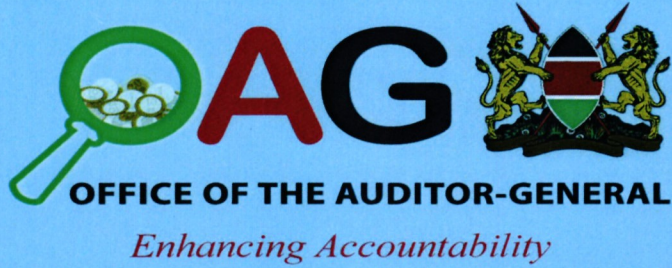



REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



REPORT


THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 02 FEB 2022

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THE-TABLE:

Perpetual Mviga

THE AUDITOR-GENERAL

ON

KENYA AIRPORTS AUTHORITY

**FOR THE YEAR ENDED
30 JUNE, 2020**



KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

“Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)”



Vision Statement: Travel Stress free

Mission Statement: To provide consistent and delightful Travel experience

Core Values:

- Customer focus
- Team spirit
- Integrity
- Innovation

Quality Status: KAA is certified in ISO 9001:2015 Quality Management System.

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
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Significant Statistics of the Year

Total Asset Base

Kshs. 79.33
Billion

Total Revenue

Kshs. 13.25 Billion

Profit before Tax

Kshs. 879.34
Million

Capital Expenditure

Kshs. 3.22 Billion

Number of
Passengers
9.04 Million

Cargo Movement

Kgs 364.68 Million

Number of Aircrafts
Movement 246.46 Thousands

KENYA AIRPORTS AUTHORITY
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KEY ENTITY INFORMATION

Background Information

Kenya Airports Authority is a body corporate in Kenya formed under the Kenya Airports Authority Act Cap 395, and is domiciled in Kenya.

Principal Activities

The principal activities of Kenya Airports Authority are:

- To construct, operate and maintain aerodromes and other related facilities;
- To construct or maintain aerodromes on an agency basis on the request of any Government department;
- To provide such other amenities or facilities for passengers and other persons making use of the services or the facilities provided by the Authority
- Construct any other necessary or desirable works required for the purposes of the Authority;
- Control the construction and use of prescribed aerodromes;
- Carry on any business that may be necessary or desirable for the purposes of the Authority and act as an agent for the Government in the provision of any agreed functions;
- Acquire, construct, manufacture, maintain or repair any works, plants or apparatus necessary or desirable for the purposes of the Authority;
- Determine, impose and levy rates, charges, dues or fees for any services performed by the Authority, or for use by any person of the facilities provided by the Authority, or for the grant to any person of a license, permit or certificate.

Risk Management Framework and Policy Statement

Kenya Airport Authority is exposed to a wide range of risks which affects the achievement of our vision. To mitigate on this, the Authority has come up with an enterprise risk management policy & framework. The purpose of the risk management policy is to ensure that the KAA pursues a structured approach to management of risks. The ERM supports value creation by enabling management to deal effectively with potential future events that create uncertainty and allows responses that reduce likelihood of downside outcomes.

The strategic imperative of the risk management framework is to develop risk management as a core capability that assists the Board and management determine the appetite for risk (choice of strategies and actions) and tolerance to risk (economic and operating sensitivities) and to communicate these throughout the Authority.

The Quarter ending 30th June 2020 which also marked the end of the financial year 2019/20, was very unique and unprecedented due to the effects of the Novel Coronavirus (Covid-19) pandemic. The pandemic has had great impact on the global economic performance and more so the aviation industry. This disruption will definitely have a significant effect on the Authority's overall performance going forward.

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KEY ENTITY INFORMATION (Continued)

The key risks are as follows:

- **Going Concern:** Novel Coronavirus (Covid-19) pandemic that has adversely affected the Aviation sector negatively affecting the Authority's key revenue sources thereby affected the Authority's ability to meet both short and long-term obligations.
- **Cyber Security:** Failure to implement or update technologies, processes and practices designed to protect networks, computers, programs and data from attacks, damage or unauthorised access.
- **Litigation Risk:** Litigations by both service providers and contractors on delayed payments as a result of dwindling cash flows and contractual disputes.
- **Reputation risk:** Inability to meet the perceived standards by travelling public for the various set protocols by the Ministry of Health in mitigation to COVID 19.
- **Business Continuity Management:** Disruption of critical business processes due to a long term or permanent loss of key facilities, utilities, IT, Infrastructure, staff, key customers, natural disasters or failure of key equipment.
- **Project Implementation:** Failure to deliver project benefits on time, within budget and expected quality.
- **Safety and Security:** Occurrence of incidences and accidents that threaten the safety and security of our customers and other stakeholders within our airports.
- **Legal and regulatory compliance:** Violation of laws and regulations, internal policies, code of conduct
- **Credit risk:** Inability to collect debts from our customers

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KEY ENTITY INFORMATION (Continued)

Directors

The Directors who served the entity during the year were as follows:

1. Mr. Isaac Awuondo Chairman
2. Alex Gitari Ag. Managing Director/CEO (w.e.f) 1/10/2019
3. Mr. Jonny Andersen Managing Director
Contract ended on 20/11/2019
4. Capt. Bootsy Mutiso Director
5. Ms. Susan Kiama Director.
- 6.
7. Mr. Mbatia Kimani Director
8. Mr. William Ole Mayiani Director
9. Ms. Jeridah Bosibori Mbaka Director
10. Mr. Solomon Kitungu Director
Principal Secretary
Ministry of Transport & Infrastructure
11. Dr. Julius Muia Director
Principal Secretary
National Treasury
12. Dr. Eng. Karanja Kibicho Director
Principal Secretary
Ministry of Interior & Coordination of
National Government
13. Mr. Moffat Kangi Alternate Director
Ministry of Interior & Coordination of
National Government
Appointed on 8th/02/ 2019

KENYA AIRPORTS AUTHORITY
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KEY ENTITY INFORMATION (Continued)

- | | |
|--------------------------|--|
| 14. Ms. Eunice Kigen | Alternate Director
National Treasury |
| 15. Mr. Benjamin Enyenze | Alternate Director
Ministry of Transport, Infrastructure, Housing
And Urban Development and Public Works
Replaced on 20/06/2020 |
| 16. Mr. Nicholas E. Bodo | Alternate Director
Ministry of Transport, Infrastructure, Housing,
Urban Development and Public Works Nominated
on 20/06/2020 |
| 17. Mr. Lawrence Okudo | Representative
Inspector General (Corporations) |

Corporation Secretary
Katherine N. Kisila
Airport North Road
P. O. Box 19001-00501
NAIROBI

**KENYA AIRPORTS AUTHORITY
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KEY ENTITY INFORMATION (Continued)

Registered Office/Corporate Headquarters

Kenya Airports Authority- Headquarters
Airport North Road
P. O. Box 19001-00501
NAIROBI
Tel: +254-020-6822111/6611000/6612000
Mobile: +254 722 205 061/2/3/4/5/6/7/8
Email: talk2us@kaa.go.ke, info@kaa.go.ke
www.kaa.go.ke

BRANCH NETWORK

Jomo Kenyatta International Airport
P. O. Box 19087-00501
NAIROBI
Tel: +254-020-6822111/6611000/6612000
Mobile: +254 722 205 061/2/3/4/5/6/7/8

Moi International Airport
P. O. Box 93904-80115
MOMBASA
Tel: +254-041-3433211
Mobile: +254 726318515/6/7, 727417791

Eldoret International Airport
P. O. Box 2323
ELDORET
Tel: +254-053-2061299/ 2063377/ 2063844
Mobile: +254 712-452170, 712-452172, 712-452174

Kisumu International Airport
P. O. Box 13
KISUMU
Tel: +254- (057)2531186/2524399
Mobile: +254 728 765349/728 765360/1

Wilson Airport
P. O. Box 19005
NAIROBI
Tel: +254-020-501941/2/3
Mobile: +254 724256837, 724255343

KENYA AIRPORTS AUTHORITY
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KEY ENTITY INFORMATION (Continued)

Lokichoggio Airport

P. O. Box 88
LOKICHOGIO
Tel: +254-054-32266/32441

Malindi Airport

P. O. Box 67
MALINDI
Tel: + 254-042-2131201/2131931
Mobile: +254 710230386, 710261550, 738231201

Kitale Airstrip

P. O. Box 1718
KITALE
Tel: +254-054- 31017

Wajir Airport

P. O. Box 512
WAJIR
Tel: + 254-046-421019/421362

Ukunda Airstrip

P. O. Box 139
KWALE
Tel: + 254-040-3202126/3203246

Manda Airstrip

P. O. Box 167
LAMU
Tel: +254-042-633018

Lodwar Airstrip

LODWAR

Eldoret Airstrip

ELDORET

Isiolo Airport

P.O. Box 817 - 60300
ISIOLO

Nanyuki Airstrip

P. O. Box 1436- 10400
NANYUKI

Kabunde Airstrip

P. O Box 887
HOMABAY

KENYA AIRPORTS AUTHORITY
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KEY ENTITY INFORMATION (Continued)

Principal Bankers

Absa Bank Kenya Plc
Enterprise Road Branch
P. O. Box 18060-Nairobi
NAIROBI
Tel: +254 -020-530700-1

Citibank N.A
Upper Hill Branch
P.O Box 30711-00100
NAIROBI
Tel: +254 -020-2754800

Family Bank Limited
Family Bank Towers-Corporate Branch
P.O. Box 74145-00200
NAIROBI
Tel: +254 -020-318173

Kenya Commercial Bank
Moi Avenue Branch
P.O. Box 48400-00100
NAIROBI
Tel: +254-020-327000

National Bank of Kenya Limited
Jomo Kenyatta International Airport Branch
P. O. Box 19230-00501-GPO Nairobi, Kenya
Tel: +254-020-827286, 0710-223623

Standard Chartered Bank of Kenya limited
Kenyatta Avenue Branch
P.O. Box 30001-00100
NAIROBI.
Tel: +254-020-329400

Equity Bank Limited
Equity Centre,
P.O Box 75104-00200
Nairobi, Kenya
Tel: +254-020-226200

**KENYA AIRPORTS AUTHORITY
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KEY ENTITY INFORMATION (Continued)

NCBA Bank Limited
NIC House, Masaba Road,
P.O Box 44599-00100
Nairobi, Kenya
Tel: +254-020-2888217

Independent Auditor
Auditor General
Kenya National Audit Office
Anniversary Towers
P. O. Box 30084-00100
NAIROBI
Tel: +254-20-335777

**KENYA AIRPORTS AUTHORITY
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BOARD OF DIRECTORS



**Mr. Isaac Awuondo
Chairman**

Bachelor of Commerce (Accounting and Finance) degree from the University of Nairobi. He is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and member of the Institute of Certified Public Accountants of Kenya (CPA-K). He is Chairman of NCBA Bank Kenya PLC. Chairman the Council of Riara University. He is a Member of the Advisory Board of the Kenya Private Sector Alliance (KEPSA) and a director of Bata Shoes Company Kenya Limited. He is also Chairman of the Kenya Conservatoire of Music, WWF Kenya, The Rhino Trust and a Trustee of the Zawadi Africa Education Fund.



**Mr. Alex Gitari
Ag Managing Director/ CEO (w.e.f 1.10.2019)**

MBA (Finance)

Bachelor of Commerce, Accounting Option,
Certified Public Accountant (CPA-K),
Alumnus of Harvard Business School's Advanced Management Program
Member of Institute of Certified Public Accountants of Kenya.
Appointed to act on as Managing Director/ CEO on 1/10/ 2019



Mr. Jonny Andersen (Contract ended on 20.11.2019)

Master of Science degree in Air Transport Management - Cranfield University, UK
Bachelor of Business Administration in Logistics - BI Norwegian School of Management in Norway
Chinese Business, Trade and Commerce course-Fudan University in China.
Diploma in aviation Law – CAE Inc. in the Netherlands. Formerly Director of National Airports at Avinor AS, a state-owned firm that manages airports in Norway, with responsibility for seven state-owned airport hubs.
Contract Ended On 20/11/2019

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THE BOARD OF DIRECTORS (Continued)



Dr. Eng. Karanja Kibicho

Principal Secretary, State Department of Interior and Coordination of National Government Doctorate in Mechanical Engineering – University of Cape Town, South Africa
Master of Science (MSc) degree in Mechanical Engineering
Bachelor of Science (BSc) in Mechanical Engineering.



Mr. Solomon Kitungu

Director
Principal Secretary, Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works
A graduate of UON and Manchester University-UK
Has attended the Advanced Management Programme at Strathmore Business School and University of Navara Barcelona
He served as an Executive Director of the Privatization Commission from 2009 – 2017



Dr. Julius Muia

Director
Principal Secretary, National Treasury
PhD and Master's Degree in Finance (UON).
Degree in Accounting;
Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach. Now serving as a non-executive board member in several companies and a number of not-for profit organizations

**KENYA AIRPORTS AUTHORITY
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THE BOARD OF DIRECTORS (Continued)



Capt. Bootsy Mutiso (MILM)

Director

Diploma in Airport Operations

Diploma in Business & Professional Administration, City & Guilds of London Institute

Currently Managing Director, Flex Air Charters. Member of the Institute of Leadership & Management of England

Currently pursuing a BA (Hons) in Business Management – University of Lincoln - (UK)



Mr. Mbatia Kimani

Director

MBA

Bachelor of Commerce

CPA (K)

He has previously held diverse Multi-Country roles up to CFO level for ASSA ABLOY for the Africa/Middle region based in Johannesburg and as Head of Finance for Kenya Airways. In addition, he also worked for Coca-Cola Africa and Best Foods (Unilever) among others.



Ms. Jeridah Bosibori Mbaka

Director

Master of Business Administration

Higher Diploma in HR Management

Bachelor of Arts

Member of the Institute of Human Resource Management

She has a wide working knowledge of Human Resource Management Services, having worked in several institutions including NSSF, Plan International – Kenya and Directorate of Personnel Management

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THE BOARD OF DIRECTORS (Continued)



Mr. William Ole Mayiani

Director

Bachelor of Arts – Business Economics

Currently a Director at Sky Realtors Limited.

He has vast management experience having worked at Shell Kenya Ltd, Total Kenya Ltd, Raiser Resource Group, iPhone Global Ltd, Marathon Marketing Ltd and Nairobi City Council



Ms. Susan Kiama

Director

Post Graduate Diploma in Personnel Management & Industrial Relations

Bachelor of Arts (Business Administration & Economics)

Fellow of the Chartered Institute of Personnel & Development UK, Fellow of the Institute of Human Resource Management-Kenya, Member of World at Work-USA, Member of Society for Human Resource Management- USA, member of Kenya Institute of Management. Currently Managing Consultant with Three Green Apples Consulting Ltd. She has a vast working knowledge of Human Resource Management Services, having worked as Chief Human Resource Officer at Safaricom Ltd, Head of Human Resource at Citibank NA-Kenya, Principal Consultant with Deloitte & Touche Consulting-Kenya, and Tetra Pak-UK



Ms. Eunice Kigen

Alternate Director

The National Treasury

Executive MBA

Bachelor of Commerce (Accounting option)

CPA (K). Currently Senior Deputy Director of Budgets at the National Treasury.

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THE BOARD OF DIRECTORS (Continued)



Mr. Benjamin Enyenze

Alternate Director

Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works Currently the Principal Air Transport officer

Alternate Board Member on KCAA Board.

Bachelor of Science (Electrical Engineering), Post-graduate Diploma in Hydrology, Graduate engineer under Engineers registration board, as well as Aviation Security, Aviation Management and various courses in Air Transport

Replaced on 20/06/2020



Mr. Nicholas Bodo

Alternate Director

Ministry of Transport, Infrastructure, Housing, Urban Development & Public Works

Bachelor of Arts degree from Osmania University, India.
Certified Public Secretary (K)

Graduate Diploma in Aviation Management from the National University of Singapore and the Singapore Aviation Academy
Certificate in Air Law from the Egyptian Aviation Academy.

Nominated on 20/06/2020



Mr. Moffat Kangi

Alternate Director

Ministry of Interior and Coordination of National Government

Bachelor of Arts (Hons) University of Nairobi

MBA (HRM) Kenyatta University

Certified Public Secretary (CPS-K)

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THE BOARD OF DIRECTORS (Continued)



Ms. Katherine N. Kisila, NDC (K)
Corporation Secretary

Master of Arts, International Studies,
Bachelor of Laws (LLB), Bachelor of Arts (Economics &
Sociology),
Certified Public Secretary (CPS-K),
Advocate of the High Court,
Commissioner for Oaths, Notary Public

**KENYA AIRPORTS AUTHORITY
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SENIOR MANAGEMENT TEAM



Mr. Alex Gitari
Ag. Managing Director/ CEO (w.e.f 1.10.2019)

MBA, Finance
Bachelor of commerce, Accounting Option
Certified Public Accountant (CPA-K)
Alumnus of Harvard Business School's advanced
Management Program.
Member of Institute of certified Public Accountants
Of Kenya.



Mr. Patrick Chonde
Ag. General Manager, Finance

MBA, Finance
Bachelor of Commerce, Accounting option,
Certified Public Accountant (CPA-K),
Member of Institute of certified Public Accountants of Kenya
International Airport Professional(IAP).



Ms. Katherine N. Kisila, NDC (K)
Corporation Secretary

Master of Arts, International Studies,
Bachelor of Laws (LLB), Bachelor of Arts (Economics &
Sociology),
Certified Public Secretary (CPS-K),
Advocate of the High Court,
Commissioner for Oaths, Notary Public

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SENIOR MANAGEMENT TEAM (Continued)



Mr. Kasaine Ole Pertet

General Manager, Information and Communication Technology

MBA Finance,
Bachelor's Degree in Mathematics,
Certified Public Accountant (CPA-K),
Member of Institute of Certified Public Accountants of Kenya



Mr. Samson Kimilu

General Manager Risk Management & Internal Audit

MBA Strategic Management and Finance
Bachelor of Science in Business Administration,
Certified Public Accountant (CPA-K),
International Airport Professional (IAP),
Member of Institute of Certified Public Accountants of Kenya



Mr. Harrison Machio

General Manager Safety and Operations

MBA (Aviation). BA Hons. (Political Science & Linguistics)
International Airport Professional (IAP)

KENYA AIRPORTS AUTHORITY
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SENIOR MANAGEMENT TEAM (Continued)



Mr. Anthony Muriithi Njagi
General Manager Human Resource & Development

MBA Human Resource.
Bachelor of Arts, Higher National Diploma – Human Resource.



Brig. Henry Noah Ofulah
General Manager Security Services

Elder of the Order of the Burning Spear - (EBS)
Masters Degree Of Philosophy
Bachelor of Science Degree in Military Studies



Mr. Jimmy Kibati
General Manager, Marketing & Business Development

Bachelor of Arts
Executive Development Program Certification –Gordon Institute
of Business Science, University of Pretoria
Certification in training low cost airlines

KENYA AIRPORTS AUTHORITY
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SENIOR MANAGEMENT TEAM (Continued)



Arch. Fredrick Odawo
General Manager, Projects & Engineering Services

Postgraduate diploma in Airport Engineering
Bachelor's Degree in Architecture
Corporate Member – Architectural Society of Kenya
Associate Arbitrator
Associate Member – Chartered Institute of Arbitrators (ACI Arb)



Mr. Patrick wanjuki
General Manager, Procurement & Logistics

Master's Degree in Public Procurement Law & Policy from the University of Nottingham,
Bachelor of Law Degree
Bachelor of Commerce (Finance)
Post Graduate Diploma in Purchasing and Supplies Management,
Post Graduate Diploma from the Kenya School of Law
Certified Public Accountant (CPA-K)



Mr. Henry Ogoye

Head of Corporate Planning
MBA Finance and MA(Economics),
Bachelor of Arts (Mathematics and Economics),
Diploma Financial Management

KENYA AIRPORTS AUTHORITY
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CHAIRMAN'S STATEMENT

The global economy and in particular the aviation industry faced a major litmus test in the year ending June 2020 in view of the COVID-19 pandemic that started in late 2019. This set in, scaled down operations and/or a complete shut-down of passenger service flights in some countries for the better first half of this year.

Locally, with a view to containing the spread of the virus, the Government imposed a total lock-down of four regions of the Country including the two major counties of Nairobi and Mombasa in April 2020, which was relaxed in early July 2020 leading to a major drop in air traffic movements. This in effect led to a drop of 23.7%, 25.2% and about 1% in flights, passenger numbers, and cargo volume to 246,462, 9.04 million and 365 million kilograms respectively in the year under review. The pandemic also had an adverse impact on overall business performance.


Despite the challenges arising from the impact of Covid-19 pandemic the Authority continued with infrastructure development to enhance air connectivity locally and globally. Implementation of the pavement rehabilitation works at JKIA and Moi International Airports including contracting for upgrade of Suneka, Migori, Kakamega and Kitale airfields.

On optimization of human capital output, review of human resource instruments covering the Human Resource Manual, Organization Structure and Skills Development Framework commenced in the year. Efficiency optimization with automation of contract procurement process, car park management system and upgrade of common user terminal equipment.

Giving back to the society crystalized in the Authority sponsored Medical Camps in Kisumu and Kajiado Counties conducted in partnership with the Mater Hospital where a number of patients accessed treatments.

Covid-19 pandemic has slowed down the vibrancy of the aviation industry with full recovery projected by Airport Council International and International Air Transport Association to crystalize by 2023. We will continue with network expansion programs in the areas of infrastructure, safety, security and efficiency in back office processes for efficient and effective service delivery.

Finally, may I take this opportunity to thank all stakeholders including members of the Board, Management and Staff who have continued to support the organization through their respective contributions in the challenging period just ended. I beseech all to upgrade that support in the years ahead.



Mr. Isaac O. Awuondo
Chairman of the Board

KENYA AIRPORTS AUTHORITY
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MANAGING DIRECTOR'S REPORT

Business Performance

Covid-19 pandemic impact on operations led to revenue decline to Ksh. 13.2 billion in 2109/2020 from Ksh. 15.9 billion in the FY 2018/2019 with a corresponding operating expense of Ksh. 12.3 billion and Ksh. 12.1 billion translating operating profit of Ksh. 0.978 billion down from Ksh. 3.80 billion.

Assets and Liabilities

The total assets of the Authority closed the year at Ksh. 79.3 billion down from Ksh. 85.5 billion attributable to an almost 50% decline in cash and cash equivalent to Ksh. 7.5 billion. Total liabilities for the corresponding periods were in the order of Ksh. 21.7 billion and Ksh. 20.4 billion due to disbursement by Agency De France funding on Moi International Airport pavement rehabilitation project.

Network Infrastructure Facelift projects

A number of projects were at various stages of implementation to address capacity, safety, security and general connectivity. Pavement works covered JKIA, Moi International Airport-MIA, Wilson Airport and Manda as well as general connectivity airfields of Suneka, Kakamega, Migori and Kitale. JKIA project involved upgrade of Bay 18 apron from asphalt to concrete for enhanced capacity and safety and for MIA rehabilitation of pavements to address sink holes, general airside safety and water harvesting infrastructure for 9.5 million liters of water.

Security fencing for Ukunda was part of the project portfolio in the year alongside evaluation of Isiolo Airport pavement hitherto experiencing cracks for optimal intervention including geotechnical investigation to inform designs for the planned extension. Also, under preparation for rehabilitation was Lanet Airstrip in Nakuru.

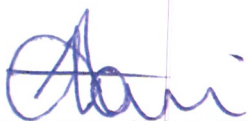
Human Capital Development

With respect to human capital development for productivity and posterity, 1152 staff were trained on technical and managerial skills, 150 youth given opportunities for internship, industrial attachment and apprenticeship and support to staff with medical and social challenges.

Future outlook

With the recovery projected in the near term, the Authority will continue to implement and observe the requisite Covid-19 containment protocols and oversee the mission critical physical and social infrastructure as the industry regains its resilience gradually.

Lastly, let me take this opportunity to thank all those who have contributed to the performance of the Authority despite the business challenges fronted by the Covid-19 pandemic in year under review.



.....
ALEX GITARI

Ag. MANAGING DIRECTOR

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
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Review of Performance for FY 2019/2020

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Business Growth	Process 356,420 flights, 14.234 M passengers and 386M Kg of cargo	Number of flights and passengers and cargo volumes	Traffic Development Operation Efficiency and Customer Experience	Processed 246,462 flights, 9.04M passengers and 365M kg of cargo due to suspension of operations to contain Covid-19 pandemic
	Optimize revenue growth to Ksh. 18.199B	Aeronautical and Non-Aeronautical Revenue	Traffic Development Customer Experience	Realized Ksh. 13.2B due to Covid-19 Pandemic led subdued operations
Customer Experience	Meet customer expectations with an approval rating of 4.09 out of 5	Airport Council International Customer Satisfaction Index	Operation Efficiency and Service Excellence	3.80 score due to inadequate retail experience
Operation Excellence	Enhance Operation Efficiency	Terminal, Airside and Landside Capacity, Safety and Security Performance and Service Standards	Network growth Capacity availability, enhanced safety and security performance and service improvement	Airport network facilities were at various stages of upgrade; Runway capacity was fully available for operations in the network; Safety and Security program was being enhanced across the network; and Safety and Security Audit for JKIA and MIA with respect to Last Point of Departure to the USA returned nil findings.
Environmental Stewardship	Strengthen Environment Stewardship	Green initiative Airport Carbon Accreditation	Install 1MW of solar power Secure carbon accreditation for JKIA, MIA, EIA and KIA	0.5MW installed at MIA Airport Carbon Accreditation anticipated by December 2020
Human Capital Development	Develop Human Capital for Workforce productivity	Number of employees trained	Staff Competency and Corporate Performance, trainig	150 youths offered internship/industrial attachment/apprenticeship 1152 staff trained on technical and managerial skills; and Corporate performance was 65.6%

KENYA AIRPORTS AUTHORITY
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CORPORATE GOVERNANCE STATEMENT

The Kenya Airports Authority Board of Directors provide policy guidance on the overall well-being of the organization in meeting its legal mandate. To this end, the Board of Directors oversees the Authority's activities with respect to strategic direction, infrastructure development, operational efficiency and adherence to sound governance principles.

Board Membership

The Board is made up of nine members. Six of these members are independent directors, among them the Chair who is appointed by the President. The independent Directors are appointed by the Minister of Transport and Infrastructure. The appointment is guided by reference to expertise in civil aviation, aerodromes management, operation, commerce, industry, finance or administration generally. The independent directors are appointed for a renewable period of three years or for a shorter period as may be specified in the notice. The appointments are made at different times to vary the expiry dates. Discharge is provided for under Section 6(2) of the State Corporations Act (Cap 446).

The remaining Board members include Permanent Secretaries in the Department of Transport and National Treasury, alongside the Managing Director. Substantive members from the Government as above have alternates who attend Board meetings on their behalf whenever they are unable to attend. These alternates are deemed, for all purposes and intent, to be Board members. The Corporation Secretary provides secretarial services to the Board. Other than the Managing Director, the other Board members are non-executive.

Role of the Chairman and Other Directors

The Chairman provides overall leadership to the Board in areas of policy development and direction, maintains a harmonious working relationship with both Management and the Board, harnesses the collective skills of the Board and its Committees and those of the executive team for attainment of the corporate objectives and performance targets agreed with the Government, prompts the appointing authority to appoint Board Members in the event of a vacancy on the Board and encourages Directors to participate fully in the deliberations of the Board and its Committees.

Other responsibilities of the Chairman include ensuring that strategies are in place for constant monitoring and evaluation of the effectiveness of the Board, individual Directors, Senior Management and the entire Corporation, participation in setting of agenda for Board meetings, chairing and conducting Board meetings effectively, signing the confirmed Minutes of Board meetings, monitoring implementation of Board decisions, ensuring that new Board Members are properly inducted and that there are adequate training programs for Board Members to keep them abreast of developments in corporate governance, and signing the Performance Contract between the Government and the Authority. The Managing Director is responsible for the day-to-day operations of the Authority. Individual Directors are expected to serve the Board diligently while being faithful to performance, rule of law and to the principle of separation of powers, political neutrality, gender balance, integrity and confidentiality.

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CORPORATE GOVERNANCE STATEMENT (Continued)

Role of the Corporation Secretary

The Corporation Secretary arranges Board meetings and attendances, prepares agendas for meetings set by the Chairman in consultation with the Managing Director and the attendant minutes, keeps Common Seal of the Board and communicates Board decisions to Management.

Board Committees, Meetings, Procedures and Emoluments

The Board holds four statutory meetings in each financial year. Meetings are held at the registered office of the Authority. A quorum for meetings requires two-thirds of the total number of Members. Members may appoint one of their own to preside over the meeting in the absence of the Chairman. Decisions are made unanimously or by majority votes of the Members present. The Chairman has a casting vote in the event of a tie of votes. The Board has four standing committees dealing with respective delegated mandates prior to submitting to the Board for consideration and approval.

The Board has five standing committees detailed below with the responsibility of dealing with respective delegated mandates prior to submitting to the Board for consideration and approval.

Finance and Strategy Committee

The committee members are as follows:

Mr. Kimani Mbatia - **Chair**
Mr. Benjamin Enyenze
Ms. Eunice Kigen
Mr. William Ole Mayiani
Managing Director

The responsibilities of the Finance Committee are to:

- a) Review and advise on proposals for raising of long-term capital to achieve and fund the strategic objectives of the Authority
- b) Review the financial Performance of the Authority and make appropriate recommendations to the Board.
- c) Adopt and periodically review the charges and rates levied, philosophy, strategy and principles that support the Authority's strategy.
- d) Oversee the preparation of the Financial Statements of the Authority and recommend to the board its adoption.
- e) Make recommendations to the Board on investments to be made by the Authority.
- f) Monitor the Expenditures of the Authority.
- g) Oversee the formulation, review and implementation of the Authority's Strategic Plans, Business Plans and Annual Budgets; and
- h) Oversee the Business Development of the Authority

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CORPORATE GOVERNANCE STATEMENT (Continued)

Human Resources Committee

The committee members are as follows:

Ms. Susan Kiama - Chair

Mr. Benjamin Enyenze

Mr. Moffat Kangi

Capt. Bootsy Mutiso

Ms. Jeridah Mbaka

Managing Director

The Staff Committee's responsibilities include:

- a) Reviewing the Human Resource policies and practices of the Authority.
- b) Reviewing remuneration of staff by making recommendations to the Board regarding remuneration of Staff, incentive compensation and bonuses.
- c) Adopting and periodically reviewing the remuneration philosophy, strategy and principles that support the Authority's strategy; and
- d) Making recommendations to the Board in regard to the contributions to the Authority's Pension Scheme and matters related thereto.

Technical Committee

The committee members are as follows:

Capt. Bootsy Mutiso – Chair

Ms. Eunice Kigen

Mr. Benjamin Enyenze

Ms. Susan Kiama

Mr. Moffat Kangi

Managing Director

The Technical Committee's responsibilities include overseeing:

- a) Major expansion projects of the Authority.
- b) The operations and engineering aspects of the Authority.
- c) Airports & airstrips management, operation and control and.
- d) Monitoring adequacy of the Authority's facilities, equipment and operations and their maintenance.

The Committee may in addition perform such other function as may be necessary for the performance of its duties and has the power to delegate its authority to subcommittees or individual members of the Committee, as it deems appropriate.

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CORPORATE GOVERNANCE STATEMENT (Continued)

Audit Committee

The committee members are as follows:

Mr. William Ole Mayiani - Chair

Mr. Kimani Mbatia

Mr. Moffat Kangi

Ms. Eunice Kigen

Ms. Jeridah Mbaka

The Committee assists the Board in fulfilling its oversight responsibilities in respect of: -

- a) Evaluating the integrity of the Authority's financial reporting process and financial statements.
- b) Reviewing and making recommendations to the Board of Directors in respect to Corporate Governance Policies and Practices of the Authority
- c) Developing and recommending to the Board Corporate Governance Principles applicable to the Authority.
- d) Compliance with legal and regulatory requirements applicable to the operations of the Authority.
- e) Assisting the Board in enhancing internal controls in order to improve efficiency, transparency and accountability.
- f) Reviewing audit issues raised by both internal and external auditors.
- g) Resolving Public Accounts and Public Investment Committees recommendations.
- h) Reviewing the systems established to ensure sound Public Financial Management and Internal Controls as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- i) Initiating special audit/investigations on any allegations concerns and complaints regarding corruption, lack of accountability and transparency and
- j) Evaluating adequacy of the Authority's procedures with regard to issues relating to risk management, control and governance.

Security Committee

The committee members are as follows:

Mr. Moffat Kangi- Chair

Capt. Bootsy Mutiso

Mr. Benjamin Enyenze

Managing Director

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CORPORATE GOVERNANCE STATEMENT (Continued)

The responsibilities of the Security Committee are to:

- a) Review the security policies and practices of the Authority
- b) Assess security risks posed to the Authority and make recommendations to the Board
- c) Continually assess operational requirements of the Authority to ensure smooth running of all security related functions
- d) Review Management's reports on security, safety and operations and make requisite recommendations to the Board
- e) Assure compliance with regulatory requirements through regular security, safety and operations reports, indicators, trends and recommend corrective measures
- f) Make regular recommendations to the Board to strategically support the Authority's operations
- g) Review findings from external audits by regulatory bodies and make appropriate recommendations to the Board
- h) Receive and review reports from management regarding major security, operational and safety projects
- i) Aviation security service provision
- j) Undertake such other activities as may be referred to it from time to time by the Board

KENYA AIRPORTS AUTHORITY
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CORPORATE SOCIAL RESPONSIBILITY

Kenya Airports Authority CSR Policy document clearly stipulates areas of our engagement with society's social, environment and economic concerns and needs as follows:

- Education
- Environment and sustainability
- Health & Wellness
- Staff engagement in CSR programs

The above tenets guided the Authority's Corporate Social Responsibility activities and donations for the year 2019/2020, which greatly improved our corporate image and enhanced our relationship with communities around our stations.

Through our Corporate Social Responsibility strategy, KAA demonstrated a commitment to behaving ethically in all our business transactions, by contributing to the economic development and improving the quality of life of its workforce and their families as well as the community and society at large.

The CSR committee considers both ad-hoc requests and donations from all airports and airstrips for maximum community impact. The tabulation below demonstrates the donations done.

We also minimized on adhoc donations and put more emphasis on medical camps, which forms part of the Government agenda 4 pillars on healthcare. In this financial year we partnered with Mater Hospital and managed to have two medical camps in both Kisumu and Kajiado counties. These were very successful two-day events that saw over 2300 and 1500 patients treated and given drugs in Kisumu and Kajiado respectively. We plan to have similar camps on quarterly basis in different airports in the country. Our next Medical camp was meant to be in Meru but it was cancelled due to the Covid 19 pandemic.

Below are some of the organizations that Kenya Airports Authority has engaged in during the year under review:

	INSTITUTION	INITIATIVE	Kshs
1.	KAA KISUMU MEDICAL CAMP- KISUMU	A two day medical camp that saw over 2300 patients treated	Kshs 3 Million
2.	USOMA PRIMARY SCHOOL KISUMU	Financial support purchase desks	Kshs 884,600

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3.	BUKONOI SALVATION ARMY CHURCH- MT ELGON	Request for financial assistance to purchase water tanks for a church.	Kshs 150,000
4.	CHRIST IS THE ANSWER MINISTRIES- NAIROBI	Funding for a medical camp	Kshs 200,000
5.	LODWAR PRIMARY SCHOOL TURKANA	Financial support for water storage facilities	Kshs 300,000
6.	CHRIST THE KING CATHOLIC CHURCH EMBAKSI	Request for financial report towards improving the school facilities for the disabled children	Kshs. 250,000
7.	JUMBO CHARGE SAFARI RALLY	A CBO INTIATIVE TOWARDS HAVING A MEDICAL CAMP IN MT ELGON	Kshs 150,000
8.	KENYA FAMILY CHARITIES	Financial assistance towards the disadvantaged children	Kshs 200,000
9.	KAJIADO MEDICAL CAMP-OLOITOKTOK	Two day medical with the County Government of Kajiado to assist the community	Kshs 3 Million
10.	ST TERESA NAKWAMOR PRIMARY SCHOOL LOKICHOGGIO	Request for assistance to install electricity in the school	Kshs 192,500
11.	OLOITOKTOK DEB PRIMARY SCHOOL KAJIADO	Financial assistance to erect a school fence	Kshs 500,000
12.	HOLY CHURCH OF CHRIST HOMABAY	Assistance towards helping orphans Education	Kshs 200,000

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13.	STAREHE BOYS CENTRE	Requested for Support for refurbishment of audiovisual room.	Kshs 750,000
14.	GOSPEL CENTRES INTERNATIONAL UTAWALA	Requested for support towards a youth outreach camp	Kshs 250,000
	Total		10,027,100

We anticipate that the Authority shall continue to receive more donation requests and will engage in more projects and activities. We shall continue to adopt our devolution model to create maximum social and business impact across all communities surrounding all our airports and airstrips.

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

REPORT OF DIRECTORS

The Directors submit their report together with audited financial statements for the year ended 30 June 2020, which disclose the state of affairs of the corporation.

Principal Activities

The principal activities of Kenya Airports Authority are:

- To construct, operate and maintain aerodromes and other related facilities;
- To construct or maintain aerodromes on an agency basis on the request of any Government department;
- To provide such other amenities or facilities for passengers and other persons making use of the services or the facilities provided by the Authority
- Construct any other necessary or desirable works required for the purposes of the Authority;
- Control the construction and use of prescribed aerodromes;
- Carry on any business that may be necessary or desirable for the purposes of the Authority and act as an agent for the Government in the provision of any agreed functions;
- Acquire, construct, manufacture, maintain or repair any works, plants or apparatus necessary or desirable for the purposes of the Authority;
- Determine, impose and levy rates, charges, dues or fees for any services performed by the Authority, or for use by any person of the facilities provided by the Authority, or for the grant to any person of a license, permit or certificate.

Results

The net profit for the year of Kshs **280.2 Million (2019: Kshs 3.04 Billion)** has been added to retained earnings.

DIRECTORS

The Directors who held office during the year and to the date of this report are set out on pages 12 to 17.

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on

30/09/..... 2020 and signed on its behalf by:

Chairman.....


By order of the Board

KKisila.....

Katherine N. Kisila
Corporation Secretary
NAIROBI

Date 30/09/.....2020

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance to the Kenya State Corporations Act Cap 446, the Directors are required to prepare Financial Statements for each financial year which gives a true and fair view of the state of affairs of the Authority as at the end of the financial year and of its operating results for that year. It also requires the Directors to ensure the Authority keeps proper accounting records, which disclose with reasonable accuracy, the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They accept responsibility for:

- i. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements:
- ii. Selecting and applying appropriate accounting policies and
- iii. Making accounting estimates and judgments that are reasonable in the prevailing circumstances.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority as at 30th June 2020 and its profit/loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the State Corporations Act Cap 446.

The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial control.

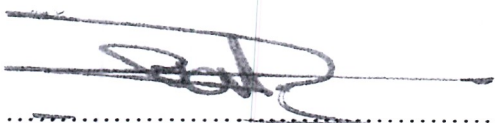
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least twelve months from the date of this statement.

Approval of the financial statements

The Kenya Airports Authority financial statements were approved by the Board on

30/09/

.....2020 and signed on its behalf by:



.....
Chairman



.....
Ag. Managing Director/ Chief Executive Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA AIRPORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Airports Authority set out on pages 36 to 73, which comprise the statement of financial position as at 30 June, 2020, and the statement of profit and loss and other comprehensive income, 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 the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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 the Kenya Airports Authority as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards, and comply with the Kenya Airports Authority Act, Cap.395 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.49,345,246,000 under property, plant and equipment which, as disclosed in Note 31 to the financial statements, includes amounts of Kshs.309,263,000 and Kshs.5,727,114,000 in respect of freehold and leasehold land respectively. Examination of the land balances and the supporting records revealed the following unsatisfactory observations:

1.1. Leasehold Land at Nairobi – Embakasi

As previously reported, the leasehold land balance excludes land of undetermined value measuring 3.29 acres located at Nairobi - Embakasi Village. Although Management had explained that the parcel of land on which the Kenya Airports Authority police station is located will be surrendered to the National Police Service, documents and correspondences in evidence of the surrender and its consideration

were not provided for audit review. In the circumstances, it has not been possible to establish the validity and legitimacy of the surrender.

1.2. Freehold Land Balance at Kisumu International Airport

Included in the freehold land balance is the cost of acquisition of land amounting to Kshs.190,763,189 for the expansion of Kisumu International Airport. However, the supporting documents were not provided for audit review.

1.3. Duplicate Title Deeds for Kisumu International Airport

Records available at the Headquarters indicated that the Authority had two title deeds for the Kisumu International Airport but with different acreage namely; L.R. No. Municipality/Block No.1/8 and No.1/21 measuring 206.09 and 362.9 hectares respectively. However, no satisfactory explanations were provided for the duplication.

1.4. Land Without Title Deeds

Two parcels of land occupied by Manda and Ukunda Airstrips under leasehold and freehold tenures valued at Kshs.135,800,000 and Kshs.58,500,000 respectively, did not have title deeds. Although Management explained that the title deed for Ukunda Airstrip had been with the Ethics and Anti-Corruption Commission (EACC) since September, 2008, there is no evidence of follow up action being taken to retrieve the title deed.

1.5. Moi International Airport Land

The leasehold land balance recorded in the books for Moi International Airport amounted to Kshs.583,000,000 which differs with the valuation report amount of Kshs.538,000,000 resulting to an unexplained variance of Kshs.45,000,000. Further, Management did not explain the gaps in the lease registration documents (stamping) on the original title deed for the period between June, 2003 to May, 2006.

1.6. Parcels of Land in Dispute

Various parcels of land owned by the Authority continue to have disputes as detailed below: -

1.6.1. Nairobi - Embakasi

An unregistered parcel of land referenced KAA-D1-DA measuring 0.867 acres at Embakasi Village and valued at Kshs.4,335,000 had not been incorporated in the leasehold land balance as at 30 June, 2020. Information available indicated that the Authority obtained partial allotment for the parcel of land measuring 0.443 acres from the National Land Commission on 25 September, 2017. The other part measuring 0.47 acres had been illegally excised and allocated to a third party. Although Management wrote to the Commission requesting for investigation of the illegal excision, evidence of follow up and its outcome was not disclosed.

1.6.2. Jomo Kenyatta International Airport

Two parcels of land within the original Jomo Kenyatta International Airport land have been excised and allocated to third parties. Although court proceedings were instituted vide HCCC Nos. 206 and 489 both of 2004 and temporary orders issued restraining the third parties, the latter proceeded to subdivide, resell and develop the land parcels. To vacate the land, the Authority demolished the illegal structures in 2011. The private developers subsequently sued the Authority and the case is still pending in court.

1.6.3. Wilson Airport

Wilson Airport land whose size and value are yet to be determined was registered in favour of the Authority on 29 July, 2003. However, a case challenging the registration was filed in the High Court. The plaintiffs sought temporary injunction restraining the Authority or their agents from demolishing or otherwise interfering with their ownership or possession or right of use of the parcel of land until hearing and determination of the suit. Information available indicated that on 25 October, 2006, the court declined to issue the injunction orders sought. Although Management has indicated they wrote to the National Land Commission on 24 October, 2017 requesting it to intervene and revoke the title issued irregularly, no action had been taken as at 30 June, 2020 and ownership of the property remained in dispute.

1.6.4. Malindi Airport

As previously reported, the leasehold land balance also includes a portion of land measuring 0.8925 hectares at Malindi Airport, irregularly allocated to a church organization. Further, land measuring 0.0549 hectares at the Airport was also irregularly allocated to a petroleum company and has been excluded from the reported leasehold land balance.

1.6.5. Airports and Airstrips

Review of records and correspondences relating to the Authority's land revealed ownership disputes affecting eighty-five (85) parcels of land at eight (8) airports / airstrips as summarized below: -

No.	Airport/Airstrip	Land Reference	No. in Dispute
1.	JKIA	219191	46
2.	Wilson Airport	209/13080	8
3.	Moi Int. Airport	MV/VI/3888	10
4.	Kisumu Int. Airport	Municipality/Block No.1/21	3
5.	Kitale Airstrip	25001	2
6.	Eldoret Airstrip	Eld/Municipality/Block 10/926	13
7.	Malindi Airport	10688	1
8.	Embakasi	LR.No.9042/668 &F/R 228/88	2
Total			85

Management did not provide details on the nature and the value of land in dispute as well as the parties involved and their current status. It was also not possible to confirm if there are other parcels of land in dispute and the exposure these may have on the Authority's claim to the land.

1.6.6. Land Parcels at Isiolo and Garissa Airstrips

Land measuring 253.61 hectares and 47.15 hectares at Isiolo and Garissa airstrips respectively have also been excluded from the property plant and equipment balances as at 30 June, 2020.

1.7. Valuation of Assets

The statement of profit and loss and other comprehensive income reflects an expenditure of Kshs.8,452,303,000 under administrative expenses which, as disclosed in Note 30 a(ii) to the financial statements, includes an amount of Kshs.120,930,000 relating to valuation of property and rentals. The expenditure relates to the valuation cost for land, buildings and pavements during the year under review. However, the revaluation results of Kshs.1.2 trillion for the three asset categories have not been incorporated in the financial statements for the year ended 30 June, 2020.

1.8. Stalled Projects

The statement of financial position reflects a balance of Kshs.49,345,246,000 under property, plant and equipment which, as disclosed in Note 31 to the financial statements, includes an amount of Kshs.5,272,156,000 in respect of capital works in progress. The latter balance includes an amount of Kshs.821,270,270 relating to costs incurred on five (5) stalled project as detailed below: -

Date Capitalized	Detail	Amount Capitalized Kshs.
31/08/2013	Greenfield Terminal	498,712,166
28/02/2014	Greenfield Terminal	172,174,282
31/03/2013	Second Runway	16,073,047
31/05/2013	Second Runway	48,511,572
01/07/2016	Second Runway	85,799,203
Total		821,270,270

The completion of the projects is doubtful and the likelihood of the costs being impaired is high.

1.9. Biological Assets

As disclosed in Note 49 to the financial statements, the Authority had biological assets in form of trees planted at Eldoret Airport valued at Kshs.443,000,000 as at 30 June, 2020. Although, proceeds from the sale of part of the trees amounting to Kshs.29,714,662 had been recognized in the statement of comprehensive income, the unsold trees were not incorporated in the financial statements.

Under the circumstances, the fair statement and accuracy of the reported property plant and equipment balance of Kshs.49,345,246,000 as at 30 June, 2020 could not be confirmed.

2. Trade and Other Receivables

As disclosed in Note 34(a) to the financial statements, the statement of financial position reflects a balance of Kshs.16,947,832,000 under trade and other receivables as at 30 June, 2020. The following unsatisfactory matters were however noted: -

2.1. Kenya Airways Debt

Included in the trade and other receivables balance of Kshs.16,947,832,000 is an amount of Kshs.4,243,199,361 owed by the Kenya Airways Limited, representing an increase of Kshs.1,018,194,691 or 32% from the debt of Kshs.3,225,004,670 reported as at 30 June, 2019. Further, out of the amount of Kshs.4,243,199,361 due from Kenya Airways Limited, an amount of Kshs.3,134,360,988 or 74% was more than one (1) year old. This is an indication of the debtor's inability to settle its accounts as and when they fall due. Although Management has made a provisions of Kshs.1,466,562,000 for bad and doubtful debts, the provision appears insufficient.

2.2. Receivables from the Kenya Revenue Authority

The trade and other receivables balance also includes an amount of Kshs.1,448,146,367 due from the Kenya Revenue Authority (KRA). The amount arose from invoicing of Airport Passenger Service Charge (APSC). However, the KRA ledger in support of the balance revealed significant un-cleared items casting doubt on the validity of the receivables amount.

Consequently, the accuracy and fair statement of the receivables balance of Kshs.1,448,146,367 from the Kenya Revenue Authority as at 30 June, 2020 could not be confirmed.

2.3. Un-Authenticated Balances

Further, included in the trade and other receivables balance of Kshs.16,947,832,000 is an amount of Kshs.12,013,567 indicated as receivables from customers. However, except the aircraft registration numbers, the details of the receivables were not disclosed.

2.4. One Time Customer Account Balances

Further, trade debtors' schedules revealed debtors amounting to Kshs.14,974,283 owed by one-time customers in various airports. These are cash operators with no credit facility with the Authority who were expected to pay their dues before take-off but were provided with credit facilities without any credit arrangements. Recoverability of the amounts is doubtful. Further, a one-time customer account reflects a balance of Kshs.8,699,301 whose break down was not provided making it difficult to establish authenticity of the debt.

2.5. Staff Receivables

The trade and other receivables balance includes staff debtors amounting to Kshs.187,678,000 of which an amount of Kshs.133,494,451 has been outstanding for more than one (1) year casting doubt on its recoverability. Further, the trade and other receivables balance includes an amount of Kshs.15,797,109 referred to as job evaluation debtors, being payments made against a job evaluation outcome of 2006 subsequently rescinded by the Board of Directors. The recoverability of the amount is in doubt and no provisions have been made in the financial statements. The staff debtors balance is also net of credit balances of Kshs.16,556,414 which was not explained or reclassified as required by Paragraph 32 of the International Accounting Standards 1 on presentation of financial statements.

2.6. Debtors with Credit Balances

Contrary to the provisions of paragraph 32 of the International Accounting Standards (IAS) 1 on Presentation of Financial Statements which requires that assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by an International Financial Reporting Standard, the reported trade and other receivables balance of Kshs.16,947,832,000 was arrived at after netting off debtors with credit balances of Kshs.292,853,142. To the extent, the receivable balances are misstated.

From the foregoing, the accuracy and fair statement of the reported trade and other receivables balance of Kshs.16,947,832,000 as at 30 June, 2020 could not be confirmed.

3. Inventories - Obsolete Stocks

As disclosed in Note 33 to the financial statements, the statement of financial position reflects net inventories of Kshs.102,146,000 (2019-Kshs.107,655,000). Included in the balance are obsolete stocks with a net value of Kshs.10,862,000 whose usefulness is in doubt and the basis for the value could not be established as the stocks were not included in the year end stock taking report. Further, the stock sheets in support of the inventories reflects an amount of Kshs.92,342,120 resulting in unreconciled variance of Kshs.9,803,880.

Under the circumstances, the accuracy and completeness of the reported inventories balance of Kshs.102,146,000 as at 30 June, 2020 could not be confirmed.

4. Term Deposits

The statement of financial position reflects trade and other receivables balance of Kshs.16,947,832,000 which includes an amount of Kshs.78,789,626 held as term deposit with Prudential Bank Ltd which was placed under receivership. The Authority had not received the deposit or the interest as at 30 June, 2020. Further, approval by the Board of Directors to place the term deposit with the Bank was not provided. In

addition, Management did not provide for audit verification evidence of efforts being made to recover the term deposits.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Airports Authority Management in accordance with ISSAI 130 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 for my qualified opinion.

Emphasis of Matter

Contingent Liabilities and Disputed Pending Claims

As disclosed in Note 45 to the financial statements, the Authority had contingent liabilities arising from pending litigations, tax assessment and disputed pending claims against the Authority totalling to Kshs.46.3 billion. Although the liabilities have not crystallized to warrant recognition in the financial statements by way of provisions, the financial impact on the Authority would be significant if the rulings are not in its favor.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that,

nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Project Implementation

The Authority has been implementing several projects across various airports. However, a number of unsatisfactory matters were noted: -

1.1. Provision of Material Handling and Logistical Support Services for Civil Services at Manda Airport, Contract No. CI/059/2019

The contract was awarded on 4 September, 2019 for a sum of Kshs.51,583,200 with a commencement date of 24 February, 2020 and expected completion date of 13 July, 2020.

1.1.1. Direct Procurement

The contractor was procured through direct procurement method without meeting the conditions set out under Section 103(2) of Public Procurement and Asset Disposal Act, 2015.

1.1.2. Delayed Advance Payment

There was a delay in commencement of the project due to failure to advance payments to the contractor as stipulated under Clause 5 of the contract. The project is at risk of incurring interest and penalties for delayed payments.

1.1.3. Inadequate Budgetary Provision

The contract was awarded despite there being no Budget provisions contrary to the provisions of Section 63(1) of the Public Procurement and Asset Disposal Act, 2015.

1.2. Proposed Refurbishment of the Freight Terminal Building at Moi International Airport (MIA) - Mombasa, Contract No, CI/077/2019

The contract was awarded on 13 January, 2020 for a sum of Kshs.18,420,325 for a period of 6 months with an expected completion date of 13 July, 2020. The following unsatisfactory observations were however made.

1.2.1. Expired Contract

The contract completion date of 13 July, 2020 expired before an extension was sought on 05 August, 2020. The Evaluation Committee recommended an extension of time to 13 January, 2021. However, the professional opinion given was invalid as the contract had lapsed on 13 July, 2020.

1.2.2. Slow Progress

Project progress report dated 04 February, 2021 indicated the progress at 45% but no amount certified or paid with the time then lapsed at over 100%. During project inspection it was noted that demolition of failing masonry wall was 100% done, carting away and carefully disposing asbestos roofing sheets was 100% done, re-organization and refurbishment of floor, wall and ceiling finishes and associated works was 50% done, associated electrical and mechanical works was 90% done and providing roof insulation in the cargo terminal yet to be done.

1.3. Proposed Alteration Works to Stem Rain Water Ingress into the Passenger Terminal Building, Kisumu International Airport (KAA/Kia/1510/2018-2019)

The contract was awarded for a sum of Kshs.15,699,840 with the progress report of December, 2020 indicating certified and paid amounts to date at Kshs.1,760,662. The scope of works included roof and repair works and other associated ancillary works. The contractor was to carry out the works within a duration of 4 months. The following unsatisfactory issues were however noted: -

1.3.1. Delays in Extension of the Contract

The contract period expired on 9 March, 2020 with the contractor requesting for extension on 28 February, 2020. The request was evaluated and recommended for extension on 24 March, 2020 but the extension was delayed until 30 June, 2020 when the Evaluation Committee recommended that the request to extension of time be granted for 60 days.

1.3.2. Project Objective Not Being Met

The monthly report on the contract implementation dated 12 October, 2020 indicated the project objective as not having been met as the rain water continued to ingress into the terminal building. Rain water leakages were through the installed skylight, glass walls and roof with passage lounges 1 and 2 being most affected.

1.3.3. Slow Pace of Works by the Contractor

The project commencement date was 19 September, 2019 and the contract was to end in February, 2020. The project had an extension of three times with the last revised end date of 25 September, 2020 but the project has remained incomplete. The latest status report of 17 December, 2020 indicated the project completion rate at 80%.

1.4. Replacement of 11KV Technical Ring Switchgear and Low Voltage Boards at SSM Cargo, HQ and Technical Ring Electrical Substations - JKIA Tender No. KAA/ES/JKIA/1262/E

The Project was to replace low and medium voltage switch gears within the Jomo Kenyatta International Airport (JKIA). The contract was awarded at a contract sum of Kshs.199,979,023 with a commencement date of 24 January, 2019 and expected

completion date of 31 October, 2019. The value of works certified as at the date of the audit amounted to Kshs.82,363,015 with advance payment of Kshs.24,856,978.

1.4.1. Non - Compliance with the Contract Terms

Clause 31.1 of the contract states that "There shall be no advance payment". Further, clause 35.1(a) of the contract states "On delivery to site, site inspection and certification of equipment,60% of value as per Bills of Quantities of delivered equipment shall be paid by irrevocable letter of credit. However, records provided indicated that the employer was to provide the contractor with letter of credit for Kshs.69,410,307 but due to its inability to provide the requisite letter, advance payment was proposed instead. A supplementary contract between the contractor and employer was then signed on 25 February, 2020 to introduce advance payment. The contractor was, subsequently, paid advance payment after the payment of the 1st interim certificate.

1.4.2. Slow Pace of Works

The project was granted extension twice with the last revised contract end date of 15 January, 2020 but the project remained incomplete as at 30 June, 2020.

Under the circumstances, it was not possible to confirm whether value for money will be realized from the above projects under implementation.

2. Irregular Payment of Special Duty and Extraneous Allowances

The statement of profit and loss and other comprehensive income reflects administrative expenses of Kshs.8,452,303,000 which includes extraneous and special duty allowances of Ksh.10,720,147 and Kshs.791,019 respectively, paid out of the payroll but undefined in the human resource manual as detailed below: -

Month	Special Duty (Kshs.)	Extraneous (Kshs.)	Total (Kshs.)
July-19	37,694	968,256	1,005,950
August-19	225,223	729,029	954,252
September-19	133,969	915,848	1,049,817
October-19	35,960	992,166	1,028,126
November-19	35,960	992,166	1,028,126
December-19	0	1,989,451	1,989,451
January-20	0	1,012,473	1,012,473
February-20	107,880	1,012,473	1,120,353
March-20	107,880	994,193	1,102,073
April-20	0	991,198	991,198
May-20	0	61,447	61,447
June-20	106,453	61,447	167,900
Total	791,019	10,720,147	11,511,166

The payments totalling to Kshs.11,511,166 may therefore not be a proper charge on public funds.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Control systems, Risk Management and Governance section of my report, I confirm that nothing else, has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Grounded and Unserviceable Motor Vehicles

The Authority operates a fleet of one hundred and fifty-eight (158) motor vehicles in all stations out of which thirty- six (36) motor vehicles, though serviceable, were grounded for different durations. No assessments report from the Chief Mechanical and Transport Engineer were provided to support the motor vehicles condition. Further, twelve (12) motor vehicles were reported grounded and unserviceable at various station but were also unsupported by assessment reports by the Chief Mechanical and Transport Engineer.

In addition, the ownership of thirty-three (33) motor vehicles at various stations could not be confirmed as the log books were not provided for audit verification. Further, six (6) motor vehicles returned to the Authority after completion of projects bore private number plates and the ownership documents are in the names of the contractor while one is under a bank as detailed below: -

Reg. Number	Model/Make	Location	Remark
KBG 330R	Toyota L/Cruiser	KAA Head Quarter	Logbook under NIC Bank
KAX 895C	Nissan Tiida	KAA Head Quarter	Logbook under Catic
KAX 492P	Toyota Prado	JKIA	Logbook under Catic
KBP 981A	Isuzu D/MAX D/CAB	JKIA	Logbook under Catic
KBP 928A	Isuzu D/Max TFS54	Nanyuki	Logbook under Catic
KBP 925A	ISUZU PICKUP	Isiolo	Logbook under Catic

No explanation was provided for the delayed transfer of the motor vehicles ownership to the Authority.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and overall governance.

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 going concern and using the going concern basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Authority monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


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.
- 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 as a going concern. 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 as a going concern.
- 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 November, 2021

KENYA AIRPORTS AUTHORITY ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30,2020

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AS AT 30TH
JUNE 2020**

		2019-2020	2018-2019
REVENUES	Notes	Kshs' 000	Kshs' 000
Operating Revenue	27(a)	12,056,493	14,724,690
Gain on Assets Disposal	27(b)	3,687	(952)
Other Income	28(a)	344,739	319,287
Amortisation Income	28(b)	840,753	857,549
TOTAL REVENUES		13,245,672	15,900,574
 OPERATING EXPENSES			
Administrative Expenses	30(a)	8,452,303	8,009,198
Establishment Expenses	30(b)	3,774,514	4,059,712
Other Expenses	30(c)	41,051	34,476
TOTAL OPERATING EXPENSES		12,267,868	12,103,386
 OPERATING PROFIT		 977,804	 3,797,188
Financial Income (Loss)	28 (c)	391,924	496,466
Financial Costs	29	(490,389)	(464,634)
PROFIT BEFORE TAXATION		879,338	3,829,020
INCOME TAX EXPENSE	41	(599,143)	(784,805)
 PROFIT AFTER TAXATION		 280,195	 3,044,215

The notes on pages 41 to 73 form an integral part of these financial statements


STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020


		2019-2020	2018-2019
ASSETS & LIABILITIES:-	Notes	Kshs' 000	Kshs' 000
Non-Current Assets			
Property, Plant and Equipment	31	49,345,246	49,207,591
Intangible Assets	32	156,371	199,276
Total Non-Current assets		49,501,617	49,406,867
Current Assets			
Inventories	33	102,146	107,655
Trade and Other Receivables	34(a)	16,947,832	16,334,627
Balances held in Reserve Accounts	35	2,528,263	2,521,401
Cash and Cash Equivalents	36(a)	7,452,617	15,006,891
Airstrips Fund Cash Balance	36(b)	2,794,578	2,062,287
Deferred Tax Asset	42	-	17,489
Total Current assets		29,825,436	36,050,350
TOTAL ASSETS		79,327,054	85,457,217
EQUITY AND LIABILITIES			
Capital and Reserves			
Government Grant		17,642,284	17,800,388
Revaluation Reserve		989,839	989,839
Retained Earnings		39,071,302	46,299,910
Capital and Reserves		57,703,425	65,090,138
Non- Current liabilities			
Airstrip Fund	37	2,794,578	2,062,287
Long Term Loans	39	10,166,716	9,141,867
Deferred Tax Liability	42	189,452	-
Total Non-Current Liabilities		13,150,747	11,204,154
Current Liabilities			
Trade and Other Payables	38	5,363,254	6,480,985
Current Portion of Long Term Loan	39(a) & 39(c)	974,065	811,660
Provisions for Liabilities and Charges	40	2,135,564	1,870,278
Total Current Liabilities		8,472,882	9,162,925
TOTAL EQUITY AND LIABILITIES		79,327,054	85,457,217

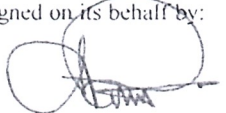
The notes on pages 41 to 73 form an integral part of these financial statements. The financial statements on pages 36 to 39 were approved by the Board on

30/09/20

2020 and were signed on its behalf by:


Chairman
Name: Mr. Isaac Awuondo


Ag. Managing Director/ CEO
Name: Mr. Alex Gitari


Ag. General Manager Finance
Name: Mr. Patrick Chonde
ICPAK No: 2582

STATEMENT OF CHANGES IN EQUITY AS AT 30TH JUNE 2020

	Government Grants Kshs.'000	Revaluation Surplus Kshs.'000	Retained Earnings Kshs.'000	Total Kshs.'000
At 1st July 2018	18,158,970	988,739	43,383,700	62,531,409
Re-instatements				
As at 30 June 2018	18,158,970	988,739	43,383,672	62,531,409
Changes in equity in 2018/2019				
Amortization Income for the year	(857,549)	-	-	(857,549)
Airstrip Funds***	307,289	-	-	307,289
World Bank****	191,678	-	-	191,678
Utilities and Services	-	1,100	-	1,100
Dividend payable	-	-	(128,000)	(128,000)
Profit/(loss) for the year	-	-	3,044,215	3,044,215
At 30th June 2019	17,800,388.201	989,839	46,299,887	65,090,115
Changes in equity in 2019/2020				
Amortization income for the year	(840,753)	-	-	(840,753)
Airstrip Funds*	154,382	-	-	154,382
World Bank**	18,267	-	-	18,267
Land from GOK- Embu, Lokichoggio & Emba	510,000	-	-	510,000
Adjustments for staff rentals	-	-	(1,126)	(1,126)
Adjustment for expenses	-	-	30,806	30,806
Adjustment for Accrued revenue	-	-	(38,459)	(38,459)
Special Dividend	-	-	(7,500,000)	(7,500,000)
	-	-	-	-
	17,642,284	989,839	38,791,107	57,423,230
Profit/(loss) for the year	-	-	280,195	280,195
At 30th June, 2020	17,642,284	989,839	39,071,302	57,703,425

*Airstrip Funds: These relate to Malindi Airport for compensation of land acquisition; Homa Bay (Kabunde) compensation of land acquisition and extension of runway safety area; Lokichoggio runway phase 2

** World Bank. These relate to supply of fire vehicles to KAA

The notes on pages 41-73 are an integral part of these financial statements

KENYA AIRPORTS AUTHORITY
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30,2020

STATEMENT OF CASH FLOWS AS AT 30TH JUNE 2020

	Notes	2019-2020 Kshs.'000	2018-2019 Kshs.'000
Operating activities			
Cash generated from/ (used in) operations	43(a)	1,608,806	6,347,356
Interest received	28 (c)	353,698	368,174
Taxation paid		-	(1,038,497)
Net Cash generated from/ (used in) operating activities		1,962,504	5,677,033
Investing Activities			
Cash from Investing activities			
Purchase of Property, Plant and Equipment	31	(2,719,942)	(1,732,761)
Additions Intangible Assets	32	(10,162)	(1,030)
Cash from Asset/Stores Disposal		-	3,661
Net Cash generated from/ (used in) investing activities		(2,730,104)	(1,730,129)
Financing activities			
Cash flow from Financing activities			
Repayment of World Bank loan	39(a)	(98,653)	(197,305)
Repayment of AFD loan	39(c)	(776,759)	(614,355)
Refund of unutilized WB loan amount	39(a)	(16,274)	-
Proceeds from long term borrowing from World Bank	39(a)	-	229,137
Proceeds from long term borrowing from AFD Loan	39(c)	1,744,662	619,282
Proceeds from Airstrips Fund	37	3,488,184	154,786
Disbursement of Airstrips fund	37	(101,511)	(86,623)
Provisions Utilised during the year	40	(316,187)	(1,031,656)
Grant received from World Bank		18,267	191,678
Refund of Airstrip fund		(2,500,000)	
Dividend payment		(7,500,000)	-
Net Cash generated from/ (used in) financing activities		(6,058,272)	(735,057)
Net Decrease (Increase) in cash and cash equivalents		(6,825,873)	3,211,848
Cash & cash equivalents at 1st July 2019		19,590,579	16,417,463
Effects of exchange rate changes		10,751	(38,731)
Cash and cash equivalents at 30th June, 2020	43 (c)	12,775,457	19,590,579

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Aeronautical Revenues	13,997,227,640	(322,730,222)	13,674,497,418	9,202,657,452	(4,471,839,966)	-33%
Non Aeronautical Revenues	3,843,104,095	(689,994,658)	3,153,109,437	2,853,835,394	(299,274,043)	-9%
Other Revenues	491,343,903	46,869,449	538,213,352	348,426,258	(189,787,094)	-35%
Total Revenues	18,331,675,638	(965,855,431)	17,365,820,207	12,404,919,105	(4,960,901,102)	-29%
Operating Expenses						
Staff Costs	5,605,461,321	846,187,671	6,451,648,992	5,681,243,996	770,404,996	12%
Depreciation & Amortization	3,201,698,258	16,568,124	3,218,266,382	2,914,250,877	304,015,505	9%
Repairs & Maintenance	1,679,714,224	395,581,394	2,075,295,619	860,263,185	1,215,032,433	59%
Administration Expenses	3,234,875,068	(276,803,450)	2,958,071,618	2,771,059,468	187,012,150	6%
Total Operating Expenses	13,721,748,872	981,533,739	14,703,282,611	12,226,817,527	2,476,465,084	17%
Operating Profit	4,609,926,767	(1,947,389,170)	2,662,537,596	178,101,578	(1,331,035,879)	-50%
amortisation income				840,753,010	840,753,010	100%
Finance Costs	663,685,563	29,977,469	693,663,032	490,388,873	(203,274,160)	-29%
Finance income				353,698,095	353,698,095	100%
Unrealized gain/(Loss)				27,474,367	27,474,367	100%
Realized Gain/(Loss)				10,751,170	10,751,170	100%
Profit/(Loss)	3,946,241,204	(1,977,366,639)	1,968,874,564	79,636,336	(1,089,536,183)	-55%

REASONS FOR REVISION OF BUDGET

Aviation Fuel Concession: This revenue was revised downwards by Kshs 334 million to Kshs 334 million mainly due to delayed approval of the concession order. The 2019/2020 budget had assumed application of the new concession order

Cargo Concession Income:

This revenue was revised downwards by Kshs 79 million to Kshs 119 million due delay in the implementation of the new concession order.

Advertisement Income

The Budget for this revenue item was revised downward by Kshs 77 million to Kshs 172 million. Advertising income above the Minimum Guarantee from Media Car Parks

Car park income was revised downward by Kshs 205 million to reach Kshs 278 million. This is due to delay in implementing the new parking management system. The delay was due to protracted appeals by bidders on the outcome of the tendering process.

Investment Income

Interest income was revised upward by 25 million to reach Kshs 200 million due to an increase in the level of investable funds.

Sale Trees

Following the unsuccessful outcome of selling all the blocks of trees in 2019, the Authority intended to sale the trees at Eldoret International Airport in phases with the first phase expected to realize at least Kshs.50 million.

Staff Expenses

The expenditure item was revised upwards by Kshs 847 million to reach Kshs 6.45 billion mainly due to inclusion of staff salary arrears and ex-employees

Administration Expenses

The total approved budget was Kshs 2.8 billion and was revised upward to Kshs 2.96 billion. Included in the revised budget is Kshs 42 million for the Airport Council International conference which is scheduled in March 2020 and will be hosted by KAA.

Purchase of Stores

The budget for this expense was revised downwards by Kshs 28 million to reach Kshs 420 million. The reduction is mainly on stationery, fuel, security materials and electrical stores and is based on the six months actual and commitment expenditure.

Repairs and Maintenance

The budget for this expenditure was revised downward by Kshs 24 million to reach Kshs 1.66 billion. The reduction reflects six months actual and commitment expenditure and is further analyzed in the following table:

Variance Budget Vs Actual

1. Revenues budget had unfavourable variance of 30 % due to covid-19 effect during last quarter of the year
2. Staff costs- favourable variance of 12% was due to reduced overtime, meal allowances, shift allowances and transfer allowances due to reduced operations in quarter 4 and suspension of recruitment of new employees in security and fire department.
3. Repairs and Maintenance- Favourable variance due to reduction in maintenance cost of equipment in quarter 4 and suspension of purchase of spareparts for various equipments. Fuel prices also reduced during quarter 4.
4. Administration expenses - Favourable variance of 5% due to low consumption of utilities during the reduced operations in quarter 4. Cleaning expenses were negotiated downwards due to the reduced operations in quarter 4.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

Kenya Airports Authority is established by and derives its authority and accountability from Kenya Airports Authority Act Cap 395. The entity is wholly owned by the Government of Kenya and is domicile in Kenya. The entity principal activity is to develop, maintain, operate, improve and regulate all aerodromes and other related facilities in Kenya.

For the Kenyan Companies Act reporting purposes, in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

a. Statement of Compliance & Basis of Preparation

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and the International Financial Reporting Standards (IFRSs). The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Authority's accounting policies.

Where necessary the comparative figures for the previous financial year 2018/2019 have been stated in the financial statements to conform to changes in presentation.

The financial statements were approved by the Board of Directors on 30th September 2020.

The accounting policies applied in the preparation of these financial statements are set out below. The Authority adopted all the new and revised IFRS as adopted by the PSASB and IASB that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 that are effective from 1 January 2018, the adoption of the standards did not have a material effect in the financial statements.

The financial statements are prepared and presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Authority and all values are rounded to the nearest thousand (Kshs '000). The financial statements are prepared on historical cost basis except for the recognition at fair value of financial instruments, impaired assets at their estimated recoverable amounts and actuarially determined assets at their present value.

b. Going concern

Based on the financial performance of the Authority and the risk management policies, the Board is of the opinion that the Authority is well placed to continue business in the foreseeable future. The financial report is therefore prepared on the going concern basis, which contemplates the continuity of normal business activities, the realization of assets and the settlement of liabilities in the ordinary course of business.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The measurement basis applied is the historical cost basis, except for land and buildings, which have been measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company’s accounting policies. The areas involving more judgement or complexity, or where assumptions and estimates are significant to the financial statements.

b) Application of new and revised International Financial Reporting Standards (IFRSs)

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

↓ IFRS 16: Leases

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, which requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Application of IFRS 16 requires right-of-use assets and lease liabilities to be recognized in respect of most operating leases where the Company is the lessee. This standard is expected to be adopted by the Authority in the financial statements for the year ended 30 June 2020 and the extent of the impact is still being determined

IFRIC 23: Uncertainty Over income tax treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Relevant new standards and amendments to published standards effective for the year ended 30 June 2020(Continued)

Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that all income tax consequences of dividends should be recognized when a liability to pay a dividend is recognized, and that these income tax consequences should be recognized in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions to which they are linked.

Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

Relevant new standards and amendments to published standards effective for the year ended 30 June 2020(Continued)

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term ‘material’ to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Amendments to References to the Conceptual Framework in IFRS Standards (Issued 29 March 2019- Applicable for annual periods beginning 1 January 2020)

Together with the revised *Conceptual Framework* published in March 2018, the IASB also issued *Amendments to References to the Conceptual Framework in IFRS Standards*. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Early adoption of standards

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

2. Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations. Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

	Rate
Freehold Land	Nil
Leasehold Land	99 years
Pavements (Runways, aprons, taxiways and roads)	4.0%
Permanent buildings	2.5%
Emergency Service Vehicles	10.0%
Other Motor vehicles	25.0%
Electrical -Mechanical Equipment	5.0%
Other Machinery	10.0%
Office Equipment, Furniture and Fixtures	20.0%
Computer and accessories	33.0%

Depreciation of these assets, on the same basis of other property assets commences when the assets are ready for intended use.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

3. Intangible assets

Software license costs and computer software that is not an integral part of the related hardware are initially recognized at cost, and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Authority are recognized as intangible assets. Amortization is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life using an annual rate of 33.3%.

4. Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years. All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the entity, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

6. Finance and operating leases

Leases which confer substantially all the risks and rewards of ownership to the *entity* are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset.

All other leases are treated as operating leases and the leased assets are recognized in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

7. Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

8. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the moving average price method.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

10. Taxation

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date. Current income tax relating to items recognized directly in equity, in which case it is also recognized directly in equity.

Deferred income tax

Deferred income tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Recognized and unrecognized deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognized amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

11. 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

12. Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable on settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

13. Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the *entity* or not, less any payments made to the suppliers.

14. Retirement benefit obligations

Defined Benefit Scheme

The Authority operates a defined benefit scheme for all its employees, funded by contribution from employees. The scheme defines the benefits an employee will receive on retirement. The assets of the scheme are held in a separate trustee administered scheme. The Authority's contributions are charged to the profit and loss account in the year to which they relate.

The Authority changed to Defined Contribution scheme from Defined Benefit scheme with effect from 1/7/2011 in accordance with the Treasury circular no. 18/2010 dated 24th November 2010.

The Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Authority's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200= per employee per month.

15. Provision for Staff leave pay

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognized as an employment cost accrual. A provision is made for the estimated liability for annual leave at reporting date.

16. Exchange Rate Difference

Transactions during the year are converted into Kenya shilling at exchange rates ruling at the transaction dates. Monetary assets and liabilities, which are expressed in foreign currencies, are translated into Kenya shillings at exchange rates ruling at the balance sheet date. Revenue and Expense items in other currencies are translated into Kenya Shillings using the rate ruling at the transaction date. The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

17. Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

18. Provision for liabilities and charges

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

19. Biological Assets

The Biological assets comprise of trees that were planted at Eldoret International Airport in the year 2006. All the costs incurred to date have been treated as expenses in determining the profit in each year they were incurred. The total proceeds from the sale of these trees minus the incidental costs shall be recognized as income in the year of sale. The assets were valued at fair value by Integrated Forestry Consultancy and Management Services as per IAS 41.

20. Comparative figures

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

21. 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, 2020.

22. Related Party Policy

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Jointly controlled entities are also considered as related parties. The companies transact business with parties that are related by virtue of common directorship and/or ownership and jointly controlled entities. The Authority's related parties include:

- Key Management and Directors are in charge of decision making for the Authority
- National Government: The Authority receives Grants and Funds to carry out projects.
- Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works: The Ministry has a representative in the Board of Directors.

23. Significant judgments and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Kenya Airports Authority, the directors make certain judgments and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going Concern: The financial statements have been prepared on a going concern basis on the belief that the Authority shall continue operations in the near future.

Impairment Losses: At each year end, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, management estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets, vehicles and equipment: Critical estimates are made by the management in determining the useful life for intangible assets, vehicles and equipment.

Contingent liabilities: The management evaluates the status of any exposures to contingent liabilities on a regular basis to assess the probability of the Authority incurring related liabilities and the same is disclosed as a note in the financial statements. Provisions are only made in the financial statements where, based on the management's evaluation, a present obligation has been established.

Revaluation reserve: The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

Retained earnings: The retained earnings represent amounts available for distribution to the *entity's* shareholders. Undistributed retained earnings are utilised to finance the *entity's* business activities.

24. Financial Instruments

Classification: The Authority classifies its financial instruments into the following categories:

Loans and receivables, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and exclude assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available for sale financial assets.

Financial liabilities: which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

25. Risk management objectives and policies

Financial risk management

i) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

resulting in a financial loss to the Authority.

The credit risk exposures are classified in three categories;

- Fully performing
 - Past due
 - Impaired
- i) Credit risk on Fixed, Call and Reserves with banking institutions is managed by dealing with institutions with good credit ratings. Credit risk on concessions,
- ii) tenancies and similar business transactions is mitigated through requirement for performance guarantees issued by financial institutions with good credit ratings.

Credit Risk

Credit risk on Trade Receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and credit period for each customer.

The maximum exposure of the Authority to credit risk as at the balance sheet date is as follows:

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	Fully Performing Kshs'000	Past due but not Impaired Kshs'000	Past due and Impaired Kshs'000	Total Kshs'000
30th June 2020				
Trade receivables	8,905,602		1,387,772	10,293,374
Other receivables	8,042,230		78,790	8,121,020
Fixed Deposits, Call Deposits & Treasury Bills	8,974,026			8,974,026
Reserve Account	2,528,263			2,528,263
Cash at bank	1,273,169			1,273,169
Gross Financial Assets	29,723,290	-	1,466,562	31,189,851
30th June 2019				
Trade receivables	8,514,403	-	1,288,031	9,802,741
Other receivables	7,820,224	-	78,790	7,899,013
Fixed Deposits, Call Deposits & Treasury Bills	14,681,676	-	-	14,681,676
Reserve Account	2,521,401	-	-	2,521,401
Cash at bank	2,387,502	-	-	2,387,502
Gross Financial Assets	35,925,206	-	1,367,127	37,292,333

Past due and Impaired

As at 30th June

	2020 Kshs'000	2019 Kshs'000
Bad Debts	1,387,772	1,288,031
Term Deposits-Prudential Bank	78,790	78,790
Other Receivables	306	306
	<u>1,466,562</u>	<u>1,367,127</u>

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

25. Risk management objectives and policies (Continued)

i) Credit Risk (Continued)

An impairment provision of Kshs. 1,387 Million (**2019: Kshs. 1,288 Million**) is held against the impaired receivables. The Authority does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due and impaired receivables.

ii) Liquidity risk

Liquidity risk is the risk that the Kenya Airports Authority will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Authority's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Authority manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities at the reporting date.

	Within 12 months Kshs'000	Over 12 months Kshs'000	Total
Year ended 30th June 2020			
Trade payables	3,219,560		3,219,560
Other payables		2,143,694	2,143,694
Interest bearing Loans	974,065	10,166,716	11,140,781
Total	4,193,624	12,310,410	16,504,034
Year ended 30th June 2019			
Trade payables	4,311,037	-	4,311,037
Other payables		2,169,949	2,169,949
Interest bearing Loans	811,660	9,141,867	9,953,527
Total	5,122,697	11,311,816	16,434,513

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

25. Risk management objectives and policies (Continued)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk.

Interest rate risk: The Authority is exposed to cash flow interest risk on its variable rate borrowings because of changes in market interest rates. The Authority manages this exposure by maintaining a high interest cover ratio, which is the extent to which profits are available to service borrowing costs. If the interest rates on the Authority's borrowings at the year-end were to increase/decrease by 1% percentage points, with all other factors remaining constant, the post-tax profit would be lower/higher by Shs 104.9 Million (**2019: Shs 97 Million**) respectively.

Price Risk: The Authority does not hold investment that would be subject to price risks: hence this risk is not relevant.

Foreign exchange risk: The Authority has foreign currency denominated bank accounts and it also transacts in foreign currency. The Authority receives US\$ denominated receipts as part of its revenue. These receipts are banked in dollar denominated bank accounts. The Authority mitigates against foreign exchange risks: By negotiating contracts based on the available currency (Dollar/KES). Secondly loans are negotiated and maintained in dollar equivalent to hedge against foreign exchange risk fluctuations.

The carrying amounts of the Authority's foreign currency denominated monetary assets at the balance sheet date are as follows:

	USD ' 000	USD ' 000
As at	30 th June 2020	30 th June 2019
Financial Assets		
Bank and cash balances	25,624	33,089
Term deposits	57,617	120,167
Trade receivables	42,154	43,834
Other receivables	-	-
Sub Total	125,395	197,090
Financial liabilities		
Trade payables	29,446	17,611
Other payables	-	-
Long Term Loans	85,001	75,782
Short Term loan (Payable within one year)	-	--
Sub Total	114,447	93,393
Net exposure	10,948	103,697

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

26. Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	989,839	989,839
Retained earnings	39,071,302	46,299,887
Capital reserve	17,642,284	17,800,388
Total funds	57,703,425	65,090,115
Total borrowings	11,140,781	9,953,528
Less: cash and bank balances	(12,775,457)	(19,590,579)
Net debt/(excess cash and cash equivalents)	(1,634,677)	(9,637,051)
Gearing	(3%)	(15%)

NOTES TO THE FINANCIAL STATEMENTS

	2019-2020	2018-2019
Revenues	Kshs' 000	Kshs.'000
27(a) Operating Revenue		
Aeronautical Revenue		
Airport Passenger Service Charge Fund	5,868,102	7,655,347
Landing and Parking	2,903,830	3,413,243
Airbridge Charges	162,941	227,271
Fuel Uplift	261,354	312,807
Other Aeronautical Revenue	6,430	10,370
Total Aeronautical Revenue	9,202,657	11,619,038
Non Aeronautical Revenue		
Rentals	1,019,531	985,719
Concessions	1,744,968	2,016,341
Security Passes Income	89,020	102,569
Other Non aeronautical revenue	317	1,023
Total Non Aeronautical Revenue	2,853,835	3,105,652
Total Operating Revenue	12,056,493	14,724,690
27(b) Gain on Assets Disposal		
Gain/(loss) on assets disposal	3,687	(952)
28 (a) Other Income		
Sale of Fender documents	-	64
Interest on Staff Loans	3,124	2,089
Fines and Penalties	1,830	1,834
Other Income	339,785	315,300
	344,739	319,287
28 (b) Amortization Income		
Amortization Income	840,753	857,549
	840,753	857,549
28 (c) Financial Income (Loss)		
Investment Income	306,514	358,180
Bank Interest	47,184	9,995
Exchange gain (loss) on Forex	38,226	128,292
	391,924	496,466
29 Financial Costs		
Interest Expense	490,389	464,634
	490,389	464,634

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019-2020	2018-2019
Profit/(loss) before tax expenses/income		
30 (a) Administrative Expenses	Kshs' 000	Kshs.'000
i) Staff Costs -Note 30 (d)	5,681,244	4,691,259
ii) Other Administrative expenses		
Electricity and Water	672,036	687,568
Communication services and supplies	59,263	47,033
Transportation, Travelling and Subsistence	90,621	98,109
Advertising, Printing , Stationery and Photocopying	28,395	33,373
Marketing and Promotion Expenses	122,043	89,540
Staff Training Tuition and Subsistence	103,204	181,659
Insurance costs	133,495	131,618
Bank charges	3,106	5,488
KRA Commission	138,676	177,177
Legal Fees	75,044	224,145
Consultancy Fees	19,998	40,565
Stores consumed	202,825	219,773
Cleaning Services	136,677	182,121
Environmental Preservation	98,697	117,849
VAT Expense -Allowable & Non Allowable	428,989	255,034
Provision for bad debts	99,434	556,915
Valuation of Property & Rentals	120,930	-
Other Operating Expenses	237,625	269,972
	2,771,059	3,317,939
iii) Administrative Expenses	8,452,303	8,009,198
30(b) Establishment Expenses		
Repairs and Maintenance	860,263	786,204
Depreciation of property, plant and Equipment	2,771,422	2,890,875
Intangible Assets	142,829	382,632
	3,774,514	4,059,712
30(c) Other Expenses		
Directors' Expenses	39,051	32,158
Audit Fees	2,000	2,318
	41,051	34,476

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019-2020	2018-2019
30 (d) Staff Costs	Kshs' 000	Kshs.'000
Salaries and Wages	4,095,813	3,166,230
Contractual Staff (One month & above)	101,917	73,971
Pension Fund Costs	401,947	360,595
NSSF Company Contribution	4,578	4,661
Group Life Insurance Costs	17,867	15,955
Group Personal Accident (GPA)	11,961	13,456
Other Staff Costs	1,047,160	1,056,393
	<u>5,681,244</u>	<u>4,691,259</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 Property, Plant & Equipment

2019	Freehold land Kshs.'000	Leasehold land Kshs.'000	Capital Work in Progress Kshs.'000	Pavements and Buildings Kshs.'000	Plant, Machinery.& Motor Vehicles, Kshs.'000	Office Equip. Furniture and Fittings Kshs.'000	TOTAL Kshs.'000
COST OR VALUATION							
At July 1, 2018	249,263	6,856,205	3,720,870	34,226,070	16,338,290	2,512,945	63,903,643
Additions			1,658,110		147,220	43,863	1,849,193
Additions - Non Cash							
Transfers			(171,393)	22,289	75,509	73,595	-
Reclassification			-				-
Transfer to Intangible assets			(96,311)				(96,311)
Reclassification			(10,620)				(10,620)
Write off							
Disposal					(18,226)	(1,916)	(20,142)
At June 30, 2019	249,263	6,856,205	5,100,656	34,248,359	16,542,793	2,628,487	65,625,763
DEPRECIATION							
At July 1, 2018		1,440,581		7,819,346	2,943,145	1,340,455	13,543,527
Charge for the year		69,255		1,351,716	920,485	549,442	2,890,898
Eliminated on write off							-
Eliminated on disposal					(14,341)	(1,887)	(16,228)
At June 30, 2019	-	1,509,836	-	9,171,062	3,849,289	1,888,010	16,418,197
NET BOOK VALUE							
At June 30, 2019	249,263	5,346,369	5,100,656	25,077,297	12,693,504	740,477	49,207,566
2020							
COST OR VALUATION							
At July 1, 2019	249,263	6,856,205	5,100,656	34,248,359	16,542,793	2,628,487	65,625,764
Additions	60,000	450,000	2,600,455	1,065	72,808	37,052	3,221,380
Transfers							-
Reclassification				(72,264)	(6,468)		(78,733)
Transfer from AUC			(2,195,503)	1,249,822	703,984	241,698	-
Transfer to Intangible assets from AUC			(89,762)	-	-	-	(89,762)
Provisions paid during the year							-
Capitalised from acquisition							-
Transfer to Operating expenses			(143,691)				(143,691)
Transfer to Intangible assets from acquisition							-
Write off							-
Disposal					(9,626)		(9,626)
At June 30, 2020	309,263	7,306,205	5,272,156	35,426,982	17,303,490	2,907,237	68,525,333
DEPRECIATION							
At July 1, 2019		1,509,836		9,171,062	3,849,288	1,888,010	16,418,195
Charge for the year		69,255		1,372,178	931,793	398,196	2,771,422
Impairment loss							-
Eliminated on write off							-
Eliminated on disposal					(9,530)		(9,530)
At June 30, 2020	-	1,579,091	-	10,543,240	4,771,551	2,286,206	19,180,087
NET BOOK VALUE							
At June 30, 2020	309,263	5,727,114	5,272,156	24,883,741	12,531,940	621,030	49,345,246
FULLY DEPRECIATED ASSETS							
At June 30, 2019	-	-	-	-	1,101,649	867,104	1,968,753
At June 30, 2020	-	-	-	-	1,775,449	1,231,604	3,007,053

Note

During the year the valuation of land, pavement and buildings was completed by the Ministry of land and physical planning, at a revalued amount of 1.2 trillion as per policy the Authority has disclosed the revalued amount while maintaining the assets at costs in the financial statement. In the year 2011/2012, assets under the classes of Motor vehicles, machinery and equipment and office equipment, furniture and fittings were valued by Chapter Property Ltd, who are registered valuers. A loss on Revaluation due to impairment of Kshs. 796,509,710 was w/off to the reserves. Assets of Kshs 3,007,053,000 had been fully depreciated as at the close of the year. These assets are however still in use by the Authority. Capital works in progress relates to Moi International Airport by rehabilitating the entire pavement with modern facilities, JKIA TIBCD consultancy, JKIA

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 Intangible Assets	30th June 2020	30th June 2019
	Kshs' 000	Kshs.'000
Cost		
At 1st July	1,365,141	1,267,800
Transfers from AUC	89,762	96,311
Additions during the year	10,162	1,030
At end of the year	1,465,065	1,365,141
Amortisation		
At 1st July	1,165,865	783,233
Charge for the year	142,829	382,632
At end of the year	1,308,694	1,165,865
Net book amount		
At end of the year	156,371	199,276

Intangible assets comprise costs incurred on acquisition of computer software. Amortisation is calculated on a straight line basis over estimated useful life not exceeding three years. The ERP software is fully amortized.

Fully depreciated Intangible Assets : Kes 1,238,810,673

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019-2020	2018-2019
33 Inventories	Kshs' 000	Kshs.'000
Inventories comprises:-		
Hardware	5,092	3,858
Electrical, Electronics & Electro-Mechanical	15,790	16,381
Stationery & Office Supplies	17,610	11,737
Petrol, Oil and Lubricants	4,167	3,734
Motor Vehicles Spares	1,045	931
Environment & Cleaning Materials	624	715
Fire & rescue spares	53,107	65,587
Inv-Obsolete Stocks	10,862	10,862
	108,296	113,804
Less provision for obsolete stock	(4,246)	(4,246)
Less provision for stock destroyed by fire at JKIA	(1,903)	(1,903)
	102,146	107,655

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handing charges, and is determined on the moving average price method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019-2020	2018-2019
	Kshs.'000	Kshs.'000
34(a) Trade and Other Receivables		
Trade receivables	10,293,374	9,802,741
Term Deposit	78,790	78,790
Prepayments - Greenfield Project	4,043,684	4,043,684
Prepayments - Others	1,988,836	1,877,026
Staff receivables	187,678	142,551
Other Taxes Prepaid	1,822,032	1,756,963
Prepaid Corporation Tax	-	(0)
Gross trade and other receivables	18,414,394	17,701,754
Provision for bad and doubtful receivables - Note 34 (b)	(1,387,466)	(1,288,031)
Investment Provisions -Note 34 (c)	(78,790)	(78,790)
Provision for other unrecoverable receivables	(306)	(306)
Total provisions	(1,466,562)	(1,367,127)
Net trade and other receivables	16,947,832	16,334,627
34(b) Bad Debts Provision (Specific)	2019-2020	2018-2019
	Kshs.'000	Kshs.'000
As at July 1	1,288,031	731,116
Additions	99,434	556,915
As at end of the year	1,387,466	1,288,031

Trade receivables are recognised and carried at original invoice amount less specific provisions for uncollectable debts.

34 (c) Term Deposits

This relates to a Kshs.78,789,626.45 term deposit with Prudential Bank which is under Receivership. The amount has been fully provisioned for.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019-2020	2018-2019
35 Balances held in Reserve Accounts	Kshs' 000	Kshs.'000
Barclays Bank Paris-AFD Loan Reserve Account	1,807,872	2,103,314
Barclays Bank Kenya-AFD Loan Debt Service A/C	720,391	418,087
	<u>2,528,263</u>	<u>2,521,401</u>

These are cash balances held in both Barclays Bank (Paris) and Barclays Bank (Kenya) under special security arrangements with AFD in respect of servicing of the long term loan for Jomo Kenyatta International Airport rehabilitation, and Moi International Airport pavements and Expansion projects. These funds are not available for day to day operations of the Authority.

	2019-2020	2018-2019
36(a) Cash and Cash Equivalents (KAA)	Kshs' 000	Kshs.'000
Cash in hand and at bank	424,060	2,047,972
Call Deposits	193,952	222,051
Fixed Deposits	6,834,604	12,736,868
	<u>7,452,617</u>	<u>15,006,891</u>

	2019-2020	2018-2019
36(b) Airstrips Fund Cash Balance	Kshs' 000	Kshs.'000
Cash at bank	849,108	339,529
Treasury Bills	1,945,470	1,722,758
	<u>2,794,578</u>	<u>2,062,287</u>

	2019-2020	2018-2019
37 Airstrip Fund	Kshs' 000	Kshs.'000
As at beginning of the year	2,062,287	2,301,413
Received during the year	3,281,301	-
Interest earned	206,883	154,786
Total Receipts	<u>3,488,184</u>	<u>154,786</u>
Airport disbursements (GOK grants)	(154,382)	(307,289)
Refund of Airstrip Funds	(2,500,000)	
Airstrip disbursements	(101,511)	(86,623)
As at end of the year	<u>2,794,578</u>	<u>2,062,287</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 Trade and Other Payables	2019-2020	2018-2019
	Kshs' 000	Kshs.'000
Trade Payables	3,219,560	4,311,037
Pension Liability	851,154	1,121,154
Security Deposits	122,897	132,749
Tax Liability	470,665	59,812
Retention payable	694,785	851,006
Staff Creditors	4,194	5,228
	5,363,254	6,480,985

39 Long Term Loans	2019-2020	2018-2019
	Kshs' 000	Kshs.'000
World Bank Loan -Note 44(a)	2,086,248	2,201,175
AFD Loan -Note 44(c)	9,054,532	7,752,353
	11,140,781	9,953,528
Due within the year	974,065	811,660
Due after the year	10,166,716	9,141,867

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019-2020	2018-2019
39(a) World Bank Loan		
	Kshs' 000	Kshs.'000
Balance b/f	2,201,175	2,169,343
Received during the year	-	229,137
Refund of unutilised loan to IDA	(16,274)	-
Repayments during the year	(98,653)	(197,305)
Total loan outstanding	2,086,248	2,201,175
less: Amounts due in the year	(197,305)	(197,305)
Balance c/f	1,888,943	2,003,870

	2019-2020	2018-2019
39(b) Analysis of World Bank loan per project		
	Kshs' 000	Kshs.'000
Northern Corridor Transport Improvement Project	1,582,343	1,680,995
Kenya Transport Sector Support Projects	132,608	148,882
Kenya Aviation Modernization Project	371,298	371,298
	2,086,249	2,201,175
less: Amounts due during the year	(197,305)	(197,305)
	1,888,943	2,003,870

The Northern Corridor Transport Improvement loan is denominated in Kenya Shillings with a duration of 23 years from 2004, a grace period of 8 years and 5% interest rate per annum.

The Kenya Transport Sector Support Project loan is denominated in Kenya shillings with a duration of 23 years from 2011, a grace period of 8 years and interest rate of 5% per annum

The World Bank through The National Treasury granted a moratorium for a period of twelve months on the repayment of the IDA on-lent due for repayment between April 2020 and June 2021

	2019-2020	2018-2019
39(c) Agence Francaise De Developpement (AFD) Loan		
	Kshs' 000	Kshs.'000
Balance as at 1st July	7,752,353	7,648,904
Amount Received	1,744,662	619,282
Exchange(Gain)/Loss	334,277	98,522
Loan Repayment	(776,759)	(614,355)
Total loan outstanding	9,054,532	7,752,353
less: Amount due during the year	(776,759)	(614,355)
Balance c/f	8,277,773	7,137,998

Agence Francaise De Developpement are co-financiers in the construction of Terminal 1A and a multi- storey car park which are part of the expansion and upgrade of facilities project at Jomo Kenyatta International Airport. The USD 90 million principal loan has a duration of 20 years from 2011, a grace period of 5 years and interest rate at libor plus 2.75% per annum.

40 Provision for liabilities and charges

	Dividend Kshs.'000	Leave Pay Kshs.'000	Others Kshs.'000 Note	Total Kshs.'000
At 1st July 2019	256,886	25,820	1,587,573	1,870,279
At end of year	256,886	25,820	1,587,573	1,870,279
Less: current portion	-	-	-	-
Non current portion	256,886	25,820	1,587,573	1,870,278
At 1st July 2019	256,886	25,820	1,587,573	1,870,279
Net increase charged to profit and loss	-	-	702,879	702,879
Utilized during the year		-	(316,187)	(316,187)
Unutilised & Reversed during the year		(18,797)	(102,611)	(121,408)
At 30th June 2020	256,886	7,023	1,871,655	2,135,563.59

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 Tax expense/ income	2019-2020	2018-2019
Tax	Kshs' 000	Kshs.'000
Balance Sheet		
Balance b/wd	975,332	1,756,660
Charge for the year	392,202	257,168
Paid during the year	-	(1,038,497)
Balance c/wd	1,367,534	975,332
Profit and Loss account		
Current Tax at 25%(2018/2019: 30%) on the taxable profit for the year	392,202	257,168
Deferred Taxation charge/(credit) (note 42)	206,941	527,637
Tax Expense	599,143	784,805

The income tax based on accounting profit before taxation differs from the theoretical amount that is computed using the applicable tax rate as follows:

	2019-2020	2018-2019
	Kshs.'000	Kshs.'000
Accounting profit before taxation	879,338	3,829,020
Tax applicable rate of 25% (:2018/2019: 30%)	219,835	1,148,706
Tax effects of:		
Income not subject to tax	-	-
Net (revenue)/expense not deductible for tax purposes	206,841	(891,538)
(Reversing)/originating temporary differences	206,941	527,637
	633,617	784,805

NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 Deferred Tax Liability

Deferred income tax is calculated using the income tax rate of 25% (2018/2019 -30%).
The movement on the deferred income tax account is as follows:-

	2019-2020	2018-2019
	Kshs' 000	Kshs.'000
Balance at the beginning of the year	17,489	545,126
Charged/(credited) to Profit or Loss	(206,941)	(527,637)
At end of year	(189,452)	17,489

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43 Notes to the Statement of Cashflows

43(a) Reconciliation of operating profit/ (loss) to cash generated from /(used in) operations

	2019-2020	2018-2019
		Kshs.'000
Operating profit before tax	879,338	3,829,020
Depreciation and Amortization Expense	2,914,251	3,273,507
Amortization Income	(840,753)	(857,549)
Write back on provision	(121,408)	(91,215)
Gain /(Loss) on Disposal of property, plant and equipment	(3,687)	952
Net Exchange loss/ (gain) on Forex	(27,474)	(167,024)
Interest received	(353,698)	(368,174)
Reclassification from AUC	262,857	10,620
Material Inventory (loss) & Price Difference	2,195	12,146
Provisions	702,879	452,620
Provisions for bad debts	99,434	556,915
Operating profit/(loss) before working capital changes	3,513,933	6,651,819
(Increase)/decrease in inventories	5,508	21,239
(Increase)/decrease in trade and other receivables	(613,205)	(2,013,062)
(Increase)/decrease in reserves	-	(1,100)
Increase/(decrease) Trade payables and accruals	(1,117,732)	1,201,651
(Increase)/decrease Deferred Tax Assets	(179,700)	486,808
	(1,905,128)	(304,464)
Cash generated from/(used in) operations	1,608,806	6,347,356

43(b) Analysis of changes in loans

Balance at beginning of the year	12,122,757	10,462,680
Receipts during the year	1,744,662	848,419
Refund of unutilized WB loan amount	(16,274)	-
Repayments during the year	(875,412)	811,660
Balance at end of the year	12,975,732	12,122,757

43(c) Analysis of cash and cash equivalents

Balances held in Reserve Accounts	Annex I	2,528,263	2,521,401
Treasury Bills - Airstrip Fund	Annex II	1,945,470	1,722,758
Short term deposits - KAA	Annex III	7,028,556	12,958,918
Cash at hand and bank - KAA	Annex IV	424,060	2,047,972
Cash at hand and bank - Airstrip Fund	Annex IV	849,108	339,529
Balance at end of the year		12,775,457	19,590,579

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44 Commitments

	2019-2020 Kshs 000	2018-2019 kshs 000
a) Contracted but not provided		
For in the financial statements.	389,571	735,140
b) Commitments approved and Authorized but not Contracted for at the close of the year	-	52,978
c) Letters of Credit	188,653	296,418

45 Contingent liabilities (Kshs 46.3 billion)

A. Pending cases in court and tax assessment

These are pending court cases involving KAA and other third parties & tax assessment claims by Kenya Revenue Authority (KRA). The amounts claimed by the petitioners are estimated at **Kshs. 24.6 billion**. The following are summaries of the main cases: -

(i) Nrb HCCC No. 206 of 2004 KAA vs Mulolongo Brothers Association et al. This is a suit by the plaintiffs claiming ownership of property LR No. 13512 in the name of Mulolongo Brothers Association. The plaintiffs had initially sought damages of Kshs. 1,357,550,000 and a declaration that the Government's decision to demolish the petitioners' homes in 2011 amounted to compulsory acquisition of land without due process. Subsequently, the claimants revised their claim to Kshs. 8,715,850,000.

ii) World Duty Free was issued with an arbitration award of approximately Kshs. 4.94 billion (US \$ 49,096,557) in December 2012. The Authority appealed against the arbitral award. In October 2018, the court ruled in favour of the Authority setting aside the arbitral award and dismissing the claim against the Authority. The plaintiff has since filed a notice of appeal.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) KRA has submitted a tax assessment claim of Kshs. 4,219,186,112 for financial years 2014 to 2016. The Authority has objected to this tax assessment on the grounds that Air Passenger Service Charge (APSC) is a statutory charge collected by KRA and remitted to KAA and is therefore not subject to tax. The Authority is exploring available dispute resolution mechanisms to resolve this claim.

(iv) H.C Misc. App No. 86 of 2008 Republic vs MD KAA, Exparte; Patrick T. Kanyuira HCCC No. 268 of 2012 Kenya Commercial Bank vs Patrick Thoithi, KAA (As 3rd Party). The plaintiff is seeking Kshs. 992,336,004 compensation plus general damages of Kshs. 10 million and costs arising from KAA's stoppage of development on LR 209/11444 on flight safety grounds.

(v) Mitu Bell and 2 Others vs KAA. The High Court ruled in the plaintiffs' favour and held that KAA had illegally evicted the plaintiffs and demolished their houses and further that the Authority should acquire alternative land for the displaced people. The Authority successfully appealed the High Court decision and the High Court judgement was set aside. The plaintiffs have made an application before the Supreme Court seeking to challenge the court of Appeal's decision. The plaintiff's claim for compensation is Kshs. 766,250,000.

(vi) KAA/JKIA/CS/752 VOL. 1(12) Relief & Mission Logistics Vs KAA. The plaintiff is seeking to be paid Kshs. 719,712,373.28 compensation for termination of contract for concession agreement for passenger transfer services at JKIA on 15th May, 2015.

(vii) Baseline Architects Ltd & 3 others vs KAA. An arbitral award of Kshs. 404,870,293 was given against the Authority in 2013. The Authority has filed an appeal seeking to set aside the arbitral award.

(viii) Queensquay vs KAA for a claim seeking compensation for outstanding fees & wrongful termination of contract totalling US\$ 3,337,708.64 (Kshs.340,418,936.77).

(ix) HCCC No. 505 of 2017 – Moniks Agencies vs KAA. The plaintiff, through its advocates, filed application seeking orders for payment of Kshs. 325,514,701 for clearing services, bond cancellation and interest thereon. The court directed the Authority to deposit security in form of a guarantee of Kshs. 10,000,000/=. The matter is yet to be fixed for hearing.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

B. Disputed pending contracts' claims

These comprise unverified and disputed claims lodged by various contractors. As at 30th June 2020, the gross value of these claims amounted to **Kshs. 21.7 billion**.

The main claims include: -

- i. ACEG-CATIC Joint Venture: In 2016, the contract between the Authority and the Contractor (ACEG-CATIC Joint Venture) was invalidated on account of inconsistencies in the contract and tender documents. Subsequently, the Contractor lodged a claim for Kshs.17.61 billion for work done and compensation for termination.
- ii. CATIC: The Contractor has lodged claims amounting to Kshs 897,177,352 million relating to works done on JKIA's apron stands, arrival and departure terminals (T1A).
- iii. Sino Hydro Corporation Kshs.392,359,743 relates to the runway capacity and ILS upgrade and rehabilitation of aircraft pavement works at JKIA demanded by the contractor for the work done and disputed taxes.
- iv. Machiri Ltd: The Contractor is claiming Kshs.340,968,232 for interest on late payments of interim certificates and deducted retention amounts; the claim also includes accelerated cost, extension of time and unpaid certificates.
- v. H K Muambi Associates Kshs.336,098,572.64 is a claim for consultancy services for expansion, reorganization & upgrading of JKIA.
- vi. Rodder Hts: The contractor is claiming Kshs.156, 111,049.23 for unpaid certificate, extension of time, demurrage charges and interest on delayed payments.

46 Revaluation Reserves

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

47 Currency

The financial statements are presented in Kenya Shillings Thousands.

48 Staff levels

The number of persons employed by the Authority as at 30th June 2020 was 1,893 (2018/2019 – 1,931).

49 Biological Assets

The Biological assets comprise of trees that were planted at Eldoret International Airport in the year 2006. All the costs incurred to date have been treated as expenses in determining the profit in each year they were incurred. The total proceeds from the sale of these trees shall be recognized as income in the year of disposal. The assets were valued at fair value by Integrated Forestry Consultancy and Management Services as per IAS 41 at Kshs 443M.

50 The closing rate of exchange as at 30th June, 2020 was *Kshs. 106.5224 per USD 1*

51. During the financial year 2019/2020, land, building and pavements were valued by the Ministry of Land and Physical Planning. The Authority did not adopt the values in the financial statements. However, the revalued figures have been disclosed as a note in the Property, Plant and Equipment schedule.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

51 Related Party Disclosures

Transactions between the Authority and its related parties are as stated below:

	2019-2020	2018-2019
	Kshs' 000	Kshs.'000
a) Directors Expenses		
Remuneration	960	1,094
Other Expenses	38,091	31,064
	<u>39,051</u>	<u>32,158</u>
b) Key Management Compensations		
Salary	168,383	166,207
Other Benefits	34,713	31,228
	<u>203,097</u>	<u>197,436</u>
c) National Government		
Grants received through the Government		
World Bank Grant	18,267	191,678
	<u>18,267</u>	<u>191,678</u>
d) Ministry of Transport, Infrastructure, Housing, Urban development and Public works		
Grants disbursed through the Ministry of Transport , Infrastructure, Housing, Urban development and Public works		
Airstrip Funds	<u>154,382</u>	<u>307,289</u>
e) Kenya Civil Aviation Authority & Special Tourism Promotion Fund (STPF)		
Amount paid to KCAA	1,576,291	2,880,831
Amount paid to Special Tourism Promotion Fund	1,471,092	77,458
Total Paid	<u>3,047,382</u>	<u>2,958,290</u>

Additional Information**Five year Financial and Statistical Records**

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Aeronautical Revenue	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000
Landing and Parking	2,751,477	3,031,646	3,273,616	3,396,166	3,413,243	2,903,830
Airbridge Charges	120,308	147,853	189,163	252,298	227,271	162,941
Other Aeronautical Revenue	14,226	15,817	12,919	11,785	10,370	6,430
Rentals	584,323	721,835	758,833	850,938	985,719	1,019,531
Concessions	1,725,616	1,770,900	1,999,786	2,187,388	2,329,149	1,744,968
Other Non aeronautical revenue	77,434	98,107	97,415	90,232	103,593	350,691
Airport Passenger Service Charge	6,729,443	6,719,313	9,567,298	10,147,238	7,655,347	5,868,102
Total Operating Revenue	12,002,827	12,505,471	15,899,030	16,936,044	14,724,691	12,056,493
Other Revenue						
Other income	404,099	332,202	782,999	1,051,743	1,175,884.02	1,189,179.27
Financial Income	488,000	(139,991)	517,899	(359,861)	496,466	391,924
	12,894,926	12,697,682	17,199,928	17,627,926	16,397,041	13,637,596
Financial Costs	160,000	371,330	756,817	532,852	464,634	490,389
Staff Costs	3,787,544	4,350,477	4,745,806	4,686,474	4,691,259	5,681,244
Other Administrative expenses	2,711,062	3,436,103	2,785,210	2,659,184	3,317,939	2,771,059
Repairs and Maintenance Expenses	741,551	1,012,320	687,167	820,118	786,204	860,263
Depreciation and Amortization Expenses	804,530	903,824	2,678,381	3,138,762	3,273,507	2,914,251
Othe Costs	29,173	25,343	34,477	15,278	34,476	41,051
	8,233,860	10,099,398	11,687,857	11,852,669	12,568,019	12,758,257
Profit Before Tax	4,661,066	2,598,284	5,512,071	5,775,257	3,829,022	879,338
Taxation	(233,430)	(238,922)	(256,284)	(803,468)	(784,805)	(599,143)
Profit After Tax	4,427,636	2,359,362	5,255,787	4,971,789	3,044,217	280,195

Additional Information (Continued)						
Five year Financial Performance						
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	KSHS'000	KSHS'000	KSHS'000	KSHS'000	KSHS'000	KSHS'000
ASSETS & LIABILITIES:-						
Non-Current Assets						
Property, Plant and Equipment	44,104,419	51,757,045	50,773,193	50,360,119	49,207,591	49,345,246
Intangible Assets	34,099	782,058	870,181	484,567	199,276	156,371
Operating Lease	-	-	-	-	-	-
Total Non-Current assets	44,138,517	52,539,102	51,643,374	50,844,686	49,406,867	49,501,617
Current Assets						
Inventories	75,941	76,944	147,994	128,894	107,655	102,146
Trade and Other Receivables	9,132,395	9,038,475	10,785,252	14,321,565	16,334,627	16,947,832
Reserve Account	1,430,347	2,007,239	2,221,651	2,324,107	2,521,401	2,528,263
Cash and Cash Equivalents	3,243,084	3,686,793	8,274,294	11,791,943	15,006,891	7,452,617
Airstrips Fund Cash Balance	2,965,794	1,778,085	1,366,998	2,301,414	2,062,287	2,794,578
Deferred Tax Asset	-	126,169	234,288	545,126	17,489	-
Total Current assets	16,847,561	16,713,706	23,030,477	31,413,052	36,050,352	29,825,437
TOTAL ASSETS	60,986,078	69,252,807	74,673,851	82,257,737	85,457,218	79,327,053
EQUITY AND LIABILITIES						
Capital and Reserves						
Government Grant	12,866,080	17,338,155	17,969,332	18,158,970	17,800,388	17,642,284
Revaluation Reserve	988,739	988,739	988,739	988,739	989,839	989,839
Retained Earnings	28,566,356	30,896,829	36,023,734	43,383,699	46,299,910	39,071,302
Capital and Reserves	42,421,173	49,223,723	54,981,804	62,531,408	65,090,138	57,703,425
Non- Current liabilities						
Airstrip Fund	2,965,794	1,778,085	1,366,998	2,301,414	2,062,287	2,794,578
Long Term Loans	10,169,556	10,738,347	9,823,613	8,996,744	9,141,867	10,166,716
Deferred Tax Liability	206,759	-	-	-	-	189,452
Total Non-Current Liabilities	13,342,109	12,516,433	11,190,611	11,298,159	11,204,154	13,150,747
Current Liabilities						
Trade and Other Payables	3,758,442	5,235,349	5,775,419	5,279,334	6,480,985	5,363,254
Current Portion of Long Term Loan	173,503	510,184	825,785	821,501	811,660	974,065
Provisions for Liabilities and Charges	1,290,849	1,767,120	1,900,231	2,327,331	1,870,278	2,135,564
Total Current Liabilities	5,222,794	7,512,652	8,501,435	8,428,166	9,162,924	8,472,882
TOTAL EQUITY AND LIABILITIES	60,986,078	69,252,809	74,673,851	82,257,733	85,457,216	79,327,054

Additional Information (Continued)

Five year Operational Statistics

Aircraft (No.)

Airport/Airstrip	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Jomo Kenyatta Int. Airport	105,353	108,241	111,126	114,201	91,968
Moi Int. Airport	21,207	22,626	25,198	28,364	21,628
Eldoret Int. Airport	8,993	9,243	9,044	9,118	6,888
Wilson Airport	91,888	97,286	99,445	99,891	72,938
Kisumu Int. Airport	7,658	7,698	8,548	11,255	8,046
Malindi Airport	12,212	14,722	13,336	12,981	9,083
Lokichoggio Airport	2,737		1,881	1,746	1,269
Wajir Airport	14,760	14,983	12,545	11,653	10,432
Manda Airstrip	3,553	4,732	5,632	6,299	4,083
Ukunda Airstrip	9,900	11,717	12,323	12,451	7,519
Other Airstrips	5,050	10,020	8,765	15,197	12,608
Total	283,311	301,268	307,843	323,156	246,462

Passengers (No.)

Airport/Airstrip	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Jomo Kenyatta Int. Airport	6,768,255	7,163,704	7,609,465	8,123,681	6,187,601
Moi Int. Airport	1,239,533	1,387,853	1,401,206	1,551,502	1,176,239
Eldoret Int. Airport	212,778	233,127	255,960	262,662	204,362
Wilson Airport	368,029	454,682	660,099	911,959	577,922
Kisumu Int. Airport	364,329	376,904	416,690	505,098	358,184
Malindi Airport	143,868	158,011	178,049	181,660	128,547
Lokichoggio Airport	5,768	4,888	4,475	4,786	2,901
Wajir Airport	117,183	116,102	97,805	115,836	112,981
Manda Airstrip	61,763	84,762	107,833	121,641	74,795
Ukunda Airstrip	114,791	128,441	173,460	188,676	128,198
Other Airstrips	68,482	114,669	116,407	117,622	87,694
Total	9,464,779	10,223,143	11,021,449	12,085,123	9,039,424

Freight (Kgs)

Airport/Airstrip	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Jomo Kenyatta Int. Airport	235,346,507	234,813,380	313,074,491	350,818,919	349,988,719
Moi Int. Airport	4,052,536	3,669,530	3,326,268	4,638,373	1,478,439
Eldoret Int. Airport	11,224,497	12,129,038	12,123,537	12,079,467	13,128,281
Wilson Airport	3,395,829	2,796,470	2,794,158	591,402	87,892
Malindi Airport	11,260	413	-	-	-
Lokichoggio Airport	252,966	60,824	-	-	-
Isiolo Airport				-	700
Total	254,283,595	253,469,655	331,318,454	368,128,161	364,683,331

Detailed analysis of the cash and cash equivalents					
				30th June 2020	30th June 2019
RESERVE ACCOUNTS					
				Kshs.	Kshs
Name of the Bank	Bank Account	Currency			
BBK RES Current (USD) Main A/C-0500000340	0500000340	USD		1,280,399,248	1,229,625,566
BBK D/SERVICE Current (USD) Main A/C-2021464751	2021464751	USD		239,246,967	410,983,954
BBK RES Current (USD) Main MIA A/C-2032129067	2032129067	USD		25,902,205	1,724
BBK D/SERVICE Current(USD)MIA Main A/C-203212	2032129091	USD		331,394,280	-
BBKCurrent(USD)Main MIA A/C-2032129156 OPERA	2032129156	USD		123,847,435	7,101,538
BB PARIS RESERVE USD (MIA)-0050000342	0500000342	USD		527,472,475	873,688,349
TOTAL				2,528,262,611	2,521,401,131
TREASURY BILLS					
CENTRAL BANK OF KENYA	Treasury Bills	KES		1,945,470,000	1,722,757,772
SHORT TERM DEPOSITS					
Name of Bank	Type and teno	Currency			
NATIONAL BANK OF KENYA	CALL	KES		6,473,494	6,119,771
HF COMPANY OF KENYA	CALL	KES		187,478,878	215,930,781
HF COMPANY OF KENYA	MORTGAGE	KES		697,059,207	443,961,215
COMMERCIAL BANK OF AFRICA	Fixed Deposit	USD		541,372,012	1,100,356,262
NIC BANK	Fixed Deposit	KES		-	-
NIC BANK	Fixed Deposit	USD		448,145,436	1,045,997,691
KENYA COMMERCIAL BANK	Fixed Deposit	USD		2,699,370,139	4,309,367,266
NATIONAL BANK OF KENYA	Fixed Deposit	USD		1,082,400,405	876,791,078
BANK OF AFRICA LTD	Fixed Deposit	USD		540,608,408	643,682,593
EQUITY BANK	Fixed Deposit	USD		825,648,389	2,675,096,682
FAMILY BANK	Fixed Deposit	USD		-	-
BARCLAYS BANK KENYA	Fixed Deposit	USD		-	1,641,615,024
NATIONAL BANK OF KENYA	Fixed Deposit	KES		-	-
BANK OF AFRICA LTD	Fixed Deposit	KES		-	-
EQUITY BANK	Fixed Deposit	KES		-	-
BARCLAYS BANK KENYA	Fixed Deposit	KES		-	-
TOTAL				7,028,556,368	12,958,918,363
CASH AT HAND AND BANK					
Name of the Bank	Bank Account	Currency			
BARCLAYS BANK KENYA	2022988088	KES		96,936,741	453,501,236
BARCLAYS BANK KENYA	2021464654	USD		35,723,371	403,131,144
NATIONAL BANK OF KENYA	010030582342	KES		21,029,290	36,837,444
NATIONAL BANK OF KENYA	020030582347	USD		20,497,201	29,414,243
KENYA COMMERCIAL BANK	1108348521	KES		5,387,508	1,883,966
KENYA COMMERCIAL BANK	1128430460	USD		240,067	616,456
CITIBANK	300090001	KES		55,724,979	22,989,941
CITIBANK	300090012	USD		132,039,900	82,092,819
STANDARD CHARTERD BANK	108098894800	KES		-	-
STANDARD CHARTERD BANK	010409889480	KES		802,751,181	339,522,895
STANDARD CHARTERD BANK	0-10409889480	KES		98,575,630	201,218,545
BARCLAYS BANK KENYA	2029771084	USD		3,521,631	739,605,884
NIC BANK	10001206024	KES		11,211,132	7,534,085
EQUITY BANK	148026234139	KES		3,705,805	95,693,510
EQUITY BANK	148026234178	USD		9,265,763	11,751,469
FAMILY BANK	068000008283	KES		6,518	6,518
FAMILY BANK	06800012233	KES		-	-
CASH IN HAND		KES		40,053	119,322
CASH IN HAND		USD		(26,637)	20,311
TOTAL				1,296,630,132	2,425,939,787

Appendix I: Projects implemented

No	Project	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
1)	Retail Plan – JKIA:	Funder: KAA Contract Sum: KShs. 963M	Commencement Date: TBA Completion Date: TBA Contract Period: Approx 18 months.	TBA	i. Tender advertised on 17 th March 2020 and closed on 29 th May 2020. ii. Evaluation complete. iii. Notification of award given to China Jiangxi International Company
2)	Rehabilitation of Pavements - JKIA:	Funder: KAA Contract Sum: KShs. 265M	Commencement Date: 27 th November, 2019 Completion Date: 26 th November, 2020 Contract Period: 12 Months.	M/s Northern Construction Ltd.	Works are ongoing & progress is currently at 28% complete
3)	Runway Approach 06 and 24 lighting fittings, installation of new cabling – JKIA:	Funder: KAA Contract Sum: Kshs. 87,988,125.01 Amount Certified: IPC I - Kshs.74.1	Commencement Date: 29 th March 2018 Partial Completion Date (Approach 06 and 24 installations): 13 th November, 2019	M/s Ascot Mehta JV.	Works progress is 99% complete.
4)	Replacement of 11KV Technical Ring Switchgear and low voltage boards at SSM, cargo, HQ and technical ring electrical substations - JKIA:	Funder: KAA Contract Sum: Kshs. 199,979,023.30 Amount Certified: Kshs. 82,363,015.82 (inclusive of advanced payment of Kshs. 24,856,978.62)	Commencement Date: 24 th January, 2019 Completion Date: 31 st October, 2019 Revised Completion Date: 19 th June, 2020 Contract Period: 9 Months Revised Contract Period: 17 Months	M/s Ascot Mehta JV.	Works progress at 65% complete.
5)	Replacement of the two (2No) old 1400 KVA Blackstone	Funder: KAA	Commencement Date: 27 th January, 2020	M/s Kensun Enterprises JV Guandong Honey Power-Tech Co. Ltd.	Works progress at 5% complete.

No	Project	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
	Generators at M-Station with two new 2MVA generators - JKIA:	Contract Sum: Kshs. 147,960,078.00 Amount Certified: Nil	Completion Date: 27 th January, 2021 Contract Period: 12 Months	M/s Azicon Kenya Ltd	
6)	Supply and Replacement of Taxiway Lighting Fittings & Damaged Signages - JKIA:	Funder: KAA Contract Sum: Kshs. 72,195,524.94 Amount Certified: Nil	Commencement Date: 4 th March, 2020 Completion Date: 4 th March, 2021 Contract Period: 52 Weeks		i. Contract signed. ii. Site handover on 21 st February, 2020. iii. Project commenced on 4 th March, 2020. iv. Project Technical Documentation (Submittals) delivered for review; approval done on 4 th June, 2020. v. Works progress at 0% complete.
7)	Construction of Additional Entry & Exit Lane - JKIA:	Funder: KAA Contract Sum: Kshs. 31,900,423.40 Amount Certified: Kshs. 30,467,274.07	Commencement Date: 3 rd September, 2019 Completion Date: April, 2020 Contract Period: 8 Months	M/s Icarus Construction Limited.	Works progress at 100% complete.
8)	Walkway Canopies (assuming 1Km long, 3.0 m wide & Normal soils i.e. Syokimau parking to ring bldg.) - JKIA:	Funder: KAA Contract Sum: Kshs. 37,628,882.72 Amount Certified: 3No. IPCs have been certified. Kshs. 7,035,830	Commencement Date: 14 th November, 2019 Completion Date: 13 th May, 2020 Contract Period: 6 Months	M/s Contralinks Solutions & Services Limited.	Overall progress estimated at 40% against both phase I & II.
9)	Lighting Masts at Syokimau Parking - JKIA:	Funder: KAA Contract Sum: Kshs. 17,880,008 Amount Certified: TBA	Commencement Date: 28 th Oct, 2019 Completion Date: 27 th Oct, 2020	M/s Contralinks Solutions & Services Limited.	progress of works is estimated to be 90% complete.
10)	Pavements Rehabilitation - MIA:	Funder: AFD/KAA Contract Sum: Kshs. 7,008B Total Amount Certified: Kshs.	Commencement Date: 28 th May 2018 Completion Date: 10 th August, 2020 (revised) End of Defects Liability Period: 09 th August, 2021	Works Contract: M/s Sogea Satom / Razel BEC JV. Supervision Consultant:	Overall progress is estimated at 52.9% as at end of May 2020

No	Project	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
		3,086,630,316.99, (including advance payment of Kshs. 700M)		M/s Yooshin Corporation/ APEC Consortium JV.	
11)	Upgrading of Power Supply (Construction of 33kV Substation & KPLC Control room; 33kV Transformers; Replacement of MV Switchgear) - MIA:	Funder: KAA Approved Budget Sum: Kshs. 100M Contract Sum: TBA	Commencement Date: TBA Completion Date: TBA Contract Period: TBA	TBA	Progress is approx. 90%
12)	Proposed Refurbishment of the Freight Terminal Building - MIA:	Funder: KAA Contract Sum: Kshs. 18,420,325 Amount Certified: NIL	Commencement Date: 13 th January, 2020 Completion Date: 13 th July, 2020 Contract Period: 6 Months	M/s Ready Go Limited.	Contractor has commenced work. Progress is approx. 11%
13)	Upgrading of Public Address System - MIA:	Funder: KAA Contract Sum: Kshs. 13,995,131.66 Amount Certified: NIL	Commencement Date: 21 st December, 2019 Completion Date: 20 th May 2020 Contract Period: 6 Months.	M/s Magfre Enterprises Limited.	i. Contract signed. ii. Project complete. iii. Works progress is 100% complete.
14)	Proposed Emergency Operations Centre - MIA:	Funder: KAA Contract Sum: Kshs. 8M Amount Certified: NIL	Commencement Date: TBA Completion Date: TBA Contract Period: 6 Months.	M/s Marble Enterprises Limited.	i. Contract signed. ii. Awaiting site Handover. iii. Works progress at 0% complete.
15)	Proposed Alteration Works to Stem Rain Water Ingress into the Passenger Terminal Building - KIA:	Funder: KAA Contract Sum: Kshs. 15,699,840.20	Commencement Date: 7 th November, 2019 Completion Date: 07 th March, 2020 Contract Period: 4 Months (Contract lapsed).	M/s Facilit Enterprise Limited.	Works in progress – currently at 65%

No	Project	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
16)	Supply & Installation of 500KVa Generator at Wilson Airport:	Funder: KAA Contract Sum: Kshs. 16,882,017.20 Amount Certified: NIL	Commencement Date: 31 st October, 2019 Completion Date: 16 th April, 2020 Contract Period: 6 Months.	M/s Top Choice Limited.	Installation works at 80% Complete.
17)	Pavement works at Wilson Airport.	Funder: KAA Contract Sum: Kshs. 298,557,714.40	Commencement Date: 6 th June 2016 Revised Completion Date: 8 th January, 2019	Kiu Construction Ltd	Works at 100% complete.
18)	Proposed Refurbishment of VIP Lounge at Malindi Airport:	Funder: KAA Contract Sum: Kshs. 3,987,940.00 Amount Certified: NIL	Commencement Date: 31 st Jan, 2020 Completion Date: 30 th Jul, 2020 Contract Period: 6 Months.	M/s Ready Go Limited.	Works progress at 3% complete.

No	Project	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
19)	ISIOLO INTERNATIONAL AIRPORT: Phase 1: Construction of a 1.4km long runway, 30m wide. Phase 2: Passenger terminal building, administration block & car park. Phase 3: Construction of a 2km long access road (off Isiolo-Meru highway), aircraft apron (for 6 Code 'C' aircraft) & taxiway.	Funder: GoK Revised Contract Sum: Kshs. 844,782,253.84 Contract Sum: Kshs. 963,051,933.02 Revised Contract Sum: Kshs. 844,782,253.84	Phase 1: Completed in 2012, commissioned in March, 2013. Phase 2: Completed in March, 2016, commissioned in July, 2017. Phase 3: Completed in 2017	M/s Northern Construction Limited.	Phase 1: 100% complete. i. Phase 2: 100% complete. ii. Phase 3: 100% complete.
20)	Isiolo International Airport: Erection of floodlights & Street lighting installation works.	Contract Sum: Kshs. 27,783,139.77 Amount Certified: Kshs 22,682,916.57	Commencement Date: 12 th January 2018 Completion Date: 8 th June 2018	Ascot Engineering Solutions	i. Works 100% complete.
21)	Isiolo International Airport: Pavement Rehabilitation Works:	Contract Sum: KShs. 82,434,788.10 Amount Certified: Kshs. 57,951,651	Commencement Date: 05 th April, 2017 Completion Date: May 2018 (Contract stalled due to exhaustion of contract amount)	Star general ltd	Works progress stalled at 75% complete.

No	Project	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
22)	Isiolo International Airport: Relocation of KK Nkengechia School: Phase I Phase II	Contract Sum: Kshs. 76,798,330 Amounts Paid: Kshs. 76,798,330 Contract Sum: KShs. 20,409,611.88	Commencement Date: 11 th January, 2018 Completion Date: 11 th October, 2018 Contract Period: 9 Months. Commencement Date: 2 nd December, 2019 Completion Date: 2 nd September, 2020 Contract Period: 9 Months.	Greatdanne Co. Ltd. Greatdanne Co. Ltd.	Works 100% complete & handed over to KAA. Works progress at 70%
23)	Isiolo International Airport: Extra Mechanical Services:	Contract Sum: Kshs. 55,000,000 Amount Certified: Kshs. 42.5M	Commencement date: October 2017 Completion Date: 12 th December, 2018. Contract Period: 14 Months.	Cemtech Eng. Co. Ltd	Project is 100% complete; under DLP.
24)	Preparation of Environment and Social Impact Assessment (ESIA) for the proposed Rehabilitation for Dual Military & Civilian Operations – LANET AIRSTRIP	Funder: KAA Revised Budget Sum: : Kshs. 4.2M	Commencement Date: 3 RD February, 2020 Completion Date: 3 RD April, 2020 Contract Period: 2 Months.	M/s Aquacolean Services Ltd.	i. Works are 100% complete.
25)	Reconstruction of Taxiway and Apron – MANDA AIRPORT:	Funder: GoK Contract Sum: Kshs. 121,726,189 Amount Certified: NIL	Expected Commencement Date: 24 th Feb, 2020 Expected Completion Date: 13 th Jul, 2020	M/s Dhanjal Brothers Limited.	Works at 0% complete.

No	Project	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
			Contract Period: 5 Months.		
26)	Provision of Material Handling and Logistical Support Services for Civil Works - MANDA AIRPORT:	Funder: GoK Contract Sum: Kshs. 51,583,200 Amount Certified: NIL	Expected Commencement Date: 24 th Feb, 2020 Expected Completion Date: 13 th Jul, 2020 Contract Period: 5 Months.	M/s Dhanjal Brothers Limited.	i. Works at 0% complete.
27)	Fence Completion (security & perimeter) – MANDA AIRPORT:	Funder: GoK Contract Sum: Kshs. 17,176,747.56	Commencement Date: 21 st Feb, 2020 Completion Date: 20 th Aug, 2020 Contract Period: 5 Months.	M/s Namsosiid Investment Ltd.	i. Contractor suspended works due to COVID-19; meanwhile we have asked the contractor to submit samples of materials for approvals. ii. Works at 0% complete.
28)	Fence, Access Road & New school fence – UKUNDA AIRSTRIP:	Funder: GoK Contract Sum: Kshs. 40,335,653.40	Commencement Date: 19 th Feb, 2020 Completion Date: 19 th Nov, 2020 Contract Period: 9 Months.	M/s Eastern Link Ltd.	i. Contractor suspended works due to COVID-19; meanwhile we have asked the contractor to submit samples of materials for approvals. ii. Works at 0% complete.
29)	NANYUKI AIRSTRIP (Civil):	Funder: GoK Reallocation for funds for the project has been finalised as below: a) JKIA Facelift Project Kshs. 121M; and b) WAP Pavement Rehabilitation Works Kshs. 45M.	Notice to Commence: Not Issued. Commencement Date: TBA Completion Date: TBA Contract Period: Fifteen (15) Months.	M/s Kiu Construction Company Limited.	Contract was signed on 4th June between KAA and M/s Kiu Construction Ltd and Order to Commence issued the same day. Works at 0% complete.

No	Project	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
30)	Passenger Terminal Lounge (Phase I) – SUNEKA AIRSTRIP:	<p>Contract Sum: KShs. 329,853,680.94</p> <p>Funder: GoK</p> <p>Contract Sum: KShs. 52,846,114.20</p> <p>Amount Certified: KShs. 33,291,497.86</p> <p>Amount Paid: KShs. 24,250,657.00</p>	<p>Commencement Date: 14th January 2015</p> <p>Completion Date: 16th October 2016</p> <p>Revised Expected Completion date: 15th October, 2019</p>	M/s Vinbel International Limited	The progress of work is at 97%.
31)	Runway Rehabilitation (Phase II) – SUNEKA AIRSTRIP:	<p>Funder: GoK</p> <p>Contract Sum: KShs. 134,000,949.60</p>	<p>Commencement Date: 13th Feb, 2020</p> <p>Completion Date: 12th Aug, 2021</p> <p>Contract Period: Eighteen (18) Months.</p>	M/s Airo Logistique Co. Ltd JV Lesma Engineering Limited.	Works at 5% complete.
32)	Rehabilitation of Apron, Runway, Taxiways, security road and Access Road - WAJIR AIRPORT:	<p>Funder: GoK</p> <p>Contract Sum: KShs. 819,264,953.10</p> <p>Amount Certified: KShs. 199,779,421.31 (inclusive of advanced payment of KShs. 81,926,495.31)</p>	<p>Notice to Commence: 24th March, 2017</p> <p>Site Handover Date: 7th May, 2017</p> <p>Commencement Date: 8th May, 2017</p> <p>Completion Date: 8th October, 2020 (new completion). Contract Period: Eighteen (18) + 11 Months extension.</p>	M/s Halane Construction Limited.	Works ongoing – 44%.
33)	Proposed Construction of NEW KUTULO AIRSTRIP - Wajir:	<p>Funder: GoK</p> <p>Contract Sum: KShs. 80,151,829.80</p> <p>Amount Certified: KShs. 72,655,607.93</p>	<p>Commencement Date: 26th Aug, 2018</p> <p>Completion Date: 26th Feb, 2020</p> <p>Completion Date: 27th August, 2020 (revised).</p>	M/s Nurki Construction Company JV Frontier Engineering Limited.	Works currently 100% complete.

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Sl. No	Project	Funder/Budget	Timelines	Contractor/Consultant	Milestones Achieved/Status
34)	Proposed Runway Rehabilitation, Expansion & Security Fencing - MIGORI AIRSTRIP:	Funder: GoK Contract Sum: Kshs. 243,085,407.18	Site Handover Date: 09 th June, 2020 Contract Start Date: 10 th June, 2020 Completion Date: 09 th June, 2021 Contract Period: Twelve (12) Months.	M/s Halane Construction Limited.	The Order to commence issued to the Contractor on 12 th May, 2020. Works at 2% complete.
35)	Proposed Pavements Rehabilitation Works - KAKAMEGA AIRSTRIP:	Funder: GoK Contract Sum: Kshs. 174,715,461.90	Commencement Date: 2 nd June, 2020 Completion Date: 1 st August, 2021 Contract Period: Fifteen (15) Months.	M/s Halane Construction Limited.	Site handover done on 5th June 2020 and contractor mobilizing. Works at 2% complete.
36)	Proposed Rehabilitation Works on the Runway, Apron & Security Fence - KITALE AIRSTRIP:	Funder: GoK Contract Sum: Kshs. 221,685,653	Commencement Date: 2 nd Jun, 2020 Completion Date: 1 st November, 2021 Contract Period: Eighteen (18) Months.	M/s ASAL Frontiers Limited	I. The Order to commence issued to the Contractor on 12th May, 2020. II. Site handover done on 5th June 2020 and contractor mobilizing. III. Works at 2% complete.
37)	Proposed roof rehabilitation at Training School and Fuel Station - KAA HQ:	Approved Budget Sum: Kshs. 25M	Commencement Date: 1 st July, 2020 Completion Date: 2 nd January, 2021 Contract Period: 6 Months	M/s Triple N	i. Order to commence issued on 18 th June, 2020. ii. Commencement letter issued on 1 st July, 2020. iii. Works not commenced.

