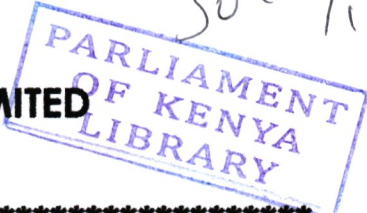


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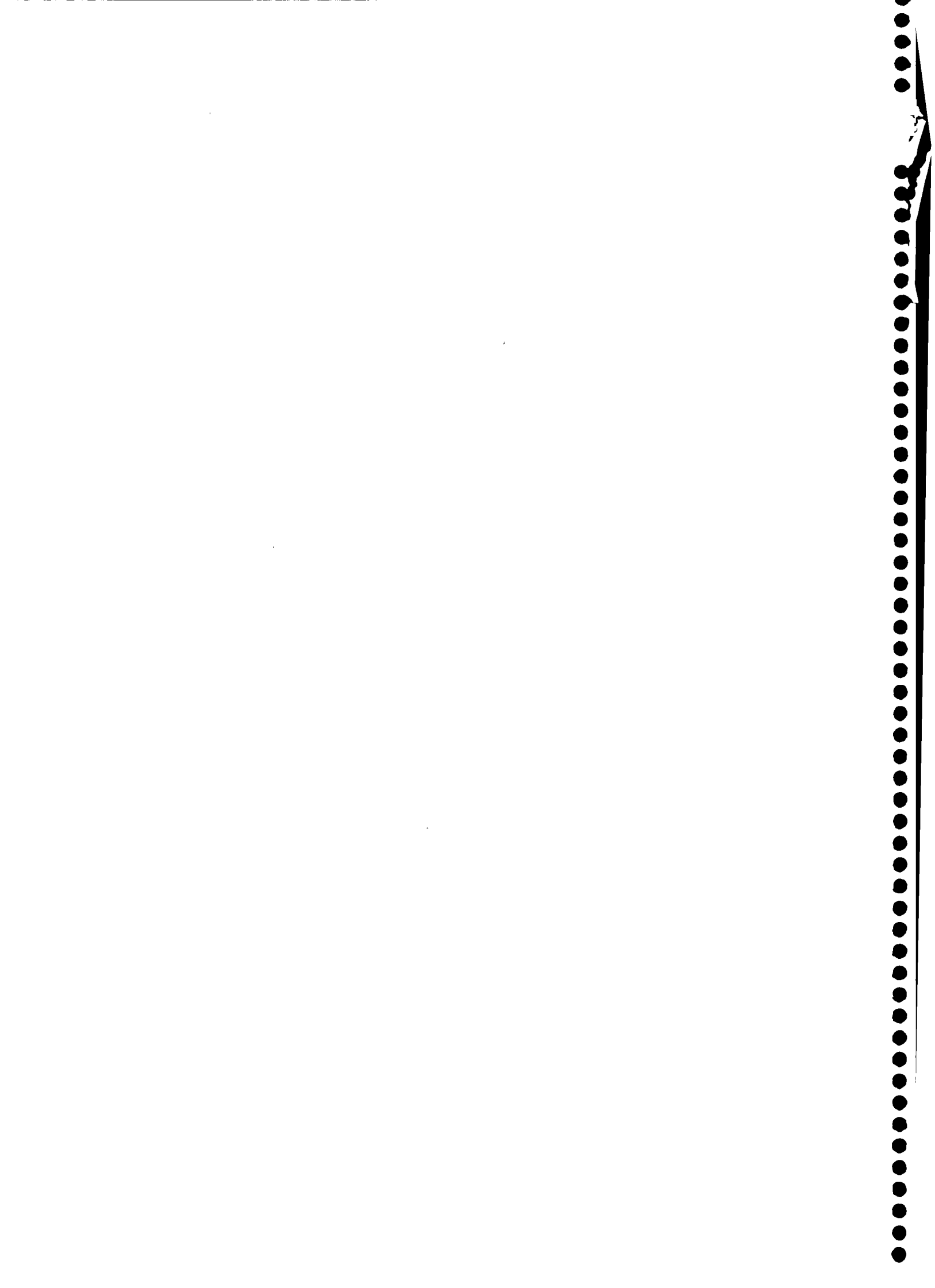
KENYA FERRY SERVICES LIMITED



REPORT
OF
THE CONTROLLER AND AUDITOR GENERAL
ON
THE FINANCIAL STATEMENTS
OF
KENYA FERRY SERVICES LIMITED
FOR THE
YEAR ENDED 30 JUNE 2002

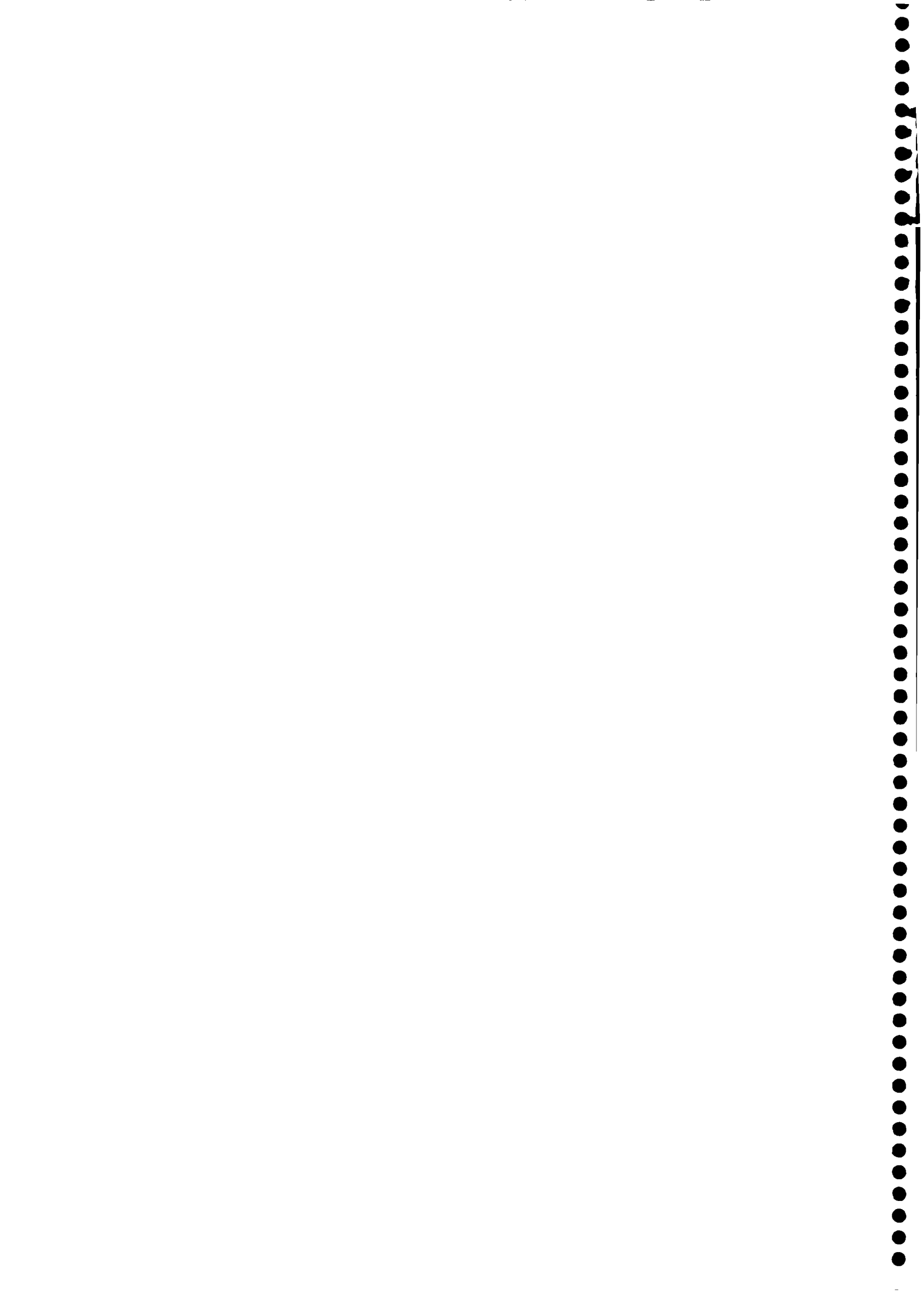
KENYA NATIONAL ASSEMBLY
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REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF KENYA FERRY SERVICES LIMITED FOR THE
YEAR ENDED 30 JUNE 2002.





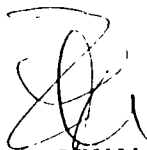
**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF KENYA FERRY SERVICES LIMITED FOR THE
YEAR ENDED 30 JUNE 2002.**

I have examined the financial statements of Kenya Ferry Services Limited for the year ended 30 June 2002 in accordance with Section 29 of the Exchequer and Audit Act (Cap 412). Proper books of account have been kept by the company and the financial statements, which have been prepared under the historical cost convention as modified by revaluation of fixed assets, are in agreement therewith and comply with the Companies Act, Cap 486

Financial Performance and Position

During the year ended 30 June, 2002 the Company realized a deficit of Kshs.60,113,523 compared to a deficit of Kshs 34,855,331 in the previous year, which brought the accumulated deficit to Kshs 764,264,760 as at the same date. The deficit was mainly due to depreciation and amortization of Kshs 56,916,824 and loss on disposal of M V Mtongwe II of Kshs 27,222,868. The outstanding long-term liabilities totalling Kshs 394,391,043 were, however, not repaid as at 30 June 2002. Evidently, the Company was still facing serious financial problems and its continued operation as going concern was dependant upon the support of Kenya Government and Kenya Ports Authority

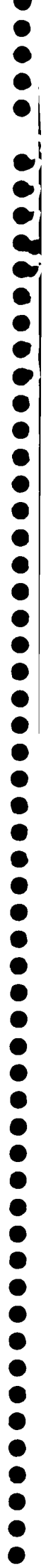
Except for the reservation set out in the foregoing paragraph in my opinion the financial statements when read together with the notes thereon, present fairly the financial state of affairs of the Company as at 30 June 2002 and of its deficit and cash flows for the year then ended



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

NAIROBI

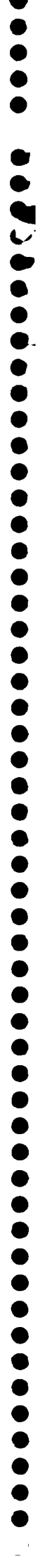
02 September, 2004



KENYA FERRY SERVICES LIMITED

BALANCE SHEET AS AT 30TH JUNE 2002

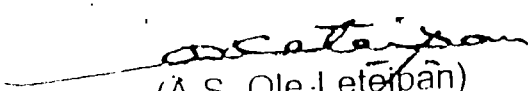
	<u>NOTE</u>	<u>2001/2002</u> <u>KSHS.</u>	<u>2000/2001</u> <u>KSHS.</u>
<u>ASSET EMPLOYED</u>			
Freehold land	2	5,692,289	28,152,289
Leasehold land and Building(s)	3	7,826,050	10,000,000
Fixed Assets	4	340,673,290	479,164,455
Other Assets	5	10,602,185	34,165,570
<u>INVESTMENTS</u>			
Service Pay Benefits (KFR)	6	2,001,252	2,093,480
Fixed Deposit	7	22,161,042	20,844,320
Pension Fund (ICEA)	8	13,760,935	9,848,512
		<u>402,717,043</u>	<u>584,265,626</u>
<u>CURRENT ASSETS</u>			
Stocks	9	63,238,847	68,962,695
Trade Debtors	10	3,554,783	3,534,168
Sundry Debtors	11	3,690,454	6,317,134
Cash on hand and bank	12	3,805,884	365,816
Total Current Assets		<u>74,289,968</u>	<u>79,179,813</u>
<u>CURRENT LIABILITIES</u>			
Bank Overdraft			3,830,772
Trade Creditors	13	21,065,405	50,368,681
Sundry Creditors	14	3,648,750	1,563,762
Provisions & Accruals	15	650,000	249,488
Total Current Liabilities		<u>25,364,155</u>	<u>56,012,703</u>
Net Current Assets		<u>48,925,813</u>	<u>23,167,110</u>
Total Assets Employed		<u>451,642,856</u>	<u>607,432,736</u>

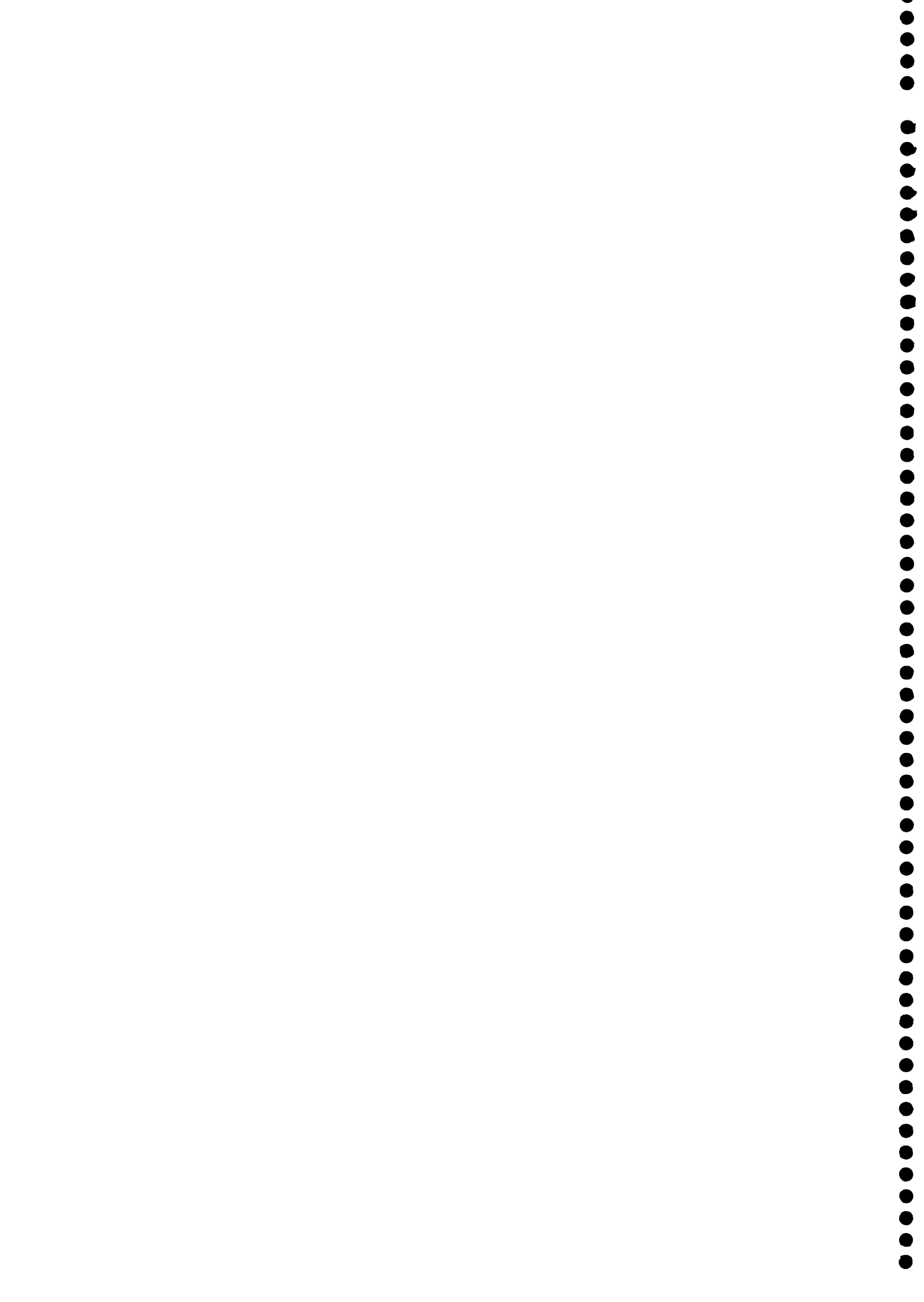


FINANCED BY:

Share Capital			
Authorised share capital 5,000,000 shares @ Kshs 100	16	<u>500,000,000</u>	<u>500,000,000</u>
Issued and paid share capital	17	486,504,000	486,504,000
Accumulated Deficit	18	-764,264,760	-713,412,191
Revaluation Reserve	19	335,012,573	420,751,418
 <u>LONG TERM LIABILITIES</u>			
Advances from KPA	20	379,496,048	401,060,108
Service Pay Benefits	21	1,134,060	2,956,990
Pension Funds (ICEA)		13,760,935	9,572,411
		<u>451,642,856</u>	<u>607,432,736</u>


(B.M.M. Ondego)
DIRECTOR


(A.S. Ole-Leteipān)
DIRECTOR

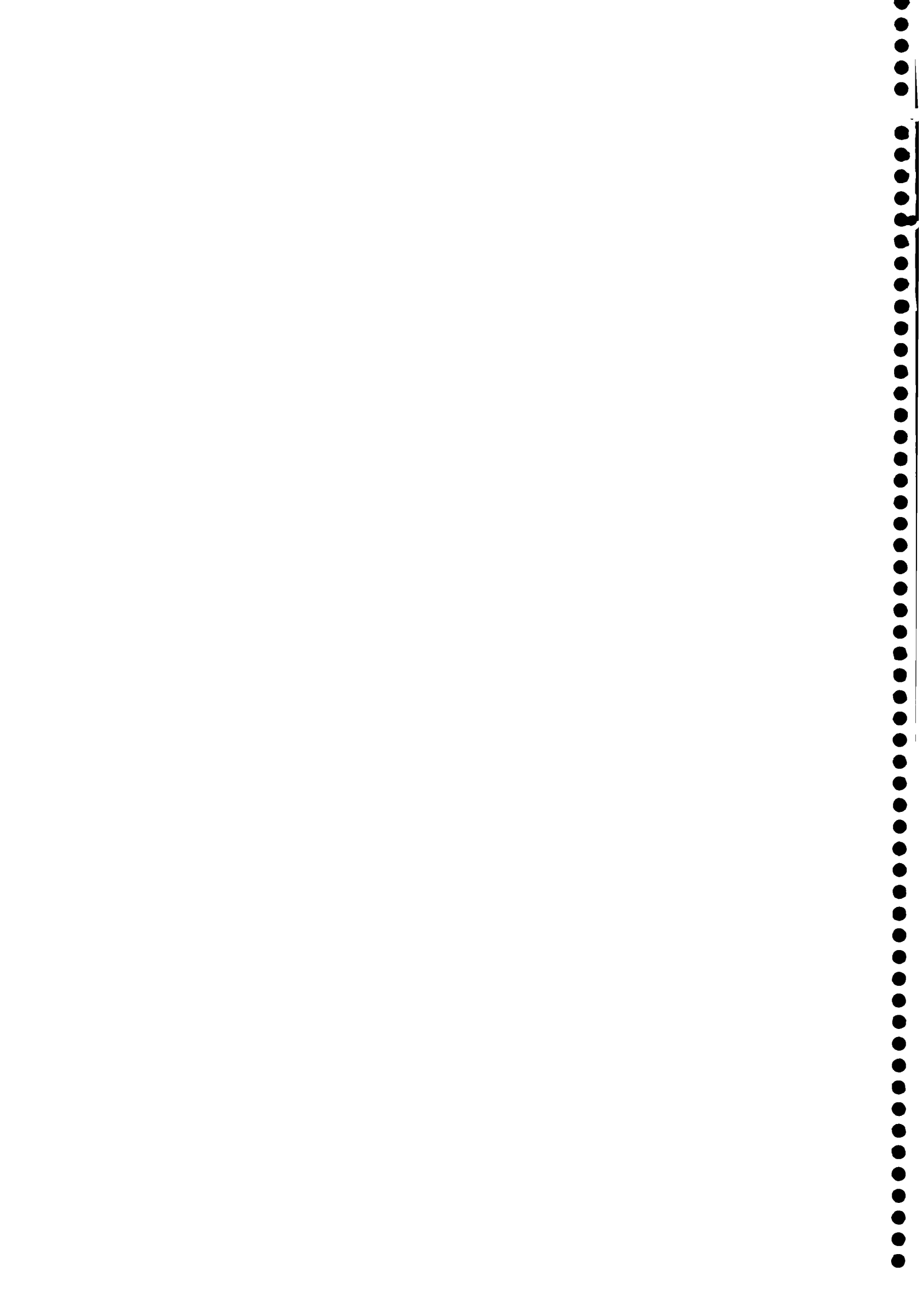


KENYA FERRY SERVICES LIMITED

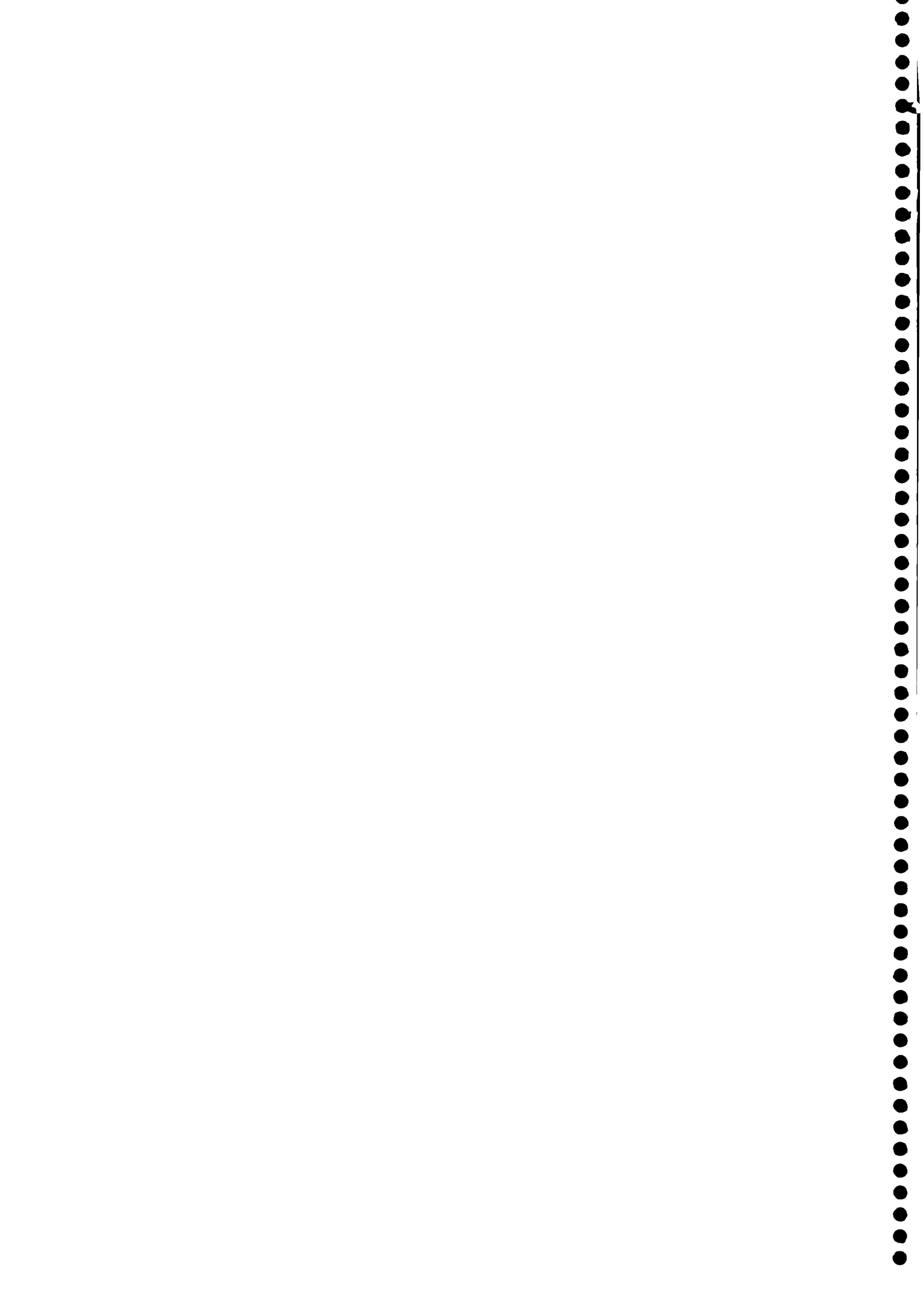
STATEMENT NO.2

DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE
YEAR ENDED 30TH JUNE 2002

	<u>2001/2002</u> <u>KSHS.</u>	<u>2000/2001</u> <u>KSHS.</u>
A. Operating Income		
Toll collection	85,967,843	88,996,842
Ferry passes	855,260 ✓	854,160
Port Cruises	52,000 ✓	10,000
Interest on Fixed deposit	637,128 ✓	540,800
Other income	2,296,254 ✓	3,552,742
Government Subsidy	200,000,000 ✓	200,000,000
Total Income	<u>289,808,485</u>	<u>293,954,544</u>
B. Operating Expenditure		
Salary and Wages	72,441,191	70,241,289
Ferry Insurances	25,280,797	21,000,254
Licence, inspection & Survey	2,016,160	2,449,395
Fuel/oil delivery	27,634,613	29,104,616
Ferry repairs/Maintenance	40,833,788	44,601,928
Ferry dry-docking	17,334,679	17,362,618
Maintenance Sundries	-	10,505,703
Motor vehicle expenses	2,318,113	3,956,860
Audit/professional fees	1,285,280	621,500
Staff transport	2,742,319	2,434,871
Publicity/Public relations	316,384	853,626
Staff recruitment/training	8,206,776	5,714,537
Entertainment	660,000	602,890
Legal expenses	10,000	1,453,905
Advertisement	9,912	174,770
Duty Travel	3,585,279	4,218,224
Directors fees	422,485	462,325
Bank charges and interest	340,976	334,935
Motor vehicle insurances	444,150	842,000
Other insurances	1,542,031	1,032,369
Rents and rates	675,600	1,072,128
NSSF	431,120	337,244



	Gratuities/Pension contribution	2,186,700	1,051,541
	Service Pay benefits	1,242,473	1,311,734
	Electricity/water	9,328,756	9,826,062
	Medical expenses	4,641,724	4,014,879
	Telephone/Postages	1,185,800	1,288,260
	Staff uniforms	3,327,666	1,937,377
	Printing & Stationery	12,501,509	10,304,511
	Security services	351,295	278,800
	Newspapers/periodicals	463,558	194,107
	Laundry expenses	1,536,396	888,223
	Office buildings repairs and Maintenance	1,468,174	1,706,486
	Office furniture and equipment repairs	450,192	497,380
	Donations & Subscriptions	1,141,459	1,321,045
	Staff welfare expenses	1,776,175	1,686,226
	General expenses	2,834,349	1,857,048
	Leave travelling expenses	394,975	4,035,115
	Provision for bad debts	2,319,026	
	Contingencies	4,021,057	
	Ferry safety, Equip. & Repair	332,000	
	HIV/AIDS awareness	375,039	
	Money transist service	3,750,831	
	I.T. IMPLEMENTATION AND TRAINING	1,621,509	
	STOCK OBSOLESCENCE		
C	TOTAL EXPENDITURE BEFORE DEPRECIATION & EXTRAORDINARY ACTIVITIES	<u>265,782,316</u>	<u>261,579,781</u>
D	SURPLUS/DEFICIT BEFORE DEPRECIATION & EXTRAORDINARY ACTIVITIES	<u>24,026,169</u>	<u>32,374,763</u>
E	LESS EXTRAORDINARY LOSS - DISPOSAL OF FERRY VESSEL	27,222,868	
F	SURPLUS/DEFICIT AFTER EXTRAORDINARY ACTIVITIES BUT BEFORE DEPRECIATION AND AMORTIZATION	<u>-3,196,699</u>	<u>32,374,763</u>
G	LESS DEPRECIATION AND AMORTIZATION FOR THE YEAR	<u>56,916,824</u>	<u>67,230,094</u>
H	NET SURPLUS/DEFICIT	<u>-60,113,523</u>	<u>-34,855,331</u>

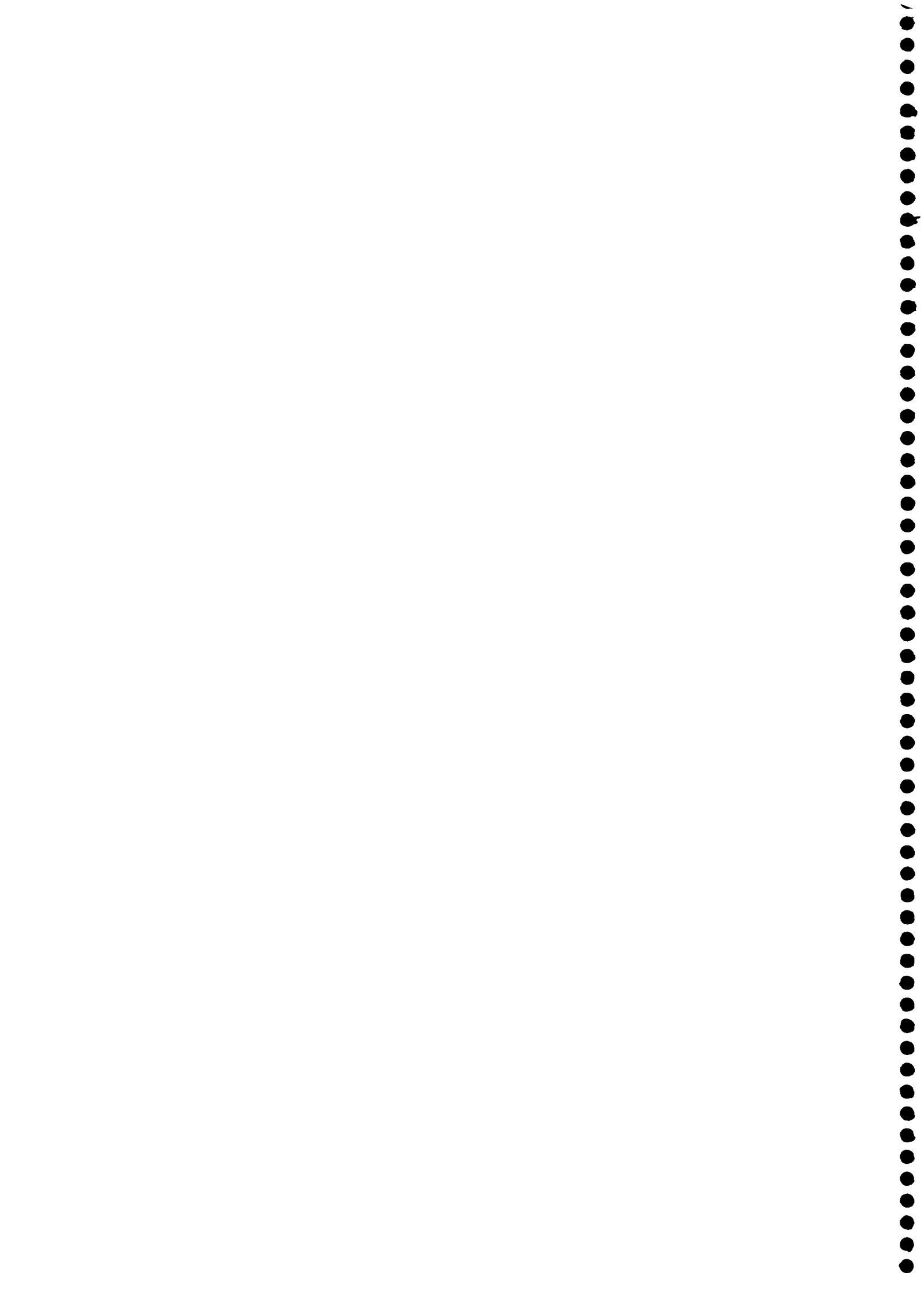


STATEMENT NO.3

KENYA FERRY SERVICES LIMITED

FIXED ASSETS SCHEDULE AS AT 30TH JUNE 2002

COST	FERRY CRAFT(S)	MOTOR VEHICLES	COMPUTERS	OFFICE EQUIPMENT	FERRY PLANTS AND TOOLS	FREEHOLD/ LAND AND BUILDINGS	TOTAL
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
At July 1, 2001	1,100,986,269	9,392,348	5,125,647	10,330,722	11,572,660	38,152,289	1,279,761,665
Additions	14,771,232		1,707,110	2,092,474	552,078	40,000	25,182,941
Disposals	-106,024,000	-1,750,000					-107,774,000
Adjustments	-37,342,956	219,122	5,360,744	10,181,016	-5,436,908	-22,500,000	-69,288,314
At June 30, 2002	972,390,545	8,461,970	18,807,801	5,842,177	106,687,830	15,692,289	1,127,882,612
DEPRECIATION							
At July 1, 2001	694,853,597	6,557,592	1,508,045	4,737,407	54,761,301		762,447,942
Charge for the year	48,619,527	476,095	4,811,719	138,096	6,490,816	434,800	60,971,052
Disposals	-37,865,715	-1,334,717					-39,200,432
Adjustments	-7,660,474		2,457,490	-2,870,678	-6,961,809	1,739,150	-13,296,321
At June 30, 2002	697,946,935	5,698,970	8,807,253	2,004,825	54,290,308	2,173,950	770,922,241
NET BOOK VALUE							
At June 30, 2001	406,132,672	3,435,256	3,588,852	9,193,315	56,811,359	38,152,289	517,313,743
At June 30, 2002	274,443,610	2,763,000	7,231,806	3,837,352	52,397,522	13,518,339	354,191,629
Other Assets- Bus Terminus Levelling/Walkways Reclamation Capital/Woks in Progress- Garden and Speed Breakers							8,637,627.00 1,964,558.00 <u>10,602,185.00</u>



KENYA FERRY SERVICES LIMITED

STATEMENT NO.4

CASHFLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2002

	<u>2001/2002</u> KSHS.	<u>2000/2001</u> KSHS.
OPERATING ACTIVITIES		
Deficit for the year	60,113,523	34,855,332
ADJUSTMENT FOR ITEMS NOT INVOLVING MOVEMENT OF FUNDS		
Depreciation	56,916,824	67,230,094
(Gain) loss on sale of fixed assets	27,222,868	-
Interest income	-637,128	-540,800
Bad & doubtful debt	394,975	-
Stock obsolescence	1,621,509	-
Interest expense	-	-
	<u>25,405,525</u>	<u>31,833,962</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Decrease in trade and other receivables	2,606,065	6,113,783
Decrease (increase) in inventories	5,723,848	14,457,466
(Decrease) increase in trade and other Payable	-27,218,288	16,513,792
CASH GENERATED FROM OPERATIONS	<u>6,517,150</u>	<u>40,004,071</u>
Interest paid	-	-
Net cash from operating activities	<u>6,517,150</u>	<u>40,004,071</u>
INVESTING ACTIVITIES		
Transfer of amount owing to Kenya Govern	-	-
Purchase of property, plant equipment	-25,182,941	-42,367,273
Purchase of other assets	-10,602,185	4,619,353
Investment in pension fund ICEA	3,912,423	-2,565,817
Proceeds from sale of property, plant & Equip	9,000,000	-
Interest received	637,128	540,800
Net cash used in Investing activities	<u>-22,235,575</u>	<u>49,011,643</u>
Net Increase/(decrease) in cash and cash equivalent	8,587,562	-9,461,429
Cash and cash equivalents at beginning of period	17,379,364	26,840,793
Cash and cash equivalents at end of period	<u>25,966,926</u>	<u>17,379,364</u>

