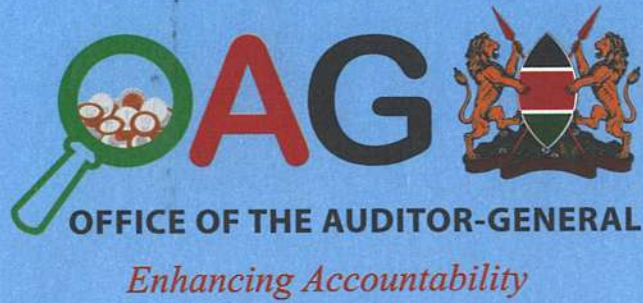


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA NATIONAL SHIPPING LINE
LIMITED**

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



KENYA NATIONAL SHIPPING LINE LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

**KENYA NATIONAL SHIPPING LINE LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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1. ACRONYMS AND GLOSSARY OF TERMS

GoK	Government of Kenya
KNSL	Kenya National Shipping Line Ltd
PS	Principal Secretary
MD	Managing Director
ICS	Institute of Certified Secretary
DOB	Date of Birth
CPA (K)	Certified Public Accountant of Kenya
IFRS	International Financial Reporting Standards
TEU's	Twenty-foot Equivalent Unit

2. KEY COMPANY INFORMATION

a) Background information

Kenya National Shipping Line Ltd was established under the Companies Act (Cap 486) on 2nd November, 1987. At cabinet level, the *Company* is represented by the Cabinet Secretary for Ministry of Mining, Blue Economy and Maritime Affairs who is responsible for the general policy and strategic direction of the *Company*. The *Company* is domiciled in Kenya and has branch office in Nairobi.

b) Principal Activities

The principal activities of the *Company* are shipping, custom clearance, agency, crew and manning and logistics services.

Vision Statement - To be the leading and most competitive global shipping company.

Mission Statement - To provide cost effective, efficient and integrated shipping services to the region and the rest of the world.

Core Objectives - To position KNSL as a preferred *Company* in leveraging our national status to attract new market opportunities and to develop business models that will sustain the company.

c) Directors

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

1. LTG (Rtd) Levi Franklin Mghalu, MGH - Chairman - Appointed on 05.08.2022
2. Mr. Shadrack Mwadime, EBS - PS, Shipping & Maritime Affairs - Appointed on 02.11.2022
3. Dr. Chris K. Kiptoo, PhD, CBS - PS, National Treasury & Economic Planning – Appointed on 02.11.2022
4. Capt. William Ruto - MD, Kenya Ports Authority - Appointed on 10.03.2023
5. Hon Mose Shadrack John - Solicitor General of Republic of Kenya - Appointed on 14.03.2023

2 KEY COMPANY INFORMATION (continued)

6. Capt. Giovanni Cuomo * - Director - Appointed on 18.12.2021
7. Mr. David El Bez ** - Director - Appointed on 18.12.2021
8. Capt. Fiorenzo Castellano * - Director - Appointed on 18.12.2021
9. Ms. Ndanu Ndeti - Director - Appointed on 18.12.2021
10. Mr. Joseph Juma - Ag. Managing Director - Appointed on 17.07.2013
11. Mr. Geoffrey Kavate - Alternate to MD, Kenya Ports Authority.
12. Mr. Mark Ngecho - Alternate to PS, National Treasury & Economic Planning.
13. Alternate Director - Alternate to PS, Shipping & Maritime Affairs.
14. Mr. Ashley Toywa - Alternate to Solicitor General.
15. Ms. Aparna Kendell - Alternate to Mr. El Bez and Ms. Ndanu Ndeti
16. Mr. Miika Heiskanen - Alternate to Capt. G. Cuomo and Capt. F. Castellano

* Italian

** French

d) Corporate Secretary

Mr. John Turasha Kinyanjui – KPA Corporate Secretary

Certified Public Secretary (Kenya)

P.O. Box 88206 - 80100

MOMBASA, KENYA

e) Registered Office / Corporate Headquarters

Imaara Building, 5th Floor,

Dedan Kimathi Avenue

P.O. Box 88206 - 80100

MOMBASA, KENYA

f) Corporate Contacts

Telephone: (020) 2300015/17, (+254) 700 510592

E-mail: admin@knsl.co.ke

Website: www.knsl.go.ke

2 KEY COMPANY INFORMATION (continued)

g) Corporate Bankers

Kenya Commercial Bank Limited

P.O. Box 90254 - 80100

MOMBASA, KENYA

Absa Bank Kenya PLC

P.O. Box 90182 - 80100

MOMBASA, KENYA

h) Independent Principal Auditor

The Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 - 00100

NAIROBI, KENYA

i) Principal Legal Advisers

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 - 00200

NAIROBI, KENYA






**KENYA NATIONAL SHIPPING LINE LTD
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3. THE BOARD OF DIRECTORS

NAME	DETAILS	PHOTO
<p>1. LTG (Rtd) Levi Franklin Mghalu</p> <p>Chairman, Board of Directors</p>	<p>Served as the Vice Chief of Defence Forces; former commander Kenya Navy; Former Board member Kenya Shipyards.</p> <p>DoB. 1961</p>	
<p>2. Dr. Chris. K. Kiptoo, PhD, CBS</p> <p>PS, National Treasury & Economic Planning.</p> <p>Chair - Finance and General-Purpose Committee.</p>	<p>Doctor of Philosophy (PhD) degree in Finance (International Macroeconomics, Finance specialization); Master Degree in Science (Ag. Economics); Bachelor of Science (Ag. Economics); Accredited Fellow in Macroeconomic Management.</p> <p>DoB.1967</p>	
<p>3. Mr. Shadrack Mwadime, EBS.</p> <p>Principal Secretary, Shipping & Maritime Affairs.</p>	<p>Master Degree in Strategic Management (EMBA); MSc in Leadership and Governance; Bachelor of Arts (Economics & Governance).</p> <p>DoB 1968</p>	
<p>4. Capt. William Ruto</p> <p>Managing Director, Kenya Ports Authority.</p> <p>Chair - Audit and Risk Committee.</p>	<p>Master Degree in Strategic Management (MBA), Associate Fellow of the Nautical Institute (AFNI), Member of International Harbour Master's Association (IHMA – UK), Master Mariner and Ship Captain.</p> <p>DoB 1966</p>	






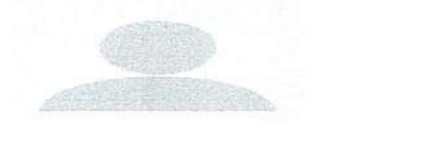
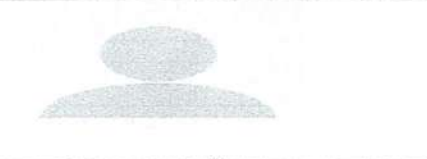

**KENYA NATIONAL SHIPPING LINE LTD
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3. THE BOARD OF DIRECTORS (continued)

<p>5. Hon. Mose Shadrack John Solicitor General of the Republic of Kenya Advocate of the High Court of Kenya</p>	<p>Degree in Law, Post-Graduate Diploma in Law. DoB</p>	
<p>6. Capt. G. Cuomo. Director SAS Shipping Agencies Services SARL (Shareholder). Chairman, Technical & Strategy Board Committee</p>	<p>Business person D.O.B 1950</p>	
<p>7. Mr. David Elbez. Director –SAS Shipping Agencies Services SARL (Shareholder).</p>	<p>Business person DoB 1970</p>	
<p>8. Capt. Fiorenzo Castellano Director SAS Shipping Agencies Services SARL (Shareholder).</p>	<p>Business person DoB 1973</p>	
<p>9. Ms. Ndanu Ndeti Director SAS Shipping Agencies Services SARL (Shareholder).</p>	<p>Business person DoB 1988</p>	

**KENYA NATIONAL SHIPPING LINE LTD
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3. THE BOARD OF DIRECTORS (continued)

<p>10. Mr. Joseph Juma. Acting Managing Director (Executive).</p>	<p>MBA, PGD, CPA (K), CPS (K). D.O.B 1973</p>	
<p>11. Mr. John Turasha Kinyanjui Company Secretary</p>	<p>Bachelor of Law (Hons) Degree and Diploma in Law from the Kenya School of Law. Member of ICS D.O.B 1972</p>	
<p>12. Mr. Mark Ngecho Alternate to PS, National Treasury & Economic Planning.</p>	<p>Civil Servant D.O.B 1979</p>	
<p>13. Alternate to PS, Shipping & Maritime Affairs.</p>	<p>Civil Servant</p>	
<p>14. Mr. Geoffrey Kavate Alternate to MD, Kenya Ports Authority.</p>	<p>General Manager, Finance – KPA DoB</p>	
<p>15. Mr. Ashley Towya Alternate to Solicitor General.</p>	<p>Senior State Counsel DoB</p>	
<p>16. Ms. Aparna Kendell Alternate to Mr. ElBez and Ms. Ndanu Ndeti</p>	<p>Finance DoB</p>	
<p>17. Mr. Miika Heiskanen Alternate to Capt. Cuomo and Capt. Castellano</p>	<p>Counsel DoB</p>	

3. THE BOARD OF DIRECTORS (continued)

Board Committees

Name of the Committee	Members
Finance and General-Purpose Committee	<ol style="list-style-type: none"> 1. Dr. Chris K. Kiptoo, PHD, CBS - PS, National Treasury & Economic Planning - Chair 2. Mr. Shadrack Mwadime, EBS – PS, State Department for Shipping & Maritime Affairs 3. Hon. Mose Shadrack John – Solicitor General 4. Ms. Cecilia Ndeti – Director, SAS Shipping Agencies Services SARL
Audit and Risk Committee	<ol style="list-style-type: none"> 1. Capt. William Ruto – MD, KPA - Chair 2. Dr. Chris K. Kiptoo, PhD - PS, National Treasury & Economic Planning 3. Capt. Fiorenzo Castellano – Director, SAS Shipping Agencies Services SARL 4. Mr. David ElBez – Director, SAS Shipping Agencies Services SARL
Technical & Strategy Board Committee	<ol style="list-style-type: none"> 1. Capt. Fiorenzo Castellano – Director, SAS Shipping Agencies Services SARL - Chair 2. Mr. Shadrack Mwadime, EBS – PS, State Department for Shipping & Maritime Affairs. 3. Capt. William Ruto – MD, KPA 4. Capt. Giovanni Cuomo – Director, SAS Shipping Agencies Services SARL

**KENYA NATIONAL SHIPPING LINE LTD
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4. MANAGEMENT TEAM

<p>1. Mr. Joseph Juma Acting Managing Director/ Chief Accountant</p>	<p>MBA, PGD, CPA(K), CPS(K)</p>	
<p>2. Mr. Gerald Kamau Cost Controller / Administration Manager</p>	<p>Bachelor of Arts - Economics, CPA(K)</p>	
<p>3. Mr. Jacob Safari Sales & Operation Manager</p>	<p>Bachelor of Arts - Economics & Business Studies, Diploma in Shipping</p>	
<p>4. Mr. Joseph Kinyua Container Control Manager</p>	<p>Higher Diploma - Shipping Management</p>	
<p>5. Mrs. Rollyn Chebosi Management Accountant</p>	<p>Bachelor of Business Administration - Accounting, CPA (K)</p>	

**KENYA NATIONAL SHIPPING LINE LTD
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5. CHAIRMAN'S STATEMENT

The Chairman wishes to present the financial statements for the year ended June 30, 2023. The company registered a profit before tax of Kshs 309.71 million and a loss of Kshs 73.73 million for the year ending June 30, 2023 and year ending June 30, 2022 respectively. The Company registered huge profits as a result of an award of court case in favour of the Company of kshs 475.26 million recognised in the Statement of Comprehensive Income.

The Government is committed to restructure the Company under the Blue Economy sector. The framework for the restructuring and revitalization of KNSL is now complete pending implementation. It is anticipated that a revamped KNSL will establish the Kenyan coast as the pre-eminent transshipment and logistics hub on the eastern seaboard for Africa.

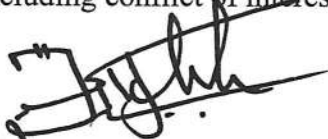
Through operational partnership with multinational shipping company and terminal operator, KNSL's revival is strategically placed to provide efficiency and contribute significantly towards creating a hub status in Mombasa for the distribution of the regional cargo to the final ports by way of transshipment.

The short-term objectives of the Company are:

- (i) To position KNSL as a preferred Company in leveraging our national status to attract new market opportunities.
- (ii) To develop business models that will sustain the company.
- (iii) To build high performing organization and improve work environment.
- (iv) Provide our customers with competitive, efficient and consistent global shipping service.

KNSL Board is committed to upholding high standards of corporate governance. The day-to-day running of the business of the company is bestowed on the Managing Director.

There were no governance issues among the Board or member of the Board and top management including conflict of interest.



LTG (Rtd) Levi Franklin Mghalu, MGH

Chairman, Board of Directors

6. REPORT OF THE MANAGING DIRECTOR

Introduction

KNSL was formed in 1987 under the Companies Act and is the National Carrier of the Kenya Government. The company is based in Mombasa with a branch office in Nairobi and operates as a Non-Vessel Owning Common Carrier (NVOCC) with the mandate of undertaking shipping, custom clearance, agency and logistics services. The principal activities of the Company are shipping, custom clearance, agency, crew and manning and logistics services.

Performance

The company registered a profit before tax of Kshs 309.71 million and a loss of Kshs 73.73 million for the year ending June 30, 2023 and year ending June 30, 2022 respectively. The Company registered huge profits as a result of an award of court case in favour of the Company of kshs 475.26 million recognised in the Statement of Comprehensive Income. Under the shipping services, the Company lifted 119 and 115 TEUs in the financial year 2022/2023 and 2021/2022 respectively. The Company further cleared various Government consignments for various Ministries including Ministry of Health, the Kenya Police and Ministry of Foreign Affairs.

Restructure

The potential of the shipping industry is huge given that up to 90% of world trade is seaborne. In order to tap into this potential, countries endeavour to build their capacity to lift their own cargo by making development of the maritime fleet an imperative undertaking as it holds the key to a number of benefits that impact the overall economy.

It is in this light that the Government of Kenya, through the inaugural National Maritime Conference of 2015 resolutions and communiqué, identified the urgent need to focus on and create a development for the maritime domain in order to maximize competitive advantages in both maritime and national development agenda. The revival of KNSL is also in line with the African Union's Agenda 2063 and 2050 AIM strategy which emphasizes the need to develop the blue economy as the next frontier of economic prosperity and proposes cargo reservation to carriers owned and registered in Africa.

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6. REPORT OF THE MANAGING DIRECTOR (Continued)

Consequently, the Government made a deliberate strategic decision to harness the potential of Blue Economy in the country focusing on development of ports, shipping, logistics, seafaring, fisheries among others. The restructure of KNSL was singled out as a critical intervention with a potential of participating in the shipping industry in which an estimated over Kshs.400 billion annual revenue is paid out to foreign shipping lines. It is anticipated that a revamped KNSL will establish the Kenyan coast as the pre-eminent transshipment and logistics hub on the eastern seaboard for Africa. KNSL expect to tap into Government interest cargo currently estimated at 60,000 TEUs (Twenty-foot container equivalent).

The restructure of KNSL supported transfer of Government Clearing Agency (GCA) to KNSL. The functions of GCA were transferred to KNSL and currently the Company is clearing air, land and sea Government cargo. This will contribute immensely to the growth of logistics, offering a seamless cargo transfer for safety, convenience and shorter transit time to shippers. The clearing and forwarding services is estimated to generate Kshs 540 Million annually. KNSL has further embarked on the process of promoting Kenyan seafarers as a placement agent.

The Company is developing Strategic Plan 2023 – 2027 which will highlight the strategies and activities that will be implemented to deliver on the strategic objectives of restructured KNSL. With the expected implementation of the restructuring process, the financial statements have been prepared on the going concern basis.



Joseph Juma

Ag. Managing Director

**7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2022/2023**

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.

In the year ending June 30, 2023, the company performed poorly due to lack of service provision. The company therefore relied on alternative service routes which are uncompetitive and have minimal profit margin which cannot cover fixed operation costs. The Company managed to register a lifting of 119 Teus in the year 2022/23 against the target of 250 Teus.

Restructure of KNSL

The Government of Kenya, through the inaugural National Maritime Conference of 2015 resolutions and communiqué, identified the urgent need to, in addition to exploitation and development of land-based resources, focus on and create a development agenda for the maritime domain in order to maximize competitive advantages in both maritime and national development agendas.

In its endeavour to facilitate and promote global maritime trade, Blue Economy Implementation Committee appointed by H.E. the President of the Republic of Kenya has identified the restructuring of Kenya National Shipping Line Ltd as a critical intervention with a potential of participating in the estimated Kshs 300 billion annual revenue paid out to foreign shipping lines.

KNSL annual work plans were based on the restructuring process. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The framework for the restructuring and revitalization of KNSL is now complete pending implementation.

The day-to-day running of the business of the Company is bestowed on the Managing Director.

8. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure used to direct and manage the business affairs of the Company in order to enhance prosperity, corporate performance and accountability. KNSL Board is committed to upholding high standards of corporate governance.

The role of the Board includes to:

- a) Exercise leadership, integrity and sound judgement in directing KNSL to achieve continued prosperity;
- b) Review, evaluate and approve KNSL strategic business and operational plans and ensure that the Company has sufficient and appropriate resources to achieve its goals;
- c) Ensure that effective processes and systems of risk management and internal controls are in place;
- d) Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plan for senior management development and succession;
- e) Review, evaluate and approve the remuneration structure of the organization;
- f) Adopt, implement and monitor compliance with the organization's code of conduct and ethics;
- g) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- h) Protect the rights of shareholders and optimize shareholder value;
- i) Enhance the organization's public image and ensure engagement with stakeholders through effective communication; and
- j) Monitor compliance with the constitution, all applicable laws, regulations and standards.

Board Committees

The Board discharges its functions through committees. KNSL has three Board Committees:

1. Finance and General Purpose Board Committee.
2. Audit and Risk Board Committee.
3. Technical & Strategy Board Committee

**KENYA NATIONAL SHIPPING LINE LTD
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8. CORPORATE GOVERNANCE STATEMENT (Continued)

There were five Board of Directors meetings held during the year as below:

	Director	Details	Meetings		% Attendance
			Held	Attended	
1.	LTG (Rtd) Levi Franklin Mghalu	Chairperson	5	4	80
2.	Mr. Shadrack Mwadime. EBS / Eng. Joseph Atonga / Ms. Linda Kitavi	Member	5	4	80
3.	Geoffrey Kavate / John Nyamusi	Member	5	2	40
4.	Mark Ngecho	Member	5	5	100
5.	Ashley Toywa	Member	5	5	100
6.	Capt. Giovanni Cuomo	Member	5	5	100
7.	Capt. Fiorenzo Castellano / Miika Heiskanen	Member	5	5	100
8.	David El Bez / Aparna Kendell	Member	5	5	100
9.	Cecilia Ndeti / Aparna Kendell	Member	5	5	100
10.	Joseph Juma	MD	5	4	80

Further to the shareholding reorganisation, the Company has eight directors and the chairperson. Out of the eight directors, four are appointed by the Government and the other four by the other shareholder (Shipping Agencies Services SARL). The chairman is appointed by the Office of the President.

The Board of Directors are usually evaluated by the State Corporations Advisory Committee. The Board evaluation for the year under review will be conducted during the next Board meeting.

The directors are remunerated as per the Salaries and Remuneration Commission guidelines. The directors are paid sitting allowance while the chairman is also paid honorarium and telephone allowances.

During the financial year 2022/2023, some of the Board Members undertook board induction. The Company is in the process of developing a Board Charter. There were no governance issues among the Board or member of the Board and top management including conflict of interest during the year.

**KENYA NATIONAL SHIPPING LINE LTD
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9. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A: OPERATIONAL AND FINANCIAL PERFORMANCE

As at June 30, 2023 the company had a shareholders' Capital reserves of Ksh 114,170,690 and a deficit of Ksh. 644,627,470 in the year 2022. The current assets are Ksh 437,545,423 its current liabilities Ksh 92,541,371. The company registered a profit before tax of Kshs 309.71 million and a loss of Kshs 73.73 million for the year ending June 30, 2023 and year ending June 30, 2022 respectively. The Company registered huge profits as a result of an award of court case in favour of the Company of kshs 475.26 million recognised in the Statement of Comprehensive Income. The Company has been relying on subventions from the Government which are used for recurrent expenditure. The grants have been captured as Capital Grants from the Government in the Statement of Financial Position.

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
TEUS	144	242	123	155	119
Revenues	1,174,472.00	3,477,979.00	1,677,835.00	1,366,470.00	475,591,598
Expenditure	(48,161,550.00)	(51,351,362.00)	(59,068,665.00)	(75,095,857)	(165,883,438)
Profit/ (Loss)	(46,987,078.00)	(47,873,383.00)	(57,390,830.00)	(73,729,387)	309,708,160

To return the company into profit making, the Government undertook to restructure KNSL. The framework for the restructuring and revitalization of KNSL is now complete and is pending implementation due to an ongoing court case. KNSL expect to tap into Government interest cargo currently estimated at 60,000 TEUs (Twenty-foot container equivalent) and with potential freight value of Kshs. 11 billion currently all paid to foreign shipping lines in foreign currency. By shipping with KNSL, the country stands to save huge amounts in foreign exchange as well as participate in the seafreight revenue.

SECTION B: COMPLIANCE WITH STATUTORY REQUIREMENTS

KNSL has been remitting its statutory deductions like PAYE, NHIF, NSSF, HELB and Pension on time as required by law.

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

SECTION C: KEY PROJECTS AND INVESTMENT DECISIONS

Currently the company has no projects being implemented due to limited resources. However, upon restructuring KNSL is being restructured and will undertake key projects upon implementation of restructure.

SECTION D: MAJOR RISKS

(i) Operational Risk

The company operates as a Non-Vessel Owning Common Carrier (NVOCC) which charters slot from Mediterranean Shipping Company (MSC). KNSL uses other shipping lines for cargo destined to various ports of the world which creates operational risks in case such services are withdrawn by the service provider.

(ii) Financial risk management

The company's activities expose it to a variety of financial risks including credit and liquidity risks, effects of changes in foreign currency and interest rates and changes in market prices of the company's services. The company'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 company does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.

(iii) Foreign currency risk management

The company undertakes certain transactions denominated in foreign currencies primarily in US Dollars. The fluctuations in currency exchange rates result in changes in the value of monetary assets and monetary liabilities denominated in foreign currencies hence exposures to the risk of incurring exchange losses. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

9. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

SECTION D: MAJOR RISKS (Continued)

(iv) Credit risk management

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The credit risk on trade receivables is limited because the customers are known to be customers with high credit ratings. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

(v) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short and medium-term funding and liquidity management requirements. The company manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**SECTION E: MATERIAL ARREARS IN STATUTORY & OTHER FINANCIAL
OBLIGATIONS**

The company current liabilities decreased from Ksh 72.36 million in the year ending June 30, 2022 to Kshs 70.33 million in the year June 30, 2023.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kenya National Shipping Line Ltd exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Company is being restructured to enhance its capacity in revenue generation and creation of jobs in the Blue Economy sector.

ii) Environmental performance

Upon restructuring, the Company will develop environmental policies to guide in the protection of the environment in general.

The Company has a fully pledged Asset and Disposal Committee which handles disposal of obsolete and damaged assets including e-waste. The Company regularly conducts regular service and maintenance of its vehicles and equipment's to increase their life span and thereby reducing the amount of e-waste generated.

The Company in collaboration with Government institutions and the local community has participated in tree planting exercise within the coast region as part of Corporate Social Responsibility. This has improved the national forest coverage and contributed in mitigation of climate change.

iii) Employee welfare

The Company has been implementing the affirmative action on gender and has complied with Occupational Safety and Health Act of 2007, (OSHA).

iv) Market place practices

a) Responsible competition practice.

The Company has a Corruption Prevention Committee and trained Integrity Officers.

b) Responsible Supply chain and supplier relations

The Company settles its pending bills on time.

10 ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

c) Responsible marketing and advertisement

The Company is committed to best market place and business practice in the maritime sector.

d) Product stewardship

A restructured Kenya National Shipping Line Ltd will ensure consumer rights and interests in the maritime sector are safeguarded.

v) Corporate Social Responsibility

Tree Planting Activity

On 1st April 2023, KNSL in partnership with Kenya Forest Services (KFS), Mombasa Kilindini Community Forest Association (MOKICFA) and local community participated in mangrove planting event in Aldina Jomvu, Mombasa County, in support of the National Tree Growing Restoration Campaign which is set up by the Ministry of Environment and Forestry. A total of 2,000 mangrove seedlings were planted during the event with the Company having planted 10,000 seedlings since November 2018.



Figure 1: The team from KNSL, Kenya Forest Service, Community Forest Association and Kaza Moyo Women group

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

v) Corporate Social Responsibility (Continued)

Tree Planting Activity (Continued)



Figure 2: The participants during the tree planting exercise.



Figure 3: KNSL team, Kenya Forest Service, Community Forest Association and Kaza Moyo Women group during the tree planting exercise.

**KENYA NATIONAL SHIPPING LINE LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

11. REPORT OF THE DIRECTORS

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

i) Principal Activities

The principal activity of the company is the provision of shipping services, Customs clearance, crew and manning and logistics service.

ii) Results

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

iii) Directors

The members of the Board of Directors who served during the year are shown on page VI - VIII.

1. Amb. John Mwangemi, Acting Managing Director Kenya Ports Authority was replaced by Captain William Ruto on 10th March, 2023.

iv) Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, which also empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Corporate Secretary
Mombasa



Date: 07/09/2023

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Public Finance Management Act, 2012 and the Kenya Company's Act, require the Directors to prepare financial statements in respect of that *company*, which give a true and fair view of the state of affairs of the *company* at the end of the financial year and the operating results of the *company* for that year. The Directors are also required to ensure that the *company* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *company*. The Directors are also responsible for safeguarding the assets of the *company*.

The Directors are responsible for the preparation and presentation of the *company's* financial statements, which give a true and fair view of the state of affairs of the *company* 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 company; (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 *company*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *company's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the Kenya Company's Act.

The Directors are of the opinion that the *company's* financial statements give a true and fair view of the state of *company's* transactions during the financial year ended June 30, 2023, and of the *company's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *company*, which have been relied upon in the preparation of the *company's* financial statements as well as the adequacy of the systems of internal financial control.

12 STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

The directors acknowledge that the continued existence of the company as a going concern depends on the continued success of the various strategic measures that are being pursued by the directors to achieve optimal volumes of cargo handled to return the company to profitable trading and continued financial support from shareholders. The directors are of the view that, once these measures are fully implemented, the company's solvency will be restored and it will trade profitably for the foreseeable future.

Approval of the financial statements

The *company's* financial statements were approved by the Board on 07/09 2023 and signed on its behalf by:



LTG (Rtd) Levi Franklin Mghalu
Chairman of the Board



Joseph Juma
Ag. Managing Director

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL SHIPPING LINE LIMITED 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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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

Qualified Opinion

I have audited the accompanying financial statements of Kenya National Shipping Line Limited set out on pages 1 to 38, which comprise the statement of financial position as at 30 June, 2023, and the statement of profit or loss and other comprehensive income,

statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya National Shipping Line Limited as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of financial statements of the Company revealed inaccuracies and anomalies as follows;

- i. The statement of profit or loss and other comprehensive income reflects administrative costs amounting to Kshs.118,703,543. As disclosed in Note 12 to the financial statements, the amount includes provision for bad and doubtful debts of Kshs.1,010,915. However, Note 19 (a)(b) to the financial statements reflect an increase of Kshs.2,140,048 and Kshs.866,809 in respect of trade receivables and other receivables respectively, all totalling Kshs.3,006,857. The variance of Kshs.1,995,942 was not explained or reconciled.
- ii. The statement of profit or loss and other comprehensive income reflects prior year loss of Kshs.73,729,387. However, the operating profit or loss disclosures in Note 13 to the financial statements reflects provision for bad and doubtful debts indicated as Kshs.492,638 instead of Kshs.36,898,137 reported in the prior year audited financial statements.
- iii. The statement of profit or loss and other comprehensive income reflect profits before taxation of Kshs.309,708,160. As disclosed in Note 14 to the financial statements, the applicable tax on the profit is Kshs.92,912,448 at the rate of 30%. The Note further reflects a net tax credit of Kshs.34,149,573 for the year under review. However, the tax amount has not been disclosed as a receivable in the statement of financial position. In addition, the tax computation in Note 14 includes adjustments of Kshs.17,156,030 and Kshs.144,218,051 in respect of tax effects on expenses not deductible for tax purposes and tax effects on income not taxable respectively. However, the composition and details of the expenses and incomes referred to were not provided for audit review.
- iv. The statement of comparison of budget and actual amounts reflects actual income of Kshs.540,591,598. However, the amount varies with Kshs.475,591,598 total revenue reflected in the statement of profit or loss and other comprehensive income. The resultant variance of Kshs.65,000,000 was not explained or reconciled.

In the circumstances, the accuracy of the financial statements could not be ascertained.

2. Unsupported Professional and Legal Fees

The statement of profit or loss and other comprehensive income reflect other income amounting to Kshs.476,684,229. As disclosed in Note 9 to the financial statements, the amount include court compensation of Kshs.475,260,543 which according to Management, was awarded in favor of the Company by the High court of Tanzania sitting in Dar es Salaam. However, receipts, bank statements and journals provided for review reflected Kshs.421,097,189 resulting in unsupported and unreconciled variance of Kshs.54,163,354. Management explained that the variance was as a result of professional and legal fees amounting to Kshs.44,088,684 and provisions of Kshs.10,074,670 to cater for related court contingencies. However, no fee note was provided in support of the payments.

In the circumstances, the accuracy, completeness and authenticity of court compensation amounting to Kshs.475,260,543 could not be confirmed.

3. Changes in Ordinary Share Capital

The statement of changes in equity for the year ended 30 June, 2023 reflects ordinary share capital of Kshs.168,600,000 (comprising 168,600 ordinary shares of Kshs.1,000 each), an increase of Kshs.75,077,000 from Kshs.93,523,000 as at 30 June, 2021. As reported in the previous year, the increase was as a result of reorganization of share capital by allocation of 19,335 ordinary shares of Kshs.1,000 each to the Kenya Ports Authority, increasing the Authority's shareholding from 70,023 to 89,358 shares. An additional 55,742 ordinary shares of Kshs.1,000 each was allocated to M/S SAS Shipping Agencies Services SARL in respect of Kshs.54,346,500 paid to the Kenya National Shipping Line Limited (KNSL) by M/S Heywood Shipping Company Limited and Kshs.1,395,500 in new capital call paid by M/S SAS Shipping Agencies Services SARL, all totalling to Kshs.55,742,000.

Further, the reorganization of share capital entailed transfer of 11,750 ordinary shares of Kshs.1,000 each by M/S Unimar and a similar number of shares by M/S DEG to M/S SAS Shipping Agencies Services SARL.

The changes in shareholding structure reduced the Kenya Ports Authority equity ownership in the Company by 22% from 75% to 53%, while reducing M/S Unimar and M/S DEG's equity from 13% each to nil and increasing M/S SAS Shipping Agencies Services SARL shareholding from zero to 47%. Information provided indicates that this was done in compliance and fulfilment of a Memorandum of Understanding between the Cabinet Secretary for Infrastructure, Housing and Urban Development and Mediterranean Shipping Company (MSC) of August, 2018. The Memorandum of Understanding required KNSL to give M/S Heywood the opportunity to convert its economic interest in KNSL shareholding and to complete the allocation of necessary shares to increase M/S Heywood's shareholding to not less than 47%.

The Memorandum of Understanding further required that the restructured KNSL be given a place at the port of Mombasa to operate from. Consequently, a Terminal Operation Agreement transferring the operation and management of Container Terminal 2 (CT2) at

the port of Mombasa to KNSL, was signed between the Kenya Ports Authority and the Kenya National Shipping Line Limited on 24 January, 2022. However, available information indicates that there is a court case seeking stoppage of transfer of the operation and management of CT2 to KNSL. The case has not been determined and the information is not disclosed in the financial statements.

In addition, due diligence on MSC and its affiliates was to be concluded and The National Treasury provided an undertaking that all the necessary steps would be followed in order to adhere to the laws, regulations and procedures for achieving better value for the Kenyan public. However, documentary evidence detailing how M/S SAS Shipping Agencies Services SARL was selected as an equity holder in KNSL and whether due diligence on MSC and its affiliates was concluded were not provided for audit review.

In the circumstances, the regularity of the selection of the Company as an equity holder in KNSL could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Shipping Line Limited Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual reflect income budget and actual amounts on comparable basis of Kshs.276,486,199 and Kshs.540,591,598 respectively resulting to a revenue underbudgeting of Kshs.264,622,699 or 95.5%. Similarly, the Company expended Kshs.165,883,438 against an approved budget of Kshs.156,907,570 resulting to over expenditure of Kshs.8,975,868 or 5.7% of the budget. The over-expenditure was not supported by requisite approvals as provided for by the Public Finance Management Act, 2012. In addition, Management prudence in the budgeting process was not confirmed as evidenced by significant variances between the budgeted and actual amounts.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit of the previous year, several matters were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the matters remained unresolved as at 30 June, 2023. Although, Management has indicated under the progress on follow up of auditor's recommendations section of the financial statements that some of the issues have been resolved, no evidence was provided to indicate that the matters were deliberated on by relevant oversight bodies and the resolutions therefrom.

Other Information

The Directors are responsible for the other information, which comprises the Chairman's statement, report of the Managing Director, corporate governance statement, management discussions and analysis, environmental and sustainability reporting, corporate social responsibility statement, report of the directors and the statement of directors' responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Allowances

The statement of profit or loss reflects administration expenditure of Kshs.118,703,545 as disclosed in Note 12 to the financial statements. The balance includes amount of Kshs.841,376 in respect of telecommunications. Review of the payment revealed that the expenditure included an amount of Kshs.480,000 paid to the Acting Managing Director at monthly rate of Kshs.40,000. The allowance was approved by the Board of Directors in a meeting held on 20 March, 2015. However, no evidence was provided to indicate that allowance was approved by Salaries and Remuneration Commission (SRC), contrary to Section 11 of the Salaries and Remuneration Commission Act, 2011.

Further, the administration expenditure of Kshs.118,703,545 includes a balance of Kshs.1,079,529 in respect of hospitality and entertainment. Review of the payment

revealed that the expenditure included an amount of Kshs.109,219 paid to the Controller and Administration Manager as monthly entertainment allowance at a rate of Kshs.9,102. However, the allowance was not supported by an approval by the Salaries and Remuneration Commission.

In the circumstances, the accuracy and propriety of the expenditure amounting to Kshs.1920,905 could not be confirmed.

2. Rent Payment for Unoccupied Offices

The statement of profit or loss and other comprehensive income and Note 12 to the financial statements reflects administration costs of Kshs.118,703,545. The amount include rental payments of Kshs.18,646,692, representing an increase of Kshs.15,306,712 or 458% of Kshs.3,339,980 incurred in the previous year. The substantial increase was due to the Company relocating from a government owned premises to a privately-owned one during the year, which attracted higher rental charge. No justification was provided for relocation as the rental payments increased the operational costs without corresponding revenue. In addition, Management in Section A of paragraph 9 of the reports and financial statements indicated that the Company has been relying on subventions from the National Government for its operations and that the Directors and Management were pursuing a number of strategies to ensure the company returns to profitable trading, which further negates the decision to relocate.

Further, the lease commenced on 1 August, 2022 and was set to run for a term of six (6) years, with occupancy of 12,693 square feet at an initial cost of Kshs.100 per square feet per month. At the time of the audit in December, 2023, the rented space on the first floor of the building had not been occupied, seventeen (17) months since the lease agreement was signed and rental payments commenced.

In the circumstances, the value for money of the rental expenses could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, 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 governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform

the audit to obtain assurance about whether effective processes and systems of internal controls, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenyan Companies Act, 2015, I report based on the audit, that:

- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of my audit.
- (ii) In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records;
- (iii) The Company's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company 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 Company'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 Company'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:

- 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company 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 the 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

13 March, 2024

KENYA NATIONAL SHIPPING LINE LTD
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FOR THE YEAR ENDED JUNE 30, 2023

14 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
REVENUES			
Service Income	7	2,933,169	824,981
Service Costs	8	(258,650)	(2,285)
Gross Profit		2,674,519	822,696
OTHER INCOME			
Other Income	9	476,684,229	1,300,000
Other Gains and Losses	10	(3,767,150)	(756,226)
TOTAL REVENUES		475,591,598	1,366,470
OPERATING EXPENSES			
Employment Costs	11	(45,389,215)	(39,722,183)
Administration Costs	12	(118,703,545)	(33,656,517)
Depreciation of vehicles and equipment	16	(1,759,127)	(1,685,606)
Amortization of Intangible Assets	17	(31,551)	(31,551)
TOTAL OPERATING EXPENSES		(165,883,438)	(75,095,857)
PROFIT/(LOSS) BEFORE TAXATION		309,708,160	(73,729,387)
INCOME TAX EXPENSE/(CREDIT)	13-14	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS)		309,708,160	(73,729,387)
FOR THE YEAR			

KENYA NATIONAL SHIPPING LINE LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
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15 STATEMENTS OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2022-2023	2021-2022
ASSETS		Kshs	Kshs
Non-Current Assets			
Property, Plant and Equipment	16	2,703,531	2,628,365
Intangible assets	17	63,107	94,658
Total Non-Current Assets		2,766,638	2,723,023
Current Assets			
Inventory & stores	18	569,750	748,180
Trade and other receivables	19	39,173,660	27,309,320
Bank and cash balances	20	397,802,013	15,940,428
Total Current Assets		437,545,423	43,997,928
TOTAL ASSETS		440,312,061	46,720,951
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	21	168,600,000	168,600,000
Capital grants from Government	21	65,000,000	449,090,000
Retained Earnings / (Accumulated deficit)		114,170,690	(644,627,470)
Capital and Reserves		347,770,690	(26,937,470)
Long Term Liability			
Deferred income	22	-	1,300,000
		-	1,300,000
Current Liabilities			
Borrowings	23	22,211,000	-
Trade and other payables	24	33,719,375	45,683,235
Due to related party	25	36,610,996	26,675,186
Total Current Liabilities		92,541,371	72,358,421
TOTAL EQUITY AND LIABILITIES		440,312,061	46,720,951

The financial statements were approved by the Board on 07/09/2023 and signed on its behalf by:



Joseph Juma
 Ag. Managing Director
 ICPAK M/No: 9945



Gerald Kamau
 Head of Finance
 ICPAK M/No: 18488



LTG (Rtd) Levi Franklin Mghalu
 Chairman of the Board

KENYA NATIONAL SHIPPING LINE LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

16 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

	Ordinary Share Capital	Funds Awaiting Allotment Of Shares	Capital Grants from Government	Accumulated Deficit	Total
2022	Kshs	Kshs	Kshs	Kshs	Kshs
At July 1, 2021	93,523,000	73,681,500	381,090,000	(570,898,083)	(22,603,583)
Total comprehensive loss for the year	-	-	-	(73,729,387)	(73,729,387)
Allotment of Shares	73,681,500	(73,681,500)	-	-	-
New Capital Call	1,395,500	-	-	-	1,395,500
Capital grants received during the year From Government	-	-	68,000,000	-	68,000,000
At June 30, 2022	168,600,000	-	449,090,000	(644,627,470)	(26,937,470)
2023					
At July 1, 2022	168,600,000	-	449,090,000	(644,627,470)	(26,937,470)
Total comprehensive profit for the year	-	-	-	309,708,160	309,708,160
Write-Back of Grants from Government	-	-	(449,090,000)	449,090,000	-
Capital grants received during the year From Government	-	-	65,000,000	-	65,000,000
At June 30, 2023	168,600,000	-	65,000,000	114,170,690	347,770,690

(Note 21)

KENYA NATIONAL SHIPPING LINE LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

17 STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used) in operations	27	296,349,880	(72,565,303)
Interest received		-	-
Interest paid		-	-
Taxation paid		-	-
Net cash generated from / (used in) operating activities		296,349,880	(72,565,303)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment	16	(1,834,295)	(911,109)
Purchase of intangible assets		-	-
Proceeds from disposal of assets		135,000	-
Net cash used in investing activities		(1,699,295)	(911,860)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Capital Grants from Shareholder - Government Disbursement	21	65,000,000	68,000,000
Proceeds from borrowings from Shareholder - Shipping Agencies Services SARL	23	22,211,000	-
Proceeds from issues of new share capital		-	1,395,500
Net cash generated from financing activities		87,211,000	69,395,500
INCREASE/(DECREASE) IN CASH AND CASH		381,861,585	(4,080,912)
CASH AND CASH EQUIVALENTS AT BEGINNING OF		15,940,428	20,021,340
CASH AND CASH EQUIVALENTS AT END OF THE YEAR*		397,802,013	15,940,428

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**18 STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE YEAR ENDED JUNE 30, 2023**

	Original Budget	Adjustments	Final Budget (Revision 2 Budget)	Actual on Comparable Basis	Performance Difference	% of Utilisation
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue						
Service Income	23,000,000	(14,000,000)	9,000,000	2,933,169	6,066,831	33
Service costs	-	-	-	(258,650)	(258,650)	0
Government grants	68,000,000	(3,000,000)	65,000,000	65,000,000	-	100
Other Income	4,749,128	197,286,541	202,486,199	472,917,079	(270,430,880)	234
Total income	95,749,128	180,286,541	276,486,199	540,591,598	(264,622,699)	
Expenses						
Employment Costs	43,788,000	-	43,788,000	30,730,908	13,057,092	70
Administration Expenses	44,315,128	69,800,872	87,616,000	114,715,160	(27,099,160)	131
Rent	3,756,000	17,853,000	21,609,000	18,646,692	2,962,308	86
Depreciation of assets	1,298,000	2,596,570	3,894,570	1,790,678	2,103,892	46
Total expenditure	93,157,128	90,250,442	156,907,570	165,883,438	(8,975,868)	
Surplus/(Deficit)for the period	2,592,000	3,191,000	119,578,629	374,708,160	(255,646,831)	

19 NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya National Shipping Line Ltd is established by and derives its authority and accountability from Kenya Company's Act. The entity is a State Corporation with the Government of Kenya through the Kenya Ports Authority owning 53% of its shareholding. The Company is domiciled in Kenya and the principal activity is shipping services.

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kenya National Shipping Line Ltd. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years present.

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

(i) *Relevant new and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Title	Description	Effective Date
IAS 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of ‘accounting estimates’ and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	The amendments are effective for annual periods beginning on or after January 1, 2023.

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

(i) *Relevant new and amended standards and interpretations in issue effective in the year ended 30 June 2023. (Continued)*

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

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

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

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

Title	Description	Effective Date
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

(iii) Early adoption of standards

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the Company's activities, net of value-added tax (VAT), where applicable and when specific criteria have been met for each of the Company's activities as described below.

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

- i) Service Income** is recognised in the year in which the Company renders the shipping services to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognised in the year in which the *Company* actually receives such grants. Recurrent grants and Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Other income** is recognised as it accrues.

b) In-kind contributions

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Depreciation

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset over their expected useful lives at the following annual rates:

Vehicles	25%
Furniture, fittings and equipment	12.5%
Computers	33.33%
Containers	25%

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

e) Intangible Assets

Computer software costs are recognised as intangible assets and are stated at cost less accumulated amortisation. Acquisition costs are amortised on the straight-line basis over the expected useful lives, not exceeding a period of three years.

f) Impairment

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a decrease in the revaluation surplus.

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Accounting for leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged

The company as lessee

Rentals payable are of low value and are charged to the profit or loss.

h) Inventories

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

i) Trade and other receivables

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

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Taxation (Continued)

Deferred tax (Continued)

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various Commercial Banks at the end of the reporting period.

l) Trade and other payables

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

m) Retirement benefit obligations

The company operates a defined contribution scheme for all full-time employees. The scheme is administered by an independent fund manager and is funded by contributions from both the company and its employees.

The Company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Fund Act. The company's obligations under this scheme is limited to specific contributions legislated from time to time and is currently at Ksh. 1,080 per employee per month.

n) Provision for staff leave pay

Employees' entitlements to annual leave are recognised as they accrue at the employees. Provision is made for the estimated liability for annual leave at the reporting date.

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year- end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

p) Budget Information

The original budget for financial year 2022/2023 was approved by the National Assembly. 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 entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented in page 5 of these financial statements.

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Comparatives

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

r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial Statements for the year ended June 30, 2023.

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

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key areas of judgment in applying the entities accounting policies and sources of estimation uncertainty are dealt with below:

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(a) Critical judgements in applying accounting policies

There are no critical judgments, apart from those involving estimations [see (b) below], that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(b) Key sources of estimation uncertainty

Impairment losses

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

Vehicles, equipment and intangible assets

Critical estimates are made by the directors in determining depreciation rates for vehicles, equipment and intangible assets.

Contingent liabilities

As disclosed in note 26 to these financial statements, the company is exposed to various contingent liabilities in the normal course of business including certain pending audits with Kenya Revenue Authority and a number of outstanding legal cases. The directors evaluate the status of these exposures on a regular basis to assess the probability of the company incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. GOING CONCERN

As at June 30, 2023 the company had a shareholders' Capital reserves of Ksh 114,170,690 and a deficit of Ksh. 644,627,470 in the year 2022. The current assets are Ksh 437,545,423 its current liabilities Ksh 92,541,371. It also incurred a profit before tax for the year ended 30 June 2023 of Ksh 309,708,160 and a loss in 2022 Ksh. 73,729,387. The profits are as a result of a court award.

The directors and management are pursuing a number of strategies to ensure the company returns to profitable trading. These measures include the ongoing restructuring of the Company.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. SERVICE INCOME

Description	2022-2023	2021-2022
	Kshs	Kshs
Other Revenues - Local	48,750	113,298
Handing Over Fee	340,375	219,066
Clearing & Forwarding Agency Fee	2,438,134	472,597
Telex Release Fee	105,910	20,020
Total	2,933,169	824,981

8. SERVICE COSTS

Description	2022-2023	2021-2022
	Kshs	Kshs
Empty Container storage- Africa	250,400	-
Other Surcharge expenses	8,250	2,285
Total	258,650	2,285

9. OTHER INCOME

Description	2022-2023	2021-2022
	Kshs	Kshs
Deferred Income	1,300,000	1,300,000
Court Compensation	475,260,543	-
Miscellaneous revenue	123,686	-
Total	476,684,229	1,300,000

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER GAIN AND LOSSES

Description	2022-2023	2021-2022
	Kshs	Kshs
Gains on foreign rate of exchange	2,426,252	997,575
Gains on sale of assets	135,000	-
Losses on foreign rate of exchange	(6,328,402)	(1,753,801)
Total	(3,767,150)	(756,226)

11. EMPLOYMENT COSTS

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries	26,054,135	26,064,530
Employer's Contribution to Pension Scheme	4,547,573	4,459,173
Medical Cover expenses	5,562,339	4,827,173
Group Personal Accident Cover	145,989	126,558
Group Life Cover	601,579	398,035
Staff training, welfare and HR Instruments	8,348,400	3,801,114
Employer's contributions to NSSF	129,200	45,600
	45,389,215	39,722,183
The average number of employees at the end of the		
Permanent employees – management	5	5
Permanent employees – non-management	14	14
Temporary and contracted employees	-	-
Total	19	19

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. ADMINISTRATION COSTS

Description	2022-2023	2021-2022
	Kshs	Kshs
Advertising and Marketing	663,097	198,014
Audit fees	450,000	450,000
Bank charges	208,395	179,695
Donations	250,000	0
Electricity & water	520,991	123,220
Hospitality/Entertainment	1,079,529	1,277,740
Insurance Costs	32,161	62,002
Legal and professional Fees	44,600,378	0
Miscellaneous Costs	1,208,582	1,834,857
Comesa filling fees	22,211,000	0
Motor vehicle Expenses	1,464,382	1,077,699
Penalties	31,110	1,000
Printing and stationery	512,677	434,398
Provision for bad and doubtful debts	1,010,915	0
Rental	18,646,692	3,339,980
Repairs and maintenance	290,020	387,314
Corporate Social Responsibilities (CSR)	243,103	210,195
Subscriptions & renewals	187,401	166,518
Telecommunication	841,376	749,048
Transport, travelling & accommodation	18,050,810	17,746,207
Board Expenses	6,200,926	5,418,630
Total	118,703,545	33,656,517

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. OPERATING PROFIT / (LOSS)

Description	2022-2023	2021-2022
	Kshs	Kshs
The operating profit/(loss) is arrived at after		
Employment Costs (Note 11)	43,927,615	39,722,183
Depreciation of property, plant and equipment	1,759,127	1,685,606
Amortisation of intangible assets	31,551	31,551
Provision for bad and doubtful debts	1,010,915	492,638
Directors' emoluments	869,339	864,167
Auditors' remuneration - current year fees	450,000	450,000
Net foreign exchange loss	6,328,402	1,753,801

14. TAXATION

(a) Current taxation	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	-	-
Current tax: prior year under/(over) provision	-	-
Current year deferred tax charge	-	-
Prior period under-provision for deferred tax	-	-
(b) Reconciliation of tax expense/(credit) to the expected tax based on profit		
Profit/(Loss) before taxation	309,708,160	(73,729,387)
Tax at the applicable tax rate of 30%	92,912,448	(22,118,816)
Tax effects of expenses not deductible for tax purposes	17,156,030	-
Tax effects of income not taxable	(144,218,051)	-
Total	(34,149,573)	(22,118,816)

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. DEFERRED TAXATION

As at 30 June 2023, the Company has a deferred tax asset from accumulated losses amounting to Kshs 177,337,386 which has not been recognised in these financial statements because of the uncertainty regarding the company's ability to generate sufficient future taxable profits against which the accumulated tax losses can be utilised.

16. VEHICLES AND EQUIPMENT

2022	Motor Vehicles	Containers	Computers	Furniture & equipment	Total
	Ksh	Ksh	Ksh	Ksh	Ksh
At July 1, 2021	8,704,201	988,737	1,152,825	5,508,154	16,353,917
Additions		-	494,895	416,214	911,109
Disposals				-	-
At June 30, 2022	8,704,201	988,737	1,647,720	5,924,367	17,265,026
DEPRECIATION					
At July 1, 2021	6,103,201	987,715	1,139,004	4,721,135	12,951,055
Charge for the year	1,300,000	0	179,078	206,527	1,685,606
Eliminated on disposal	-	-	-	-	-
At June 30, 2022	7,403,201	987,715	1,318,082	4,927,662	14,636,661
NET BOOK VALUE					
At June 30, 2022	1,301,000	1,022	329,638	996,705	2,628,365
COST					
At July 1, 2022	8,704,201	988,737	1,647,720	5,924,368	17,265,026
Additions			1,170,000	664,295	1,834,295
Disposals	-	-	-	(2,897,625)	(2,897,625)
At June 30, 2023	8,704,201	988,737	2,817,720	3,691,038	16,201,696
DEPRECIATION					
At July 1, 2022	7,403,201	987,715	1,315,784	4,929,961	14,636,661
Charge for the year	1,300,000	-	176,781	282,346	1,759,127
Eliminated on disposal	-	-	-	(2,897,623)	(2,897,623)
At June 30, 2023	8,703,201	987,715	1,492,565	2,314,684	13,498,165
NET BOOK VALUE					
At June 30, 2023	1,000	1,022	1,325,155	1,376,356	2,703,531

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. INTANGIBLE ASSETS

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At July 1 2022	737,434	737,434
Additions	-	-
Disposals	-	-
At June 30 2023	737,434	737,434
Amortisation		
At July 1 2022	642,776	611,225
Charge For the Year	31,551	31,551
Disposals	-	-
At June 30 2023	674,327	642,776
Net Book Value		
At June 30 2023	63,107	94,658

At 30 June 2023, intangible assets with a cost of Sh 485,020 had been fully amortised.

18. INVENTORIES

Description	2022-2023	2021-2022
	Kshs	Kshs
Stationery and general stores	713,084	891,514
Provision for obsolete stocks	(143,334)	(143,334)
Total	569,750	748,180

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. TRADE AND OTHER RECEIVABLES

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade receivables (Note 19a)	3,147,999	2,252,840
Deposits and prepayments	13,722,588	7,034,882
VAT recoverable	17,637,054	13,730,230
Other receivables (Note 19b)	4,666,019	4,291,368
Total	39,173,660	27,309,320

19 (a) Trade Receivables

Description	2022-2023	2021-2022
	Kshs	Kshs
Gross Trade Receivables	42,186,784	39,150,977
Provision for Doubtful Receivables	(39,038,785)	(36,898,137)
Net Trade Receivables	3,147,999	2,252,840
At June 30, the ageing analysis of gross Trade Receivables was as follows:		
Less than 30 Days	358,807	178,231
Between 30 and 60 Days	239,396	26,414
Between 61 and 90 Days	30,000	43,355
Between 91 and 120 Days	-	-
Over 120 Days	2,519,796	2,004,840
Total	3,147,999	2,252,840

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

19(b) Other Receivables

Description	2022-2023	2021-2022
	Kshs	Kshs
Sundry Debtors	4,254,319	4,254,319
Containers Claims Receivable	9,900,047	8,707,107
Other Recoverable & Business Travel	5,842,528	5,794,008
Gross Other Receivables	19,996,894	18,755,434
Provision for Other Receivables	(15,330,875)	(14,464,066)
Net Trade Receivables	4,666,019	4,291,368

20. BANK AND CASH BALANCES

	2022-2023	2021-2022
	Kshs	Kshs
Kenya Commercial Bank (Kshs A/C)	382,693,774	5,382,290
Kenya Commercial Bank (Usd A/C)	7,011,614	3,735,576
Absa Bank Kenya PLC - Khs A/C	4,936,095	4,146,054
Absa Bank Kenya PLC - Usd A/C	3,120,530	2,636,508
Cash in hand	40,000	40,000
Total	397,802,013	15,940,428

21. SHARE CAPITAL

21(a) ORDINARY SHARE CAPITAL

Description	2022-2023	2021-2022
	Kshs	Kshs
Authorized:		
200,000 Ordinary Shares of Kshs 1,000 par value each	200,000,000	200,000,000
Issued and Fully paid:		
168,600 Ordinary Shares of Kshs 1,000 par value each	168,600,000	168,600,000

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 SHARE CAPITAL (Continued)

21(b) CAPITAL GRANTS FROM GOVERNMENT

The Government through Kenya Ports Authority had injected capital of Ksh. 449,090,000 as at 30th June, 2022 which was treated as capital grants in the Statement of Financial Position. The Kshs 449,090,000 have been written back under equity. In the year under review, the Company received further capital grants from the Government amounting to Kshs 65,000,000 which continue to be carried in the statement of financial position as capital grants until such time that an alternative way of reorganising share capital is agreed upon between the shareholders.

22. DEFERRED INCOME

The deferred income is recognition of donation of two motor vehicles by a sister State Corporation valued at Sh. 5,200,000. The motor vehicles have been depreciated in line with the Company depreciation policy. A deferred income of Sh. 1,300,000 has been recognised under other income.

23. BORROWINGS

The Company borrowed short term interest-free loan amounting to Kshs 22,211,000 from Shipping Agencies Services SARL (shareholder) for recurrent expenditure.

24. TRADE AND OTHER PAYABLES

	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	25,220,653	28,142,136
Accruals	1,395,660	311,781
Other Payables	7,103,062	17,229,318
Total	33,719,375	45,683,235

**KENYA NATIONAL SHIPPING LINE LTD
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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 TRADE AND OTHER PAYABLES (Continued)

Included in the trade payables balance are amounts totalling Sh. 5,605,469 (2022 – Sh 4,700,326) due to container leasing companies, most of whom stopped sending invoices for container lease charges and monthly statements to the company several years back. The liabilities carried in trade payables in respect of amounts due to these suppliers are based on balances outstanding when statements were last received from these suppliers. The directors believe that no further liabilities have accrued since the determination of these balances.

25. RELATED PARTY BALANCE AND TRANSACTIONS

(a) Kenya Ports Authority and Mediterranean Shipping Co Ltd

	2022-2023	2021-2022
	Kshs	Kshs
Kenya Ports Authority (KPA)	26,675,186	26,675,186
Mediterranean Shipping Co Ltd (Shipping Agencies)	9,935,810	-
Total	36,610,996	26,675,186

Kenya Ports Authority and Mediterranean Shipping Co Ltd (Shipping Agencies Services SARL) are the shareholder of Kenya National Shipping Line Ltd, holding 53% and 47% of the company's equity interest respectively.

(b) Other related parties include - The Parent Ministry, Board of Directors and Key Management.

(c) Transactions with related parties

	2022-2023	2021-2022
	Kshs	Kshs
(i) Grants from National Government	65,000,000	68,000,000
Total	65,000,000	68,000,000
(ii) Key Management Compensation		
Directors' Emoluments (Honorarium & Telephone)	869,339	864,167
Compensation to CEO and Key Management	14,039,387	14,039,387
Total	14,908,726	14,903,554

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. CONTINGENT LIABILITIES

- (i) In 2004, Kenya Revenue Authority (KRA) carried out a withholding tax audit of the company covering the year 2003 and issued a demand of Sh 2,922,898 for unpaid withholding taxes, interest and penalties. The company has raised an objection with regard to this, and the amount has not been provided for as, in the opinion of the directors, the company has good grounds for the objection lodged. An amount of Sh 974,298 already paid in respect of this demand has been reflected as a claim recoverable within trade and other receivables.
- (ii) There are ongoing legal claims for specific damages which have been brought against the company by former employees. Based upon legal opinions received, the directors do not anticipate that these claims will result in significant losses to the company.

27. NOTES TO THE STATEMENT OF CASH FLOWS

	2022-2023	2021-2022
	Kshs	Kshs
(a) Reconciliation Of Operating Profit/ (Loss) To Cash Generated From/(Used In)		
Profit/(Loss) for the year	309,708,160	(73,729,387)
Depreciation	1,759,127	1,685,606
Amortisation	31,551	31,551
(Gain) on disposal of Equipment	(135,000)	-
Deferred Income	(1,300,000)	(1,300,000)
Profit/(Loss) before Working Capital changes	310,063,838	(73,312,230)
(Increase)/Decrease in Trade and Other	(11,864,340)	(1,669,113)
(Increase)/Decrease in Inventories	178,432	(152,581)
Increase/(Decrease) in Trade and Other Payables	(11,963,860)	2,568,621
Net movement in related company balance	9,935,810	-
Cash Generated from/(used In) operations	296,349,880	(72,565,303)

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. FINANCIAL RISK MANAGEMENT

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from 2022.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 4 to the financial Statements.

Financial risk management objectives

The company's activities expose it to a variety of financial risks including credit and liquidity risks, effects of changes in foreign currency and interest rates and changes in market prices of the company's services. The Company'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 company does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.

(i) Credit risk management

Credit risk refers to the risk that customers will default on their contractual obligations resulting in financial loss to the company.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The credit risk on trade receivables is limited because the customers are known customers with high credit ratings. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

KENYA NATIONAL SHIPPING LINE LTD
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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk management (Continued)

The amount that best represents the company's maximum exposure to credit as at 30 June 2023 and 30 June 2022 is made up as follows:

2023				
Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Receivables	42,186,784	269,396	-	41,917,388
Bank balances	397,802,013	397,802,013	-	-
Total	439,988,797	398,071,409	-	41,917,388
At 30 June 2022				
Trade Receivables	39,150,977	248,000	-	38,902,977
Bank balances	15,940,428	15,940,428	-	-
Total	55,091,405	16,188,428	-	38,902,977

Cash and cash equivalents are fully performing. The customers under the fully performing category are paying their debts as they continue trading. The default rate is low. The debts that are due are not impaired and continue to be paid. The debts that are impaired have been fully provided for.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the company's short and medium-term funding and liquidity management requirements. The company manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
At 30 June 2023	Kshs	Kshs	Kshs	Kshs
Trade payables	8,480,505	364,994	6,488,443	15,333,942
Due to related company	-	-	36,610,996	36,610,996
Total	8,480,505	364,994	43,099,439	51,944,938
At 30 June 2022				
Trade payables	5,764,943	431,606	21,945,587	28,142,136
Due to related company	-	-	26,675,186	26,675,186
Total	5,764,943	431,606	48,620,773	54,817,322

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 company'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

**KENYA NATIONAL SHIPPING LINE LTD
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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

(a) Foreign currency risk management

The company undertakes certain transactions denominated in foreign currencies primarily in US Dollars. The fluctuations in currency exchange rates result in changes in the value of monetary assets and monetary liabilities denominated in foreign currencies hence exposures to the risk of incurring exchange losses. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2022-2023	2021-2022
	Kshs	Kshs
Assets		
Trade and other receivables		
US Dollars	2,824,225	2,490,023
Euros	145,965	141,207
Sterling Pounds	34,345	33,078
Swedish Krona (SK)	3,129	2,873
Total	3,007,664	2,667,181
Bank and cash balances		
US Dollars	10,132,144	6,372,084
Total	10,132,144	6,372,084
Liabilities		
<i>Trade and other payables</i>		
US Dollars	18,507,366	14,221,187
Euros	837,345	809,878
Swedish Krona (SK)	24,005	22,042
Total	19,368,716	15,053,107

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

(b) Foreign Currency Sensitivity Analysis

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

At 30 June 2023, if the Kenya Shilling had weakened/strengthened by 10% against the relevant foreign currencies with other variables held constant, the impact on the Company's Statement of Comprehensive Income for the year would have been higher/lower by Sh 0.62M (2022: 0.60M). In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year/period.

(c) Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Company's fixed deposits and borrowings. The Company does not have any bank borrowings. It's therefore not subject to interest rate risk.

(d) Price risk

The Company does not have financial instruments subject to price risk hence this risk is not relevant.

1. OPERATING LEASE RENTAL COMMITMENTS

Description	2022-2023	2021-2022
	Ksh	Ksh
Rental	18,646,692	3,339,980

19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. INCORPORATION

The company is incorporated in Kenya under the Companies Act and is domiciled in Kenya.

3. EVENTS AFTER THE REPORTING PERIOD

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

4. CURRENCY

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

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. APPENDICES

APPENDIX 1: Implementation Status of Auditor-General prior year recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
1.	Unsupported Trade and Other Receivables	The gross trade receivables as at 30th June, 2023 was Kshs 39,150,977 out of which Kshs 36,898,137 had been provided for, resulting into a net trade receivable of Kshs. 2,252,840.	Resolved	-
2.	Unsupported Trade and Other Payables	Management negotiated for waiver and discount with leasing companies who were owed monies by KNSL. Majority issued waivers/discounts and the Company settled the balances. However, management of two foreign companies; Gunther & Hoffman (P&I club) and Textainer Equipment (Container leasing Company) rejected the proposed settlement amounts and no deal has since been concluded. The outstanding amount of Kshs 4,700,326 is disclosed in the books and there are no current engagements with Gunther & Hoffman and Textainer Equipment.	Not Resolved	-

INTERNATIONAL SHIPPING LINE LTD
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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 APPENDICES (Continued)

APPENDIX 1: Implementation Status of Auditor-General prior year recommendations (Continued)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
3.	Unsupported Entertainment Costs	The entertainment vote is based on the approved budget under hospitality/entertainment and is on reimbursement through vouchers which were availed to the Auditors. The expenses were incurred through the normal line of business with most of it catering for refreshments for the office meetings with various stakeholders held within the Company premises.	Resolved	-

Ag. Managing Director: 

Date: 07/09/2023

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 APPENDICES (Continued)

APPENDIX II: PROJECTS IMPLEMENTED BY KNSL

The Company is undergoing restructuring as a National Carrier. During the year under review, the Company did not implement any projects.

APPENDIX III: INTER-ENTITY TRANSFERS

KENYA NATIONAL SHIPPING LINE LTD			
FY 2022/2023			
a.	Recurrent Grants – Transfers from the State Department for Shipping and Maritime Affairs		
	Bank Statement Date	Amount (KShs)	Financial Year
	19-08-2022	5,666,667	2022-2023
	05-09-2022	11,333,333	2022-2023
	28-11-2022	17,000,000	2022-2023
	11-04-2023	14,000,000	2022-2023
	02-06-2023	17,000,000	2022-2023
	Total	65,000,000	2022-2023

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

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19. NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 APPENDICES (Continued)

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - Kshs	Where Recorded/ recognized
				Capital Fund - Kshs
Ministry of Blue economy, Mining and Maritime Affairs - State Department for Shipping & Maritime Affairs	19-08-2022	Recurrent	65,000,000	65,000,000
	05-09-2022			
	28-11-2023			
	11-04-2023			
	02-06-2023			
Total			65,000,000	65,000,000