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REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
ACCOUNTS OF KENYA AIRPORTS AUTHORITY FOR THE YEAR ENDED  
30 JUNE 2000

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KENYA NATIONAL ASSEMBLY

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**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
ACCOUNTS OF KENYA AIRPORTS AUTHORITY FOR THE YEAR ENDED  
30 JUNE 2000**

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I have examined the Accounts of the Kenya Airports Authority for the year ended 30 June, 2000 in accordance with the provisions of Section 29 of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account were kept and the Accounts are in agreement therewith and comply with the Kenya Airports Authority Act (Cap 395).

In my opinion, except for the matters referred to herebelow, the Accounts, when read together with the Notes thereon, present fairly the financial state of affairs of the Authority as at 30 June, 2000 and of its loss and cash flows for the year ended on that date.

**1. PURCHASE OF AIRCRAFT FIRE FIGHTING AND RESCUE VEHICLE**

In April, 2000 the Authority ordered an air craft fire fighting and rescue vehicle for the Lokichogio Airport from a supplier whose bid was ranked 4<sup>th</sup> lowest at Kshs.51,309,297, (DM1,248,964). The lowest bidder had quoted Kshs.25,733,947 a bid which was within the budgeted estimate of Kshs.25,000,000 for the vehicle. A review of the tender documents indicated that the lowest bidder complied with 8 of the 35 pre-tenders specifications but was disqualified reportedly for uncertainty in after sales service as well as his offer of uncommon Detroit Diesel Engine. Both the 2<sup>nd</sup> lowest and the third lowest bidders who quoted Kshs.40,039,021 and Kshs.49,131,088 and who complied with 29 out of the 35 pre-tender specifications and 22 out of the 35 pre-tender specifications respectively were disqualified allegedly because their offer was considered unsatisfactory. The 4<sup>th</sup> lowest bidder who complied with 7 out of the 35 pre-tender specifications was awarded the contract on the grounds that its after sales service was excellent and that the make of the fire engine it offered was common in the country.

Available information indicated that although the supplier had requested for payment arrangement of 20%, 60% and 20% on order, shipment and delivery, respectively, the Authority paid the supplier the whole amount in advance allegedly because the order could not be slotted in by the overseas manufacturer unless a front payment was made. The vehicle was however, not delivered until April, 2002, a year after the expected date of delivery and two years after the date when the contract was awarded. Apart from the fact that the reason given for the advance payment for the equipment before it was supplied was not disclosed before the tender was awarded, the decision to buy the equipment from the 4<sup>th</sup> lowest bidder at twice the price quoted by the lowest bidder is unjustifiable and clearly extravagant.

2. REHABILITATION OF AIRFIELD LIGHTING CABLES AND ASSOCIATED WORKS – CONTRACT NO.KAA/ES/MIA/355/E

In December, 1999, the Authority awarded the rehabilitation of airfields cable and associated work contract at Mombasa International Airport to a firm whose bid for the work ranked eleventh lowest at a contract sum of Kshs.109,760,973 while the lowest bidder had quoted only Kshs.66,785,991. Apart from the fact that the Authority would have made a possible saving of Kshs.42,974,982 if the contract had been awarded to the lowest bidder, the contractor was paid an amount of Kshs.54,880,487 or 50% of the tender sum in advance and before the commencement of work in February, 2000 even though the terms of the tender required the tenderers to be both financially and technically qualified.

Available records also show that on 15 February, 1999, the Authority, without inviting open and competitive tenders appointed a private firm of consulting engineers to evaluate the tenders and to supervise the contract and that by 30 June, 2000 a total of Kshs.3,105,178 had been paid to the consultants. At the same time, the Authority spent Kshs.233,000 to transport 50 pairs cable of its own to Mombasa to be used in the rehabilitation work. However, the cable was not used and was lying at the site as it was no longer required for the rehabilitation work. The Authority also incurred expenditure of Kshs.1,158,081 on travelling and accommodation of its head office based electrical engineer and the consulting engineers representatives to and from Mombasa to supervise the project. It is not clear why the Authority should have incurred expenses on behalf of the consulting Engineers after paying the firm a total of Kshs.3,105,178. It is also not understood why the supervision services of the Head Office based electrical engineers were required when the Authority had contracted a firm of consulting engineers to supervise the rehabilitation work. Consequently, the expenditure of Kshs.233,000 and Kshs.1,158,081 incurred in transporting the 50 pair cables from Nairobi to Mombasa and on transport and accommodation of the Head Office based electrical engineer and consulting engineers representatives appear to be irregular.

In addition, according to the Bill of quantities the contract sum included provision of Kshs.3,500,000 for meeting the cost of the following equipment and services:-

Cost of telephone, Photocopier, Computer/Printers	1,294,000
Transportation cost for cables – Nairobi to Mombasa	233,000
Cost of Motor Vehicle	<u>1,973,000</u>
	Total Kshs. <u>3,500,000</u>

Available information indicates that the Authority separately paid for Telephone, photocopier and computer/printers and it is not clear why the Authority had to pay separately for items which were already provided for in the contract. It has also not been explained why the motor vehicle which was procured under the contract as indicated above was not handed over to the Authority after the completion of the contract.

### **3. REHABILITATION OF FIRE HYDRANT AND SEWERAGE PUMPING SYSTEM – JKIA**

In September, 1998, the Authority appointed a local firm who were the second lowest bidder to carry out rehabilitation of its fire hydrant and sewerage pumping system at Jomo Kenyatta International Airport at a contract sum of Kshs.45,889,767. The lowest bidder for the contract had quoted Kshs.36,638,926. According to the contract agreement, the work was to take eight (8) months with effect from the commencement date of 16 September, 1998. However, the job had not been completed by 1 March, 2001, twenty two (22) months after the date of completion. A physical verification of the work done revealed that the system was not working due to poor workmanship and omissions even though the contractor had been paid Kshs.36,935,915 or about 80.49% of the agreed contract price. As a result of poor workmanship, the effluence had to be diverted to an open trench due to the malfunction of the sewerage pumping system, a situation which led to Public Health Officers threat to close the Airport on health grounds. Available information indicates that the rehabilitation works contract was under the supervision of a firm of Consultant Engineers who had been appointed by the Authority in October, 1997 to provide consultancy services at a cost of Kshs.6,380,000. The information further indicates that due to the extension of contract time as indicated above, the consultant claimed a further supervision fees of Kshs.3,027,234 thus bringing total fees payable to the consultant to Kshs.9,407,234. The Authority therefore paid the contractor Kshs.36,935,915 for work which was poorly done, and in addition paid the Consultants fees totalling Kshs.9,407,234 for what is clearly poor and inadequate supervision of works. Further, and in view of the poor performance of the contract the Authority's stated justification for the appointment of the contractor over the lowest bidder was invalid and the resultant additional contract costs of Kshs.9,250,841 and the supervision fees unjustified.

### **4. TERMS AND CONDITIONS OF SERVICE FOR MANAGING DIRECTOR AND DEPUTY MANAGING DIRECTOR**

In March, 1999 the Board of Directors of the Authority approved Consolidated salaries for the Managing Director and the Deputy Managing Director at Kshs.804,000 and Kshs.564,466 respectively effective from 1 January, 1999. The Board further approved leave allowance of Kshs.93,000 per annum for each of the two officers in addition to utility security and car allowances among other payments. Although the car allowances of Kshs.140,000 and 100,000 per month for the Managing Director and Deputy Managing Director respectively were payable to the officers on condition that they do not use official transport, available information shows that the officers were provided with official transport which they used throughout the year while they still continued drawing car allowances, thereby resulting to irregular payment totalling Kshs.4,320,000 to both officers for the eighteen months period to 30 June, 2000. There is also no evidence that these allowances were taxed as provided for in the Income Tax Act and relevant Regulations. Similarly, the Board approved salary increases for its senior managers effective from 1 January, 1999 and salary increases to all employees with effect from 1 January, 2000. Salary records show that the Authority paid arrears totalling

as much as Kshs.2,454,233 to some of the employees which were backdated to 1999. However, detailed workings of these arrears were not made available for audit review and it was not therefore possible to ascertain the propriety of the payment. The Authority has not provided for audit review, evidence of approval of these salary awards as well as new terms and conditions of service for the Senior Management by the Minister for the Parent Ministry as required under Section 11 ( c) of the Kenya Airports Authority Act, (Cap 395).

#### 5. PROCUREMENT OF BAGGAGE TROLLEYS

In April, 1998 the Authority was offered 1000 baggage trolleys by a Hong Kong Air Terminal Services Company and without pre-inspection of the trolleys to confirm their condition, the Authority appointed a shipping company to ship them to the Port of Mombasa and paid shipping charges of Kshs.1,300,000 to the company in July, 1998. The trolleys were thereafter inspected by the Kenya Bureau of Standards at a fee of Kshs.9,132. A levy fee of Kshs.271,400 was also paid to the Customs Department, while port charges totalling Kshs.234,969 were paid to the Kenya Ports Authority. On 29 December, 1998 the Authority appointed a clearing firm to clear the trolleys and transport them to the Kenya Airports Authority headquarter, Nairobi where it turned out that only 888 out of 1000 donated trolleys were received. Although the clearing company had quoted Kshs.378,232 for its services, the firm was paid Kshs.5,607,160 resulting to unexplained overpayment of Kshs.5,228,928. On 18 March, 1999 the General Manager (Operations) informed the Managing Director through a memo that the donated trolleys were old and unserviceable as they had mechanical problems and did not therefore meet KAA standards. The General Manager (Operations) requested for authority to dispose of the donated trolleys and to buy 980 new ones. Approval was given and on 3 December, 1999 the Authority awarded a contract for the supply of 1000 new trolleys to a local company whose bid was thirteen lowest at a contract sum of Kshs.33,878,000 with the lowest bidder quoting Kshs.15,593,601. Apart from the fact that the Authority would have made a possible saving of Kshs.18,284,399 had this contract been awarded to the lowest bidder the total expenditure of Kshs.7,422,651 incurred on the donated trolleys which turned out to be unserviceable, represents nugatory expenditure.

#### 6. FIXED ASSETS

The Balance Sheet Fixed Assets figure of Kshs.17,009,940,000 as at 30 June, 2000 excludes the value of land measuring 21.2522 hectares at the JKIA Embakasi Village which was apparently not valued when the Authority's land was valued in 1996. The figure further excludes the value of Eldoret Airport even though the construction of the Airport project was completed and handed over to the Authority more than four years ago. Similarly, the Balance Sheet fixed assets figure excludes the value of four airstrips, namely Kakamega, Kitale, Chuka and Nanyuki. The Fixed Assets figure of Kshs.17,009,940,000 is therefore understated to the extent of the undetermined value of these assets and it is not possible to confirm that the Authority's Fixed Assets are fairly stated in the Balance Sheet.

## 7. SURVEY OF AIRPORTS AND AIRSTRIPS

During the year 1999/2000, the Authority appointed two firms of land surveyors to carry out perimeter survey and to re-establish and place beacons for three airports and six airstrips at a total contract cost of Kshs.34,873,017. These appointments were made without the approval of the board and without competitive bidding and it has not been explained how the firms were identified for appointment. Examination of related payment vouchers indicated that by 30 June, 2000, the two firms had been paid a total of Kshs.13,178,160 which included payment of Kshs.810,000 for consulting the Director of physical planning for 290 hours, Kshs.1,320,000 for consulting the Director of Surveyors for 520 hours, Kshs.980,000 for consulting the Commissioner of Lands for 420 hours, Kshs.220,000 for consulting the Office of the President for 100 hours and Kshs.80,000 for consulting other Government Officials at Garissa Airstrip. The payments also included Kshs.760,000 for investigating private plots at Eldoret and Kakamega, Kshs.490,000 for local running at Chuka, Kitale, Eldoret and Kakamega, Kshs.432,000 for Hotel to Airport travelling at Eldoret and Kshs.160,317 for surveying private plots within Eldoret Airport. It is not clear why the surveyors had to consult with the Government Officers for so many hours on a straight forward matter of surveying and fixing beacons. It is also not clear why the Authority had to pay Kshs.920,317 for investigating and surveying private plots within the airports. There is also no reasonable justification for paying Kshs.922,000 for local running from hotels to the airports where the distances covered appear to have been grossly exaggerated. These costs appear to have been substantially inflated. In the absence of open tenders for the jobs and in view of the obvious inflation of the charges it has not been possible to confirm the propriety of the total expenditure of Kshs.13,178,169 incurred on these contracts as at 30 June, 2000.

## 8. STORES AND SPARES

The stores and spares Balance Sheet figure of Kshs.135,732,000 as at 30 June, 2000 includes Kshs.12,372,183 being the cost of foam compound which the Authority purchased from a foreign supplier in February, 1999. The supplier delivered the foam, apparently before the Authority inspected the compound to ensure compliance with the specifications stipulated in the order. When the compound was inspected after delivery it was discovered that it had expired and could not therefore be used for the intended purpose. Although the supplier accepted to replace the whole consignment with the correct one, this was not done and the expired compound was still lying in the unwanted stores category items as at 30 June, 2000. In April, 2000, the Authority purchased some other foam compound at a cost of Kshs.18,500,000 which was used in place of the expired consignment. Consequently, the expenditure of Kshs.12,372,183 incurred by the Authority in purchasing expired foam compound was a waste of public funds.

9. LIQUIDATED DAMAGES

During the year 1999/2000, the Authority appointed a foreign firm to modernize its telephone facilities at the Head Office, Malindi Airport and Jomo Kenyatta International Airport at a contract sum of Kshs.26,473,441, a job which was to be completed within a period of 21 weeks from 15 June, 1998. Available records, however, indicate that the contractor was unable to complete the works within the contract period of 21 weeks but instead took a total of 58 weeks to complete the contract. Although the terms and conditions of the contract indicated that liquidated damages of Kshs.250,000 per week would be charged in case of delays in the completion of the contract by either party, the Authority charged the contractors liquidated damages of Kshs.2,520,000 for 21 weeks delay at a rate of Kshs.120,000 per week instead of Kshs.9,250,000 for 37 weeks delay at the contract rate of Kshs.250,000 per week. This charge resulted in an under recovery of Kshs.6,730,000 from the contractor. The Authority has not given any satisfactory explanation as to why the rate was varied to Kshs.120,000 per week and time overrun reduced to 21 weeks even when records clearly show that the contractor delayed the completion by 37 weeks.

10. PAYMENT OF DIRECTORS ALLOWANCES

During the year 1999/2000, the Authority paid two Board members allowances totalling Kshs.3,254,729 but records showing details and specific nature of allowances paid were not made available for audit review. The Board minutes records for the year, however, indicated that no Board meetings were held on the dates the allowances were paid. Consequently, and in the absence of documents in support of the payments, it has not been possible to confirm the propriety of the expenditure of Kshs.3,254,729 incurred on the two Directors.

11. LEAVE ALLOWANCE

During the year 1999/2000 the Authority paid cash amounting to Kshs.2,306,771 in lieu of leave to its four General Managers, which was backdated to 1996/97 on the grounds that the officers could not take leave due to work load. At the same time, the officers were paid leave allowances, totalling Kshs.116,860 at the rate of Kshs.15,160 per officer payable to officers only when they proceed on leave. The Authority has not explained why the officers were paid leave allowances when they did not proceed on leave. Consequently, the propriety of the expenditure of Kshs.116,860 incurred on leave allowances to the four officers has not been ascertained.

  
D.G. NJOROGE,  
CONTROLLER AND AUDITOR GENERAL

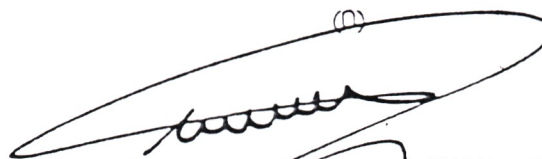
NAIROBI

28 May, 2003

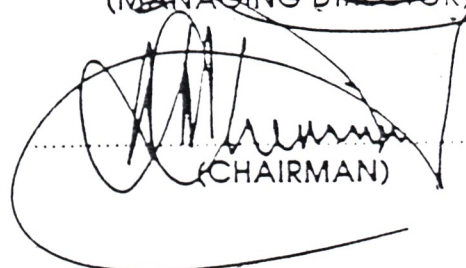
**KENYA AIRPORTS AUTHORITY**  
**BALANCE SHEET**  
**AS AT 30th. JUNE 2000**

	<u>NOTES</u>	<u>1999/00</u> <u>KSHS.000'S</u>	<u>1998/99</u> <u>KSHS.000'S</u>
<b>FIXED ASSETS</b>	5	17,009,940	17,610,815
<b>CAPITAL WORK IN PROGRESS</b>	6	1,012,590	524,492
		<u>18,022,530</u>	<u>18,135,307</u>
<b>CURRENT ASSETS</b>			
Stores and Spares	7	135,732	144,492
Debtors and Other Receivables	8	1,127,877	1,625,945
Deposits	9	960,936	232,000
Bank and Cash balances	10	396,736	562,930
		<u>2,621,281</u>	<u>2,565,367</u>
<b>CURRENT LIABILITIES</b>			
Creditors and Accruals	11	430,169	460,419
		430,169	460,419
<b>NET CURRENT ASSETS</b>		2,191,111	2,104,948
		<u>20,213,641</u>	<u>20,240,255</u>
<b>FINANCED BY:</b>			
Share Capital	12	5,817,743	5,596,713
Long Term Loans	13	379,434	378,665
Capital Reserve	14	148,657	152,336
Revaluation Reserve	15	14,475,765	14,475,765
Accumulated (Loss) c/fwd.	16	(607,958)	(363,224)
		<u>20,213,641</u>	<u>20,240,255</u>

DIRECTOR

(M)  
  
 (MANAGING DIRECTOR)

DIRECTOR

  
 (CHAIRMAN)

**KENYA AIRPORTS AUTHORITY**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30th. JUNE**

	NOTES	2000 KSHS'000's	1999 KSHS'000's
Net cash (outflow) inflow from operating activities	17	1,391,091	170,868
Returns on investments and servicing of finance		75,087	119,915
Investment income		13,238	2,050
(Loss) / gain on exchange			(2,729)
Interest on Bank-overdraft			
Net cash inflow/(outflow) from returns on investment and servicing of finance		88,325	119,236
Taxation paid			(42,437)
Investing activities			
Increase in Works in progress & Fixed assets		(916,674)	(662,209)
Net cash (outflow)/inflow from investing activities		(916,674)	(662,209)
Net cash inflow/(outflow) before financing		562,742	(329,668)
Increase/(decrease) in cash and cash equivalents		562,742	(329,667)
Cash and cash equivalents at beginning of year		794,930	1,126,130
Cash and cash equivalents at year end	18	1,357,672	796,463

# KENYA AIRPORTS AUTHORITY

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 2000.

### 1. Significant Accounting Policies

#### (a) Accounting Convention

The accounts are prepared under the historical cost convention and modified to include revaluation of land, buildings and fixed assets.

#### (b) Depreciation

Depreciation on fixed assets is calculated using the straight line method so as to write off the cost or valuation of the assets over their estimated useful lives using the following annual rates:

	<u>Rate</u>
Land	Nil
Runways, Pavements, and Permanent buildings	1%
Security walls	3%
Temporary structures, Plant and Machinery	10%
Electrical and electrical installations	10%
Office Equipment, Furniture and fixtures	20%
Motor Vehicles	10%

#### (c) Stores and spares

These comprise mainly of items used for maintenance and repair of Authority's assets. First-In-First-Out valuation method is used and stocks are stated in the books at the lower of cost and net market value.

#### (d) Fixed assets and capital work-in-progress -

Fixed assets are stated at cost or valuation less accumulated depreciation.

Capital works in progress completed and put to use before 30<sup>th</sup> June 2000 are shown under fixed assets. All capital works are valued at cost.

**e) Foreign exchange Transactions**

Assets and liabilities expressed in foreign currencies are translated into Kenya shillings at the ruling exchange rate at the balance sheet date. Transactions during the period are translated at rates ruling at the date of the transaction. All gains or losses on exchange are taken to the profit and loss account.

**(f) Turnover**

This includes both aeronautical and non-aeronautical revenues, but excludes investment income, and exchange gains on exchange rate fluctuations.

**(g) Retirement Benefits**

Any contributions made to the company's funded Pension Scheme in respect of current service are charged against income on the basis of actuarially established contribution rate.

**(h) Provision for deferred Tax**

This is made only when the management considers that a tax benefit or charge is likely to crystallize in the foreseeable future. The provision is determined using the liability method.

**(i) Revenue Recognition**

Revenue is recognized when existing airport services such as landing and parking are utilised. Others such as concession and rent are recognized when due.

**(j) Investments**

The Authority invests in fixed term deposits and treasury bills. These amounts are recorded in the financial statements at their respective carrying values adjusted for any accrued interest. Any interest received as a result of carrying these investments is recognized directly through profit and loss Account of the Authority.

KENYA AIRPORTS AUTHORITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2000

NOTE 2

Profit before taxation and Extraordinary items is stated after charging:-

	2000 kshs	1999 kshs
Depreciation	876,562,883.89	836,740,034.00
Directors emoluments:-		
As Directors	5,104,721.50	588,000.00
As Executives	18,777,783.00	6,354,337.00
Auditors remuneration	900,000.00	600,000.00
Interest charges	1,764,646.97	2,728,842.00
Provision for bad debts	316,656,034.90	324,491,343.00
Provision for obsolete stock	28,720,800.00	

After crediting:-

Income from investment	75,087,255.57	119,914,989.00
Net Exch. Gains / (Loss)	13,238,032.83	29,255,542.00

NOTE 3

	2000 kshs	1999 kshs
Extra-ordinary item	615,825.10	291,019,144.00

This relates to the terminal dues for about 800 staff who were retrenched during the year 1998/1999, part of this expense being paid in the current year.

NOTE 4

	2000 kshs	1999 kshs
Current tax at 30% on the Taxable profit for the year	236,127,219.30	-
Deffered Tax	-	-
Tax liability for the year (Net of withholding tax)	55,931,310.39	-
Liability b/fwd.	<u>137,935,285.41</u>	<u>137,935,285.41</u>
Liability c/fwd.	<u>193,866,595.80</u>	<u>137,935,285.41</u>

**KENYA AIRPORTS AUTHORITY  
FIXED ASSETS SCHEDULE  
FOR THE YEAR ENDED 30th JUNE, 2000**

Note 5

	PAVEMENTS AND BUILDINGS		LAND		MOTOR VEHICLES, MACHINERY AND EQUIPMENT		OFFICE EQUIP, FURNITURE AND FITTINGS		TOTAL
	KSHS 4%		KSHS		KSHS 10%		KSHS 20%	KSHS	
<b>COST / VALUATION</b>									
-ON 1.7.1999	10,733,175,701		5,313,200,000		3,826,706,096		102,221,288		19,975,303,085
-ADDITIONS	5,311,999				103,308,434		169,912,052		278,532,486
-DISPOSALS					(4,047,452)				(4,047,452)
<b>-ON 30.6.2000</b>	<b>10,738,487,700</b>		<b>5,313,200,000</b>		<b>3,925,967,078</b>		<b>272,133,341</b>		<b>20,249,788,118</b>
<b>DEPRECIATION</b>									
-ON 1.7.1999	1,273,457,456				1,034,069,787		56,960,756		2,364,487,999
-CHARGE FOR III YEAR	429,539,508				392,596,708		54,426,668		876,562,884
-DISPOSALS					(1,202,738)				(1,202,738)
<b>-ON 30.6.2000</b>	<b>1,702,996,964</b>				<b>1,425,463,757</b>		<b>111,387,424</b>		<b>3,239,848,145</b>
<b>NET BOOK VALUE</b>									
-ON 30.6.2000	9,035,490,736		5,313,200,000		2,500,503,321		160,745,916		17,009,939,974
-ON 30.6.1999	9,459,718,245		5,313,200,000		2,792,636,309		45,260,532		17,610,815,086

**KENYA AIRPORTS AUTHORITY  
CAPITAL WORK IN PROGRESS  
FOR THE YEAR ENDED 30TH JUNE 2000**

	BALANCE AS AT 1.7.1998	EXPENDITURE DURING THE PERIOD	TRANSFERS TO REPAIRS & MAINTENANCE	TRANSFER TO CONSULTANCY FEES A/C.	TRANSFER TO P & L B/FWD.	TRANSFERS TO FIXED ASSETS	BALANCE AS AT 30.6.1999
	KSHS	KSHS	KSHS		KSHS	KSHS	KSHS
Electrical Equipment	22,095,093	33,711,573		(27,265,462)	(32,415,840)	(26,473,441)	29,333,225
Computerisation Project	87,692,684	89,725,145	(132,008,818.00)			(117,736,526)	43,667,890
Roofing & Buildings	28,225,109	152,763,598	(10,140,260.00)			(5,311,999.00)	73,883,727
Plant and Machinery	0	84,023,987					0
Furniture and fittings	0	6,917,193	(4,539,891.00)				6,917,193
Office equipment	0	4,539,891					0
Other electrical installation	0	472,308,666					858,787,630
JICA Technical Installation	386,478,966						0
Car utility vehicle	0						0
Motor vehicle	0						0
TOTAL	524,491,854	843,990,053	(146,688,969.00)	(27,265,462.00)	(32,415,840.00)	(149,521,966)	1,012,589,666

NOTE: JICA Technical Installation includes contractors drawdowns, commitment fees, management fees paid and all the interest charged on the long term loan.

**KENYA AIRPORTS AUTHORITY**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30th JUNE 2000**

	1999/2000	1998/99
	kshs.	kshs.
<b>Note 7</b>		
<b>Stores and Spares</b>		
Spares	9,874,915	6,037,888
Spares & stores in transit	-	
Fuel, Oils, Lubricants	525,750	1,031,315
Transfer from CWIP	-	
Foam Compounds	81,081,000	87,757,190
Plant and Equipment	36,915,580	43,632,664
Other miscellaneous Stores	7,334,334	6,033,075
Stores and Spares	135,731,579	144,492,131
<b>Note 8</b>		
<b>Debtors and other Receivable</b>		
Trade Debtors less provisions	594,202,091	694,280,211
Kenya pipeline co. Ltd.	181,846,446	176,846,446
Government of Kenya	243,307,674	243,307,674
Accrued Revenue	10,118,757	5,159,452
Prepayments ( JKIA contract )	-	415,200,676
Prepayments	73,301,915	67,139,908
Advances to Staff	20,189,519	5,941,131
Imprest	3,153,517	4,328,983
Suspense	1,450,634	13,434,462
Other debtors	306,373	306,373
Total	1,127,876,926	1,625,945,316
<b>Note 9</b>		
<b>Deposits</b>		
Fixed / Call Deposits	250,000,000	232,000,000
Treasury bonds/bills	710,936,199	
Total	960,936,199	232,000,000
<b>Note 10</b>		
<b>Bank and Cash</b>		
Forex a/c. Note: 1 US \$ = kshs.@		
Reserve account - Credit Agricole	272,701,624	191,854,182
Cash in Bank/Hand	124,034,435	371,075,556
Total	396,736,058	562,929,738
<b>Note 11</b>		
<b>Creditors and Accruals</b>		
Creditors	134,370,078	223,521,504
Security Deposits	9,973,878	4,280,750
Provisions for tax	193,866,596	161,552,125
Provisions	40,526,102	30,201,479
Retention	51,324,084	40,859,600
Suspense	-	-
Other Creditors	103,558	3,343
Total	430,169,296	460,418,800

### Share Capital

Share capital is the aggregate of assets taken over by the Authority as at 1st July 1991 less long term loans taken over as at 30th June 1993 as follows:

	<u>Kshs</u>	<u>Kshs</u>
- International Airports	3,496,318,000	
- Domestic Airports	<u>1,809,957,000</u>	5,306,275,000
- Stocks and Stores		3,407,610
- Motor Vehicles		1,931,000
- Government Debtors		189,349,093
- Cash Balances		<u>13,109,181</u>
Total		5,514,071,884
Less Long Term Balance as at 30.6.1993		<u>(3,403,194,743)</u>
		2,110,877,141
Add: Long Term loan converted to Share capital		3,403,194,743
Government dues		82,641,466
- Government Debtors - Inherited Later		<u>221,029,842.70</u>
		<u>5,817,743,193</u>

### Note 13 Long Term Loans

	<u>1999/2000</u>	<u>1998/99</u>
	<u>Kshs(000)</u>	<u>Kshs(000)</u>
KBC Bank ( Belgium)	379,434	378,665

(1). During 1998/99 financial year, the Authority entered into a line of credit with KBC Bank ( Belgium) for a period of 12 years . The facility will be utilised as the contractor draw down on the facility. The amount stated above represents drawdowns made by the contractor, including any accrued interest.

All interest related to this loan is capitalised as part of the JKIA rehabilitation contract. (see note 6)

### Note 14 Capital reserve

	<u>1999/2000</u>	<u>1998/1999</u>
	<u>Kshs(000)</u>	<u>Kshs(000)</u>
Capital reserve is made as follows :-		
Motor vehicles transferred from contractor ( Eldoret international Airport )	66,486	70,165
Funding by French protocol for construction of Flight Information Display System ( FIDS )	<u>82,171</u>	<u>82,171</u>
Total	<u>148,657</u>	<u>152,336</u>

Note 15	Revaluation reserve	<u>1999/00</u>	<u>1998/99</u>
		Kshs(000)	Kshs(000)
	Revaluation reserve	14,475,765	14,475,765

A valuation of the Authority's assets was carried out by Professional valuers during 1995/96 financial year on the basis of open market value.

1999/2000	1998/99
Kshs(000)	Kshs(000)

Note 16	Statement of retained earnings		
	Retained (loss) / Profit b/fwd.	(361,645)	65,422
	Retained (loss) for the year	(246,313)	(428,646)
	Prior year adjustments	(607,958)	(363,224)
	Retained (loss) c/fwd.	<u>1,579</u>	<u>(607,958)</u>
		<u>(607,958)</u>	<u>(361,645)</u>

## NOTE 17

Net cash inflow / (outflow) from operating activities

	Jun-00 kshs'000	Jun-99 kshs'000
Trading profit / (Loss)	(279,500)	(571,136)
<b>Items not involving cashflow</b>		
Depreciation	876,563	836,740
Gain on Disposals	793	(3,952)
Provision for bad debts	316,656	324,491
Reconciliation difference		13,718
Loss on disposal		4,011
<hr/>		
<b>Net cash inflow / (outflow) from trading activities</b>	<b>914,512</b>	<b>603,872</b>
<hr/>		
(Increase) / decrease in stores and spares	8,760	(23,318)
(Increase) / decrease in debtors and other receivables	498,068	(410,276)
Increase / (decrease) in creditors and accruals	(30,250)	590
<hr/>		
<b>Net cash inflow / (outflow) from operating activities</b>	<b>1,391,091</b>	<b>170,868</b>
<hr/>		

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Analysis of cash and cash equivalents

	1999/00 kshs'000	1998/99 kshs'000
Cash in hand & at Bank	396,736	562,930
Deposits	960,936	232,000
	<u>1,357,672</u>	<u>794,930</u>

For the purpose of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the dates of the advances.

Note 19 Commitments

As at 30th. June 2000, commitments made by the authority in respect of issued LPO's & LSO's for goods or services not yet received amounted to kshs. 26,720,910

**DETAILED PROFIT AND LOSS ACCOUNT**

	<u>1999/2000</u>	<u>1998/99</u>
	<u>KSHS</u>	<u>KSHS</u>
<b>Income</b>		
Landing and Parking fees	1,370,897,643	1,078,259,891
Car Park fees	52,282,432	55,026,177
Building Rents	201,097,685	180,448,558
Land Rents	20,603,600	17,618,530
Airport Concession fees	253,709,219	261,472,978
Fuel Throuput	193,798,486	177,797,210
Security Pass fees	9,575,256	12,281,947
Cargo Handling	-	-
Animal holding fees	921,119	1,591,830
Miscellaneous Income	24,146,157	19,204,143
<b>TURNOVER</b>	<b>2,127,031,597</b>	<b>1,803,701,263</b>
<b>Expenditure</b>		
Staff costs	485,436,689	353,066,500
Retrenchment cost	615,825	291,019,144
Administrative costs	410,860,479	269,614,585
Provisions for bad debts	316,656,035	324,491,343
Depreciation	876,562,884	836,740,034
Financial Charges	30,485,447	5,339,123
Board Remuneration & Expenses	23,882,505	6,942,337
Audit Fees	900,000	600,000
Consumption of stores & spares	63,073,243	46,470,337
Repairs & Maintenance	198,058,361	240,553,624
<b>Total expenses</b>	<b>2,406,531,468</b>	<b>2,374,837,027</b>
<b>Operating Profit /(Loss)</b>	<b>(279,499,872)</b>	<b>(571,135,765)</b>
Investment income	75,087,256	119,914,989
Gain/(Loss) on disposal	793,277	(3,951,854)
Net Gain/(Loss) on exchange (cash depo:	(27,716,582)	13,602,928
Net Gain/(Loss) on exchange (debtors)	40,954,615	15,652,614
Interest on overdraft	-	(2,728,842)
<b>Accounting profit/(Loss)</b>	<b>(190,381,306)</b>	<b>(428,645,929)</b>
<b>Taxation</b>	<b>(55,931,310)</b>	-
<b>Profit /( Loss) after Tax</b>	<b>(246,312,616)</b>	<b>(428,645,929)</b>

<u>ANALYSIS OF REVENUE RECOVERIES AND RELATED EXPENDITURE</u>		
<u>REVENUE /</u>	<u>1999/00</u>	<u>1998/99</u>
<u>EXPENDITURE ITEMS</u>	<u>KSHS</u>	<u>KSHS</u>
ELECTRICITY RECOVERY	28,152,403.86	23,991,384.00
ELECTRICITY EXPENSE	(115,197,064.30)	(75,457,422.00)
<b>TOTAL</b>	<b>(87,044,660.44)</b>	<b>(51,466,038.00)</b>
WATER RECOVERY	6,863,758.80	7,135,555.00
WATER EXPENSE	(34,489,885.25)	(32,597,489.00)
<b>TOTAL</b>	<b>(27,626,126.45)</b>	<b>(25,461,934.00)</b>
TELEPHONE RECOVERY	3,940,166.00	3,900,256.00
TELEPHONE EXPENSE	(19,735,840.70)	(16,444,745.00)
<b>TOTAL</b>	<b>(15,795,674.70)</b>	<b>(12,544,489.00)</b>
<u>ANALYSIS OF MISCELLANEOUS INCOME</u>		
<u>REVENUE</u>	<u>1999/00</u>	<u>1998/99</u>
<u>SOURCE</u>	<u>KSHS</u>	<u>KSHS</u>
Film Shooting	8,000.00	29,700.00
Oil Spillage	567,561.95	4,009,367.30
Miscellaneous Revenue	20,089,042.35	12,261,482.64
Fire & Rescue	2,024,717.25	942,801.85
Taxi and Car Hire	1,101,100.00	1,256,400.00
Waving Gallery	355,735.00	704,391.00
<b>TOTAL</b>	<b>24,146,156.55</b>	<b>19,204,142.79</b>

STOCK MOVEMENT FOR THE PERIOD ENDED 30th. JUNE, 2000

	Jun-00. K SHS	Jun-99 K SHS
Opening stock	144,492,131.00	121,173,825
Add: Purchases	54,312,691.20	69,788,643
Consumption of stores & spares	198,804,822.20	190,962,468
<b>Total stocks available in the year</b>	<b>144,492,131.00</b>	<b>121,173,825</b>
Less:-		
Closing stock	135,731,579.00	144,492,131
Goods in transit		
<b>Total stocks at the end of the year</b>	<b>135,731,579.00</b>	<b>144,492,131</b>
<b>Stocks consumed</b>	<b>63,073,243.20</b>	<b>46,470,337</b>

Included in the figure for closing stock above are stock items amounting to kshs. 2,229,742.70 in relation to slow moving, obsolete and damaged stock for all stations.