**

As stipulated in the EPZ Act of 1990 the objective and the purpose of establishment is to efficiently attract and retain export oriented investments and trade.

The Authority's Key activities are:

- Development of all aspects of the export processing zones with particular emphasis on provision of advice on the removal of impediments to, and creation of incentives for, export-oriented production in areas designated as export processing zones;
- Regulation and administration of approved activities within the export processing zones; and
- Protection of government revenues and foreign currency earnings.

#### **(c) Key Management**

The Authority's day-to-day management is under the following key organs:

- Board of Directors;
- Chief Executive Officer; and
- Management

#### **(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were as follows:

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NO.	DESIGNATION	NAME
1.	Chief Executive Officer	Mr. Fanuel Kidenda
2.	General Manager, Finance, HR & Administration	Ms. Benter Omollo
3.	General Manager, Commercial & Technical Services	Mr. Thomas Soigwa
4.	General Manager, Operations & Investor Support	Mr. Meshack Kimeu
5.	General Manager, Investment & Corporate Communications	Mr. Jonathan Chifallu
6.	Corporate Secretary and Manager Legal Services	Ms. Maria Ouya
7.	Manager, Research, Planning & Innovation	Mr. Benjamin Chesang
8.	Manager, Human Resource & Administration	Mr. Thomas Mongare
9.	Manager, Internal Audit	Mr. Jorum Ngunyi
10.	Manager, Supply Chain (Acting)	Mr. James Kimani
11.	Manager, Preventive Services	Mr. Jonathan Chepkwony
12.	Manager, Information Communication Technology	Mr. Elijah Odhiambo

#### (e) Fiduciary Oversight Arrangements

The Board has delegated some of its mandate to Board Committees. There are three standing committees of the Board which meet independently i.e. Board Audit Committee, Finance and Staff Committee and Strategy Investments & Special Projects Committee.

##### **Board Audit Committee**

The functions of the Board Audit Committee will include: -

- To review the scope and planning of the external audit;
- To review the Annual Financial Statements of the Authority, focusing particularly on:
  - (a) Compliance with Government Financial Regulations, International Accounting Standards, other legal requirements and best practice;
  - (b) Significant adjustments arising from the audit
  - (c) Any changes in accounting policies and practices;
- To discuss interim and final audits, management letter and any matter the external auditor(s) (Office of the Auditor General) may wish to discuss;
- Any other functions that the Authority may decide from time to time that are incidental or conducive to the attainment of the objectives of the Authority.

##### **Finance and Staff Board Committee**

The functions of the Finance and Staff Board Committee will include: -

- To approve and maintain budgetary systems of the Authority;
- To oversee financial reporting process and Authority's system;
- To review and recommend to the Board approval of the Annual Procurement Plan
- To receive and review quarterly procurement reports and recommend to the Board approval of the reports
- To approve and give recommendations on borrowings by the Authority;
- To review and recommend to the Board as appropriate all matters pertaining to the preparation of capital budgets;
- To monitor all major capital project
- Monitor the financial reporting process to ensure compliance with all regulatory returns, and reports as required to be made to Government;

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### **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

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- To approve recommendations on Terms and Conditions of Employment in the Authority, recruitment functions and staff appraisals;
- To ensure that effective management succession planning and management development plans are in place;
- To approve programmes and policies involving the overall compensation of employees and Authority's collective bargaining agreement;
- To receive quarterly reports on Human Resource at the Authority

#### **Strategy, Operations and Investments Board Committee**

The functions of the Strategy, Operations and Investments Committee will include: -

- To adopt a strategic planning process and provide leadership in setting the Authority's strategic Direction;
- To review and recommend for the Board's approval the Authority's 5 year Strategic plan, objectives, budgets, performance indicators, business plans, annual work plans and Performance contracts established to achieve them;
- To review and monitor corporate performance against approved targets and measures;
- Review, approve or recommend to the Board as appropriate all matters pertaining to the preparation of performance contracts
- To receive, review and recommend the approval of the board the quarterly performance contract reports
- To ensure policies and processes are in place for effective communication with the Government, other stakeholders and the public;
- To approve and monitor compliance with significant policies and procedures which have a material impact on the operations of the Authority;
- Monitor and approve or recommend to the Board as appropriate all matters relating to maintenance of physical assets of the Authority and leasing;
- Policy Issues that affect EPZs, Free Zones and Economic Zones worldwide and investment including the World trading system – W.T.O., AGOA and Regional groupings including COMESA and E.A.C.;
- To make proposals to Government for enhancement of the EPZ programme;
- To develop a programme to promote the participation of indigenous Kenyans/small and medium size enterprises in the EPZ programme;
- To develop the Incubator project in the EPZ programme;
- To develop of linkages between the EPZs and the domestic market including sourcing raw materials, packaging materials and supplies, matters related to technology/development sourcing and training linked to skills required in EPZs;
- To develop and monitor all Authority's promotion Public Relations and marketing polices and strategies;
- To advise the Board on emerging threats and opportunities from the changing environment, based on market analyses;
- EPZA's Advisory role to government on the development of the EPZ programme.
- EPZA's implementation of policies and programmes of Government in respect of development of EPZs;
- Any other functions that the Authority may decide from time to time that are incidental or conducive to the attainment of the objectives of the Authority.

#### **(f) EPZA Headquarters**

Administration Building, Viwanda Road,  
Off Nairobi-Namanga Highway,  
Athi River, Kenya  
P.O. Box 50563,  
Nairobi 00200, Kenya.

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#### (g) EPZA Contacts

Telephone: ISDN +254-45-6621000  
VoIP Lines: 020-7606040/3  
Cell phone: Safaricom: 0713-051172/3  
Airtel: 0786-683222/0733-683222  
E-mail: [information.desk@epzakenya.com](mailto:information.desk@epzakenya.com)  
Website: [www.epzakenya.com](http://www.epzakenya.com)

#### (h) EPZA Bankers

National Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 45219-00100  
Nairobi, Kenya

Kenya Commercial Bank  
Kajiado-Namanga Road  
P.O. Box 126-00242  
Kitengela, Kenya

Bank of Africa  
Re-insurance Plaza, Taifa Road  
P.O Box 69562-00400  
Nairobi, Kenya

Co-operative Bank of Kenya  
Co-operative House, Haile Selassie Avenue  
P.O Box 48231-00100  
Nairobi, Kenya

Housing Finance  
Rehani House, Kenyatta Avenue/Koinange Street  
P.O. Box 30088-00100  
Nairobi, Kenya

#### (i) Independent Auditors

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

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**(j) Principal Legal Adviser**





Wekesa & Simiyu Advocates  
ACK Garden House  
1st Ngong Avenue  
P.O. Box 10299 – 00100  
Nairobi, Kenya

Nzei & Co Advocates, Commissioners for Oaths,  
Solanki House  
Mutonga Road  
P.O. Box 392  
Machakos, Kenya

## EXPORT PROCESSING ZONES AUTHORITY

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#### II. THE BOARD OF DIRECTORS

No	Passport size Photo	Director's name and Key Profession	Concise description of each Director's date of birth, Key qualifications and work experience
1		Abdikadir A. Abdulla-Chairman	Mr. Abdikadir Abdulla is the Chairman of EPZA. Born in 1947, he holds Msc in Social Sciences (Development Administration) and has over 30 years' experience in areas of local governance and devolved system. Previously Mr. Abdikadir was the executive Director of Northern Region Development Authority (NORDA) and Chief Executive officer of Mandera County Council.
2		Julius K. Korir-Principal Secretary	Mr. Julius Korir is the Principal Secretary, State Department of Investment and Industry in the Ministry of Industry, Investment and Trade. Born in 1967, he holds MBA in International Business and a BSc in Agricultural Economics. He has wide experience in implementing best practices in export trade promotion and market linkages strategies. Previously, he was Industrialization Secretary, in the then Ministry of Industrialization and Enterprise Development, General Manager in charge of Trade Information and Business Advisory Services at the Export Promotion Council and the Acting Managing Director for the Kenya Investment Authority.
3		Walter N. Kamau-Economist	Mr. Walter Kamau is the representative of the Kenya Association of Manufacturers at the board. Mr. Kamau has over 10 years' experience in Public sector in areas of trade and international Policy. He also has over 19 years of experience at KAM on areas of regional Integration policies, bilateral agreements and International trade agreements. Mr. Kamau serves as the Secretary to KAM Trade and Tax Committee and Co-Chair of Kenya's National Monitoring Committee on non-tariff barriers He holds Master's degree in Economics.
4		Laban O. Rao-Industrialist	Mr. Laban Onditi Rao is the representative of the Kenya National Chamber of Commerce and Industry at the Board. Mr. Rao is the Managing Director of Scorpion Construction Limited and the Vice chair of Kenya National Chamber of Commerce and Industry. He holds Diploma in Plant Engineering.

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5		Kenneth Nyachae-Marketing Consultant	Mr. Kenneth Nyachae is a Member of the Board from the Private Sector. Born in 1959. Mr Nyachae holds MBA with a bias in Marketing, from the University of Bridgeport, in CT, USA and is currently the Chairman of Kenfident Insurance Brokers Limited. He has over 25 years' experience in both the Marketing of various industrial products and Insurance business. Mr. Nyachae is the Chair of the Strategy, Operations and Investments Committee.
6		Winnie Wachui Maina-Consultant	Ms. Winnie Wachui Maina is a member from the private sector. Born in 1985, Winnie is a consultant with Investment Web and holds Master's degree in Business Administration (Finance Option). She has worked for over 6 six years' experience in research and consultancy.
7		Amina T.S. Said – Advocate	Ms. Amina T. S. Said is a Member from the Private Sector. Born in 1976, Ms. Said is an Advocate of the High Court of Kenya and holds Master's degree in International Law from the University of Westminster, London. She has worked for over 9 years as a legal officer with TSS Group of Companies. Her experience lies in commercial law with a diverse background in the private sector in areas of tea export, transportation, flour milling and textiles. Ms. Said is the Chair of the Finance and Staff Committee.
8		Moses Ikiara-Economist	Dr. Moses Ikiara is the Managing Director of Kenya Investment Authority and represents Kenya Investment Authority at the Board. Dr. Ikiara holds a PhD in Environmental and Natural Resource economics. Born in 1966, Dr. Ikiara has over 15 years' experience in Public Policy and Analysis.
9		Joseph Nzioka-Advocate	Mr. Joseph Nzioka is the Managing Partner at Nzioka & Co. Advocates. A graduate of university of Nairobi, Nzioka has over 20 years as an advocate. His expertise lies in litigation, legal research, personal injury, civil litigation, strategic planning, corporate law, commercial litigation, arbitration, legal writing and legal advice.

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10		Lydia Ndirangu -Economist	Dr. Lydia Ndirangu is the representative of the Governor, Central Bank of Kenya at the Board. Born in 1966, Dr. Ndirangu holds PhD in Development Economics and she is the Head of Research Centre at Kenya School of Monetary Studies (KSMS). Dr. Ndirangu has over 25 years' experience in Research, Public Policy and Analysis.
11		Abigael M. Mukolwe-Land Economist	Commissioner Abigael M. Mukolwe is the Vice Chair of the National Land Commission. She holds Masters in Urban Management and has over 20 years' experience in land management and governance matters.
12		Geoffrey Kimani-Economist	Mr. Geoffrey Kimani is the representative of the Principal Secretary, the National Treasury. Born in 1957, Director Kimani holds Masters in Economics and is the Deputy Chief Economist at the National Treasury. He has over 20 years' experience in National Debt Management and preparation of various National Government Surveys at the National Treasury.
13		Fanuel Kidenda-Chief Executive Officer	Mr. Kidenda is the Chief Executive Officer of EPZA. Born in 1974, he holds a MBA (Strategic Management), a Bachelor of Commerce (Marketing) and is currently finalizing his dissertation for a PhD in Business Administration (Strategic Management). Fanuel also holds certifications in Industrial Zone Planning and Development, Entrepreneurship, Export Marketing, Counselling and Investment Promotion. He has over 10 years' experience in senior management positions in the areas of Investments Promotion, Project Planning, Resource Mobilization, Marketing and Operations
14		Maria Ouya-Corporate Secretary/Senior Manager-Legal Services	Ms. Maria Ouya is the Corporate Secretary/Senior Manager-Legal Services of EPZA. She holds a Bachelor of Laws (LLB), Postgraduate Diploma in Laws and an MBA. Ms. Ouya is a Certified Public Secretary, an Advocate of the High Court of Kenya and an Associate Member of the Institute of Chattered Arbitrators. She has over 20 years' experience in legal matters.

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**III. MANAGEMENT TEAM**

Manager's passport-size photo, name, and key profession/academic qualifications	Area of responsibility	Concise description of each Senior Manager's date of birth, key qualifications and work experience
 <p>Mr. Fanuel Kidenda MBA-Strategic Management</p>	<p>Chief Executive Officer</p>	<p>Mr. Kidenda is the Chief Executive Officer of EPZA. Born in 1974, he holds a MBA (Strategic Management), a Bachelor of Commerce (Marketing) and is currently finalizing his dissertation for a PhD in Business Administration (Strategic Management). Fanuel also holds certifications in Industrial Zone Planning and Development, Entrepreneurship, Export Marketing, Counselling and Investment Promotion. He has over 10 years' experience in senior management positions in the areas of Investments Promotion, Project Planning, Resource Mobilization, Marketing and Operations</p>
 <p>CPA Benter A. Omollo MBA-Finance MA-PP&amp;M MICPAK/ICPSK B.Com- Finance</p>	<p>General Manager-Finance Human Resource and Administration</p>	<p>CPA Benter A. Omollo is the General Manager, Finance Human Resource and Administration. Born in 1968, she holds MBA (Finance), M.A.PPM, Bachelor of Commerce (Finance), CPA (K), CPS (K) and a member of ICPAK/ICPSK, and is doing PhD in Business Administration (Finance) with over 20 years' experience in Senior management positions in finance gained from KIWASCO, Kenya Maritime, C-MAD and Lake Basin Dev. Company and EPZ Authority.</p>
 <p>Mr. Thomas O. Soigwa MBA-Strategic Management</p>	<p>General Manager-Commercial &amp; Technical Services</p>	<p>Mr. Thomas Soigwa is the General Manager, Commercial &amp; Technical Services. He holds MBA (Strategic Management), B.A (Economics) and a member of Marketing Society of Kenya, with over 15 years' experience in Senior management positions gained from Kenya Airways, Barclays Bank of Kenya, East African Portland Cement Company, Housing Finance and Coast Development Authority.</p>




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 <p>Dr. Meshack Kimeu, (PhD)- Marketing</p>	<p>General Manager-Operations and Investor Support</p>	<p>Dr. Kimeu is the General Manager, Operations &amp; Investor Support. Born in 1962, he holds PhD, MBA and BBA in Marketing. He has over 20 years' experience in investment promotion, marketing and investor support services.</p>
 <p>Mr. Jonathan Chiffalu MSc (IBM),BA</p>	<p>General Manager-Investment &amp; Corporate Communications</p>	<p>Mr. Chiffalu is the General Manager, Investment &amp; Corporate Communications. Born in 1960, he holds MSc in International Business Management and a BA in Business Administration. He has over 20years experience in investment promotion, marketing, corporate image branding and communications. Chiffalu also holds Postgraduate Diploma in International Marketing and Entrepreneurship development</p>
 <p>Ms. Maria L. O. Ouya LLB,MBA</p>	<p>Maria L.O. Ouya-Corporate Secretary and Manager Legal Services</p>	<p>Ms. Maria Ouya is the Corporate Secretary and Manager Legal Services of EPZA. She holds a Bachelor of Laws (LLB), Postgraduate Diploma in Laws and an MBA. Ms. Ouya is a Certified Public Secretary, an Advocate of the High Court of Kenya and an Associate Member of the Institute of Chattered Arbitrators. She has over 20 years' experience in legal matters.</p>
 <p>Mr. Benjamin Chesang MA-Economics</p>	<p>Manager-Research, Planning&amp; Innovation</p>	<p>Mr. Benjamin Chesang is the Manager, Research, Planning and Innovation at EPZA. Born in 1965, he holds a BA in Economics and an MA in Economics. He has over 20 years' experience in public policy and senior management.</p>



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 <p>Mr. Thomas Mongare MSc-Human Resources Management</p>	<p>Manager-Human Resource &amp; Administration</p>	<p>Mr. Thomas Mongare is the Manager, Human Resource &amp; Administration. Born in 1965, he holds MSc In Human Resources and a post graduate Diploma in HRM. He serves as a director at the Institute of Human Resource Management (IHRM) and has over 22 years experiences in Human resources management in both Private and public sector. Previously he was manager Human Resources at Federation of Kenya Employers</p>
 <p>CPA Jorum Ngunyi MBA-Accounting</p>	<p>Manager-Internal Audit</p>	<p>Mr. Jorum Ngunyi is the Manager, Internal Audit of EPZA. He holds MBA in Accounting, CPA(K), CSIA; a member of ICPAK and IIA, and has over 10 years of experience in risk management and auditing gained from Kenya National Audit Office, National Environmental Authority and Jomo Kenyatta Foundation.</p>
 <p>Mr. James Kimani BA, MBA (On-going)</p>	<p>Acting Manager-Supply Chain</p>	<p>Mr James Kimani is the Acting Manager, Supply Chain. He holds Bachelor of Arts Degree and is a continuing MBA student at Catholic University of East Africa. He has worked at EPZA for 24 years in Administration and Procurement Departments.</p>

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 <p>Mr. Jonathan Chepkwony MA,BA,ASIS</p>	<p>Manager- Preventive Services</p>	<p>Mr Jonathan Chepkwony is the Manager, Preventive Services at Export processing Zones Authority. He holds an MA, in Security Management &amp; Police Studies &amp; BA, in Sociology. He is a Member of ASIS International, an International Organization for Security professionals'. Mr. Chepkwony has over 20 Years' experience obtained in the Disciplined Forces and Corporate world in Security Management.</p>
 <p>Mr. Elijah Odhiambo, MBCS,MCP BSc.-ICT Management</p>	<p>Assistant Manager-Information Communication Technology</p>	<p>Mr. Elijah Odhiambo is the Assistant Manager, Information Communication Technology. Born in 1973 he holds a Bsc.in ICT management and a Diploma in electronics engineering. He is also a Microsoft Certified Professional (MCP), a Cyberoam Certified Network Professional (CCNSP), a Member of (MBCS) and ISACA. He has over 15 years' experience in ICT management and previously served at the Kenya School of Government and in the private sector.</p>

# EXPORT PROCESSING ZONES AUTHORITY

## REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### IV. CHAIRMAN'S STATEMENT

#### BUSINESS REVIEW

It is my pleasure to present to you the Annual Report and Financial Statements for Export Processing Zones Authority for the Year Ended 30<sup>th</sup> June 2017

The Export Processing Zones Authority was able to undertake its core activities during the year in accordance with the 2014-2019 Strategic Plan. The activities include development of Public Export Processing Zones (EPZs) establishment of private EPZs, development of Small and Medium Enterprise (SME) Park, development of textile and leather hub in addition to investment promotion.

As a result of the undertakings, the EPZ programme in 2017 maintained an upward trend. It recorded growth in principal indicators like exports, expenditure on local goods & services and employment. Direct local employment expanded by 3.4%, while expenditure on local goods & services rose by 8.0% in the year 2017. However, both exports and total sales reduced by 5.3% and 1.9% respectively.

The implementation of Export Business Accelerator (EBA) – Incubator, has improved export business by small scale indigenous enterprises. The number of EPZ firms with local ownership has risen to 36.6%. This performance went to contribute towards Kenya's economic growth in 2017.

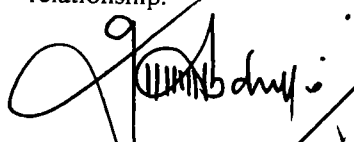
The challenges encountered in the implementation of key activities were delays in receiving development funding from Treasury, heightened political activity in preparation for the August 2017 General Elections and the emerging global trade protection trends e.g. USA and Britain. The effect is that projects such as construction of textile industrial sheds has been delayed, investors have remained none committal and export markets unpredictable respectively.

The growth achieved in 2017, is expected to be sustained in 2018. This is because peaceful elections, continued government support and enhanced EPZ investment promotion activities are envisioned.

#### APPRECIATION

I wild like to express my sincere appreciation to the Board Members, Management and the staff of their dedication which has enabled the continuous growth of the programme. The growth has also been possible through the continued support of our investors and other stakeholders.

Finally, I would like to thank the government for the continued support, guidance and a good working relationship.



**Abdikadir A. Abdulla**  
Chairman

# EXPORT PROCESSING ZONES AUTHORITY

## REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### V. REPORT OF THE CHIEF EXECUTIVE OFFICER

#### BUSINESS REVIEW

I am delighted to present to you EPZ Authority's Annual Report and Financial Statements for the year ended 30<sup>th</sup> June, 2017.

#### Operating Results

The Authority posted an operating deficit of Kshs 29.02 million, a decline by 218% from a surplus of Kshs 24.67 million realized in the previous financial year. The deficit is attributed to the reduction in GoK's recurrent grant, reduction in water sales due to water shortage and overstretched revenue projections from rental income.

Authority's total revenue declined by 11% during the year to close at Kshs 453.08 million down from Kshs 511.14 million reported in FY 2015/16. The Appropriation- in- Aid was Kshs 412.28 million (2015/2016-Kshs 432.03 million) while the recurrent grant from the government of Kenya (GOK) totalled Kshs 40.80 million (2015/16-Kshs 79.11 million). Included in the total revenue is Gain on foreign exchange transactions of Kshs 5.32 million (2016/2017) and Kshs 1.51 million (2015/2016) respectively. The Authority also received Kshs 782.21 million (FY 2015/16-Kshs 2 billion) in development grant. . The amount comprised of Kshs 750 million development grant from the parent Ministry and Kshs 32.21 million from Kenya Leather Development Council.

Total expenditure declined by 1% during the year to settle at Kshs 482.10 million down from 486.48 reported in FY 2015/16.

#### Performance of EPZ Programme

In the year 2017, most the of key performance indicators for EPZ program maintained an upward trend compared to the year 2016. EPZ gazetted zones rose to 71 in year under review from 65 in 2016. Similarly, direct local employment expanded by 3.4 % from 52,947 persons recorded in 2016 to 54,764 persons in 2017. Capital investment in form of equipment, machinery and other funds invested by the 131 operational enterprises increased by 4.7% to Kshs.74,586 million in 2017 from Kshs.71,242 million recorded in the previous year. While the cumulative value of investment for enterprises and zones (developers/operators) stood at Kshs 95,278 million in 2017 from Kshs 88,977 million registered in year 2016.

Domestic sales increased from Kshs 2,541 million in 2016 to Kshs 4,357 million in 2017. This indicated that there was increased demand within the domestic market during the year under review for some EPZ products especially for apparel products.

However, total sales marginally declined by 1.9% to stand at Kshs 67,270 million in 2017 from Kshs 68,569 million in 2016, while exports decreased by 5.3% to stand at Kshs 60,729 million from Kshs 64,151 in 2016. The decline was mainly attributed to combination of factors ranging from drought in the course of year which affected supply of raw material to agro processing enterprises, inconsistency of orders for some apparel firms, global competition and anxiety over general elections.

Imports increased marginally by 0.5% to stand at Ksh.30,305 million in the year under review from Kshs 30,160. Out of the total value of imports, inputs amounted to Kshs. 29,140 million while capital goods were valued at Kshs.1,165 million in year 2017 while in the year 2016 it amounted to Kshs.29,573 million and Kshs.587 million respectively.

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Expenditure on local goods and services increased by 8.0% in 2017 to stand at Kshs.27,805 million from Kshs.25,735 million recorded in the year 2016. This translates to an average of Kshs.2,317 million being injected into the economy by EPZ firms monthly in the year 2017 compared to Kshs.2,145 million in the previous year. These resources go to the payment of local workers' salaries, local supply of inputs/consumables; electricity, telecommunication, water, rent and transportation among others, which at the end of the day stimulate demand and growth of the domestic economy. These expenditures explain growth in areas surrounding EPZ zones in their respective geographic locations.

#### **Operational Challenges**

The performance of the program would have been enhanced if certain negative factors had not impacted negatively the EPZ program. The cost of borrowing of funds by EPZ enterprises was prohibitive, hence denied several existing and potential investors opportunity to timely commence or expand their operations. Intense global competition has seen some EPZ firms face decline in demand/reduced orders for their products in the global market.

Global inward looking policy trend as witnessed by UK opting out of the European Union while US is focusing on domestic policy. This is affecting exports from Kenya because these markets are likely to be protected. Agro processing EPZ companies experienced inadequate supply of raw materials. This was attributed to change in weather patterns especially the prolonged drought. Nut processing firms were mostly affected.

The EAC partner states have been expanded to include South Sudan. The other members being Burundi, Kenya, Rwanda, Tanzania and Uganda. As per the Customs Union Protocol, the EAC is considered as a domestic market. Thus, sales by any export promotion scheme enterprise such as an EPZ firm to any of the partner states is a domestic sale.


A population of 157.9 million which includes 11.9 million of South Sudan is a lucrative market size for EPZ firms. Expansion of EAC to include South Sudan is diminishing their market as they are allowed to sell up to 20% of their total production to domestic market. South Sudan no longer qualifies to be an export market. EPZ companies export tarpaulins, pharmaceuticals, relief supplies and fortified food among others.

Another related issue is that when such sales are made to the domestic market they attract third country tariffs even if the raw materials are from EAC. EAC own raw materials are taxed at common external tariff (CET).

#### **Conclusion**

The Management and employees of EPZA are committed in growing the EPZ Programme. As management, we shall continue to harness and direct all our efforts in utilization of available opportunities in order to sustain the Programmes' viability and future growth. We therefore look upon all our stakeholders to support our efforts.

The operating environment has become very challenging but I believe with the commitment demonstrated by all stakeholders we shall be able to overcome these challenges and grow the EPZ Programme.

  
**Fanuel Kidenda**  
**Chief Executive Officer**

## **EXPORT PROCESSING ZONES AUTHORITY**

### **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

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#### **VI. CORPORATE GOVERNANCE STATEMENT**

Corporate Governance comprises the rules, practices and processes by which Export Processing Zones Authority is directed and controlled and involves balancing the interests of stakeholders who include shareholders, management, customers, suppliers, financiers, government and the community.

##### **Role and Responsibilities**

The Board has a Board Charter that guides its operations as well as defines the roles and responsibilities of the Directors. The Board has the primary responsibility for the stewardship of the Authority, for guiding and monitoring the business and affairs of the Authority including compliance with the Authority's corporate governance objectives. Formulation and direction of the corporate strategy of the Authority rests with the Board while the implementation of such strategy and day to day management of the Authority's affairs is delegated to management.

##### **The Board of Directors**

The list of Directors who served during the reporting period is on page xiii. The Board comprises of Directors with varied experiences and skills mix aimed at supporting and directing the strategy of the Authority. Conduct of the business of the Board is done in compliance with the Board Charter. The Directors are guided by the government's policy on Appointment, Development and Retirement which also defines the terms of service for Directors.

The Board encourages the practice of good corporate governance amongst its Directors and staff in the conduct of the Authority's business and operations. The Board has an approved Code of Conduct and Ethics for its Directors and employees which emphasizes that the Directors and staff should not compromise the interests of the Authority while dealing with customers and suppliers.

The Code also gives employees the responsibility of ensuring legal and statutory compliance to all laws and regulatory requirements. In addition, the Code deals with situations relating to best practices as well as those situations that may give rise to conflict of interest in the conduct of the Authority's operations.

##### **Directors' Training and Development**

The Board encourages individual Directors to continuously improve their skills through relevant training and development programs available in the market. In addition, the Board members collectively undertake training or attend identified workshops and seminars on a need basis.

##### **Board Committees**

The Board has delegated some of its mandate to Board Committees. There are three standing committees of the Board which meet independently i.e. Board Audit Committee, Finance and Staff Committee and Strategy Investments & Special Projects Committee. The Committees report to the Board on quarterly basis. The decisions of the Committees must of necessity be ratified by the Board. The Committees define their schedule of meetings including the agenda. Each Committee is guided by the terms of reference as delegated by the Board.

##### **Control Environment**

The Authority has identified the various processes that contribute to the value chain. The processes are supported by well documented procedures across the organization. The efficiency and effectiveness of the internal controls is tested through periodic audits conducted by the internal audit department. In addition, the Authority conducts periodic internal audits in line with the ISO 9001:2008 requirements.

# EXPORT PROCESSING ZONES AUTHORITY

## REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### VII. MANAGEMENT DISCUSSION AND ANALYSIS

#### Operating Results

The Authority posted an operating deficit of Kshs 29.02 million, a decline by 218% from a surplus of Kshs 24.67 million realized in the previous financial year. The deficit is attributed to the reduction in GoK's recurrent grant, reduction in water sales due to water shortage and overstretched revenue projections from rental income.

Authority's total revenue declined by 11% during the year to close at Kshs 453.08 million down from Kshs 511.14 million reported in FY 2015/16. The Appropriation- in- Aid was Kshs 412.28 million (2015/2016-Kshs 432.03 million) while the recurrent grant from the government of Kenya (GOK) totalled Kshs 40.80 million (2015/16-Kshs 79.11 million). Included in the total revenue is Gain on foreign exchange transactions of Kshs5.32 million (2016/2017) and Kshs 1.51 million (2015/2016) respectively. The Authority also received Kshs 782.21 million (FY 2015/16-Kshs 2 billion) in development grant. The amount comprised of Kshs 750 million development grant from the parent Ministry and Kshs 32.21 million from Kenya Leather Development Council.

Total expenditure declined by 1% during the year to settle at Kshs 482.10 million down from 486.48 reported in FY 2015/16.

#### EPZA's Compliance with Statutory Requirements

During the FY 2016/17, the Authority did not have any major non-compliance issue that was likely to expose it to potential contingent liabilities. However, the Authority has had on-going disputes and defaults that may potentially impact negatively on the overall performance.

These include:

- Prolonged contestation that EPZA is not a registered water supplies entity. This is likely to reduce water sales contribution should it be ruled out that the Authority should not supply water outside Athi River Zone.
- There is a litigation case regarding the ownership of a parcel of land Olooloitikoshi/Kitengela/70. The case is in Law Court and the Authority has to wait for the outcome. The land was valued at 2.25 million as at 30 June 2014.
- Included in the trade and other receivables is an outstanding debt of Kshs 9.92 million relating to ex-staff (former CEO and Accounts Assistant). The Ethics and Anti-corruption Commission is pursuing the case and Authority is awaiting the outcome. The debt has also been forwarded to the Authority's external debt collector.

#### Key Projects and Investment Decisions the Authority is implementing

The Authority is currently implementing two major capital projects namely; the textile Centre of Excellence at Athi River and Industrial Leather Park at Kenanie. These projects are wholly funded by GoK.

#### Major Risks Facing EPZA

The Authority's activities expose it to a variety of financial risks, market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest risk and price risk), credit risk and liquidity risk. The Authority's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its performance.

## EXPORT PROCESSING ZONES AUTHORITY

### REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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#### 1. Operational Risks

Uncertainty relating to transition from EPZA to SEZA continues to pose a significant threat to the programme. This is likely to result in some investors exiting from the EPZ programme.

#### 2. Credit Risk

Included in the in the rent and license trade receivables is Kshs 99.49 million under Doubtful Debt and Kshs 70.74 million in Bad Debt. The Authority is engaging the National Treasury through the line ministry to write off the debt. These debts have proved to be uncollectable and adequate provision for the doubtful debts should be made as well as writing-off bad debts.

#### 3. Foreign Exchange Risk

Outstanding rental income in both doubtful and bad debts categories is in US dollars. This debt continues to grow due to weakening Kenya Shilling against the dollar yet there is no certainty that the debt will be collected.

#### 4. Liquidity Risk

Although the Authority did not have liquidity problem in FY 2016/17, it is however likely that the Authority will experience serious liquidity problems in FY 2017/18. This is due to:

4.1 Continued decline in recurrent from the GoK

4.2 Increasing non-collectable rental and water debts in both doubtful and bad categories.

4.3 Recurrent expenditure exceeding revenue as reflected by a deficit for the year ending 30 June 2017.

#### 5. Capital Risk

The Authority is currently implementing two major capital projects namely; the textile Centre of Excellence at Athi River and Industrial Leather Park at Kenanie. These projects are wholly funded by GoK. Their continuity is largely dependent on continued government funding and timely disbursement of funds by the government.

#### Material Arrears in Statutory/Financial Obligations

The Authority had no known material arrears in statutory/financial obligation that it was unable to honor for the period ending 30<sup>th</sup> June, 2017.

#### The Authority's Financial Probity and Serious Governance Issues

The Authority had neither known financial improbity as reported by internal audit/Board audit committee, external auditors, or other National Government Agencies providing oversight nor serious governance issues among the Board or member of the Board and top management including conflict of interest as at 30<sup>th</sup> June, 2017.

# EXPORT PROCESSING ZONES AUTHORITY

## REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### IX. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the Authority's affairs.

#### Principal activities

The principle activities of the EPZA are promotion and facilitation of export-oriented investments and the development of an enabling environment for such investments as stipulated in the EPZ Act Cap 517.

#### Results

The results of the Authority for the year ended June 30, 2017 are set out on pages 1 to 29

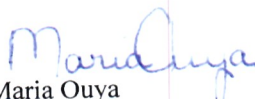
#### Directors

The members of the Board of Directors who served during the year are shown on pages VI to VII in accordance with the Export Processing Zones Act Cap 517 and State Corporations Act.

#### Auditors

The Auditor General is responsible for the statutory audit of the EPZA in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

  
Maria Ouya  
Corporate Secretary  
Nairobi

Date 24-08-18

## **EXPORT PROCESSING ZONES AUTHORITY**

### **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

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#### **VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

In order to realize the impact of EPZA existence in areas of our jurisdiction, the EPZ Authority works with various stakeholders towards realizing the objective of identifying and offering help in deserving needy areas in the community. In this regard the EPZ Authority and its stakeholders work towards the following thematic areas in addressing the social needs of its communities: Education, Food Security and Health. In doing so we:

- Attend to the needs of the orphaned communities by supplying food items
- Facilitate the education needs of those that are physically impaired
- Contribute to larger initiatives by other bodies in realizing other national goals e.g. the standard chartered marathon in aid of the visually impaired.
- Undertake Reproductive Health Education and programs for EPZ workers together with related stakeholders in Athi River and Kitengela

##### **The Standard Chartered Marathon**

The Authority sponsored 18 members of staff to participate in the 14<sup>th</sup> edition of the Standard Chartered Bank Marathon held on October 30, 2016. The staff participated in the various race categories; 10 – kilometer run, half and full marathons (21 and 42 kilometers respectively). This was the first time that the Authority was participating in this CSR activity.

The Marathon is under the ‘Seeing is believing’ program, the bank’s global initiative aimed at tackling avoidable blindness and visual impairment. Standard Chartered Bank collaborates with International Agency for the Prevention of Blindness (IAPB) and leading eye care organizations and raises funds for investment in eye care projects that have long-term impact in areas of high need.

##### **Children Homes**

In the spirit of giving back to the less fortunate during the Christmas season, the Authority donated various food items to two children’s homes - Pillars of Hope Community Children Home and Sprauding Again Children’s Home in Kitengela, Kajiado County. The homes accommodate more than 200 children combined. The Authority was represented by the Investment and Corporate Communications department.

## EXPORT PROCESSING ZONES AUTHORITY

### REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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#### X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act require the Directors to prepare financial statements in respect of the EPZA, which give a true and fair view of the state of affairs of the EPZA at the end of the financial year/period and the operating results of the EPZA for that year/period. The Directors are also required to ensure that EPZA keeps proper accounting records which disclose with reasonable accuracy the financial position of the EPZA. The Directors are also responsible for safeguarding the assets of the EPZA.

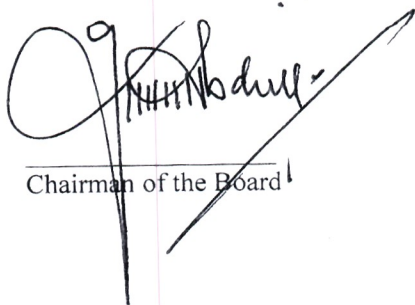
The Directors are responsible for the preparation and presentation of the EPZA's financial statements, which give a true and fair view of the state of affairs of the EPZA for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the EPZA; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the EPZA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act). The Directors are of the opinion that the EPZA's financial statements give a true and fair view of the state of EPZA's transactions during the financial year ended June 30, 2017, and of the EPZA's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the EPZA, which have been relied upon in the preparation of the EPZA's financial statements as well as the adequacy of the systems of internal financial control.

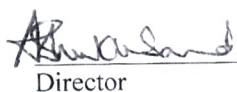
Nothing has come to the attention of the Directors to indicate that the EPZA will not remain a going concern for at least the next twelve months from the date of this statement.

#### Approval of the financial statements

The EPZA's financial statements were approved by the Board on 24 AUGUST 2018 and signed on its behalf by:



Chairman of the Board



Director



Chief Executive Officer

# REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON EXPORT PROCESSING ZONES AUTHORITY FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Export Processing Zones Authority (EPZA) set out on pages 1 to 35, which comprise the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, statement of cash flows and the 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 provisions of the Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and the 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 Export Processing Zones Authority as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Export Processing Zones Authority Act, Cap 517 of 1993 (Revised) of the Laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, except for the matter described in the Other Matter section of my report, based on the procedures performed, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

#### Basis for Qualified Opinion

#### 1. Property, Plant and Equipment

##### 1.1. Land

As previously reported, included in property, plant and equipment balance of Kshs.10,433,412,816 as at 30 June 2017 are two parcels of land Ref:LR.No.Ololoitokoshi/Kitengela/61 and 70, measuring two hectares with a book value of Kshs.2,250,000. Although the parcels of land were acquired and gazetted through Gazette Notice Nos.2802 and 2803 of July 1991, the Authority had not obtained the respective ownership documents as at 30 June 2017. As a result, it is not possible to confirm the two pieces of land are legal property of the Authority.

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*Report of the Auditor-General on the Financial Statements of Export Processing Zones Authority for the year ended 30 June 2017*

## **1.2. Boreholes**

In 2007, the then Ministry of Water and Irrigation Development sunk two boreholes on EPZA land, one at a disputed parcel of land in Kitengela Township and the other on the Authority's premises adjacent to the police post. The management has indicated that ownership of the boreholes was handed over to the Authority without formal documentation and that the boreholes have been tested and confirmed to be viable. However, no evidence has been provided for audit review to confirm that the two boreholes have been valued and recognized as assets of the Authority. As a result, it is not possible to confirm that the net assets balance of Kshs.10,433,412,816 reflected in the statement of financial position is fairly stated.

## **1.3. Valuation of Assets**

Although the statement of financial position reflects a balance Kshs.10,433,412,816 under property, plant and equipment as at 30 June 2017, the last valuation of the Authority's assets was conducted in 2011. Consequently, the Authority has not valued its assets in the last seven (7) years to take cognizance of the drastic change in their value contrary to International Accounting Standard No.16 which requires property, plant and equipment to be revalued after every five years.

In the circumstances, it has not been possible to confirm that the property, plant and equipment balance of Kshs.10,433,412,816 as at 30 June 2017 is fairly stated.

## **2. Trade and Other Receivables**

As reported in 2015/2016, included in trade and other receivables balance of Kshs.568,802,719 as at 30 June 2017 is an amount of Kshs.11,176,569 which relates to advances, outstanding imprest and salary advances issued to ex-staff. The balance includes Kshs.8,690,785 being salary advance of Kshs.7,709,866 and imprest of Kshs.980,919 issued to the former Chief Executive Officer (CEO) of the Authority without approval from the Board of Directors. The advances were issued in disregard to Government Regulation (H10) in existence then and the Authority's staff manual governing salary advances. The sum of Kshs.980,919 granted to the CEO as imprest was supposed to have been surrendered within 48 hours after completion of the assignment. Failure to surrender the imprest amounted to violation of regulations and abuse of office by the former Chief Executive Officer.

Consequently, the accuracy and recoverability of the staff debtors balance of Kshs.11,176,569 as at 30 June 2017 cannot be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI's). I am Independent of the Export Processing Zones Authority in accordance with ISSAI 30 on 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 of my qualified opinion.

## **Key Audit Matters**

Key audit matters are those matters which, in my professional judgement, are of most significance in the audit of financial statements. Except for the matters described in the Basis for Qualified Opinion section, there were no other Key Audit Matters to communicate in my report.

## **Other Matter**

### **Lack of Clarity on Establishment of Leather Industrial Park**

The Authority entered into a Memorandum of Understanding (MOU) with the Kenya Leather Development Council on 8 December 2015 for the establishment of a leather industrial park in Machakos County. The MOU provided that the park was to be built on a portion of plot LR NO.23961 measuring 301.1 hectares owned by EPZA and located at Kinanie in Machakos County. However, the actual acreage of the land to be alienated for the purpose was not indicated and the MOU did not outline the specific roles to be performed by each party and the agreed time frame for construction works. The manner in which the park was to be managed and the revenues expected to be generated therefrom and how these would be shared were not defined. In addition, it was not clear which of the two institutions was to incorporate in its books the operations and the ownership of the industrial park.

In the circumstances, there is lack of clarity on this major investment expected to be established on the Authority's land.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. 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 sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Authority or to cease operations or have no reliable alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

## **Auditor-General's Responsibilities for the Audit of the Financial Statements**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**19 September 2018**

**EXPORT PROCESSING ZONES AUTHORITY**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

**XIII. STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 Kshs	2016 Kshs
<b>Revenues</b>			
Revenue from non-exchange transactions	1a	91,245,325	150,050,715
Revenue from exchange transactions	1b	356,517,632	359,585,729
<b>Total revenue</b>		<b>447,762,957</b>	<b>509,636,444</b>
<b>Expenses</b>			
Employee costs	2	278,091,798	274,330,223
Board expenses	3	15,934,535	19,727,315
Administrative expenses	4	24,847,199	26,891,442
Other operating expenses	5	124,776,990	127,099,974
Depreciation	6	38,450,976	38,419,155
<b>Total expenses</b>		<b>482,101,497</b>	<b>486,468,109</b>
<b>Operating Deficit/Surplus</b>		<b>(34,338,540)</b>	<b>23,168,335</b>
<b>Other gains</b>			
Gain on foreign exchange transactions	7	5,315,648	1,506,000
		<b>5,315,648</b>	<b>1,506,000</b>
<b>Deficit for the Period</b>		<b>(29,022,893)</b>	<b>24,674,563</b>

The notes set out on pages 7 to 28 form an integral part of these Financial Statements

**EXPORT PROCESSING ZONES AUTHORITY**


**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

**XII. STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017**

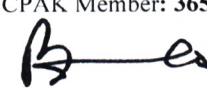
Assets	Note	2017 Kshs	2016 Kshs
<b>Current assets</b>			
Cash and cash equivalents	8	357,430,314	579,567,062
Trade Receivables & Other Receivables	9	568,802,719	548,865,129
Inventories	10	8,210,670	10,380,974
		<b>934,443,703</b>	<b>1,138,813,165</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	10,433,412,816	9,476,116,197
Biological assets	12	150,122,342	150,070,000
		<b>10,583,535,158</b>	<b>9,626,186,197</b>
<b>Total assets</b>		<b>11,517,978,861</b>	<b>10,764,999,362</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	275,631,722	277,006,003
Unearned Rental Income	13	261,337,300	260,316,930
		<b>536,969,022</b>	<b>537,322,933</b>
<b>Non-current liabilities</b>			
Customer Deposits	14	144,422,158	123,694,071
Deferred Income	15	3,863,501,410	3,101,871,983
		<b>4,007,923,569</b>	<b>3,225,566,055</b>
<b>Total liabilities</b>		<b>4,544,892,591</b>	<b>3,762,888,988</b>
<b>Net assets</b>		<b>6,973,086,857</b>	<b>7,002,110,422</b>
<b>Reserves</b>			
Revaluation Reserves	16a	6,728,206,412	6,728,206,412
Accumulated surplus	16b	244,880,445	273,903,338
<b>Total net assets and liabilities</b>		<b>6,973,086,857</b>	<b>7,002,110,422</b>

The Financial Statements set out on pages 1 to 28 were signed on behalf of the Board of Directors by:

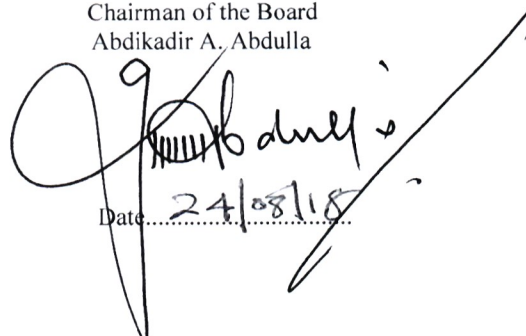
Chief Executive Officer  
Fanuel Kidenda

  
Date.....24/08/18

GM-Finance & Accounts  
Benter Omollo  
ICPAK Member: 3656

  
Date.....24/08/18

Chairman of the Board  
Abdikadir A. Abdulla

  
Date.....24/08/18

**EXPORT PROCESSING ZONES AUTHORITY**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

**XIII. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	Revaluation Reserves Kshs '000	Accumulated Surpluses Kshs '000	Total Kshs '000
<b>Balance at 30 June 2015</b>		<b>6,728,206,412</b>	<b>249,227,775</b>	<b>6,977,434,487</b>
Surplus for the period	16	-	24,674,563	<b>24,674,563</b>
Restatement of accumulated surplus	16	-	-	-
Transfers to accumulated surplus		-	-	-
<b>Balance at 30 June 2016 (a)</b>	16	<b>6,728,206,412</b>	<b>273,902,338</b>	<b>7,002,110,422</b>
Surplus for the period	16	-	(29,022,893)	(29,022,893)
Restatement of accumulated surplus		-	-	-
<b>Transfers to accumulated surplus (b)</b>	16	-	<b>(29,022,893)</b>	<b>(29,022,893)</b>
<b>Balance at 30 June 2017 (a+b)</b>	16	<b>6,728,206,412</b>	<b>244,879,445</b>	<b>6,973,085,857</b>

The notes set out on pages 7 to 28 form an integral part of the Financial Statements

**EXPORT PROCESSING ZONES AUTHORITY**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

**XIV. STATEMENT OF CASHFLOWS  
AS AT 30 JUNE 2017**

	Notes	2017 Kshs	2016 Kshs
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	(23,326,462)	292,270,443
Interest Income-Fixed Deposit	1b	15,389,746	14,098,542
<b>Net cash absorbed/generated from operating activities.</b>		<b>(7,936,716)</b>	<b>306,368,985</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	17	(995,472,834)	(2,090,519,049)
Proceeds from sale of fixed assets		-	-
Taxes Paid		(41,733,263)	(71,654,000)
<b>Net Cash flows from Investing Activities</b>		<b>(1,037,206,097)</b>	<b>(2,162,173,049)</b>
<b>Cash flows from financing activities</b>			
Grant received Development	18b(i)	782,206,000	2,005,801,600
Grant received Recurrent	18b(ii)	40,800,000	79,113,067
<b>Net Cash flows From Financing Activities</b>		<b>823,006,000</b>	<b>2,084,914,667</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(222,136,813)</b>	<b>229,110,603</b>
Cash and cash equivalents at start of year		579,567,125	350,455,522
<b>Cash and cash equivalents at end of year</b>	8	<b>357,430,313</b>	<b>579,567,125</b>

Taxes Paid relates to 3% & 5% Contractual fees withheld from the Contractors  
The notes on pages 7to 28 are an integral part of these financial statements.

**EXPORT PROCESSING ZONES AUTHORITY**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2017**

	Original budget		Reallocation in the Year		Final budget		Actual on Comparable basis		Performance Difference	
	2017 Kshs	2017 Kshs	2017 Kshs	2017 Kshs	2017 Kshs	2017 Kshs	2017 Kshs	2017 Kshs	2017 Kshs	2017 Kshs
<b>Revenue</b>										
Application Fees	1,500,000	-	1,500,000		1,500,000	1,202,835		(297,165)		
Licence Fees	42,000,000	-	42,000,000		42,000,000	39,872,788		(2,127,212)		
Rental Income	185,000,000	-	185,000,000		185,000,000	162,718,040		(22,281,960)		
Water sales	177,500,000	-	177,500,000		177,500,000	153,647,289		(23,852,711)		
Other Incomes	99,200,000	-	99,200,000		99,200,000	54,837,653		(44,362,347)		
Government grant (Recurrent)	50,800,000	-	50,800,000		50,800,000	40,800,000		(10,000,000)		
<b>Total income</b>	<b>556,000,000</b>	<b>-</b>	<b>556,000,000</b>		<b>556,000,000</b>	<b>453,078,605</b>		<b>(102,921,395)</b>		
<b>Expenses</b>										
Personnel Emoluments	282,227,273	-	282,227,273		282,227,273	245,896,381		36,330,892		
Goods, Utilities, Supplies & Services	9,800,000	-	9,800,000		9,800,000	5,572,699		4,227,301		
Communication Supplies & Services	8,300,000	-	8,300,000		8,300,000	4,897,117		3,402,883		
Investments Promotion Expenses	28,512,600	(7,037,440)	21,475,160		21,475,160	20,964,338		510,822		
Domestic travel & Subsistence	16,168,000		16,168,000		16,168,000	13,632,988		2,535,012		
Printing & advertising, Information supply & services	9,800,000		9,800,000		9,800,000	7,506,290		2,293,710		
Rental of produced assets	17,000,000		17,000,000		17,000,000	9,567,684		7,432,316		
Training Expenses	13,000,000		13,000,000		13,000,000	9,461,549		3,538,451		
Hospitalities Supplies & services	5,750,000		5,750,000		5,750,000	5,364,612		385,388		
Board Allowances, Training and Benchmarking	16,000,000		16,000,000		16,000,000	15,934,535		65,465		
Insurance costs	29,000,000	7,037,440	36,037,440		36,037,440	35,770,779		266,661		
Specialized materials and supplies	11,600,000		11,600,000		11,600,000	6,636,348		4,963,652		
Office general supplies	5,000,000		5,000,000		5,000,000	4,492,669		507,331		
Fuel, Oil and Lubricants	5,000,000		5,000,000		5,000,000	4,779,024		220,976		
Other Operating expenses	46,230,100		46,230,100		46,230,100	46,009,844		220,256		
Maintenance - Vehicles and Other Transport	5,000,000		5,000,000		5,000,000	2,634,622		2,365,378		
Maintenance – Other Assets	6,750,000		6,750,000		6,750,000	4,529,044		2,220,956		
Depreciation (Consumption of Fixed Capital)	40,000,000		40,000,000		40,000,000	38,450,976		1,549,024		
<b>Total Expenditure</b>	<b>555,137,973</b>	<b>-</b>	<b>555,137,973</b>		<b>555,137,973</b>	<b>482,101,498</b>		<b>73,036,475</b>		
<b>Deficit for the period</b>	<b>862,027</b>	<b>-</b>	<b>862,027</b>		<b>862,027</b>	<b>(29,022,893)</b>		<b>(28,160,866)</b>		

**Budget Notes:**

1. GOK Recurrent Grant: The Variance is due to non-remittance of Kshs 10 million by the Parent Ministry
2. Water Sales: This was affected by water rationing by the water provider, Nairobi Water & Sewerage Company.
3. Rental Income: Affected by delay in completion of industrial sheds for occupation by investors due to delay funding by GOK at the start of the projects.
4. Other Income: This was affected by non-realization of land compensation from Kenya Ports Authority.

## EXPORT PROCESSING ZONES AUTHORITY

### REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

#### XVI. NOTES TO THE FINANCIAL STATEMENTS

##### 1. GENERAL INFORMATION

EPZA entity is established by and derives its authority and accountability from EPZ Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The EPZA's principal activity is the promotion and facilitation of export-oriented investments and the development of an enabling environment for such investments as stipulated in the EPZ Act Cap 517.

##### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The EPZA's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the EPZA. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

##### 3. ADOPTION OF NEW AND REVISED STANDARDS

###### i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	<b>(Effective for annual periods beginning on or January 1, 2017)</b> The Authority adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the Authority.
IPSAS 34: Separate Financial Statements	<b>(Effective for annual periods beginning on or January 1, 2017)</b> The Authority does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
IPSAS 35: Consolidated Financial Statements	<b>Effective for annual periods beginning on or January 1, 2017)</b> The Authority does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
IPSAS 36: Investments in Associates and Joint Ventures	<b>(Effective for annual periods beginning on or January 1, 2017)</b> The Authority does not have investments in associates or joint ventures and therefore the standard does not apply.
IPSAS 37: Joint Arrangements	<b>(Effective for annual periods beginning on or January 1, 2017)</b> The Authority does not have an interest in a joint arrangement and therefore the standard does not apply.

# EXPORT PROCESSING ZONES AUTHORITY

## REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Standard	Impact
<b>IPSAS 38:</b> Disclosure of Interests in Other Entities	<b>(Effective for annual periods beginning on or January 1, 2017)</b> The Authority does not have interests in other entities and therefore the standard does not apply.

### ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

Standard	Effective date and impact:
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

### iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2017.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Revenue recognition

#### i) Revenue from non-exchange transactions

##### Fees

The Authority recognizes revenues from fees when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. The Authority receives income in form of Licence and application fees.

##### Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably.

## EXPORT PROCESSING ZONES AUTHORITY

### REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

##### ii) Revenue from exchange transactions

###### *Rendering of services*

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### *Sale of goods*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority.

###### *Interest income*

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

###### *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

##### **b) Budget information**

The original budget for FY 2016-2017 was approved by the National Assembly on 29<sup>th</sup> June, 2016. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities. The Authority's recurrent budget was reduced by Kshs 10 Million from Kshs 50.8 Million to Kshs 40.8 Million during Supplementary 1 Estimates.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section XV of these financial statements.

## EXPORT PROCESSING ZONES AUTHORITY

### REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

##### **c) Taxes**

###### ***Current income tax***

The Authority is Zero rated in its tax status. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### **d) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

##### **e) Leases**

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

##### **f) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

##### **g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

## EXPORT PROCESSING ZONES AUTHORITY

### REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

#### **h) Provisions**

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### *Contingent liabilities*

The Authority does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

#### *Contingent assets*

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

#### **i) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. Surplus made during the year is credited to the accumulated surplus reserve while deficit is debited to the accumulated reserve at the end of financial year.

#### **j) Changes in accounting policies and estimates**

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

## **EXPORT PROCESSING ZONES AUTHORITY**

### **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

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#### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

##### **k) Employee benefits**

###### **Retirement benefit plans**

The Authority operates defined contribution retirement benefit scheme for its employees while employees who are on contract qualify for gratuity upon end of the contract. The Authority and all its employees also contribute to the appropriate national Social Security Fund, which are defined contribution schemes. A defined contribution plan is a pension plan under which the Authority pays fixed contributions into a separate entity. The Authority has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Authority pays contributions to publicly or privately administered plans on a mandatory, contractual or voluntary basis. The Authority has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

##### **l) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

##### **m) Related parties**

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

##### **n) 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 with an original maturity of three months or less, 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

## EXPORT PROCESSING ZONES AUTHORITY

### REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

##### **o) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

#### **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

##### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. These areas include valuation of biological assets, recover-ability of long outstanding debt and any tax matters that may arise.

##### **Biological assets**

In determining the fair value of biological assets, management uses estimates based on historical data relating to number of trees and market prices per stem of tree. The methodology and assumptions used for estimating both the value and timing of future cash flows are reviewed regularly to reduce potential differences between market estimates and actual costs. The significant assumptions used are set out in note under biological assets.

##### **Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Authority
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

##### **Risk Management**

The Authority's activities expose it to a variety of financial risks, market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest risk and price risk), credit risk and

## EXPORT PROCESSING ZONES AUTHORITY

### REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

Liquidity risk. The Authority's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its performance.

#### **Credit Risk**

Credit risk is managed on an Authority basis. Credit risk arises from deposits with banks and trade and other receivables. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Authority.

Credit risk is managed by both Finance and Commercial and Technical Division Departments (CTS). Finance is responsible for managing and analysing credit risk for each new client before being contracted or recruited. For trade receivables, the Authority's finance department assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

#### **Liquidity Risk**

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents. Management perform cash flow forecasting and monitor rolling forecasts of the Authority's liquidity requirements to ensure it has sufficient cash to meet its operational needs. Management has put in place account receivable and account payables cycles in which receivables have short collection cycles against long payables cycle. Some of the cash held by the Authority, over and above the amounts required for working capital management are invested in interest bearing fixed deposit accounts.

#### **Market Risk**

Market risk is the risk that the value of an investment will decrease due to movement in market factors. The Authority does not hold any financial instruments subject to market/price risk.

#### **Provisions**

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The management opted maintain the provisions unchanged for the year ended June 30, 2017.

#### **p) 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 June 30, 2017.

EXPORT PROCESSING ZONES AUTHORITY

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>Revenues</b>			
<b>1 a)</b>	<b>Revenue from Non-Exchange Transactions</b>	<b>2017</b>	<b>2016</b>
		<b>Kshs</b>	<b>Kshs</b>
	Application Fees	1,202,835	1,261,020
	Licenses fees	39,872,788	37,906,926
	<b>Recurrent Grant (GoK)</b>		
	<b>Unconditional Grant</b>		
	State department of Industry	40,800,000	79,113,067
	<b>Non-Monetary Revenue - Land</b>	-	22,399,702
	-Deferred Income	9,369,702	9,370,000
		<b>91,245,325</b>	<b>150,050,715</b>
<b>1b)</b>	<b>Revenue from Exchange Transactions</b>		
	Water Sales	153,647,289	168,232,178
	Rental Income	162,718,040	154,819,701
	Interest from Fixed deposits	15,389,746	14,098,542
	Other Income	24,762,557	22,435,309
		<b>356,517,632</b>	<b>359,585,729</b>
	<b>Total Revenue</b>	<b>447,762,958</b>	<b>509,636,445</b>
<b>2</b>	<b>Employee costs</b>	<b>2017</b>	<b>2016</b>
		<b>Kshs</b>	<b>Kshs</b>
	Basic salaries and wages	115,593,597	119,338,050
	Personnel allowances	102,495,378	102,913,825
	Medical benefit	29,881,177	23,731,820
	Social contributions	27,807,407	26,538,301
	Other staff welfare	2,314,239	1,808,228
		<b>278,091,798</b>	<b>274,330,223</b>
<b>3</b>	<b>Board expenses</b>	<b>2017</b>	<b>2016</b>
		<b>Kshs</b>	<b>Kshs</b>
	Directors Emoluments	9,865,158	9,816,339
	Chairman Honoraria	960,000	-
	Boards Committees expenses, Conferences and Seminars	5,109,377	9,910,977
		<b>15,934,535</b>	<b>19,727,315</b>
<b>4</b>	<b>Administrative expenses</b>		
<b>a</b>	<b>Repairs and Maintenance</b>	<b>2017</b>	<b>2016</b>
		<b>Kshs</b>	<b>Kshs</b>
	Property	2,197,153	1,693,279
	Equipment	1,439,036	1,257,814
	Vehicles	2,634,622	2,769,216
	Other	892,855	1,089,514
		<b>7,163,665</b>	<b>6,809,823</b>

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**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

<b>b</b>	<b>Contracted services</b>		
	Contracted Professional Services	694,984	2,604,337
	Contracted Technical Services	980,456	1,462,141
	Consultancy Fee	3,464,663	5,814,805
	Contracted Guards	11,943,432	9,600,337
	Audit fee	600,000	600,000
		<b>17,683,533</b>	<b>20,081,620</b>
	<b>Total Administrative expenses</b>	<b>24,847,199</b>	<b>26,891,442</b>
<b>5</b>	<b>Other operating expenses</b>	<b>2017</b>	<b>2016</b>
		<b>Kshs</b>	<b>Kshs</b>
	Goods Utilities Supplies & Services	5,572,699	5,275,817
	Investment Promotion	20,964,338	29,734,327
	Communication Supplies & Services	4,897,117	6,903,709
	Domestic Travel & Other Transport Costs	13,632,988	19,516,062
	Foreign Travel & Other Transport Costs	-	-
	Printing Advert Info Supply & Service	7,506,290	7,978,766
	Rental of Produced Assets	9,567,684	6,886,186
	Training Expenses	9,461,549	10,107,290
	Hospitality Supplies and Services	3,050,372	2,855,838
	Insurance Costs excluding medical	5,889,602	6,685,299
	Specialized Materials and Supplies	6,636,348	6,357,519
	Office General Supplies	4,492,669	3,320,635
	Fuel Oil & Lubricants	4,779,024	4,666,721
	Legal expenses	9,198,899	3,766,124
	Other operating expenses	19,127,411	13,045,681
		<b>124,776,990</b>	<b>127,099,974</b>
<b>6</b>	<b>Depreciation</b>	<b>2017</b>	<b>2016</b>
		<b>Kshs</b>	<b>Kshs</b>
	Buildings	8,352,103	8,320,512
	Computers and Printers	6,521,389	7,545,979
	Infrastructure	8,839,111	10,403,238
	Motor Vehicles & Other Moveable Equipment	9,748,358	7,441,985
	Office Equipment	2,922,316	2,660,200
	Office Furniture	2,067,699	2,047,240
		<b>38,450,976</b>	<b>38,419,155</b>
<b>7</b>	<b>Gain on foreign exchange transactions</b>	<b>2017</b>	<b>2016</b>
		<b>Kshs</b>	<b>Kshs</b>
		<b>5,315,648</b>	<b>1,506,000</b>
		<b>5,315,648</b>	<b>1,506,000</b>

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REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

8 Cash and cash equivalents	2017	2016
Summary	Kshs	Kshs
Bank	149,960,743	443,045,928
Cash-on-hand and in transit	84,832	114,477
Short-term deposits	207,384,739	136,406,657
<b>Total</b>	<b>357,430,314</b>	<b>579,567,062</b>
<b>Detailed</b>		
<b>a) Bank Accounts</b>		
Recurrent Grant - NBK - Hill Branch	3,560,896	3,397,807
Water Deposit - NBK – Kitengela	27,431,102	21,794,192
Development Grant - NBK Kitengela	26,242,856	220,222,747
Sinking Fund Acc-NBK Kitengela	8,261,592	8,261,592
USD Operations Account - KCB Moi Avenue	40,884,680	58,163,825
KSHs Operations Account - KCB Kitengela	9,798,474	102,004,344
Water Operations Account - KCB Kitengela	33,781,143	29,201,422
<b>Sub- total</b>	<b>149,960,743</b>	<b>443,045,928</b>
<b>b) Cash in hand</b>		
Petty Cash - Athi River Head Office	4,841	34,496
Petty Cash - Mombasa Office	39,991	39,981
Petty Cash-Kisumu Office	40,000	40,000
<b>Sub- total</b>	<b>84,832</b>	<b>114,477</b>
<b>c) On - call deposits</b>		
National Bank of Kenya	52,899,705	83,506,951
Housing Finance Group	53,506,951	52,899,705
Kenya Commercial Bank	100,000,000	-
Kenya Commercial Bank (accrued interest)	978,082	-
<b>Sub- total</b>	<b>207,384,739</b>	<b>136,406,657</b>
<b>Grand Total</b>	<b>357,430,314</b>	<b>579,567,062</b>
<b>9 Trade and other Receivables</b>		
<b>a Trade Receivables</b>		
	<b>2017</b>	<b>2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade receivables	586,054,808	564,659,625
Less: impairment allowance/provisions	(36,013,150)	(36,013,150)
	<b>550,041,659</b>	<b>528,646,476</b>
<b>b Other receivables</b>		
Staff debtors Imprest	1,731,395	11,614,589
Staff debtors (medical)	415,866	447,953
Staff debtors (Advances)	9,029,308	-
Prepayments	7,584,490	8,156,112
	<b>18,761,060</b>	<b>20,218,654</b>
<b>Total Trade and Other Receivables</b>	<b>568,802,719</b>	<b>548,865,129</b>

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**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

<b>10 Inventories</b>	<b>2017</b>	<b>2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Inventory - Water (at Cost)	306,582	305,680
Stationary	5,697,662	7,642,669
Electrical Computer & Fire Accessories	2,206,427	2,432,625
<b>Total inventories at the lower of cost and net realizable value</b>	<b>8,210,670</b>	<b>10,380,974</b>
<b>12 Biological Assets</b>	<b>2017</b>	<b>2016</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cost at the start of the year.</b>	150,070,340	149,516,340
<b>Additions during the year</b>	52,002	554,000
<b>Balance C/f as at 30th June 2017</b>	<b>150,122,342</b>	<b>150,070,340</b>

Biological assets consist of Eucalyptus plantations at the Sewerage treatment Ponds

<b>13 Trade and other payables from exchange transactions</b>	<b>2017</b>	<b>2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade Creditors	20,038,198	27,025,443
Accruals	23,390,092	12,162,528
Deferred Income	261,337,300	260,316,930
Sundry creditors	18,764,585	56,721,326
Retention Money (Contractors)	213,438,848	181,096,707
<b>Total trade and other payables</b>	<b>536,969,022</b>	<b>537,322,933</b>

The carrying amounts of the above payables and accrued expenses approximate to their fair value

<b>14 Refundable deposits from customers</b>	<b>2017</b>	<b>2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Rent Deposits	45,742,411	39,589,324.05
Water Deposits	87,406,466	81,741,466.32
Sewer Deposits	11,273,281	2,363,281.00
<b>Total deposits</b>	<b>144,422,158</b>	<b>123,694,071</b>
<b>15 Deferred Income</b>	<b>2017</b>	<b>2016</b>
	<b>Kshs</b>	<b>Kshs</b>
At start of the Year	3,101,871,983	1,108,492,105
Development Grant received during the Year	782,206,000	2,005,801,600
Adjustment	(1,837,169)	(3,052,020)
Less current year income(Deferred Income Recognised	(9,369,702)	(9,369,702)
To current Deferred income	(9,369,702)	-
<b>As at year end</b>	<b>3,863,501,410</b>	<b>3,101,871,983</b>

This is deferred income from Land, Buildings and Infrastructure since the year of acquisition (1998) from the Government amounting to Kshs 936,970,000 acquired in different periods from the year 1998 to 2016. The amount includes the Initial Grant from the Government of Kenya of Kshs 22,177,000 for Land, 98,183,000 for building and Kshs 246,205,000 for infrastructure. This deferred amount is recognised as income in the Income Statement at the rate of Kshs 9,370,000 in respect to the assets and their useful life. An Adjustment of Kshs 1,837,169.00 has been effected on FY 2016/17 to correct historical errors arising from the previous years' reporting on deferred income.

EXPORT PROCESSING ZONES AUTHORITY

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

16a Reserves	2017 Kshs	2016 Kshs
Revaluation Reserves	6,728,206,412	6,728,206,412
<b>Accumulated Reserves at start of the year</b>	273,903,338	249,227,775
Current year Surplus	(29,022,893)	24,674,563
Adjustments of the Long outstanding accrued interest	-	
<b>16b Accumulated Reserves at end of the year</b>	<b>244,880,445</b>	<b>273,903,338</b>
	<b>6,973,086,857</b>	<b>7,002,110,750</b>

17 Cash absorbed from operations	2017 Kshs	2016 Kshs
<b>Reconciliation of profit before income tax to cash generated from operations</b>		
<b>Surplus before tax</b>	<b>(29,022,893)</b>	<b>24,674,563</b>
<b>Adjustments for:</b>		
Depreciation	38,450,976	38,419,155
Foreign exchange gain	(5,315,648)	(1,506,229)
Accrued Interest Income	-	-
Non-Monetary Income		(22,400,000)
Grant amortization	(9,369,702)	(9,369,702)
Gain on disposals of property plant & equipment	-	-
Changes in biological assets	52,002	(554,000)
<b>Cash from operations before changes in Working capital</b>	<b>(5,205,265)</b>	<b>29,263,787</b>
<b>Changes in working capital:</b>		
Trade Receivables & other receivables	(21,395,183)	11,166,208
Other receivables	1,457,593	(3,349,420)
Inventories	2,170,304	(5,080,926)
Trade & other Payables	(353,911)	260,270,793
	<b>(18,121,197)</b>	<b>263,006,655</b>
<b>Cash generated from operations</b>	<b>(23,326,462)</b>	<b>292,270,443</b>

18 Related Party Transactions	2017 Kshs	2016 Kshs
<b>18a Key Management Compensation</b>		
i) Salaries and other short-term employment Benefits	68,247,568	66,140,723
ii) Directors' remuneration		
Board Allowances	9,865,158	9,816,339
Chairman Honoraria	960,000	-
Boards Committees Conferences and Seminars	5,109,377	9,910,977
<b>Sub-Total</b>	<b>15,934,535</b>	<b>19,727,315</b>
<b>Total</b>	<b>84,182,103</b>	<b>85,868,038</b>

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**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

		<b>2017</b>	<b>2016</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>18b(i)</b>	<b>Transfers from Departments of Industrialization</b>		
	<b>i) Development Grant</b>		
	Quarter 1	375,000,000	500,000,000
	Quarter 2	-	500,000,000
	Quarter 3	375,000,000	500,000,000
	Quarter 4	-	500,000,000
	Transfers from Kenya Leather Dev Council	32,206,000	5,801,000
	<b>Sub-Total</b>	<b>782,206,000</b>	<b>2,005,801,000</b>
<b>18b(ii)</b>	<b>ii) Recurrent Grant</b>		
	Quarter 1	12,700,000	25,150,000
	Quarter 2	12,700,000	7,663,000
	Quarter 3	7,700,000	25,150,000
	Quarter 4	7,700,000	21,150,000
	<b>Sub -Total</b>	<b>40,800,000</b>	<b>79,113,000</b>
	<b>Total Grant Received</b>	<b>823,006,000</b>	<b>2,084,914,000</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11. Property, plant and equipment**

Export Processing Zones Authority Schedule Of Property, Plant & Equipment 2016/2017 Financial Year Property, Plant and Equipment										
Cost	Land	Buildings & Fixtures	Infrastructure	Motor Vehicles	Furniture	Computers	Office Equipment	Work In Progress	Total	
	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000		
At 1 July 2015	5,425,860	829,785	869,467	65,521	20,414	30,481	18,504	252,546	7,512,578	
Additions	22,400	4,903	12,390	-	88	83	10,082	2,040,574	2,090,520	
Disposals	-	-	-	-	-	-	-	-	-	
At 30 June 2016	5,448,260	834,688	881,857	65,521	20,502	30,564	28,586	2,293,120	9,603,098	
At 1 July 2016	5,448,260	834,688	881,857	65,521	20,502	30,564	28,586	2,293,120	9,603,098	
Additions	-	783	1,416	-	464	2,114	1,261	989,435	995,473	
Disposals	-	-	-	-	275	-	-	-	275	
At 30 June 2017	5,448,260	835,471	883,273	65,521	21,241	32,678	29,847	3,282,555	10,598,846	
Depreciation and impairment	-	-	-	-	-	-	-	-	-	
At 1 July 2015	-	24,175	24,552	21,903	3,051	13,998	884	-	88,563	
Depreciation charge for the year	-	8,321	10,403	7,442	2,047	7,546	2,660	-	38,419	
Disposals	-	-	-	-	-	-	-	-	-	
Transfer/adjustment	-	-	-	-	-	-	-	-	-	
Impairment	-	-	-	-	-	-	-	-	-	
At 30 June 2016	-	32,495	34,955	29,345	5,098	21,544	3,544	-	126,982	
Depreciation and impairment	-	-	-	-	-	-	-	-	-	
At 1 July 2016	-	32,495	34,955	29,345	5,098	21,544	3,544	-	126,982	
Depreciation charge for the year	-	8,352	8,839	9,748	2,068	6,521	2,922	-	38,451	
Impairment	-	-	-	-	-	-	-	-	-	
At 30 June 2017	-	40,848	43,794	39,093	7,166	28,065	6,467	-	165,433	
Net book values	-	-	-	-	-	-	-	-	-	
At 30 June 2017	5,448,260	794,624	839,478	26,428	14,075	4,613	23,381	3,282,555	10,433,413	
At 30 June 2016	5,448,260	802,193	846,902	36,176	15,404	9,020	25,042	2,293,120	9,476,116	

**EXPORT PROCESSING ZONES AUTHORITY**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**19. Contingent assets and contingent liabilities**

Case	Dispute	Contingent Asset/Liability
<p><b>1. HCCC NO. 315 of 2009</b></p> <p><b>Tanathi Water Services Board Vs. EPZA</b></p>	<p>Dispute is over the management and supply of Water at Mavoko and Kitengela areas. Tanathi sought orders restraining EPZA from among others provision of water outside the Zone and charging customers for the same. The orders were not granted and matter went to full hearing.</p> <p>EPZA filed a counter claim in its defense stating that it continues to supply water by virtue of its gazettelement as a Water Undertaker in 1997 (<i>under the Water Act, Cap 327, Laws of Kenya-now repealed</i>) and whose Water Undertakership is save in the Water Act 2002, which replaced CAP 372.</p> <p>The water infrastructure raises a substantial income for the Authority and accounts for 60% of the budget and that Tanathi has over the years been attempting to unlawfully take over its assets.</p>	<p>No contingent asset of liability – Suit for Declaratory Orders</p>
<p><b>2.HCCC No. 35 of 2010 Machakos</b></p> <p><b>Kapa Oil Refineries &amp; 7 others Vs. EPZA, Mavoko Water &amp; Sewerage Co. Ltd and Tanathi Water Services Board.</b></p>	<p>Dispute is over the use of EPZA sewerage infrastructure by the Plaintiffs who allegedly entered into agreements with Mavoko Water &amp; Sewerage Company and Tanathi Water services Board for use of their privately constructed sewer line and which discharges into the EPZA Sewer mains.</p> <p>The Court granted an injunction against EPZA to, among others, stop interfering with the continued discharge of effluent by the Plaintiffs into the EPZA sewer line.</p> <p>EPZA appealed the court’s ruling granting the said injunction but the Court of Appeal declined to interfere with the High Court decision.</p> <p>EPZA then filed an application to the High court in 2014 seeking vacation of the said orders on account of the continued discharge of raw industrial effluent by the Plaintiffs into our main sewer line and also citing a demand made to EPZA by WARMA of intention to take legal action if the situation at the sewerage treatment plant was not improved.</p> <p>The Authority’s application was dismissed with costs in a ruling given on Wednesday 15<sup>th</sup> July 2015 at Machakos High Court. When the matter came up for mention on 30<sup>th</sup> November, 2015, our Advocates urged the court to have the substantive suit heard expeditiously, and also sought leave to amend EPZA’s defense and include a counter claim. This was granted and EPZA’s amended defense and counterclaim were filed and served.</p>	<p>No Contingent Asset or Liability – Suit for Declaratory Orders</p>

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**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

<p><b>3.Land and Environmental Case No. 209 of 2017 Kajiado (Formerly Civil Suit No. 908 of 2014 Nairobi and Case No. 52 of 2014 Machakos)</b></p> <p><b>Presbyterian Foundation, Trustee of P.C.E.A. Kitengela Township Church (Plaintiff) Vs. Export Processing Zones Authority (Defendant)</b></p>	<p><b>1. <u>The Civil/Land Matter</u></b></p> <p>Dispute arose after EPZA put up a structure (Customer Care offices) in the disputed parcel of land (L.R. No. Kajiado/North Kaputiei/70) which structure was then demolished by P.C.E.A. On the said land sits water infrastructure; a water tank and borehole.</p> <p>This is land that was acquired by Government in 1991 for EPZA from Simon Saiyelel Likimani but the Authority has not secured Title to the land hence the demolition of the Customer Care Offices by PCEA who claim to be true owners of the said land.</p> <p>The case was filed in July 2014.To date; all pleadings have been filed in Court.</p> <p>The High Court also agreed with EPZA’s submission to enjoin the Chief Land Registrar, the Director of Survey and the National Land Commission as parties. The three parties have been served with Court papers. The National Lands Commission has finally entered a defense but not the Attorney Generals Chambers.</p> <p><b><u>Mentions</u></b></p> <p>1. The matter was earlier mentioned on <b><u>Wednesday, 25<sup>th</sup> January, 2017</u></b> before the ELC Court in Machakos and moved to Kajiado ELC Court.</p> <p>2. The matter was mentioned <b><u>on 4<sup>th</sup> April, 2017 at the ELC Court in Kajiado.</u></b> This time the lawyers for the National Lands Commission Lawyer and the Attorney General were in attendance. The court gave both lawyers 60 days to file their documents.</p> <p>3. The matter was mentioned on <b><u>27<sup>th</sup> June, 2017 at ELC Court Kajiado.</u></b> The Advocate for the National Land Commission and the Attorney General were not in attendance. Dependent on the nature of the orders prayed for by the Authority and the enforcement requirement of such orders, the Court held it was prudent to allow the National Land Commission and the Ministry of Land at Kajiado thirty (30) more days to put in their court papers.</p> <p><b><u>2. Criminal Matter</u></b></p> <p>Regarding the Criminal matter against the Church members who demolished the structures put up by EPZA on the land: - A file was opened at Kitengela Police and the enquiry forwarded to the Directorate of Public Prosecutions seeking legal advice on who to charge in the matter.</p> <p>The DPP wrote advising that the matter be investigated afresh. The OCS Kitengela has not communicated the outcome of the fresh probe. Upon follow up, it was advised that investigations are still on going.</p>	<p>Asset - value of:</p> <p>Kajiado/North Kaputiei/13552</p>
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**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

<p><b>4.HCCC No. 96 OF 2014 – Mombasa (Environment and Land Division)</b> <b>EPZA Vs. OLSA (Debt Recovery)</b></p>	<p>EPZA instituted the suit following refusal by OLSA EPZ Ltd to sign Surrender of lease agreements after termination of their lease over Kipevu EPZ land. The action to terminate was taken after failure by OLSA to develop the land within the stipulated 2 year period and also being in rent arrears.</p>	<p><b>Asset US\$ 74,700.00</b></p>
<p><b>5.HCCC No. 212 of 2012</b> <b>Musyoki Kaloki Mbui Vs. Export Processing Authority</b></p>	<p>The plaintiff brought a suit alleging that EPZA had encroached on his parcel of land situated in Lukenya and was seeking compensation at the then current market price of Kshs 2 million per acre. The said parcel of land borders EPZA land at the sewerage treatment works and is fenced and occupied by EPZA. The Director of Survey however confirmed by a letter dated 14<sup>th</sup> March 2012 that it was the Plaintiff, together with others who had encroached on EPZA Land. EPZA acquired land from Lukenya Ranching Co-operative Society and a deed plan issued in 1998 and title processed as L.R. No. 23961.</p> <p>It is EPZA’s defence that the plaintiff has no cause of action against it, and the suit therefore has to fail. In its counter claim, EPZA seeks restraining orders against the Plaintiff to restrain him from trespassing on the land and interfering with it.</p>	<p><b>Asset - value of:</b> <b>Mavoko Town Block 3/6275</b></p>
<p><b>6.Industrial Case No. 1386 of 2014 – Nairobi</b> <b>Charles Kipkorir Misik &amp; 11 Others Vs. Export Processing Zones Authority</b></p>	<p>The plaintiffs, some of who are employees of EPZA, instituted court proceedings against EPZA on grounds of poor working conditions at the Kinanie sewerage plant</p>	<p><b>No contingent asset of liability – suit for Declaratory Orders</b></p>
<p><b>7.CMCC No. 311 of 2010 - Machakos</b> <b>Philip Kivuva Vs. EPZA &amp; 3 Others</b></p>	<p>Dispute is in respect of a parcel of land, L.R. No. 337/2917 in Mavoko. The Plaintiff sued EPZA and 3 Others for compensation alleging trespass and damage to his land during the construction of EPZA’s sewer line (Phase 2).</p> <p>The Plaintiff’s Advocates filed an application for amendment of the plaint in which they enjoined EPZA, Mavoko Water &amp; Sewerage Co. Limited and the Town Administrator, Mavoko.</p>	<p><b>Liability – Kes 6,500,000.00</b></p>
<p><b>8.ELC Case No. 150 of 2015 –Nairobi</b> <b>EPZA Vs. Nairobi City Water &amp; Sewerage Company Limited</b></p>	<p>The matter came about as a result of personnel from Nairobi City Water &amp; Sewerage Company Limited removing EPZA’s bulk meter at Firestone and installing it at KAPA on 14<sup>th</sup> February, 2015.</p> <p>EPZA then reinstalled the meter to its original position and proceeded to Court to seek Orders of injunction</p>	<p><b>No contingent asset of liability – suit for Declaratory Orders</b></p>

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	<p>against the Company restraining it from further interfering with EPZA's infrastructure.</p>	
<p><b>9.ELC Case No. 150 of 2015 –Nairobi</b></p> <p><b>Water Resources Management Authority Vs. Export Processing Zones Authority</b></p>	<p>On 30<sup>th</sup> April, 2015 the Water Resources Management Authority (WARMA) served EPZA with a Petition filed in the High Court seeking Conservatory orders as against EPZA to, among others, close and keep closed our water treatment facility at Kinanie on account of the poor state of the water treatment works and also that high volumes of raw untreated sewage and other industrial effluents were being discharged into the Athi River and its catchment area.</p>	<p>No contingent Asset or Liability</p> <p>Declaratory Orders</p>
<p><b>10. Kajiado PMCCC. No 27 of 2016</b></p> <p><b>Daniel Musyoki &amp; Others Vs. EPZA</b></p>	<p>This suit was brought in Kajiado by persons claiming ownership of the land opposite Viwanda Road.</p> <p>The matter came up for inter parties hearing on 10<sup>th</sup> March, 2016 where our Advocates served notice of a Preliminary Objection on points of law, calling for the plaintiffs application to be stuck off on the grounds that the application was improperly before the Court which had no jurisdiction to hear the matter (Land issues are expected to be filed in the Environment and Land Courts).</p> <p>The matter was heard on 28<sup>th</sup> April, 2016 where the Court agreed with EPZA's preliminary objection that it did not have jurisdiction to hear the matter and ordered that the case be placed before a court of competent jurisdiction. The matter is now before the Land &amp; Environment Court in Kajiado.</p>	<p>Asset – value of :</p> <ol style="list-style-type: none"> <li>1. Kajiado/Kaputiei/ North 131</li> <li>2. Kajiado/Kaputiei/ North 132</li> <li>3. Kajiado/Kaputiei/ North 133</li> <li>4. Kajiado/Kaputiei/ North 134</li> <li>5. Kajiado/Kaputiei/ North 139</li> <li>6. Kajiado/Kaputiei/ North 140</li> <li>7. Kajiado/Kaputiei/ North 141</li> <li>8. Kajiado/Kaputiei/ North 157</li> </ol>
<p><b>11. ELC CASE NO. 1259 OF 2016 – Nairobi</b></p> <p><b>EPZA Vs. Osingit Ole Mutengi, Koisingit Ole Mutunkei Lamo, County Registrar Kajiado and National Land Commission</b></p>	<p>This matter was filed by EPZA before the ELC Court in Nairobi seeking Orders stopping the Defendants/agents or any other person acting on their instructions from selling/transferring or in any way dealing with all that property originally known as <b>KJD/OLOOLOITIKOSHI/61</b> and/or any subsequent subdivision thereon forming 1 hectare.</p> <p>The land in question was acquired by Government in 1991 for EPZA and the defendants compensated in November, 1991. This is the land where EPZA has built the High Level Water Tank, but to date the defendant has failed to surrender the Title deed despite follow up by EPZA so that changes can be effected and a Title issued to EPZA.</p> <p>The District surveyor carried out a survey to establish the beacons for the 1 Hectare piece of land and it was found out that the fenced area is approximately 1 acre. Further that the land was further sub-divided into two parcels nos:</p>	<p>Asset – value of :</p> <p><b>KJD/OLOOLOITIKOSHI/61</b></p>

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	<p>8222 &amp; 8223 and amended in the registry index map for Oloolotikoshi-Kitengela pursuant to a mutation Form dated 22<sup>nd</sup> September, 2014 and issued the 2<sup>nd</sup> Defendant with a Title Deed KJD/KITENGELA.74012 measuring 1 acre.</p>	
<p><b>12.ELC Civil Suit No. 96 of 2017</b></p> <p><b>Kelvin Nzioki &amp; 53 Others Vs. EPZA &amp; Kenya Meat Commission</b></p>	<p>The plaintiffs filed a suit in Kajiado claiming ownership to EPZA Land (At the housing site) which they are referring to as KMC PHASE III in Mavoko. That they have farms AND houses on the said land and that they are being denied access to the said farms by EPZA Security.</p>	<p>No contingent Asset or Liability</p> <p>Declaratory Orders</p>
<p><b>13. Employment and Labour relations Court of Kenya at Nairobi Case No, 481 of 2017 –</b></p> <p><b>Beatrice Wambui Njenga Vs. EPZA</b></p>	<p>The case was filed by the complainant – Ms. Beatrice Wambui Njenga/Procurement Manager/EPZA claiming her outstanding and current salary totaling Kshs: 1,528,700.00 (Un paid salary including allowances from July – October 2016, January and February 2017). Her prayers to the Court are for the Court to declare the non-payment of salaries by EPZA as unfair and Lawful.</p> <p>Ms. Njenga claims as a result of non-payment of salary she is unable to make ends meet like pay rent, service her loans, buy food or even transport herself to work</p>	<p>Liability KES 1,528,700.00</p>
<p><b>14.ELC Case No 127 of 2017</b></p> <p><b>Lowdan Exporters EPZ Limited Vs. EPZA</b></p>	<p>The case was filed by Lowdan Exporters EPZ Limited against EPZA on 10<sup>th</sup> April, 2017.</p> <p>The dispute arose when the Authority terminated a lease agreement over land Reference Number MN/IV/4797,MN/IV/4798 and MN/IV/4799 for failure to develop the premises within stipulated time and non-payment of rent.</p> <p>The said suit property has also been identified by KPA for purposes of Kenya Port expansion.</p> <p>Lowdan Exporters EPZ Limited claims for Mandatory Injunction against the Authority from terminating or altering the executed lease or from interfering with ongoing compensation talks with Kenya Ports Authority.</p> <p>Lowdan Exporters EPZ Limited filed an Application under certificate of urgency for interim mandatory Injunction against the Authority from terminating or altering the executed lease or from interfering with ongoing compensation talks with Kenya Ports Authority.</p>	<p>Asset - Value of :</p> <ol style="list-style-type: none"> <li>1. MN/VI/4797</li> <li>2. MN/VI/4798</li> <li>3. MN/VI/4799</li> </ol>

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	<p>The interim orders preserving the status quo were issued.</p>	
<p><b>15.Machakos HCCC NO 13 of 2017</b></p> <p><b>Mohazo EPZ Limited Vs. EPZA and New Wide Garments EPZ Limited</b></p>	<p>The case was filed by Mohazo EPZ Limited against EPZA and New Wide Garments EPZ Limited claiming special damages of Kshs 96,298,200. Mohazo EPZ Limited claims that the damages were occasioned as a result of negligence by the Authority and New Wide Garments EPZ Limited.</p> <p>A partitioning wall separating two premises owned by the Authority but leased to Mohazo EPZ Limited on one side and occupied by New Wide Garments EPZ Limited on the other side, collapsed as a result of negligence/over staking by New Wide Garments EPZ Limited causing damage to property belonging Mohazo EPZ Limited.</p> <p>Mohazo EPZ Limited prayers to the Court are for the Court to award special damages of Kshs 96,298,200 comprised of:</p> <ul style="list-style-type: none"> <li>a) Kshs 2,348,802.25 – value of the soapstone products,</li> <li>b) Kshs 7,093,675.62 – value of the wooden products,</li> <li>c) Kshs 1,298,968 – value of the equipment, tools and machinery,</li> <li>d) Kshs 45,600,000.00- value for loss of profits,</li> <li>e) Kshs 1,100,000.00 – value of consequential loss,</li> <li>f) Kshs 34,320,000.00 – value of the summary Loss,</li> <li>g) Kshs 461,183.00 – value of the relocation costs,</li> <li>h) Kshs 3,238,770.00 – value of the Assessors charges.</li> </ul>	<p>Liability of KES 96,298,200.00</p> <p>Asset of USD \$ 3,648.37</p>

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<b>16.HCCC No. 89 of 2007 -GABRIEL MUTISO MAANDA Vs. Davanis Supplies Ltd, David K. Mundui, Evans Mutinda, The Commissioner of Lands and EPZA (5th Defendant)</b>	The suit was filed on 15 <sup>TH</sup> February, 2007 by the Plaintiff whose cause of action is the refund for consideration for purchase of a parcel of Land (L.R. No. 25258 in Mavoko measuring 1.102 Hectares. The land was fraudulently sold to the plaintiff as it was part of gazetted EPZA Land i.e. L.R. No. 18474 which was never degazetted hence the 1 <sup>st</sup> Defendant did not have good title to the land when he sold the same to the Plaintiff.	Asset – Plot L.R No. 25158 – valued at KES 5,493,500.00
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**20. Events after the reporting period**

There were no material adjusting and non- adjusting events after the reporting period.

**21. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

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### REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

#### XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><b>Land</b></p> <p>As previously reported included in property, plant and equipment balance of Kshs 9,476,115,000 as at 30 June 2016 are two parcels of land Ref .LR. No. Olooloitikoshi/Kitengela/61 and 70, measuring 2 hectares and valued at Kshs 2,250,000. Although the parcels of land were acquired and gazetted through Gazette notice Nos.2802and 2803 of 5 July 1991, the Authority had not obtained the title documents as at 30 June 2014.</p>	<p>(i) The Authority is in the process of obtaining ownership documents for LR. No. Olooloitikoshi/Kitengela/61 measuring approx. 1 hectare. The land was surveyed and beacons placed on the ground with the concurrence of the owner. The Authority is currently following up with the owner to formally transfer the land to EPZA.</p> <p>(ii) On the issue of ownership of LR. No. Olooloitikoshi/Kitengela/70 the matter is in court and the Authority is awaiting a Court's decision. As of now, the Authority has to wait for the outcome of the court case.</p>	CEO and GM-Commercial & Technical Services.	Not Resolved	On going
2	<p><b>Boreholes</b></p> <p>In 2007, the then Ministry of Water and Irrigation developed two (2) boreholes on EPZA land, one at the disputed parcel of land next to PCEA Church Kitengela Township and the other next to the EPZA police post. The management has indicated that ownership of boreholes was handed over to the Authority without formal documentation and that the boreholes have been tested and confirmed to be economically viable. However, no evidence has been provided for audit review to confirm that the two boreholes have been valued and</p>	<p>i) The Authority is currently liaising with the Ministry of Environment, Water and Natural Resources who dug and equipped the borehole at the elevated water tank to have the bore-hole's asset formally transferred to EPZA. Attached please find the relevant correspondence.</p> <p>ii) The Borehole next to EPZA police post is situated on EPZA land and ownership is further supported by implied and adverse possession over the years.</p>	CEO and GM-Commercial & Technical Services.	Not Resolved	On going

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>recognized as the assets of the Authority.</p> <p>In the circumstances, it has not been possible to confirm that the Property, Plant and Equipment balance of Kshs.9,476,115,000 as at 30 June 2016 is fairly stated.</p>				
3	<p><b>Trade and Other Receivables</b></p> <p>As previously reported, included in trade and other receivables balance of Kshs 548,866,000 as at 30 June 2016 is an amount of Kshs. 10,969,276 which relates to advances and outstanding imprests issued to ex-staff. The figure includes Kshs. 8,690,786 issued to former Chief Executive Officer of the Authority. The former CEO disregarded the Government code of regulations (H10) on advance of salary which provides that an advance of not more than one month salary may be granted to an officer owing to circumstances beyond his/her control.</p> <p>It further provides that advance may be granted only when an officer has no other outstanding salary advance and should not be more than two within one year. The Authority's internal management policy also provides that in the absence of a written arrangement, recoveries</p>	<p>The former CEO was dismissed and ordered to pay the Authority all outstanding monies. This matter was forwarded to Ethics and Anti-Corruption Commission and the former officer is under investigation pending conclusion.</p>	CEO	Not Resolved	<p>On-going.</p> <p>The former CEO's case will be dependent upon the EACC conclusion of the matter.</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>of advance to staff should be done through the payroll which was contravened.</p> <p>Further by the former CEO using the Authority's senior officers approved and authorized salary advances and other forms of advances for himself without seeking approval from the Board of Directors. This was in total disregard of Government regulation and the Authority's staff manual governing salary advances.</p> <p>In addition, amount of Kshs.980,919 granted to him as imprest should have been surrendered within 48 hours after completion of assignment for which the imprest was issued. This amounts to violation of existing regulation and abuse of office by former CEO. Consequently, the accuracy and recoverability of trade and other receivables balance of Kshs.548,866,000 as at 30 June 2016 could not be confirmed.</p>				

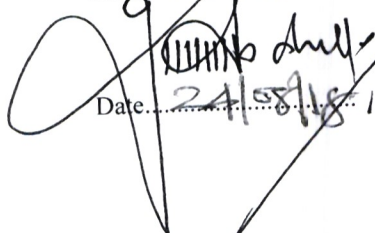
Chief Executive Officer

Date: 24/08/18



Chairman of the Board

Date: 24/08/18



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**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

**XVIII. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY**

**Status of Projects completion**

S/NO	PROJECT NAME	TOTAL PROJECT COST	TOTAL EXPENDED TO DATE	COMPLETION % TO DATE	BUDGET	ACTUAL	SOURCE OF FUNDS
1	Construction of Roads Infrastructure Lot 1, EPZA Tender no. 02/2014-2015.	245,957,527.17	229,334,133.01	98%	245,957,527.17		GoK
2	Construction of Roads Infrastructure Lot 2, EPZA Tender no. 02/2014-2015.	502,787,000.40	450,178,354.08	98%	502,787,000.40		GoK
3	Fencing of Housing Area, EPZA Tender no. 09/2014-2015.	8,575,804.00	8,573,647.00	100%	8,575,804.00	8,573,647.00	GoK
4	Construction of Tarmac Road Section at Kinanie, EPZA Tender No. 07/2014-2015.	51,514,829.61	50,654,694.61	100%	51,514,829.61	50,654,694.61	GoK
5	Drilling of 1 No. Borehole at Kinanie, EPZA Tender No. 10/2014-2015.	8,121,386.60	8,046,909.56	100%	8,121,386.60	8,046,909.56	GoK
6	Drilling of 2 No. Boreholes at Kinanie, EPZA Tender No. 11/2014-2015.	16,311,391.27	15,890,699.64	100%	16,311,391.27	15,890,699.64	GoK
7	Rehabilitation of Wastewater Treatment Plant at Kinanie, EPZA Tender No. 16/2014-2015.	211,418,334.34	210,238,974.32	100%	211,418,334.34	210,238,974.32	GoK
8	Extension of Roads Infrastructure Lot 2 and Maintenance Works, EPZA Tender No. 26/2015-2016.	146,272,981.00	100,419,050.00	75%	146,272,981.00		GoK
9	Construction of Internal Access Roads & Civil Works (Phase I) at Kenya Leather Park, Machakos County, EPZA Tender No. 29/2015-2016.	120,036,496.50	85,339,195.00	85%	120,036,496.50		GoK
10	Construction of Trunk Sewer Pipeline Phase II Lot 3 at Athi River EPZ, Machakos County, EPZA Tender No. 04/2016-2017.	213,278,864.98	48,223,000.00	45%	213,278,864.98		GoK
11	Feasibility Study, Design & Construction Supervision of Proposed Water Supply Pipeline, Internal Water Distribution Network and Storage Tanks for Kenya Leather Park, Kinanie, Machakos County, EPZA RFP No. 01/2016-2017.	54,357,600.00	9,757,920.00	50%	54,357,600.00		GoK
12	Proposed Construction Of Industrial Sheds Infrastructure	1,100,000,000.00	919,959,480.71	85%			GoK
13	Proposed Construction Of Precast Concrete Perimeter Wall (Fencing), At Athi River, EPZ, Machakos County	165,281,886.60	-	20%			GoK
14	Proposed Construction Of Perimeter Fencing, Gates, Guardhouse, Offices, And Civil Works At Samburu, Kwale County	51,424,542.98	48,853,314.90	100%			GoK
15	Proposed Partitioning, Fit Out, Supply And Installation Of Training Equipment At Athi-River EPZ Skills And Productivity Centre (Centre Of Excellence) Athi-River	20,330,875.00	-	40%			GoK

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16	Proposed Desludging of Waste water Treatment Ponds	169,650,206 00	169,650,206 00	100%			GoK
17	Proposed Construction of Water Infrastructure	384,684,454 80	351,477,309 96	98%			GoK

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**XIX. Appendix 2: INTER-ENTITY TRANSFERS**

		ENTITY NAME: Export Processing Zones Authority	
		Break down of Transfers from the State Department of Investment and Industry	
<b>a.</b>	<b>Recurrent Grants</b>		
	<b>Bank Statement Date</b>	<b>Amount (Kshs)</b>	<b>Indicate the FY to which the amounts relate</b>
	26-May-17	7,700,000	2016/2017
	07-Mar-17	7,700,000	2016/2017
	14-Nov-16	12,700,000	2016/2017
	06-Oct-16	12,700,000	2016/2017
	<b>Total</b>	<b>40,800,000</b>	
<b>b.</b>	<b>Development Grants</b>		
	<b>Bank Statement Date</b>	<b>Amount (Kshs)</b>	<b>Indicate the FY to which the amounts relate</b>
	16-Jan-17	375,000,000	2016/2017
	23-Sep-16	375,000,000	2016/2017
	<b>Total</b>	<b>750,000,000</b>	

The above amounts have been communicated to and reconciled with the parent Ministry

GM-Finance & Accounts  
EPZA

Sign.....  


Head of Accounting Unit  
State Department of Investment and Industry

Sign.....

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**XX. Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA	Date received	Nature of Grant	Total Amount - KES	Where Recorded/recognized		Total Transfers 2016/17
				Income Statement	Deferred Income	
State department of Investment & Industry	26-May-17	Recurrent	7,700,000	7,700,000		
State department of Investment & Industry	7-Mar-17	Recurrent	7,700,000	7,700,000		
State department of Investment & Industry	14-Nov-16	Recurrent	12,700,000	12,700,000		
State department of Investment & Industry	6-Oct-16	Recurrent	12,700,000	12,700,000		40,800,000
State department of Investment & Industry	16-Jan-17	Development	375,000,000		375,000,000	
State department of Investment & Industry	23-Sep-16	Development	375,000,000		375,000,000	
Kenya Leather Development Council	4-Nov-16	Development	32,205,667		32,205,667	782,205,667
<b>Total</b>			<b>823,005,667</b>			<b>823,005,667</b>

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