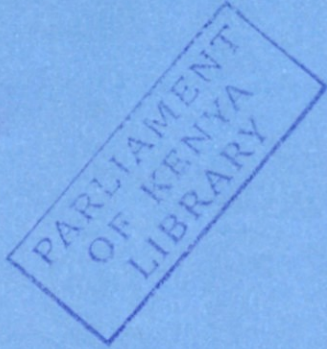
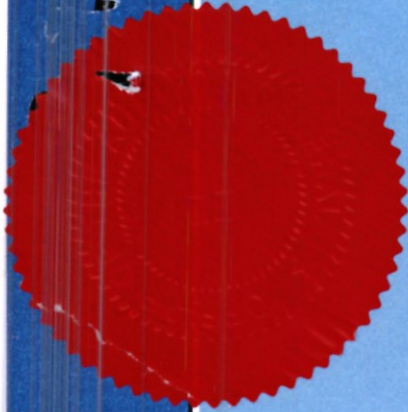


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 12 MAR 2024

TUESDAY

OF

By Hon. Awen Bays, MP
Deputy leader, majority party
Intro for debate

THE AUDITOR-GENERAL

ON

**KENYA MARITIME AUTHORITY STAFF
MORTGAGE AND CAR LOAN SCHEME**

**FOR THE YEAR ENDED
30 JUNE, 2023**





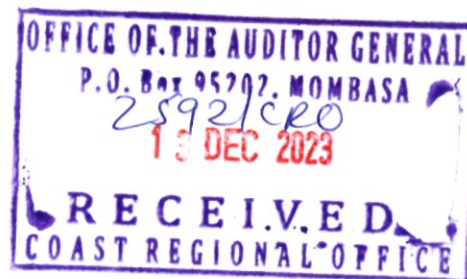
KENYA MARITIME AUTHORITY


STAFF MORTGAGE AND CAR LOAN SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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



 Kenya Maritime Authority Staff Mortgage and Car Loan Scheme | Reports and Financial Statements For Year Ended June 30 2023

Kenya Maritime Authority
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Nairobi, Kenya
Tel: +254 20 271 2000
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Email: info@kma.go.ke
www.kma.go.ke


 **Kenya Maritime Authority Staff Mortgage and Car Loan Scheme Reports and Financial Statements For Year Ended June 30 2023**

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1. ABBREVIATIONS, ACRONYMS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

ADF&A	Assistant Director Finance & Accounts
DG	Director General
CBK	Central Bank of Kenya
CBS	Chief of the Order of the Burning Spear
EBS	Elder of the Order of the Burning Spear
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KMA	Kenya Maritime Authority
MBS	Moran of the Order of the Burning Spear
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Kenya Maritime Authority (KMA) Staff Mortgage and Car Loan Scheme was established in the Financial Year 2012/2013 and pursuant to the Salaries and Remuneration Commission (SRC) Circular Ref No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December 2014 on Mortgage and Car Loan Schemes for State Officers and other Public Officers of Government of Kenya, with the objective of providing a loan scheme for the purpose of acquisition of motor vehicles and residential property for staff.

The scheme is fully owned by Kenya Maritime Authority and is domiciled in Kenya.

The Board is in charge of giving strategic direction and the Director General is charged with the day to day affairs of the Scheme.

b) Principal Activities

The mandate of KMA is to regulate, co-ordinate and oversee maritime affairs. Our Vision is to be a “*leading maritime administration transforming Kenya into a globally competitive nation*” and the Mission is to “*ensure sustainable safe, secure, clean and efficient water transport for the benefit of stakeholders through effective regulation, coordination and oversight of maritime affairs*”.

KMA staff mortgage and Car loan scheme that supports the Authority’s staff to;

- i) acquire residential properties through
 - Purchasing an existing residential property;
 - Purchase of land and construction;
 - Construction, renovation and/or improvement of existing residential property or existing plot/land;
 - Takeover loan on existing mortgages or equity release on existing mortgage property/ies.
- ii) Acquisition of motor vehicles

The scheme is administered by KMA Management. The management is charged with the responsibility of ensuring loans from applicants are processed in accordance with laid down approved scheme policies and supervising the day-to-day operations of the scheme.

The scheme’s management is under the Family bank, KCB Bank and Consolidated Bank. The banks are to manage the scheme and provide administrative services.

2. KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

c) Board of Directors

SN	Position	Name
1	Chairperson	Mr. Hamisi Mashobo Mwangya
2	Director General	Mr. John Omingo
3	Cabinet Secretary, National Treasury & Economic Planning	Prof. Njuguna Ndung'u, CBS
4	Principal Secretary, State Department for Shipping and Maritime Affairs	Mr. Shadrack M. Mwadime, EBS, MBS
5	Attorney General	Hon. Justin B. N. Muturi E.G.H
6	Alternate to the Attorney General	Mr. Charles Mutinda
7	Alternate to the Cabinet Secretary, National Treasury & Planning	Mr. Daniel M. Ndolo OGW
8	Alternate to the Principal Secretary, State Department for Shipping and Maritime Affairs	Mr. Mathias Chiro Chishambo
9	Independent Director	Hon. Qalicha Guyo
10	Independent Director	Ms. Annistain Kemunto Mogaka
11	Independent Director	Mr. Rishad Hamid Ahmed
12	Independent Director	Dr. Lillian Apadet
13	Independent Director	Mr. Ezekiel Kibor
14	Independent Director	Mr. Ali Abdalla Mondo

d) Key Management

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

- The Board of Directors
- The Director General
- The Senior Management

2. KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

SN	Position	Name
1	Scheme Administrator	Mr. John Omingo Director General
2	Scheme Accountant	CPA Julius O. Ogutu Assistant Director Finance & Accounts
3	Management	Mr. Henry Mwasaru Asst. Director Human Resource & Administration
4	Management	Mr. Edwin Were Assistant Director Kisumu Region
5	Management	Mr. Luke Samba Port State Control Officer

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Audit and Risk Assurance Committee	Mr. Qalicha G. Wario Independent Chairperson
2	Assistant Director Internal Audit & Risk Assurance	Dr. Jack K. Wasonga
3	Director General	Mr. John O. Omingo
4	Assistant Director Human Resource & Administration	Mr. Henry Mwasaru

Audit and Risk Assurance Committee

The committee's activities include;

- (a) Review with the internal and external auditors the co-ordination of audit effort to ensure completeness of coverage, avoid duplication of effort, and promote the effective use of audit resources.
- (b) Provides oversight over governance, risk management and control processes;
- (c) Review the legal and regulatory matters that may have a material impact on the financial statements, related compliance policies, and reports received from consultants.
- (d) Give guidelines on risk management.

2. KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

f) Registered Offices

Kenya Maritime Authority Headquarters

P.O. Box 95076 - 80104
White House Building
Next to MSC Plaza
Moi Avenue
Mombasa, Kenya.

g) Scheme Contacts

Telephone: (254) 041 2318398/9
E-mail: info@kma.go.ke
Website: www.kma.go.ke

h) Bankers

Kenya Commercial Bank
Kilindini Branch
P O Box 90300
Mombasa.

Family Bank
Nkrumah Road Branch
P.O Box 74145-00200
Nairobi

Consolidated Bank of Kenya
Nkrumah Road Branch
P.O Box 82342 - 80100
Mombasa

i) Independent Auditors

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

j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. THE BOARD OF DIRECTORS

The Directors who served during the period under review are:

Mr. Hamisi Mashobo Mwanguya	Chairman-Appointed on 18 th November,2022
Mr. John O. Oming'o	Ag. Director General
Prof. Njuguna Ndung'u, CBS	Cabinet Secretary, National Treasury & Economic Planning
Mr. Shadrack M. Mwadime, EBS, MBS	Principal Secretary, State Department for Shipping and Maritime Affairs
Hon. Justin B. N. Muturi E.G.H	Attorney General
Mr. Charles Mutinda	Alternate to the Attorney General
Mr. Daniel M. Ndolo OGW	Alternate to the Cabinet Secretary, National Treasury & Planning, Appointed on 23 rd April 2020
Mr. Mathias Chiro Chishambo	Alternate to the Principal Secretary, State Department for Shipping and Maritime Affairs
Hon. Qalicha Guyo	Appointed on 6th March 2023
Ms. Annistain Kemunto Mogaka	Appointed on 6th March 2023
Mr. Rishad Hamid Ahmed	Appointed on 6th March 2023
Dr. Lillian Apadet	Appointed on 6th March 2023
Mr. Ezekiel Kibor	Appointed on 6th March 2023
Mr. Ali Abdalla Mondo	Appointed on 31st May 2023

3. THE BOARD OF DIRECTORS (Continued)



Mr. Hamisi Mashobo Mwanguya
Chairman Board of Directors

Mr. Hamisi Mwanguya assumed the role of Chairperson for the Board of Directors at the Kenya Maritime Authority on November 17, 2022. With a career spanning over two decades in both public and multinational corporate sectors, Mr. Mwanguya is a dedicated and seasoned development and economics professional. His extensive expertise lies in strategic policy formulation and implementation, public finance management, and strategic human capital management.

Prior to his appointment, Mr. Mwanguya held the position of Director at Kenya National Trading Corporation Limited and chaired various committees, including the Economics Stimulus Programme Committee, Constituency Road Committee, and Constituency Development Fund Committee. Throughout his career, he has also served in numerous capacities within the maritime sector, amassing valuable experience in the field.

In addition to his maritime background, Mr. Mwanguya possesses an in-depth understanding of government operations, having held multiple positions within the Office of the Governor in Mombasa County. His roles encompassed advising the Governor on urban development and planning, overseeing trade, energy, and investments, acting as Chief of Staff, and serving as County Secretary and Economic Advisor.

As Chairperson, Mr. Mwanguya brings a wealth of knowledge and leadership acumen to the Kenya Maritime Authority, positioning him as a key driver of its strategic direction and continued success



Dr. Lilian Apadet
Director

Dr. Lilian Apadet Osamong assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023. With a distinguished career in the medical field, Dr. Apadet brings a wealth of expertise to the board. Her nine-year tenure at the Kenya Medical Research Institute (KEMRI) underscores her commitment to advancing healthcare in Kenya.

Dr. Apadet is not only a respected medical professional but also an accomplished author, renowned for her contributions to scholarly articles recognized throughout the East African region. Her outstanding research endeavors have garnered her prestigious accolades, including the Pierre Fauchard Academy Fellowship Awards, a testament to her past achievements in the medical domain.

Currently, Dr. Lilian holds the position of Assistant Lecturer at Moi University, where she imparts her extensive knowledge and skills to the next generation of medical professionals. Her multifaceted skill set extends beyond the medical realm, encompassing strong leadership and guidance capabilities. As a Member of the Board of Directors, Dr. Apadet brings her wealth of experience and expertise to contribute to the strategic direction and success of the Authority, ensuring that it continues to thrive in its mission within the maritime industry.

3. THE BOARD OF DIRECTORS (Continued)



Mr. Mathias Chiro Chishambo
*Alternate Director representing PS
State Department Shipping &
Maritime*

Mr. Mathias Chiro Chishambo serves as the Alternate Director to the Principal Secretary from the State Department of Shipping and Maritime Affairs.

With an extensive career spanning two decades, Mr. Chishambo has honed his expertise in diverse fields. From 2003 to 2022, Mr. Mathias Chiro Chishambo held progressively responsible roles within the Ministry of Interior and National Administration, focusing on national administration and governance. He began his service as an Assistant County Commissioner a role he held for over a decade, demonstrating unwavering commitment to public service. Subsequently, he dedicated six years of service as a Deputy County Commissioner from 2016 to 2022, before assuming his new role at the State Department where he plays a crucial role in administration governance and coordination of the SAGAS under the State Department. Mr. Chishambo holds a Master of Science in Governance and Leadership from the Jomo Kenyatta University. Further, he possesses a Bachelor's degree in Economics and Strategy, which adds depth to his multifaceted skill set. Mr. Chishambo's impressive career and educational qualifications make him a valuable asset, ensuring effective representation and decision-making within Authority.



Mr. Daniel M. Ndolo
*Alternate Director representing the
Cabinet Secretary National Treasury*

Mr. Daniel M. Ndolo is the Alternate Director of the Board of Directors of the Kenya Maritime Authority representing the Cabinet Secretary for National Treasury and Planning. Mr. Ndolo has over 25 years' experience working in public sector institutions in Kenya. He has expertise in corporate governance, capital market operations, debt market development, projects management, financial risk management and stakeholder management. He has also served as senior advisor to senior public sector officials in public policy, public debt, public investments and stakeholder engagement.

3. THE BOARD OF DIRECTORS (Continued)



Mr. Charles Mutinda
Alternate Director
representing the Hon.
Attorney General

Mr Charles Mutinda is an Alternate Member of the Board of Directors of Kenya Maritime Authority representing the Hon. Attorney General. Mr. Mutinda has over 15 years of experience working in the Public and the Private Legal Sector. He has worked in different capacities in the Office of the Attorney General as the Head of General Civil Law and Claims Section, Head of Land and Environment Section, Regional Head in Mombasa, and currently the Head of Constitutional Petitions Enforcement and Interpretation section and the Ag. Deputy Head of Civil Litigation Department and Head of Petitions Section. Mr. Mutinda is currently the Deputy Chief Litigation Counsel at the Office of the Attorney General and Department of Justice. In his tenure at the Attorney General's office, he has been appointed to serve in various Tribunals, Working Groups and Taskforce Commissions. Mr Mutinda successfully defended the Government in high level litigation and brings to the Authority a vast wealth of legal knowledge and experience.



Ms. Annistain Kemunto
Director

Ms. Annistain Mogaka assumed the role of Board Member at the Kenya Maritime Authority commencing on March 10, 2023. As an innovative and forward-thinking leader, Ms. Mogaka is deeply committed to driving development and nation-building initiatives, making her a valuable addition to the Authority's board.

Her leadership style is characterized by a strategic and visionary approach, which aligns seamlessly with the Authority's mission and goals. Ms. Mogaka's unique perspective and expertise contribute to the board's ability to steer the organization effectively.

In terms of her qualifications, Ms. Mogaka has a background in computer studies, reflecting her technological acumen and the ability to leverage digital solutions in the maritime sector's evolving landscape. Furthermore, she has obtained certification in Ministry from the JCC School of Ministry, showcasing her dedication to personal and professional development.

With her blend of innovation, strategic thinking, and a commitment to community development, Ms. Annistain Mogaka is well-prepared to play a vital role in shaping the Authority's future and fostering its mission to advance the maritime sector and contribute to the nation's growth.

3. THE BOARD OF DIRECTORS (Continued)



Mr. Rishad Hamid Ahmed
Director

Mr. Rishad Hamid Ahmed assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023. With an impressive thirty-three years of entrepreneurial experience spanning various sectors of the economy, Mr. Ahmed brings a wealth of expertise to the board. Currently, he serves as a Director at Amana Freights Company and holds the position of Managing Director at Richlands Properties Limited, showcasing his active involvement in the business world. In the past, he was the sole proprietor of Rajaco Ship Contractors and a partner at Golden Freights Company from 2003 to 2005. Mr. Ahmed's dynamic career also includes a significant leadership role as Chairman of the

Seafarers Union.

Mr. Ahmed's educational journey includes graduation from Bandari College, Nairobi Aviation College, and the Bush Town School, underscoring his commitment to continuous learning and professional development. Beyond his business endeavors, he is the esteemed founder of the Muslim Youth of Kenya, highlighting his dedication to community and social initiatives.

With his extensive entrepreneurial background, leadership acumen, and commitment to community welfare, Mr. Ahmed is poised to make valuable contributions to the Authority's strategic vision and mission.



Mr. Ezekiel Kibor
Director

Mr. Ezekiel Kibor assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023, bringing with him a wealth of experience in finance, purchasing, and supply management spanning over eleven years. His expertise extends to accounting, procurement, and logistics, making him a versatile professional in these domains.

Currently, Mr. Kibor holds the position of General Manager at Loita Farms LTD, where he has consistently demonstrated his leadership prowess. Throughout his career, he has served in various managerial capacities within his field of expertise, accumulating a deep understanding of effective management practices.

Mr. Kibor is distinguished by his aptitude for teamwork and his problem-solving abilities. He places a strong emphasis on ensuring service delivery aligns with the highest standards of quantity, quality, cost-effectiveness, and timely service delivery. This commitment to excellence has been a hallmark of his professional journey.

With his comprehensive background in financial and supply chain management, Mr. Ezekiel Kibor is well-prepared to contribute to the strategic vision and mission of the Authority. His experience, management skills, and dedication to delivering outstanding service make him a valuable asset to the board.

3. THE BOARD OF DIRECTORS (Continued)



Hon. Qualicha Gufu
Director

Mr. Qalicha Gufu Wario assumed the role of Board Member at the Kenya Maritime Authority on March 10, 2023, bringing with him a rich and diverse experience spanning twenty-four years across various fields.

His career journey reflects a versatile professional who has excelled in multiple roles. Mr. Gufu's expertise includes serving as a marketing expert in research and advisory services, where he provided invaluable insights. Previously, he held the position of Program Manager at the Livestock Marketing Council and later ascended to the role of Chief Executive Officer within the same organization, underscoring his leadership and management capabilities. Moreover, he served as the Member of Parliament for Moyale in the 12th Parliament of Kenya, demonstrating his commitment to public service and governance.

Mr. Gufu's academic background is equally impressive, with a Bachelor of Education in economics and commerce from the University of Nairobi, complemented by a Master's degree in Economics from the same institution. Currently, he is an active member of the National Research Taskforce on Agriculture Research Systems, tasked with developing Kenya's National Research Systems, showcasing his dedication to advancing research and innovation in the country.

Mr. Qalicha Gufu Wario's multifaceted experience, educational qualifications, and active involvement in shaping research systems position him as a valuable contributor to the Authority, enriching the board's expertise and strategic direction.



Mr. Ali Abdalla Mondo
Director

Mr. Ali Abdalla Mondo assumed the role of a Director on the Kenya Maritime Authority's Board on June 2, 2023, bringing to the Authority a wealth of experience and a commitment to diverse, inclusive, and human rights-focused perspectives. His multifaceted skill set encompasses mentoring, coaching, and a keen entrepreneurial acumen, particularly in incubation and management and Small and Medium Enterprises. These attributes promise to be invaluable assets for the Authority as it aspires to implement the Bottom-up Economic Transformation Agenda.

Mr. Mondo's qualifications extend into research, leadership training, gender issues, and development, all of which stand to enrich the Authority's skills repertoire. With a Bachelor of Science Degree in Science and Humanity, his academic foundation further bolsters his capacity to contribute meaningfully to the maritime sector.

Notably, Mr. Mondo is a certified Mediator, underlining his dedication to conflict resolution and negotiation. His involvement in youth empowerment initiatives and active engagement with the Kenya Red Cross demonstrate his commitment to fostering peaceful coexistence, making him a driving force behind several pivotal projects across Kenya.

In summary, Mr. Mondo's appointment brings a fresh perspective and a robust skill set to the Authority's Board of Directors. His dedication to human rights, inclusivity, and youth empowerment, combined with his expertise in management of SMEs and mediation, positions him as a valuable asset in furthering the Authority's mission and objectives.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Contingent assets

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

h. Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements.

i. Changes in accounting policies and estimates

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

j. Employee benefits – Retirement benefit plans

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Authority pays fixed contributions into a separate Authority (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

k. Foreign currency transactions

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

l. Related parties

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

m. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

n. Comparative figures

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

o. Events after the reporting period

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

p. Ultimate and Holding Authority

Kenya Maritime Authority is a State Corporation under the Ministry of Mining, Blue Economy and Maritime Affairs. Its ultimate parent is the Government of Kenya

q. Currency

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

3. THE BOARD OF DIRECTORS (Continued)



**Mrs. Jane Florence
Otieno**
*Corporation Secretary and Head
of Legal Services*

Mrs. Jane Florence Otieno holds an MBA from Strathmore University, Bachelor of Laws from the University of Nairobi and Post Graduate Diploma from the Kenya School of Law. Mrs. Otieno joined the Authority on the 10th January 2017 as the Corporation Secretary and Head of Legal Services. She previously worked in the same capacity in various Organizations for over 29 years. She held other international positions as Vice-Chairperson of the Legal Affairs – Telematics Co-operative Universal Postal Union. Mrs. Otieno is a member of WOMESA, the Federation of Women Lawyers of Kenya, Law Society of Kenya, Institute of Certified Public Secretaries, Notary Public and Commissioner for Oaths.



4. MANAGEMENT TEAM



Mr. John Omingo
Ag. Director General

Responsible for setting and executing the overall business strategy for Kenya Maritime Authority (KMA) and translating Board and Shareholder mandates to the business and representing Management in the board. The position ensures that the Authority meets its strategic objectives to achieve its overall goals.



Eng. Luke Samba
Ag. Director, Maritime Safety

Responsible for overseeing and implementing Port State Control, Flag State, pollution prevention and control, search and rescue, receiver of wrecks, casualty investigation and development of ship Construction standards and ensuring compliance.



Mr. John Omingo
Director Maritime Trade
Development

Responsible for coordinating, regulating and overseeing the orderly development and optimal provision of commercial maritime services in the country. Responsible for liaising with maritime organization/institutions on commercial matters of national, regional and international and conduct public awareness campaigns on the carriage of goods by sea. Ensuring the regulation of commercial maritime services in the country.



**Mrs. Jane Florence
Otieno**
Corporation Secretary and
Director Legal Services

Providing legal advice to the Board and the Authority, legal compliance, corporate governance, making administrative arrangements for the board, preparation of board papers, minute taking and custody of Board minutes.

5. CHAIRMAN'S STATEMENT

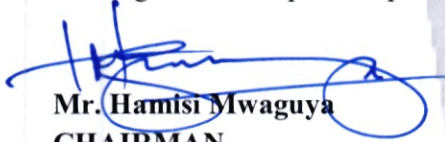
I am pleased to present the Authority's Staff Mortgage and Car Loan Schemes financial statements for the year ended 30th June 2023.

The scheme has over time provided staff with opportunities to acquire plots, buy or build houses using mortgage loans with repayment periods of up to twenty years. This has fostered the Government's affordable housing initiative. The scheme has also facilitated staff to acquire motor vehicles through loans which are repayable within five years.

The Staff Mortgage and Car Loan schemes were established in January 2013 through the Authority's Board of Directors initiative to motivate staff leading to higher retention. The scheme later adopted the provisions of the Car Loan and Mortgage schemes for State and Other public officers of the Government of Kenya as stipulated by the Salaries and Remuneration Commission.

A revolving fund was set up to facilitate the scheme operations and its funding is provided through budgetary allocations. Kenya Commercial Bank, Family Bank and Consolidated Bank of Kenya facilitate the administration of the Staff Mortgage and Car Loan schemes.

The uptake of the scheme has on an increase and the Authority continues to review the scheme's offering to ensure optimal uptake by all cadres of employees.


Mr. Hamisi Mwanguya
CHAIRMAN

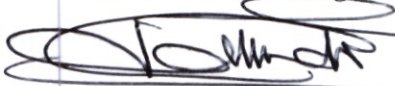
6. REPORT OF THE DIRECTOR GENERAL

The Authority has the pleasure of the presenting the Staff Mortgage and Car Loan Scheme Reports and financial statements for the Financial Year 2022/2023.

The scheme has issued 43 house mortgage loans worth a total of Kshs 289million and 56 car loans worth a total of Kshs 81million to staff since inception. During the financial year under review 8 car loans worth Kshs 12.6million were issued to staff while 2 house mortgage loans worth Kshs 13.5 million were also advanced to staff.

The scheme is expected to continue to be more active in the subsequent years. The Authority will continue to mobilise budgetary allocations in subsequent financial years to enable all staff access the facility.

Mr. John O. Oming'o



.....
Ag. DIRECTOR GENERAL



7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity’s performance against predetermined objectives.

Kenya Maritime Authority has 6 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2021/2022. These strategic pillars are as follows:

- Pillar 1: Maritime Education and Training
- Pillar 2: Seafarers’ welfare Development
- Pillar 3: Maritime Safety and Security
- Pillar 4: Marine Environment
- Pillar 5: Maritime Trade Facilitation and
- Pillar 6: KMA Institutional Governance

The Staff Mortgage and Car Loan Scheme falls under pillar 6.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 6: KMA Institutional Governance	To attract and retain a productive and motivated human resource	Adequately funded scheme.	Allocation of funds to the scheme	The scheme has continued to have adequate funds available to staff for borrowing over the period.
		Proportion of staff retained by the Authority who have been issued with Car and Mortgage Loans	Conduct staff sensitization on the benefits of the scheme and encourage uptake of the facility	The number of staff who have accessed the facility increased by ten (10). This has enhanced retention of staff by the Authority.

8. CORPORATE GOVERNANCE STATEMENT

In accordance with the Board Manual and Code of best practices, the Authority has adopted high standards and applies strict rules of conduct in the discharge of its functions. As part of this commitment, the Board adheres to good corporate governance by embracing the principles of high standards of ethical and moral behaviour, acting in the best interest of the Authority while recognizing that the Authority acts as an exemplary good corporate citizen.

Role and Function of the Board of Directors

The role and functions of the Board *inter* includes, to:

- (i) Set and oversee the overall strategy and approve significant policies of the Authority;
- (ii) Approve the organizational structure;
- (iii) Approve the annual budget of the organization;
- (iv) Monitor the Authority's performance and ensure sustainability;
- (v) Ensure availability of adequate resources for the achievement of the Authorities objectives

The Board also reviews and approves the Authority's strategic and financial plans respectively.

Performance Evaluation and Governance Audit

The Board conducts an annual self – evaluation process to measure its own performance, to ensure that it is constantly adhering to the objectives and mandate of the Authority. The last Board evaluation was last conducted by S.C.A.C on the 14th July 2022. The Director General is an ex officio member of the Board and is accountable to the Board for the management of the Authority as prescribed in the Act and more specifically in the Board manual and code of best practice. The Board monitors the performance of the Authority's senior Management by reviewing the financial performance on a quarterly, half-yearly and annual basis. The Performance contract and the strategic plan are key documents towards fulfilling these principles and are anchored in the Kenya Maritime Authority Act, the Merchant Shipping Act and appurtenant regulations, Treaties and Conventions which Kenya has acceded to, and other applicable among several other legislations in Kenya that the Authority is subservient to.

Conflict of Interest

The Board is under obligation to act in the best interest of the Authority and uphold the fiduciary responsibilities and duty of care. This obligation involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the Authority over other interests. The Board members is expected to act honestly and in good faith so as to create a culture built on principles of integrity accountability and transparency.

Corruption Prevention

There is a Corruption Prevention Policy in place that reiterates the Anti- Corruption and Economic Crimes Act, 2003, Public Officer Act, 2003 and the Leadership and Integrity Act, 2012 with regards to issues of conflict of interest. The Authority has in place two separate Conflict of Interest Registers- one for the Board and the other for members of staff.

8. CORPORATE GOVERNANCE STATEMENT (Continued)

Board Structure

The Board presently has a Chairman and seven (7) independent Directors appointed in accordance with section 6 (1) (d) of the Kenya Maritime Authority Act and representatives of the Government as per section 6 (1) (b) of the Kenya Maritime Authority Act. The members have diverse qualifications suitable for leading the Authority in the execution of its mandate. Directors' terms of appointment to office are governed by the Kenya Maritime Authority Act, State Corporations Act and Executive order no. 7 as detailed in the *Mwongozo* and the Code of Governance for state Corporations, 2015.

Appointment and Removal of the members of the Board

The Chairman is appointed by the President whereas the members of the Board are appointed by the Cabinet Secretary of the Ministry of Mining, Blue Economy and Maritime Affairs for a duration of three years, renewable for a further three-year term. The members of the Board are appointed at different times so that the respective expiry dates of their terms of office fall at different times.

The Kenya Maritime Authority Act provides that Board may vacate office through written resignation to the Cabinet Secretary. There are specified circumstances under which Board may be removed from Office and includes, absence from three consecutive meetings of the Board without permission from the Chairperson, where a member is adjudged bankrupt or enters into a composition scheme or arrangement with his creditors, or where a member is convicted of an offence involving dishonesty or fraud is convicted of a criminal offence.

Board Induction

All the Board members have undergone the compulsory induction training by the State Corporations Advisory Committee (SCAC). In addition, all Directors are members of the Institute of Directors and have all been trained in Good Corporate Governance.

Board Remuneration

The Directors are remunerated as per prevailing government Circulars and official directives.

Board Meetings

The Board discharges its responsibilities through the Technical and Operations Committee, Finance and Human Resource Committee, the Governance and Integrity Committee and the Audit and Risk Assurance Committee.



CS - Mrs. Raya Salim
CORPORATION SECRETARY
BY ORDER OF THE BOARD.

9. MANAGEMENT DISCUSSION AND ANALYSIS

a) Operational and Financial Performance of the Scheme

Since its inception the scheme has had cash inflows of Kshs 225,500,000. The funds have been received from the Authority through budget allocations.

The Scheme Income declined from Kshs 1,934,730 (FY2021/2022) to Kshs 941,753 due to reduction in unutilized cash during the period. This emanated from no transfer to the scheme from the Authority. Expenditure during the period increased by Kshs 1,100 being the amount spent in transfer of funds to operationalize the new scheme account at the Consolidated Bank.

The scheme Total Assets grew by 0.4% from Kshs 245 Million to Kshs 246 Million.

b) Scheme's key projects or investments decision implemented or ongoing

The Authority has continued to invest in the scheme with the intention of providing staff with affordable housing and facilitate its staff to conveniently commute to and from work.

c) Scheme Loans Performance Report.

Since its inception the scheme has issued 43 house mortgage loans worth a total of Kshs 289million and 56 car loans worth a total of Kshs 81million to staff. During the financial year under review 8 car loans worth Kshs 12.6million were issued to staff while 2 house mortgage loans worth Kshs 13.5 million were also advanced to staff. Total Loans outstanding for both Car Loan and Mortgage scheme stand at Kshs 199,451,049 and loans repayment during the period amounted to Kshs 30,235,719.

d) Scheme's compliance with statutory requirements

The scheme complied with all its statutory and tax obligations in the implementation of its mandate as well as laws and regulations applicable to management of its funds.

e) Major risks facing the Scheme.

The scheme has no major risk facing it.

f) Material arrears in statutory /financial obligation

The scheme has no statutory /financial obligation arrears.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Kenya Maritime Authority (KMA) is committed to carrying out its affairs in a socially responsible, sustainable and meaningful way while creating shared value in a way that benefits the society by addressing its needs and challenges.

The Authority therefore regards CSR as a strategic means to:

- i. create shared value and make a positive contribution to the society;
- ii. build trust and confidence in the organization;
- iii. foster teamwork among employees and commitment to the Authority;
- iv. enhance responsibility for the environment, and society.



11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Authority's affairs.

Principal Activities

The principal activity of the Authority is to regulate, co-ordinate and oversee maritime affairs.

Results

The results of the Authority for the year ended June 30, 2023 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown on page vi to xiv in accordance with section 6(1) of the Kenya Maritime Authority Act.

Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with article 229 of the Constitution of Kenya and section 35 of the Public Audit Act 2015.

By Order of the Board



**CORPORATION SECRETARY
MOMBASA**

Date:

12. STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Section 81(5) of the Public Finance Management Act, Cap 412C (PFMA) and section 14(3) of the State Corporations Act, Cap 446 (SCA) require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

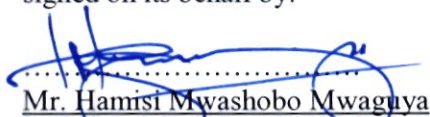
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

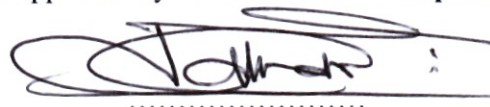
The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Public Sector Accounting Standard (IPSAS), and in the manner required by the PFMA and the SCA. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2023, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of financial statements

The Authority's financial statements were approved by the Board on **18th September 2023** and signed on its behalf by:

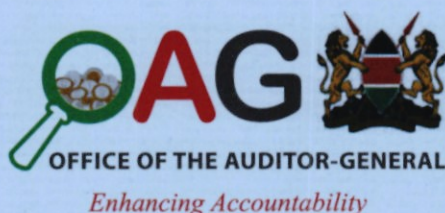

Mr. Hamisi Mwashobo Mwangi
Chairperson of the Board


Mr. John O. Oming'o
Ag. Director General



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 MARITIME AUTHORITY STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Maritime Authority Staff Mortgage and Car Loan Scheme set out on pages 1 to 23, which comprise of the

Report of the Auditor-General on Kenya Maritime Authority Staff Mortgage and Car Loan Scheme for the year ended 30 June, 2023

statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets and statement of cash flows 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, the financial statements present fairly, in all material respects, the financial position of the Kenya Maritime Authority Staff Mortgage and Car Loan Scheme as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Maritime Authority Staff Mortgage and Car Loan Scheme 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 opinion.

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.

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, I confirm that, nothing 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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 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 Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 Scheme's ability to sustain its services disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Scheme 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 Scheme's financial reporting process, reviewing the effectiveness of how Management 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 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 Scheme's 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:

Report of the Auditor-General on Kenya Maritime Authority Staff Mortgage and Car Loan Scheme for the year ended 30 June, 2023

- 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 Management.
- Conclude on the appropriateness of Management's use of the applicable 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 Scheme's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Scheme to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Scheme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 February, 2024

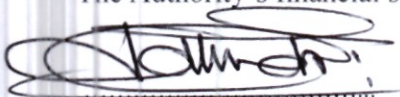
Report of the Auditor-General on Kenya Maritime Authority Staff Mortgage and Car Loan Scheme for the year ended 30 June, 2023

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022-2023 Kshs	2021-2022 Kshs
Revenue From Exchange Transactions			
Interest Income	1	941,753	1,934,730
		<u>941,753</u>	<u>1,934,730</u>
Total Revenue		<u>941,753</u>	<u>1,934,730</u>
Expenses			
General Expenses	2	2,265	1,065
Total Expenses		<u>2,265</u>	<u>1,065</u>
Surplus/(Deficit) For The Period		<u>939,488</u>	<u>1,933,665</u>

The notes set out on pages 6 to 26 form an integral part of these Financial Statements.

The Authority's financial statements were approved on **18th September 2023** by:



Mr. John O. Oming'o

Director General

Date:

4/12/23

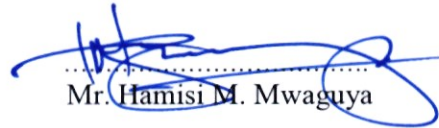


Mr. Julius Ogutu
ICPAK Member No:9877

Asst. Director Finance & Accounts

Date:

04/12/2023



Mr. Hamisi M. Mwanguya

Board Chairman

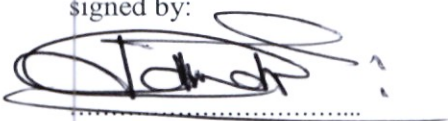
Date:

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15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2022-2023 Kshs	2021-2022 Kshs
Non-Current Assets			
Long term receivables from exchange transactions	4	177,419,587	182,657,495
		<u>177,419,587</u>	<u>182,657,495</u>
Current Assets			
Cash and Cash Equivalents	3	18,402,825	38,152,285
Loan Repayments Receivable	4	30,074,308	24,343,700
Funds Receivable	5	20,196,249	-
		<u>70,231,086</u>	<u>62,495,986</u>
Total Assets		<u>246,092,969</u>	<u>245,153,481</u>
Finance By			
Revolving Fund		225,500,000	225,500,000
Accumulated Surplus		20,592,969	19,653,481
Total Net Assets		<u>246,092,969</u>	<u>245,153,481</u>
Total Net Assets and Liability		<u>246,092,969</u>	<u>245,153,481</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Authority's financial statements were approved on **18th September 2023** and signed by:



Mr. John O. Oming'o

Director General

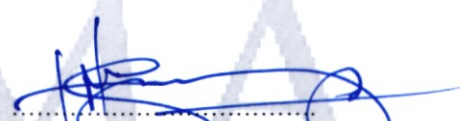
Date: 04/12/2023



Mr. Julius Ogutu
ICPAK Member No:9877

Asst. Director Finance & Accounts

Date: 04/12/2023



Mr. Hamisi M. Mwaguya

Board Chairman

Date: 11/12/23

16. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2023

	Mortgage Fund	Car Loan Fund	Accumulated Surplus	Total
	Kshs		Kshs	Kshs
Balance as at 30th June 2021	195,000,000	30,500,000	17,719,816	243,219,816
Surplus for the year	-	-	1,933,665	1,933,665
Funds received during the year	-	-	-	-
Balance as at 30th June 2022	195,000,000	30,500,000	19,653,481	245,153,481
Surplus for the year	-	-	939,488	939,488
Funds received during the year	-	-	-	-
Balance as at 30th June 2023	195,000,000	30,500,000	20,592,969	246,092,969

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022-2023 Kshs	2021-2022 Kshs
Cash Flows from Operating Activities			
Receipts			
Interest Received		788,322	1,934,730
Total Receipts		788,322	1,934,730
Payments			
General Expenses		(2,265)	(1,065)
Total Payments		(2,265)	(1,065)
Net Cash Flows from Operating Activities	25	939,488	1,933,665
Cash Flows from Investing Activities			
Proceeds From Loan Principal Repayments		28,976,830	25,733,323
Loan Disbursements Paid Out		(26,087,940)	(43,553,000)
Principal Recovery Due		(3,228,157)	(4,661,257)
Net Cash Flows Used in Investing Activities		(339,267)	(22,480,934)
Cash Flows from Financing Activities			
Withdrawal from revolving fund		(20,196,249)	-
Net Cash Flows Used in Financing Activities		(20,196,249)	-
Net Increase/(Decrease) In Cash and Cash Equivalents		(19,749,460)	(20,547,270)
Cash And Cash Equivalents At 1 JULY	15	38,152,285	58,699,555
Cash And Cash Equivalents At 30 JUNE	15	18,402,825	38,152,285

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from Kenya Maritime Authority	-	-	-	-	-	-
Interest income	950,000	-	950,000	941,753	8,247	99%
Total Revenue	950,000	-	950,000	941,753	8,247	99%
Expenses						
General expenses	2,500	-	2,500	2,265	235	91%
Expenditure	2,500	-	2,500	2,265	235	91%
Surplus for the period	947,500	-	947,500	939,488	8,012	99%
Capital Expenditure	-	-	-	-	-	-

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management

Standard	Effective date and impact:
	<p>strategies and the accounting treatment for instruments held as part of the risk management strategy.</p> <p>The standard has no impact to the Authority as yet due to limitation in financial instruments the Authority is allowed to hold.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>The standard has no impact to the Authority as provision of social benefits isn't within its mandate.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The standard has no impact to the Authority as yet due to limitation in financial instruments the Authority is allowed to hold.</p>

Standard	Effective date and impact:
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>The standard has no impact to the Authority as yet.</p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard has no impact to the Authority as yet.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard has no impact to the Authority as there are neither Non-Current Assets Held for Sale nor indications of Discontinued operations.</p>

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2022.

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b. Budget information

The original budget for FY 2022-2023 was approved by the National Assembly on 5th August 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority didn't record additional appropriations on the 2022-2023 budget.

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

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

The actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance are similar therefore no reconciliation statement has been presented.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Property, plant and equipment

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

d. Intangible assets

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

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

e. Financial instruments

I Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Authority has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or an Authority of financial assets is impaired. A financial asset or an Authority of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Authority of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

II. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

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

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

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

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

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

Provisions

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

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f. Contingent liabilities

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b. Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in respective note.

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

18. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Interest Income

Description	2022-2023 Kshs	2021-2022 Kshs
Interest income on bank deposits	941,753	1,934,730
Total Interest Income	941,753	1,934,730

2. General Expenses

Description	2022-2023 Kshs	2021-2022 Kshs
Bank Charges	2,265	1,065
Total	2,265	1,065

3. Cash and Cash Equivalents

Description	2022-2023 Kshs	2021-2022 Kshs
On – call deposits	-	28,844,261
Current account	18,402,825	9,308,024
Total cash and cash equivalents	18,402,825	38,152,285

Financial institution	Account number	2022-2023 Kshs	2021-2022 Kshs
a) On - call deposits			
Kenya Commercial bank		-	28,844,261
Family Bank	095000050277	-	-
Sub- total		-	28,844,261
b) Current account			
Kenya Commercial bank	1145652417	-	331,535
Family Bank	095000042563	1,092,961	8,976,489
Consolidated Bank	1008120900000003	12,811,546	-
Consolidated Bank	1008120900000002	4,498,318	-
Sub- total		18,402,825	9,308,024
Grand total		18,402,825	38,152,285

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Receivables from Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables	22,031,463	19,682,443
Interest receivable	153,431	-
Principle Recoveries Due	7,889,414	4,661,257
Total Current receivables	30,074,308	24,343,700
Non-Current Receivables		
Long term loan repayments due	177,419,587	182,657,495
Total Non- current receivables	177,419,587	182,657,495
Total receivables from exchange transactions	207,493,895	207,001,196

Ageing analysis (receivable from exchange transactions)	2022-2023	%of total	2021-2022	%of total
Less than 1 year	32,988,557	16%	45,293,939	22%
Between 1-2 years	30,597,077	15%	28,336,675	14%
Between 2-3 years	32,764,632	16%	36,720,276	18%
Over 3 years	111,143,629	54%	96,650,306	47%
Total	207,493,895	100%	207,001,196	100%

Receivables Movement Schedule

Description	CAR LOAN	MORTGAGE	TOTAL
Opening Balance	23,060,074	179,279,865	202,339,939
Repayment	(10,639,792)	(18,337,038)	(28,976,830)
Disbursement	12,559,000	13,528,940	26,087,940
Closing balance	24,979,282	174,471,767	199,451,049

5. Receivables from Non-Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Funds Receivables	20,196,249	-
Total Receivables from Non-Exchange Transactions	20,196,249	-

Ageing analysis (receivable from exchange transactions)	2022-2023	% of total	2021-2022	%of total
Less than 1 year	20,196,249	100%	-	-
Total	20,196,249	100%	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2023				
Receivables from exchange transactions	207,493,895	207,493,895	-	-
Receivables from non-exchange transactions	20,196,249	20,196,249	-	-
Bank balances	18,402,825	18,402,825	-	-
Total	246,092,969	246,092,969	-	-
At 30 June 2022				
Receivables from exchange transactions	207,001,196	207,001,196	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	38,152,285	38,152,285	-	-
Total	245,153,481	245,153,481	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Authority has no significant concentration of credit risk on amounts.

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2023				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The Authority has no transactional currency exposures as the scheme funds are in the reporting currency; Kenya Shillings.

ii. Interest rate risk

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The Authority's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 184,028 (2022: KShs 381,523). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 920,141 (2022 – KShs 1,907,614).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2022/2023	2021/2022
	KShs	KShs
Revolving fund	225,500,000	225,500,000
Accumulated surplus	20,592,969	19,653,481
Total funds	246,092,969	245,153,481
Total borrowings	0	0
Less: cash and bank balances	-18,402,825	-38,152,285
Net debt/(excess cash and cash equivalents)	-18,402,825	-38,152,285
Gearing	0%	0%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Related party balances

a) Nature of related party relationships

Entities and other parties related to the scheme include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The scheme is related to the following entities:

- a) Kenya Maritime Authority;
- b) The Parent Ministry- Ministry of Mining, Blue Economy and Maritime Affairs;
- c) Key management;
- d) Board of Directors

e) Related party transactions

There were no related party transactions during the period.

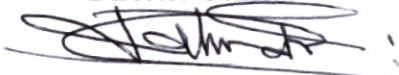
20. ANNEXES

ANNEX I: PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	The statement of financial position reflects long term receivables from exchange transactions comparative balance of Kshs 182,657,495. Employee car loan balances of Kshs 320,647 and Kshs 2,780,000 were not apportioned into short term and long terms components.	The receivables have been apportioned into short term and long term.	Resolved	
2.0	Note 3 to the financial statements included balances of Kshs. 28,844,261 and Kshs 9,308,024 in respect of call deposits and current account respectively. These were not supported by bank reconciliation statements, certificates of balances and relevant cashbooks.	The documents were submitted to Auditor general for review.	Not Resolved	31 st Dec 2023
LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1.0	Mortgages amounting to Kshs 31,380,000 were disbursed to employees but not in compliance with the terms of agreements with the banks administering the scheme.	The banks were notified to adhere to the terms of agreements when administering the scheme	Not Resolved	31 st Dec 2023

Director General



Date: 18th September, 2023

ANNEX II: INTER-FUND CONFIRMATION LETTER

[Insert your Letterhead]

[Insert name of beneficiary Fund]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Fund]</i> as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 th June 20xx				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name SignDate

ANNEX III: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Kenya Maritime Authority
 (254) 041 2318398/9
 info@kma.go.ke
 Mr. John O. Omingo

Name and contact details of contact person (in case of any clarifications)N/A.....

There were no projects with climate relevant expenditures during the Financial Year.

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

ANNEX IV: REPORTING ON DISASTER MANAGEMENT EXPENDITURE

Date: 30 June 2023						
Kenya Maritime Authority						
Period to which this report refers (FY)	Year 2022/2023			Quarter		
Name of Reporting Officer	Mr. John O. Omingo					
Contact details of the reporting officer:	Email info@kma.go.ke			Telephone 0724319344		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
-	-	-	-	-	-	-