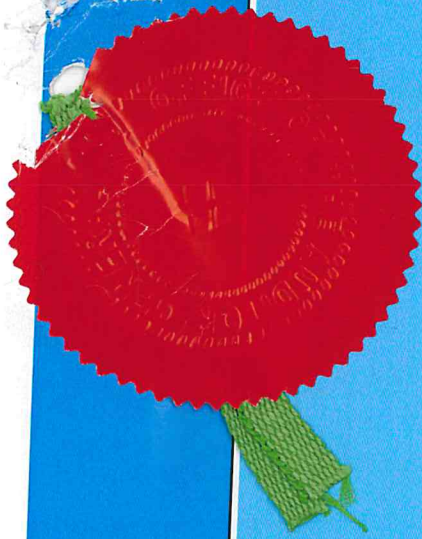


REPUBLIC OF KENYA



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 02 FEB 2022 DAY: Wed **OF**

TABLED BY:	The Majority Whip Hon. E. Wangwe
CLERK-AT THE-TABLE:	Finlay Muriuki

**THE AUDITOR-GENERAL**

**ON**

**KENYA CIVIL AVIATION AUTHORITY**

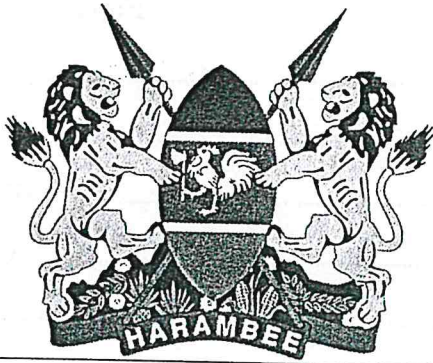
**FOR THE YEAR ENDED  
30 JUNE, 2019**

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OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30024 - 00100, NAIROBI  
REGISTRY

19 MAY 2020

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**KENYA CIVIL AVIATION AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2019**

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

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## KEY AUTHORITY INFORMATION AND MANAGEMENT

### (a) Background information

Kenya Civil Aviation Authority was formed on 24<sup>th</sup> October 2002 following the enactment of The Civil Aviation (Amendment) Act, 2002. The Act received Presidential assent and became effective on the same day, 24<sup>th</sup> October 2002. This Act amended the Civil Aviation Act (Cap.394) of the laws of Kenya and established the Kenya Civil Aviation Authority (KCAA) as an autonomous corporate body that took over the functions of the Directorate of Civil Aviation (DCA) and the licensing of air services hitherto under Civil Aviation Board (CAB). The Civil Aviation Act (Cap 394) and the Civil Aviation (Amendment) Act, 2002 have now both been superseded by The Civil Aviation Act, 2013, as amended by the Civil Aviation (Amendment) Act 2016.

At cabinet level, Kenya Civil Aviation Authority is represented by the Cabinet Secretary for Transport, Infrastructure, Housing, Urban Development and Public Works who is responsible for the general sector policy direction and bilateral agreements/arrangements.

### (b) Principal Activities

KCAA performs two broad key functions. The first one is to provide air navigation services in Kenya's Airspace (also referred to as the Nairobi Flight Information Region). The second is to regulate the aviation industry in Kenya. In addition to this, KCAA offers training for aviation personnel through the East African School of Aviation.

The mandate of the KCAA is essentially embedded in its functions/responsibilities, which are enumerated in the Civil Aviation Act 2013, as amended by the Civil Aviation (Amendment) Act 2016. These functions are:

- (a) Licensing of air services;
- (b) Provision of the air navigation services;
- (c) Establishment and maintenance of a system of aircraft registration and the marking of civil aircraft;
- (d) Securing sound development of the civil aviation industry in Kenya;
- (e) Advising the Government on matters concerning civil aviation;
- (f) Co-ordination and direction of search and rescue services;
- (g) Facilitation and provision of all the necessary support for aircraft accident and incident investigations conducted by the investigator-in-charge;
- (h) Carrying out investigations on incidents that are not classified as accidents and serious incidents;
- (i) Safety, security, economic and technical regulation of civil aviation;
- (j) Dealing with incidents of unlawful interference with aviation security;
- (l) Certification of aircraft operators;
- (m) Enforcement of approved technical standards of aircraft;

- (n) Licensing and monitoring of aeronautical personnel;
- (o) Provision of technical services for the design, installation, and modification of electronic, radio and other equipment used in the provision of air navigation services;
- (p) Ensuring the integrity of the systems, equipment and facilities of the Authority;
- (q) Issuance and dissemination of the publications referred to in the Act;
- (r) Production of accurate, timely, comprehensive and relevant air transport information for planning and decision making purposes;
- (s) Approval, certification and licensing of aircraft maintenance organisations and regulation of aviation training institutions in Kenya;
- (t) Establishment, management and operation of training institutions for purposes of the Authority;
- (u) Registration of rights and interests in aircraft;
- (v) Planning, development and formulation of the airspace master plan for the safe and efficient utilization of Kenyan airspace;
- (w) Establishment, co-ordination and maintenance of state aviation safety and security programmes;
- (x) Licensing, certification, registration and surveillance of aerodromes;
- (y) Certification and surveillance of air navigation service providers;
- (z) Licensing and certification of regulated agents;
- (aa) Implementing and enforcing the provisions of the Act, regulations and directives issued hereunder and treaties to which Kenya is a party;
- (bb) Taking measures to minimize, to the extent possible, any disturbance to the environment from noise, vibration, atmospheric pollution or any other cause attributable to the use of aircraft for the purpose of civil aviation.

KCAA carries out its functions in a manner consistent with the Chicago Convention on International Civil Aviation, Annexes to the Convention relating to international Standards and Recommended Practices (SARPs) and any amendment thereto or any other international conventions and protocols relating to civil aviation that Kenya is a party to.

KCAA is also expected to perform any obligations required by any agreement, treaty or arrangement between Kenya and any other country, inter-Governmental organization or any other body with respect to the safety, regularity and efficiency of air navigation and aviation safety in general.

The Act also stipulates that KCAA should coordinate with other Government agencies such as the Kenya Airports Authority, the Department of Defence and the National Police Service in the discharge of its responsibility for aviation safety and security.

#### **Vision**

To be a superior, safe, secure and sustainable civil aviation system.

### **Mission**

To economically and efficiently plan, develop, manage and regulate a modern, safe and secure civil aviation industry while delivering quality training and Air Navigation Services.

### **Core Values**

*Security and Safety:* We shall endeavour to maintain a safe and secure civil aviation environment.

*Customer Focus:* We undertake to embrace, meet, delight and exceed our customers' expectations.

*Fairness:* We shall conduct our functions and duties in ways that are just, unbiased and non-discriminatory.

*Excellence:* We shall strive to provide quality services through innovation, continuous improvement, promotion of creativity and adaptation to new ways of doing things.

*Integrity:* We shall demonstrate professionalism, honesty and commitment to moral ethical principles.

*Team work:* We shall promote cross functional working relationships to promote accomplishment of organizational objectives.

### **(c) Key Management**

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

- Principal Secretary for Transport;
- KCAA Board of Directors;
- The Director General and the KCAA Management Team

### **(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Director General	Capt. Gilbert M. Kibe
2.	Director Corporate Services	CPA Joseph K. Chebungei
3.	Ag. Corporation Secretary	Mr. Cyril Wayongo
4.	Director Air Navigation Services	Eng. Shadrack Wesechere
5.	Director Aviation Safety Standard and Regulation	Capt. Nathan T. M. Ogenche
6.	Director East African School of Aviation	Dr. George K. M. M'Nchebere

### **(e) Fiduciary Oversight Arrangements**

Fiduciary oversight on the Authority's activities are carried out by the following:

#### **Finance and Human Capital Committee**

This Committee is composed of five Directors of the Board including the Director General. Its main function is to review and monitor the Authority's financial matters on behalf of the Board, including review of the liquidity status, all the Authority's bank accounts, Budgets, Financial Statements and statutory reports as well as bank reconciliations. It also ensures compliance with the financial reporting requirements and proper keeping of all the financial records of the Authority.

#### **Audit, Risk and Governance Committee**

This Committee is composed of Five Directors of the Board and Head of Internal Audit and Review as its Secretary. Its main function is to consider and make recommendations to the Board all matters relating to Internal and External Audits, Risk Management and Governance inclusive of Performance Contract reporting.

#### **Public Investments Committee**

This is a Parliamentary Committee that consists of a Chairman, Vice Chairman and not more than sixteen other Members. The functions of the Committee are to examine the reports and accounts of public investments, to examine the reports, if any, of the Auditor General on the public investments and to examine, in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments are being managed in accordance with sound financial or business principles and prudent commercial practices.

### **(f) Headquarters**

Aviation House  
Jomo Kenyatta International Airport  
P. O. Box 30163 GPO 00100  
Nairobi, KENYA

### **(g) Contacts**

**Telephone:** (254) 20 827470-5  
**Fax:** (254) 20 822300  
**Email:** [info@kcaa.or.ke](mailto:info@kcaa.or.ke)  
**Website:** [www.kcaa.or.ke](http://www.kcaa.or.ke)



**(h) Bankers**

**National Bank of Kenya**  
Jomo Kenyatta International Airport Branch  
P.O. Box 30763 – 00100  
Nairobi, Kenya

**Commercial Bank of Africa**  
Swissport Branch  
Jomo Kenyatta International Airport  
P. O. Box 30437 - 00100  
Nairobi, Kenya

**Stanbic Bank**  
Industrial Area Branch  
P. O. Box 30550 – 00100  
Nairobi, Kenya

**Kenya Commercial Bank**  
Jomo Kenyatta International Airport Branch  
P.O. Box 19065-00501  
Nairobi, Kenya

**Standard Chartered Bank**  
Kenyatta Avenue Branch  
P. O. Box 30001 - 00100  
Nairobi, Kenya

**Equity Bank Ltd**  
Community Corporate Branch  
P. O. Box 75104  
Nairobi, Kenya

**Kenya Commercial Bank**  
Haile Selassie Avenue Branch  
P. O. Box 58992 - 00200  
Nairobi, Kenya



**(i) Independent Auditors**




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

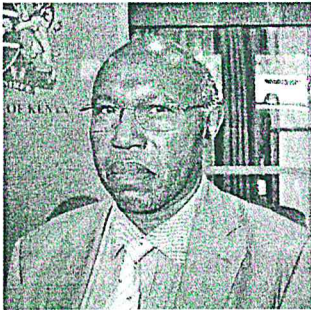

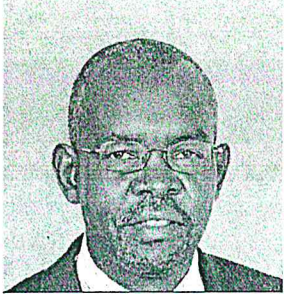
**(j) Principal Legal Advisor**




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


## THE BOARD OF DIRECTORS

No.	Director's Name	Director's Date of Birth, Key Qualifications and Work Experience
1.	 <p>Eng. Joseph N. Nkadayo, MBS (Chairman of the Board from 22/06/2017-21/06/2020)</p>	<p><b>Date of Birth:</b> 1956</p> <p><b>Key Qualifications:</b> Msc. Highway Engineering, Bsc (Civil Engineering), Registered/Licensed Consulting Engineer (EBK), MIEK</p> <p><b>Work Experience:</b> Over 30 years' experience in Public and Private Sector in Development, Design, Procurement, Implementation, Maintenance and Management of Projects; Staff Recruitment, Placement, Training, Performance Based – Contracting and Job Evaluation.</p> <p>Director General / Chief Executive Officer (CEO) of Kenya Urban Roads Authority (KURA) from 1<sup>st</sup> December 2008 to 30<sup>th</sup> November 2014. Secretary to Board of Directors (KURA). Managing Director (Sunton Ltd), MD &amp; Senior Partner (Sungate Ltd), Senior Principal Superintending Engineer-Planning (Ministry of Roads and Public Works), Principal Superintending Engineer-Planning, Principal Superintending Engineer-Planning &amp; Technical Administration, Principal Superintending Engineer-Technical Administration, Principal Superintending Engineer-Maintenance, Chief Superintending Engineer-Maintenance, Chief Superintending Engineer-Trunk Roads, Chief Superintending Engineer-Technical Administration, Chief Superintending Engineer-Design, Superintending Engineer, Design Engineer (Ministry of Transport and Aerodromes). Extensive knowledge and experience in Donor funding and procurement procedures of various Multilateral and Bilateral Agencies including the World Bank, African Development Bank (AfDB), European Union, Japanese International Co-operation Agency (JICA), among others. Represented the Kenya Government in regional bodies, which included; East Africa Community, New Partnership for Africa's Development (NEPAD), Common Market for Eastern and Southern Africa (COMESA) among others. Registrar of Engineers Registration Board of Kenya for Seven years (1994-2001).</p>
2.	 <p>Mr. Chris Chirchir Arap Kuto (Board Member from 06/06/2018-05/06/2021)</p>	<p><b>Date of Birth:</b> 24<sup>th</sup> March, 1952</p> <p><b>Key Qualifications:</b> MSc. (Air Transport Management); Licensed Aircraft Maintenance Engineer (ICAO Type II Airframes &amp; Power Plants); Diploma in Aeronautical Engineering</p> <p><b>Work Experience:</b> KCAA DG, AFCAC President, Vice President (Eastern Region) AFCAC, Director DCA, Assistant Director DCA, Chief Airworthiness Surveyor DCA, Chief Inspector of Aircrafts Accidents, Aircraft Maintenance Engineer (Soroti Flying School).</p> <p>He is an independent member of the Board and Chair of the Finance Committee.</p>

<p>3.</p>	 <p>Major Gen.(Rtd) Charles M. Mwanzia (OGW,EBS, CBS) (Board Member from 06/06/2018-05/06/2021)</p>	<p><b>Date of Birth:</b> 3<sup>rd</sup> Feb 1954</p> <p><b>Key Qualification:</b> PhD (continuing), Doctorate in Military Science(USA), MA International Relations (USIU), BA(Hons) International Relations(USIU), Air Traffic Controller (Aerodrome, Approach &amp; Radar), Diploma Associated Engineer, Diploma in Intelligence Management, Certificate in Strategic Studies, Certificate in Defense Instructional Techniques.</p> <p><b>Work Experience:</b> Lecturer University of London International Program (Nairobi); Consultant in Defense Affairs, Safety and Security, Peace and Conflict; Consultant with Institute for Defense Analysis (USA), GTZ (Germany); Commandant Defense Staff College, Karen, Nairobi (2009-2011); Commandant Kenya Military Academy, Lanet, Nakuru (2005-2006); Director Military Intelligence (2000-2004); Chief of Audit, Defense HQS; Commander, KAF Logistics Command and CNS/ATM Advisor; Deputy Chief of Military Intelligence; UN Missions in DR Congo and Namibia; ATCO (EAC) at Wilson and JKIA.</p> <p>He is an independent member of the Board and Chair of the Licensing of Air Services &amp; Technical Committee.</p>
<p>4.</p>	 <p>Capt. Kiki Christopher Onyonka (Board Member from 17/01/2017- 16/01/2020)</p>	<p><b>Date of Birth:</b> 1<sup>st</sup> February, 1975</p> <p><b>Key Qualifications:</b> ATPL , CPL &amp; Diploma in Aviation Management</p> <p><b>Work Experience:</b> Captain, Boeing 737-700/800-Kenya Airways, Captain, Embraer 170/190-Kenya Airways, Captain, Saab 340B-Kenya Airways, First Officer, Saab 340B-Kenya Airways, First Officer, Beech King Air 200-UNCAS.</p> <p>He is an independent member of the Board and the Chair of the EASA Committee.</p>
<p>5.</p>	 <p>Capt. Judy Wanjiku Kiniti (Board Member from 06/06/2018-05/06/2021 )</p>	<p><b>Date of Birth:</b> 1<sup>st</sup> April, 1971</p> <p><b>Key Qualifications:</b> OMP (Strathmore 2012), ATPL KCAA (1997), CPL KCAA (1993).</p> <p><b>Work Experience:</b> Captain United Airlines (1992-93), Captain Capital Airlines (1993-95), Captain Eagle Aviation(1995-97), Captain Air-Kenya Express (1997-2001), Director Habitat For Humanity Kenya.</p> <p>She is an independent member of the Board and Chair of the Human Capital and Strategic Communication Committee.</p>

<p>6.</p>	 <p>Prof. Paul Mwangi Maringa, PhD, CBS, Corp. Arch, Maak, MkiP (Board Member up to &amp; including 12/07/2018)</p>	<p><b>Date of Birth:</b> 1959</p> <p><b>Key Qualifications:</b> 1999-2005: Jomo Kenyatta University of Agriculture and Technology (Doctor of Philosophy– Environmental Planning); 1989-1991: University of Nairobi (Masters of Arts in Planning – Urban &amp;Regional planning); 1979-1986 University of Nairobi (Bachelor of Architecture Degree)</p> <p><b>Work Experience:</b> Principal Secretary, State Department of Transport (Ministry of Transport, Infrastructure Housing and Urban Development); Principal Secretary, State Department of Public Works; Senior Expert, Planning and Project Management, TVET; Technical Expert &amp; Master Trainer in Building Construction, TVET; Infrastructural Planning &amp; development Expert, TVET; Acting Rector (Vice Chancellor Academics), KIST; Associate Professor of Architecture &amp; Planning, KIST; Head of Department, JKUAT.</p>
<p>7</p>	 <p>Esther J. Koimett, CBS  (Board member from 13/07/2018)</p>	<p><b>Key Qualifications;</b> MBA (UON), Bcom-Accounting (UON), Advanced Management Program, Diploma in Tourism and Diploma in Agricultural Education.</p> <p><b>Work Experience;</b> over 35 years’ experience in public service in Kenya with over 25 years in investment promotion, banking, privatization and public enterprise reform. Currently the Principal Secretary -State Department of Transport, having previously served as Investment Secretary/Director General, Public Investments &amp; Portfolio Management at the National Treasury with overall responsibility for public investments and portfolio management in respect of public enterprise in Kenya.</p>
<p>8.</p>	 <p>Dr. Kamau Thugge, PhD (Board Member)</p>	<p><b>Date of Birth:</b> 1<sup>st</sup> August, 1957</p> <p><b>Key Qualifications:</b> BA (Economics); MA (Economics); PhD (Economics)</p> <p><b>Work Experience:</b> Economist, Senior Economist, Deputy Division Chief (International Monetary Fund); Head of Fiscal and Monetary Affairs Department, Economic Secretary, Head of Economic Affairs Department (Treasury); Senior Economic Advisor (Ministry of Finance); Principal Secretary (The National Treasury)</p>

9	 <p>Dr. (Eng.) Karanja Kibicho, CBS (Board Member)</p>	<p><b>Date of Birth:</b> 29<sup>th</sup> July, 1967</p> <p><b>Key Qualifications:</b> Doctorate in Mechanical Engineering from the University of Cape Town, South Africa, Master of Science (MSc) degree in Mechanical Engineering and a Bachelor of Science (BSc) in Mechanical Engineering.</p> <p><b>Work Experience:</b> Principal Secretary State Department of Interior in the Ministry of Interior and Coordination of the National Government. Before current appointment, he served as the Principal Secretary in the Ministry of Industrialization. He also served Principal Secretary, Ministry of Foreign Affairs.</p> <p>He has taught in various institutions of higher learning including Jomo Kenyatta University of Agriculture and Technology (JKUAT) where he served as the chairman and senior lecturer in the department of Mechanical Engineering. He has served as an external examiner at the University of Dares Salaam, visiting lecturer at the Central University of Technology, Free State, South Africa and a part-time Lecturer at the University of Cape Town.</p>
10	 <p>Ms Carole Ayugi (Board Member wef 06/06/18-05/06/2021)</p>	<p><b>Date of Birth:</b> 20<sup>th</sup> January 1977</p> <p><b>Key Qualifications:</b> LLB(Hons)</p> <p><b>Work Experience:</b> Strong background in commercial and corporate field with focus on retirement benefits, real estate, intellectual property, mediation and arbitration. Managing Partner MMAN Advocates, Head of Department, Employment &amp; Pension and Intellectual Property MMAN Advocates, Partner, Commercial Department, MMAN Advocates, Ag Chief Legal Officer / Company Secretary, Pan Africa Group of Companies, Associate, Conveyancing &amp; Commercial Department Mboya Advocates.</p> <p>She is an independent member of the Board</p>
11.	 <p>Capt. Gilbert Macharia M. Kibe (Director General)</p>	<p><b>Date of Birth:</b> 13<sup>th</sup> January, 1963</p> <p><b>Key Qualifications:</b> MBA (Aviation Option) Moi University, KCAA CPL (Flight Instructor Rating, Instrument Rating, Multi-Engine Piston &amp; Twin Turbine Rating), American FAA CPL (Single &amp; Multi-Engine and Instrument Rating)</p> <p><b>Work Experience:</b> DG KCAA (June 2015-todate); KCAA Board Member (2003-2009); KCAA Chairman Aviation Security Committee (2003-2005); KCAA Chairman HR Committee of the Board (2005-2009); CEO Nairobi Flight Training LTD (2007-May 2015); Board Chairman Aero Kenya (1997-2008); Director Marketing Air Ltd Uganda (1994-2015); Board Chairman &amp; Director Marketing &amp; Sales- Eagle Air Uganda Ltd (1986-1997)</p>

12	 <p>Mr. Cyril Wayong'o (Ag. Corporation Secretary from 01/05/2016-31/01/2019))</p>	<p><b>Date of Birth:</b> 9<sup>th</sup> February 1975</p> <p><b>Key Qualification:</b> MBA (African Nazarene University), Diploma in Aviation Law (International Air Transport Association), Postgraduate Diploma in Law (Kenya School of Law), Undergraduate Bachelors of Laws (Moi University).</p> <p><b>Work Experience:</b> Ag. Corporation Secretary (KCAA), Manager Legal Services (KCAA), Chief Legal Officer (KCAA).</p>
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## MANAGEMENT TEAM

	Name	Key Qualifications, Work Experience and Main Area of Responsibility
1.	 <p>Capt. Gilbert Macharia M. Kibe (Director General)</p>	<p><b>Key Qualifications:</b> MBA (Aviation Option) Moi University, KCAA CPL (Flight Instructor Rating, Instrument Rating, Multi-Engine Piston &amp; Twin Turbine Rating), American FAA CPL (Single &amp; Multi-Engine and Instrument Rating).</p> <p><b>Work Experience:</b> DG KCAA (June 2015-todate); KCAA Board Member (2003-2009); KCAA Chairman Aviation Security Committee (2003-2005); KCAA Chairman HR Committee of the Board (2005-2009); CEO Nairobi Flight Training LTD (2007-May 2015); Board Chairman Aero Kenya (1997-2008); Director Marketing Air Ltd Uganda (1994-2015); Board Chairman &amp; Director Marketing &amp; Sales- Eagle Air Uganda Ltd (1986-1997)</p> <p><b>Main Area of Responsibility:</b> Overall Coordination and Direction of the Air Navigation Service Provision, Regulation of the Civil Aviation Industry, and Training of the Aviation Personnel in the Country.</p>
2.	 <p>Mr. Cyril Wayong'o (Ag. Corporation Secretary from 01/05/2016-31/01/2019)</p>	<p><b>Key Qualification:</b> MBA (African Nazarene University), Diploma in Aviation Law (International Air Transport Association), Postgraduate Diploma in Law (Kenya School of Law), Bachelors of Laws (Moi University).</p> <p><b>Work Experience:</b> Ag. Corporation Secretary (KCAA), Manager Legal Services (KCAA), Chief Legal Officer (KCAA).</p> <p><b>Main Area of Responsibility:</b> Guiding the Authority on Legal matters, board secretariat services, Preparation of Contracts and Review of externally prepared documents and contracts, handling Authority's litigation matters in liaison with external advocates.</p>
3.	 <p>CPA Joseph C. Kiptoo (Director Corporate Services from 10/04/2018-09/04/2022)</p>	<p><b>Key Qualification:</b> Bachelor of Arts (Econ) from the University of Nairobi and an MBA from Moi University, CPA-K holder and is a member of ICPAK.</p> <p><b>Work Experience:</b> Director Corporate Services KCAA (April 2012-April 2014), Ag Director General KCAA (May 2014-June 2015), Director Corporate Services KCAA (July 2015-to date), Director Finance &amp; Administration KEMSA (Feb 2011-March 2012), Manager Finance KCAA Nov 2008-Jan 2012), Manager Treasury Management Posta Kenya, Senior Accountant Posta Kenya ;Economist with Kenya Post &amp; Telecommunication Corporation.</p> <p><b>Main Area of Responsibility:</b> Coordinate and direct the Corporate Services function of the Authority.</p>

*Kenya Civil Aviation Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2019*

4.	 <p>Capt. Nathan Tom Ogenche (Director Aviation Safety Security and Regulation from 07/05/ 2019 – 06/ 05/ 2021)</p>	<p><b>Key Qualification:</b> MBA (Aviation) - Moi University and a ATPL from KCAA.</p> <p><b>Work Experience:</b> Director Aviation Safety Security and Regulation (KCAA), Flight Operations Inspector (KCAA), First Officer to Captain (Kenya Airways) having flown a number of aircraft types like Fokker 50, Boeing 737, Boeing 767, Airbus 310 and CRJ 100/200 series.</p> <p><b>Main Area of Responsibility:</b> Management and Coordination of the regulation function of the Authority.</p>
5.	 <p>Eng. Shadrack Wesechere (Director Air Navigation Services from 01/08/2016-08/08/2018)</p>	<p><b>Key Qualification:</b> MBA (Aviation Option) and Bsc. (Electrical Engineering). Registered Professional Electrical Engineer with the Engineers Board of Kenya and Corporate Member of the Institution of Engineers of Kenya.</p> <p><b>Work Experience:</b> Director Air Navigation Services, Manager Engineering Services (KCAA). Served in various capacities in KCAA since 1985.</p> <p><b>Main Area of Responsibility:</b> Planning and Control of Operations of Air Navigation Services.</p>
6	 <p>Ms Charity M Musila (Director Air Navigation Services from 01/07/2018-30/06/2022)</p>	<p><b>Key Qualification:</b> MBA (Aviation Option)- Moi University and Bsc (Hons) Computing and Information Systems-University of Portsmouth, Aeronautical Information Management (AIM) and Instrument Flight Procedure Design.</p> <p><b>Work Experience:</b> Director Air Navigation Services from July 2018 to date, Manager Aeronautical Information Services from 2015, Aeronautical Information Management (AIM) Expert and Advisor at ICAO Technical Corporation Bureau, Instrument flight procedure designer from 2012 and Aviation consultancy at Rwanda Civil Aviation Authority and Sudan Civil Aviation Authority-Khartoum. Served in various capacities in the Directorate of Civil Aviation and KCAA since 1993.</p> <p><b>Main Area of Responsibility:</b> Planning and Control of Operations of Air Navigation Services.</p>



7.	 <p>Dr. George K. M. M'Nchebere (Director East African School of Aviation from 03/11/2017-02/11/2020)</p>	<p><b>Key Qualifications:</b> PhD (Strategic Management), MBA (Strategic Management) and Bcom. (UON), a full member of Marketing society of Kenya (MSK) and Kenya Institute of Management (KIM).</p> <p><b>Work Experience:</b> Director - East African School of Aviation (Oct. 2014 to date), Lecturer and Programmes Coordinator – Moi University, Financial Accountant - Afrofreight Forwarders Kenya Ltd and Auditor Senior – PKF.</p> <p><b>Main Area of Responsibility:</b> Management and Coordination of the Training Mandate of the Authority (EASA).</p>
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## **CHAIRMAN'S STATEMENT**

I am pleased to present the Kenya Civil Aviation Authority's Annual Report and Financial Statements for the Financial Year 2018/19. The Authority continued to work together with the Government to ensure growth of the industry during the year. The growth of air transport sub sector including support services accelerated from 5.4 per cent in 2017 to 7.8 per cent in 2018 as per the 2019 economic survey. Output from air transport sub-sector increased by 18.6 per cent to Ksh 191.7 billion from Ksh.161.7 billion in FY2017-2018 while that of services incidental to transport increased by 27 per cent to Ksh 136.9 billion in the 2018-2019 period as per the 2019 economic survey.

During the review period, Kenya Airways made the first flight to John F. Kennedy Airport, New York in the United States of America (US) on 28th October 2018. This was after Kenya was granted FAA IASA Category I status in February 2017.

As a signatory to the Convention on Civil Aviation which established the International Civil Aviation Organisation (ICAO) and a legal framework for regulating international civil aviation and air transport, Kenya is obligated to administer aviation safety and security in line with the ICAO standards. To ensure compliance with the standards, Kenya enacted the Civil Aviation (Amendment) Act 2016 and the supporting regulations. The Authority reviewed 9 sets of draft regulations in the areas of air navigation services oversight which were submitted to the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works (MOTIHUD & PW) during the year. The reviewed regulations will help improve the level of compliance with the levels of aviation safety and security in the country.

During the Financial Year 2018-19, the Board successfully implemented the 15th performance contract and made tremendous progress towards implementation of the Strategic Plan 2017/2018-2021/22 which was reviewed to align it to the Medium Term Plan III and to incorporate the "Big Four" initiatives. These planned objectives are to grow the air transport system and attain a sustainable safety and security oversight function, improve capacity, efficiency and safety of air navigation, improve business processes and systems, ensure financial Sustainability and efficiency in supply chain management, build adequate and competent human capital, enhance customer service, develop capacity to deliver quality training, ensure environmental protection, governance and risk management.

The reviewed strategic Plan for 2017/18-2021/22 outlines the priorities that will be pursued during the Plan period. These include priorities to expand the air transport industry in Kenya, enhance aviation safety and security and implement projects in the Short Term Phase in the Airspace Master Plan for the period 2015-2030. The Master Plan which incorporates the requirements of the ICAO Global Air Navigation Plan takes into consideration the requirements of the Kenya Airspace and will guide the acquisition of new technologies for Communication, Navigation and Surveillance systems as well as Air Traffic Management over the next 15 years.

The Authority successfully hosted ICAN 2018 meeting from 10th – 14th December 2018 in Nairobi. The meeting was attended by participants from various countries across the globe. The meeting was aimed at bringing together various states to negotiate and open up their air transport markets for other countries. The opening up of markets by countries will increase air transport connectivity, increase trade and business and lead to increased interaction of people. Kenya stands to benefit by opening up more routes with other countries and increasing flight frequencies as it gears towards increasing high value agricultural and manufactured exports.

During the year, KCAA underwent the ICAO Universal Safety Oversight Audit Programme (USOAP) Audit in July 2018 and the results showed a compliance level of 78.02%. Over the years the Authority has continuously worked towards improvement of its oversight capacity and ensuring that the industry complies with the International Civil Aviation Organisation (ICAO) requirements. One of the major activities carried out during the year was the recertification of air operators in the country. This process continues to be undertaken with a view to ensuring that operators develop capacity to consistently comply with the approved regulations.

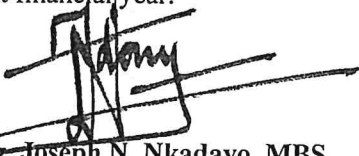
The Authority will endeavour to live to its vision “to be a superior, safe, secure and sustainable civil aviation system’ by ensuring that standards are implemented and maintained at levels that meet and exceed the expectations of customers. In doing its business, KCAA will continue to be guided by the ICAO requirements and global best practices.

During the Financial Year 2018-19, the East African School of Aviation (EASA) continued with its modernisation programme towards maintenance of the Centre of Excellence in aviation training status by procuring additional equipment for training and undertaking renovation of facilities including the sports grounds. By doing this, EASA aims at providing quality training that meets the demand of an evolving aviation industry both locally and in the region.

During the year the Management and Board of Directors undertook learning tours in USA and United Kingdom. In the USA Board and management met with FAA and signed a Memorandum of Understanding (MoU) on Aviation training. The Board and management were able to learn and share experiences on aviation safety and security, air navigation services and aviation training. A Member of the Board also attended the Global Aviation Security symposium which was held in Montreal, Canada during the year.

The Authority has embarked on a process aimed at improving the work processes and systems and is expected to automate the processes related to aviation safety and security oversight services in the next three years. This will provide a work environment that is more efficient and responsive to the needs of the customers as most operations will be done through online processes.

In conclusion, I wish to express my sincere gratitude to the KCAA Board, Management and staff for their hard work, dedication and commitment which enabled us to achieve favourable performance. I wish to thank all the stakeholders for their support during the year and call for the same support in the next financial year.

  
**Eng. Joseph N. Nkadayo, MBS  
Chairman, Board of Directors  
Kenya Civil Aviation Authority**

## **REPORT OF THE DIRECTOR GENERAL**

Aviation is a critical catalyst for global and national development. Air transport in Kenya has continued to grow and to contribute more to job creation and increased trade with other countries. During the year passenger numbers grew by 9.5% to reach 12.1 million compared to 11.0 million the previous year and aircraft movements increased by 3% from 363,230 in 2017/18 to 373,359 in 2018/19. The aircraft traffic has mainly been driven by improved economic performance in Kenya. Freight traffic increased by 11.1% from 331,327 tonnes to 368,128 tonnes this financial year. During the year, the industry remained strong and vibrant. The Authority will continue to support the aviation sector in order to ensure that stakeholders make the right choices to sustain their business.

The implementation of the 2017/18 - 2021/22 Strategic Plan continued during the year with focus being the activities of the second year of the Plan. Using the Performance Contract (PC) concept that commits staff to implement targets in their work plans, activities in the Strategic Plan were incorporated in the PCs for the year and implemented. As a result, the Performance contract for Financial Year 2018/19 was successfully implemented and the final performance report submitted to the Government. The results for the past two years have been satisfactory with the Authority achieving an overall rating of good.

Implementation of the Performance Contract year enabled the Authority to set up systems to ensure equity in the delivery of public services and the adaptability of public services to the needs of the users. The Authority also worked towards ensuring professionalism and ethics in service delivery. As a result showed that the Authority continues to improve in its performance and delivery of service to its customers. The Authority supported the “Big Four” initiatives by improving market access through opening up more air transport routes by participating in Bilateral Air Service Agreements (BASAs), increasing access to universal health care by facilitating restricted operation of Unmanned Aircraft Systems in health care emergency services, reviewing the mortgage scheme and constructing additional staff houses to facilitate affordable housing.

In an effort to open more markets and routes for airlines, KCAA hosted ICAN 2018 meeting from 10th – 14th December 2018 in Nairobi. The meeting was attended by participants from various countries across the globe and negotiations were undertaken and Bilateral Air Service Agreements entered into. Kenya had discussions with 32 states during the event resulting to signing of BASA’s, Memoranda of Understanding and Protocols. In addition, the Authority participated in the negotiation of BASAs for Niger, China and France which were carried out during the year.

The industry continued to maintain a high level of compliance with international standards as evidenced by the compliance level of 78.02 per cent achieved during the ICAO Universal Safety Oversight Audit Programme (USOAP) Audit conducted in July 2018. It is expected that Kenya will implement the Corrective Action Plans (CAP’s) from the Audit in order to improve the level of compliance with international civil aviation requirements. Through the Continuous Monitoring Approach and the Online Framework for submission of implemented measures for CAPs, the Authority commits to continuously undertake corrective measures to demonstrate a higher level of compliance with safety standards.

KCAA has developed policies, regulations and guidance materials to bring clarity, certainty, transparency and consistency in the aviation industry. In addition, more inspectors were recruited and trained to provide technical oversight capacity. KCAA recognises the need to have a regulatory system that the industry has trust in as it helps win co-operation and voluntary compliance.

At the same time effort to improve technical capacity continued during the year by conducting trainings for the flight safety inspectors locally and abroad for the existing staff. The Authority expects the industry to achieve full compliance with the regulations. The on-going recertification process which started with the international operators is expected to continue in the coming year in order to ensure that all operators are certificated under the current regulations.

The modernisation of air navigation services continued during the year in line with the KCAA Strategic Plan, Kenya's Air Navigation Master Plan and the Global Air Navigation Plan. Air traffic services were started in Diani Airport using a Mobile Control Tower during the year. To accommodate these operations, the routes around Mombasa International Airport were restructured. The Authority upgraded 28 Performance Based Navigation (PBN) routes from Required Navigation Performance (RNP 10) to Area Navigation (RNAV 5) Routes. The operation of these routes was effected from 11<sup>th</sup> October 2018. Communication, Navigation and Surveillance equipment was also installed at various airports to replace ageing equipment and to cater for increased requirements by airspace users. The on-line flight planning and on-line crew briefing services launched on 30<sup>th</sup> September 2018 have improved efficiency as pilots can receive services at the cockpit without visiting the briefing room.

The Authority continued to recruit, train and to place staff at the appropriate levels of the existing organisational structure. The placement process was aimed at ensuring that all required skills were in place in the various Departments. At the same time, the Authority initiated a process to develop a new organisational structure to cater for the emerging needs attributed to the expansion of the industry. The process is currently at the final stages and is expected to be submitted to the Government for approval during the next financial year. The Human Resource Policy Manual was also reviewed during the year with a view to ensuring that human resource policies and procedures are aligned to the Government human resource management practices. The exercise was also aimed at ensuring that staff needs and benefits are taken into consideration and incorporated into the manual.

KCAA is committed to continuous engagement with the Stakeholders and will continue to conduct meetings to receive feedback on its services and comments on the policies and regulations proposed. During the year the Authority conducted consultative meetings with stakeholders on proposed regulations and received valuable feedback which were used to improve the quality of services offered. This opportunity to learn as well sharing experience with others has helped improve the quality and relevance of the service provided. KCAA believes that genuine safety and security can only be achieved with continuous feedback from the industry and learning from others.

The Authority will continue to focus on institutionalizing a culture of accountability, integrity, transparency and promotion of values and principles of the public service in the delivery of services. This is an effort to enhance capacity and achieve a transformation in the delivery of services to effectively meet and exceed the expectations of our customers.

I wish to thank the KCAA Board of Directors for their excellent stewardship which enabled us realise good results. Secondly, I also appreciate the management team and staff for their effort during the year and for the continuous improvement in the performance of the Authority. I look forward to even a better performance during the 2019/20 financial year.



**Capt. Gilbert M. Kibe**  
**DIRECTOR GENERAL**

## **CORPORATE GOVERNANCE STATEMENT**

Corporate Governance is the process by which corporations are directed and controlled with the objective of increasing stake/shareholders value. This is achieved by establishing a system of clearly defined authorities and responsibilities, which result in a system of internal controls that is regularly tested to ensure effectiveness.

At Kenya Civil Aviation Authority, the Board places a high degree of importance on maintaining a sound control environment and applying the highest standards of business integrity and professionalism in all areas of the Authority's activities. The Board has adopted the Code of Best Practice for Corporate Governance issued by the Centre for Corporate Governance (Kenya) as its benchmark in developing its corporate governance principles and further provided these principles in the KCAA Board charter.

### **Board of Directors and Board Meetings**

The composition of the Board is set out on pages vii –xi. The Board has varied and extensive skills in the areas of aviation, finance, business management, governance and law. The Directors' responsibilities are set out in Civil Aviation Act no. 21 of 2013 read together with the Civil Aviation (amendment) Act of 2016 and include the policy direction and development of internal financial controls.

The Chairman of the Board provides the overall leadership to the Board without limiting the principle of collective responsibility for Board decisions. He acts as the link between the Board and the Director General and plays a leading role in consensus building between the Board members, the Director General and senior management. The Board has delegated the authority for day-to-day management to the Director General. It however retains the overall responsibility for decisions with regard to finances and operations of the Authority.

The Board meets at least once every quarter and has formal schedule of matters reserved for it. During the Financial year 2018-2019, the Board held a total of eight (8) meetings.

The Board has appointed four (4) standing Committees to which it has delegated certain responsibilities with the chairpersons of the Committees reporting to it. The Committees are, Finance and Human Capital, Licensing of Air Services and Technical, Audit Risk and Governance and the Eastern African School of Aviation Committee and they consist of;

<b>1. LICENSING OF AIR SERVICES AND TECHNICAL COMMITTEES (LASTC)</b>	
<b>Chairperson</b>	Major Gen. (rtd) Charles M. Mwanzia
<b>Members</b>	<ol style="list-style-type: none"><li>1. Capt. Kiki Onyonka</li><li>2. Ms. Carole Ayugi</li><li>3. PS Transport/Alternate</li><li>4. PS Interior/Alternate</li><li>5. Capt. Gilbert M. Kibe</li></ol>

<p><b>Number of meetings and agendas considered in FY 2018/2019</b></p>	<p>The Committee is responsible for considering applications for air service licenses including variations thereof and issuing or denying such licenses; Considering all air transport/economic regulation matters; Providing guidance on air transport policy in Kenya in consultation with the parent ministry; Ensuring engineering standards and monitoring engineering projects; Monitoring air navigation (and other equipment) availability and serviceability; and, Monitoring the Aviation safety and aviation security oversight functions of KCAA, including the licensing of aviation personnel and all matters incidental to the functions of KCAA including examinations conducted by KCAA.</p> <p>During the year, the Committee had a total of 10 meetings. The meetings considered briefing of air services license applications, technical briefings from the technical departments of the Authority as well as holding public hearings. Also considered technical directorates quarterly reports and strategic requests.</p>
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<p><b>2. EAST AFRICAN SCHOOL OF AVIATION COMMITTEE (EASA)</b></p>	
<p><b>Chairman</b></p>	<p>Capt. Judy Kiniti</p>
<p><b>Members</b></p>	<ol style="list-style-type: none"> <li>1. Mr. Chris Kuto</li> <li>2. Capt. Kiki Onyonka</li> <li>3. Major Gen. (rtd) Charles M. Mwanzia</li> <li>4. PS Transport/Alternate</li> <li>5. Capt. Gilbert M. Kibe</li> </ol>
<p><b>Number of meetings and agendas considered in FY 2018/2019</b></p>	<p>The is responsible for considering on behalf of the Board all matters relating to the East African School of Aviation.</p> <p>The Committee held 6 meetings. The committee considered East African School of Aviation's reports which included academic reports, EASA proposed organization structure, EASA land matters, the school annual investment plan and proposed projects for implementation in the year.</p>

<p><b>3. FINANCE AND HUMAN CAPITAL COMMITTEE (F&amp;HCC)</b></p>	
<p><b>Chairperson</b></p>	<p>Mr. Chris Kuto</p>
<p><b>Members</b></p>	<ol style="list-style-type: none"> <li>1. Ms. Carole Ayugi</li> <li>2. Capt. Judy Kiniti</li> <li>3. PS Transport/Alternate</li> <li>4. PS Interior/Alternate</li> <li>5. PS Treasury/Alternate</li> <li>6. Capt. Gilbert M. Kibe</li> </ol>
<p><b>Number of meetings and agendas considered in FY 2018/2019</b></p>	<p>The Committee is responsible for reviewing and monitoring the KCAA financial matters/position on behalf of the Board, including monitoring the implementation of Authority's financial strategic goals/objectives; liquidity status, all the Authority's banking facilities, recommending KCAA Budgets, Financial Statements and statutory reports; and</p> <p>Ensuring compliance with the financial reporting requirements and the proper keeping of all the financial records of the Authority.</p>

	<p>The Committee also Monitors the implementation of KCAA Human Capital strategic goals/objectives; Considering and processing all human resource and administration matters that require to be processed through the Board, including recruitment, promotions and disciplinary action, as well as issues relating to staff training, development, remuneration, welfare and benefits;</p> <p>The committee held 6 meetings. The committee considered among other agenda's the Authority's Budget estimates, annual report and financial statements, quarterly financial statutory reports; Revised Human Resource Policy Manual, proposed organizational structure and career progression guidelines, the Authority's staff recruitment and approved employment contracts among other staff welfare matters.</p>
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<b>4. AUDIT, RISK AND GOVERNANCE COMMITTEE (ARGC)</b>	
<b>Chairperson</b>	Capt. Kiki Onyonka
<b>Members</b>	<ol style="list-style-type: none"> <li>1. Major Gen. (rtd) Charles M. Mwanzia</li> <li>2. Ms. Carole Ayugi</li> <li>3. PS Treasury/Alternate</li> <li>4. PS Transport/Alternate</li> <li>5. Capt. Gilbert M. Kibe</li> </ol>
<b>Number of meetings and agendas considered</b>	<p>The Committee is responsible for considering and processing on behalf of the Board all matters relating to audit, audit queries and audit Management letters from the Office of the Auditor General or duly appointed external auditors; and, considering matters of quality assurance of systems and processes in KCAA operations and reviewing the risk management framework and the periodic performance contract reports.</p> <p>The committee held 6 meetings. The agendas considered included among others the implementation of institutional risk management framework, Internal and External Audit reports, reports on court and land matters, quarterly Board PC reports and Governance Policy documents</p>

The quorum for each Committee is three (3) members excluding the Director General or his representative.

#### **Appointment of Board Members**

There is a succession plan which has the tenure of service of the various Board members lapsing in phases. This allows the institutional memory held by longer serving Directors to carry on as new Directors take up the roles of Board members.

#### **Board Trainings**

The Authority has an induction program and an annual training program. The program has so far achieved trainings for the Board members on Mwongozo guidelines, Civil Aviation management among others. The trainings are undertaken on an ongoing basis with emphasis on new and emerging area of aviation oversight and requisite competencies for the Board of Directors.



### **Board & Member Performance**

There is in place a Board evaluation exercises undertaken annually by the State Corporations Advisory Committee (SCAC) or in some instances an external consultant.

### **Conflict of Interest**

Directors are required to disclose all areas of conflict of interest to the Board during the adoption of agenda for any meeting and are excluded from voting on such areas. There is a conflict of interest register in place kept by the Corporation Secretary where all the declarations of conflicts of interests are recorded.

### **Ethics, Conduct and Governance Audit**

There is in place a Governance audit that takes place annually.

### **Directors' Emoluments**

The members of the Board are remunerated variously through allowances. The Chairman earns a monthly honorarium. All members other than the Director General earn travelling, accommodation, mileage, sitting and lunch allowances as per the prevailing Government guidelines contained in circulars.

The aggregate amount of emoluments paid to Directors for services rendered to the Authority during the Financial Year 2018-2019 are disclosed in note 14 to the financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

The performance of the Authority has continued to improve over the years mainly due to the growth of the air transport industry in Kenya and the region. The passenger, freight and aircraft traffic has been on the upward trend over the last three years and this trend is expected to continue.

### Operational and Financial Performance

The financial performance of the Authority improved during the year. Revenue earnings increased during the year from 7.01 billion to 8.93 billion driven mainly by increased earnings from air navigation services charges as a result of increased aircraft movements, increase in non-operating revenue (Treasury Bills) and the newly introduced Air Passenger Service Charge. The recurrent expenditure increased from 5.9 billion to 6 billion during the period under review. This is mainly attributed to increase in provisions to cover for potential liabilities. Overall the financial results were a net surplus of Kshs 2,895,189,831 compared to a surplus of Kshs 1,003,379,695 the previous financial year.

Aviation is a critical catalyst for global and national development. Air transport in Kenya has continued to grow and to contribute more to job creation and increased trade with other countries. The increase in passenger was contributed by a growth of 12.3% for domestic passengers and 7.6% for international passengers compared to the previous year. Transit traffic also increased by 8.2% compared to the previous year. The overall passenger traffic growth was 9.5% this year compared with last year. Freight traffic increased by 11.1% from 331,327 tonnes to 368,128 tonnes in the financial year. The five years' trend is shown in the table 1 below:

**Table 1: Passenger and Freight Traffic (000) from 2014/15 to 2018/19**

Passenger and Freight Traffic Statistics			2014/15	2015/16	2016/17	2017/18	2018/19	%
Passengers	Domestic	Arrivals	1,770	1,955	2,143	2,211	2,481	12.2%
		Departures	1,494	1,741	1,963	2,097	2,356	12.4%
		Total	3,264	3,696	4,106	4,308	4,837	12.3%
	International	Arrivals	2,688	2,727	2,918	3,184	3,434	7.9%
		Departures	1,592	1,611	1,766	1,961	2,104	7.3%
		Total	4,280	4,338	4,684	5,145	5,538	7.6%
	Total	Total arrivals	4,457	4,682	5,062	5,395	5,916	9.7%
		Total departures	3,086	3,352	3,729	4,059	4,460	9.9%
		Transit	1,346	1,431	1,457	1,568	1,697	8.2%
		Total	8,889	9,465	10,248	11,022	12,073	9.5%
Total Freight	Domestic	Unloaded	1,289	2,368	492	615	509	-17.2%

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		Loaded	2,473	1,263	708	952	1,354	42.2%
		Total	3,762	3,631	1,200	1,567	1,863	18.9%
	International	Unloaded	62,053	47,592	50,351	79,986	87,668	9.6%
		Loaded	198,500	203,622	201,782	249,775	27,8597	11.5%
		Total	260,553	251,214	252,133	329,761	36,6265	11.1%
		Total Unloaded	63,342	49,961	50,843	80,601	88,177	9.4%
		Total Loaded	200,972	204,885	202,491	250,727	279,951	11.7%
		Total	264,314	254,846	253,334	331,328	368,128	11.1%

Source: KCAA-Planning, 2019

Aircraft movements increased by 3% from 363,230 in 2017-18 to 373,359 in 2018-19. The aircraft traffic has mainly been driven by improved economic performance in Kenya. The aircraft traffic has mainly been driven by improved economic performance in Kenya and increase in flight frequencies among some of the air operators. The aircraft movements during the last five years are reflected in table 2 below:

**Table 2: Aircraft Movements from 2014/15 to 2018/19**

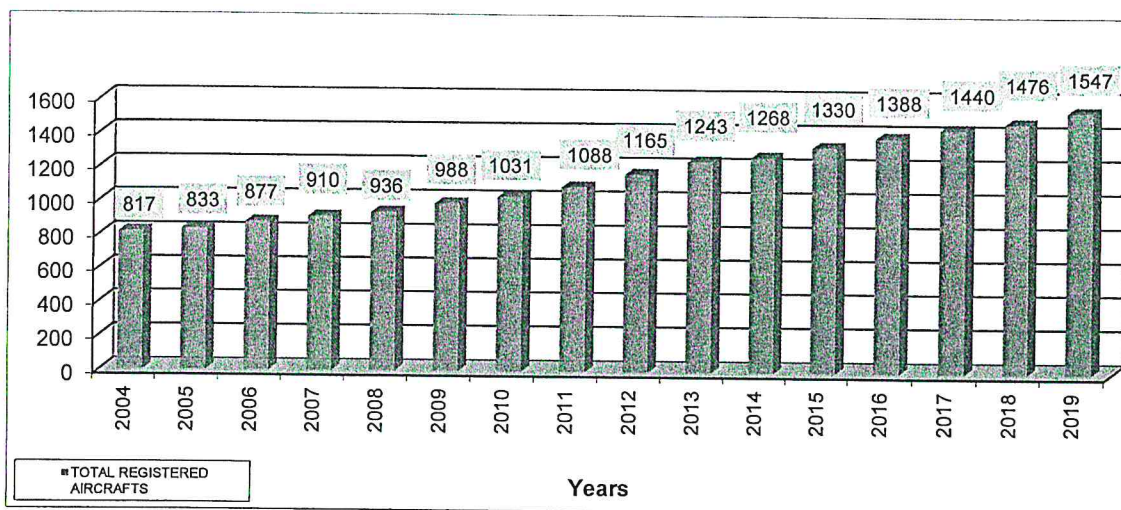
Item	Movement		2014/15	2015/16	2016/17	2017/18	2018/19	%
Aircraft Movements	Domestic	Landings	86,212	96198	104,801	105,768	108,602	3%
		Take-offs	85,700	96439	105,076	106,508	110,303	4%
		Total	171,912	192,637	209,877	212,276	218,905	3%
	International	Landings	44,525	45628	46,264	47,961	47,642	-1%
		Take-offs	45,257	45046	45,744	47,607	48,534	2%
		Total	89,782	90,674	92,008	95,568	96,176	1%
		Total Landings	130,737	141,826	151,065	153,729	156,244	2%
		Total Take-offs	130,957	141,485	150,820	154,115	158,837	3%
		Total	261,694	283,311	301,885	307,844	315,081	2%
	Over flights	Total Over flight	38,238	44,243	49,940	55,386	58,278	5%
Overall aircraft Movements			299,932	327,554	351,825	363,230	373,359	3%

Source: KCAA-Planning, 2019

The number of aircraft registered in Kenya increased by 5% from the previous year. The number of registered aircraft has been growing steadily and currently the number of registered aircraft as at June 2019 was 1,547 as shown in table 3.

**Table 3: Aircraft Registered in Kenya from 2014/15 to June 2019**

Year	2014/15	2015/16	2016/17	2017/18	2018/19
Total Aircraft Registered	1,330	1,388	1,440	1,476	1,547
% Change	5%	4%	4%	3%	5%
New Aircraft Registered	81	50	63	48	87
De-Registered Aircraft	16	22	16	12	16



Source: KCAA-Planning, 2019

### Key Projects or Investments Decisions

During the Financial Year 2018-19, the Authority continued with the implementation of projects aimed at modernising Air Navigation Services (ANS). The projects that were completed during the period included; completion of the Wilson Control Tower and installation of equipment, implementation of VHF communication system in Kisumu, installation of Search and Rescue Software, installation of hybrid wind and Solar Power at Ngong, installation of communication systems at ANS stations and the construction of 3 permanent staff houses at Poror. The Construction of the Disaster Recovery Centre was on-going.

In order to serve the re-organised airspace which has two sectors created for approach into Jomo Kenyatta International Airport (JKIA), the Authority designed and implemented Performance Based Navigation (PBN) routes to facilitate aircraft flights at the JKIA and Wajir which were published on 17th January 2019 and their use started from 28th February 2019. Earlier in the financial year the

Authority had upgraded 28 Performance Based Navigation (PBN) routes from Required Navigation Performance (RNP 10) to Area Navigation (RNAV 5) Routes. The operation of these routes was effected from 11th October 2018. Flights on PBN routes benefit from time and fuel savings.

Air traffic services at Ukunda Airport were started on 27th October 2018 and were supported by a re-organisation of the routes around Mombasa International Airport.

The implementation of these projects together with enhanced maintenance and periodic calibration of equipment contributed to an overall availability of equipment of 97.92% which was above the ICAO recommended level of 97% as shown below:

**Table 4: Overall Availability of ANS Equipment**

Year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Overall Availability of ANS Equipment in %	99.03	98.53	98.815	98.9	98.6	98.3	94.60%	97.92

Source: KCAA-Planning, 2019

Table 5 below represent statistics on the key regulatory services offered in the aviation industry over the last five years.

**Table 5: Key Statistics on Regulatory Services**

Item	Details/Year	2014/15	2015/16	2016/17	2017/18	2018/19
Aviation Personnel Licences	Air Transport Pilot Licence (ATPL)	975	1062	1116	1188	1375
	Commercial Pilot Licence (CPL)	1517	1563	1607	1687	1756
	Private Pilot Licence (PPL)	1276	1255	1316	1358	1351
	Student Pilot Licence (SPL)	2580	2543	2710	2918	2947
	Cabin Crew Member Certificate (CMC)	1906	1942	2090	2140	2270
	Aircraft Maintenance Engineers (AMEL)	618	694	738	775	819
	<b>Total</b>		<b>8,872</b>	<b>9,059</b>	<b>9,577</b>	<b>9,975</b>
Valid Operational Licenses	Aircraft with Valid Certificate of Airworthiness (COA)	751	763	749	804	661
	Air Operator Certificates (AOCs)	70	70	87	89	90
	Total Approved Maintenance Organisations (AMOs) (Both Local and Foreign)	122	139	143	161	69
	Approved Training Organizations (ATOs)	19	22	19	22	22
	Flight Dispatcher Licence	177	208	186	211	311

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	Scheduled Airlines	77	77	79	79	79
	<b>Total</b>	<b>1,216</b>	<b>1,279</b>	<b>1,263</b>	<b>1,366</b>	<b>1232</b>
<b>Aerodrome Category</b>	International Class A	8	8	8	8	8
	Domestic (regional) Class B	23	23	23	23	23
	Class C Airstrips	430	430	440	440	440
	Class D Heliports/Helipads	6	14	20	20	20
	<b>Total</b>	<b>467</b>	<b>475</b>	<b>491</b>	<b>491</b>	<b>491</b>
<b>CAA Inspectors and Air Traffic Controllers</b>	Air Traffic Controllers (ATCOs)	165	159	177	175	212
	Airworthiness Inspector	21	27	24	32	25
	Flight Operations	15	20	21	30	25
	Personnel Licensing	8	9	10	10	11
	Communication, Nav. & Surveillance(CNS)	1	1	1	1	1
	AIS/ Map, PANSOPS	1	1	1	1	2
	Air Traffic Management & Search & Rescue (ATM)	2	2	2	2	2
	Aerodromes & Grounds Aids (AGA)	7	6	6	3	6
	Aviation Security	7	7	7	9	7
	Air Transport	8	8	8	9	10
	<b>Total</b>	<b>235</b>	<b>240</b>	<b>257</b>	<b>272</b>	<b>301</b>

Source: KCAA-Planning, 2019

The East African School of Aviation (EASA) which is a centre of excellence for aviation studies continued to provide quality training services to the local and international aviation industry. EASA continued with its modernisation programme towards maintenance of the Centre of Excellence in aviation training status by procuring Navigation Aids (NAV AIDS) Simulators, power plant equipment (Engine & Propeller) and fluids mechanics equipment for training. By doing this, EASA aims at providing quality training that meets the demand of an evolving aviation industry both locally and in the region. EASA completed the installation of furniture in the modern library. During the year, EASA conducted flight safety courses for safety inspectors in collaboration with ICAO, Singapore Aviation Academy and the Incheon Aviation Academy of Korea.

The number of students at the East African School of Aviation grew by 20.7% from 1,957 students in 2017/2018 to 2,362 students in 2018/19 as shown below:

**Table 6: East African School of Aviation Student Population**

No	Course/ Students	2014/15	2015/16	2016/17	2017/18	2018/19
1	Engineering	210	244	280	354	472

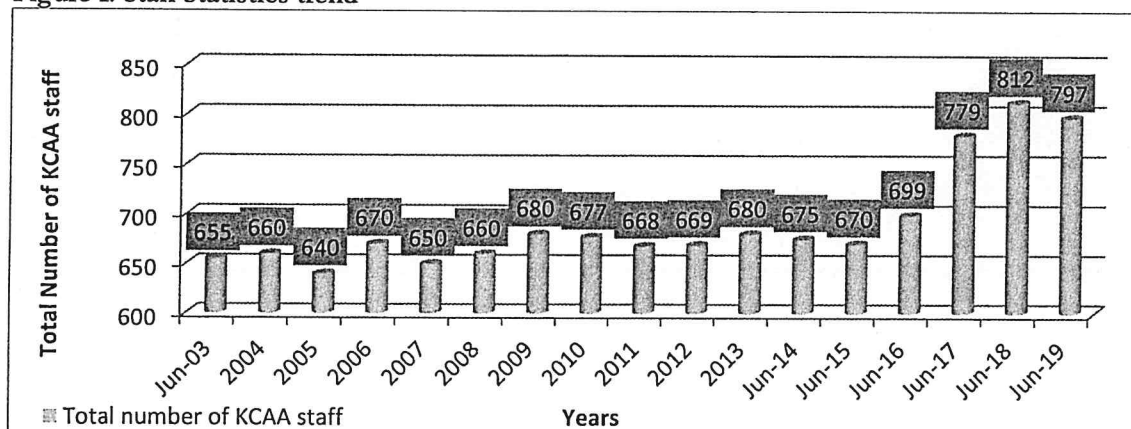
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2	Business Programmes(BBM and MBA)	71	253	218	336	429
3	Aviation Security	377	93	194	203	155
4	Air Traffic Control	141	267	362	309	397
5	Aviation Safety	215	347	238	391	485
6	IATA	94	96	93	145	198
7	Communications/OPS	31	20	85	16	6
8	CDU	39	79	87	43	85
9	AIS	52	50	84	160	135
	<b>Total Students</b>	<b>1230</b>	<b>1449</b>	<b>1641</b>	<b>1957</b>	<b>2362</b>

Source: KCAA-Planning, 2019

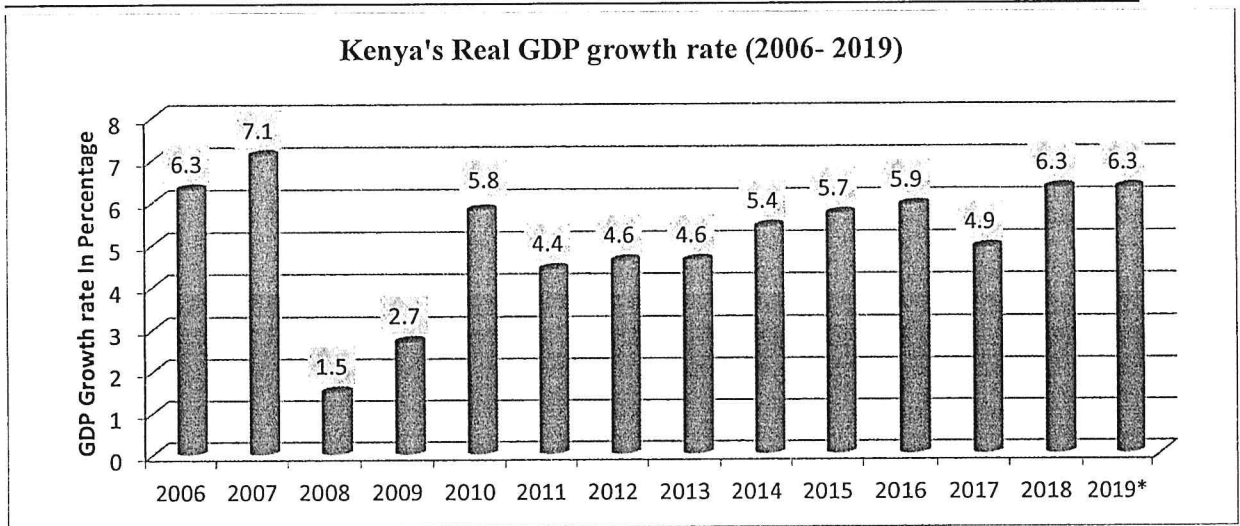
Staff numbers which had been growing steadily over the last two years declined during 2018/19. Previous growth had been contributed by recruitments of more staff within the regulatory directorate and at the East African School of Aviation (EASA). However, during the current financial year, recruitments were restricted to a few needy areas. This resulted to an overall decline by 15 employees during the year which was mainly due to more staff exiting service through retirement and resignation than those joining. The number of Staff as at June 2019 is as shown below:

Figure 1: Staff Statistics trend



Source: KCAA-Planning, 2019

Kenya's economy recovered from the effects of the persistent drought experienced in 2017 coupled with uncertainties associated with general elections held in the same period. Real Gross Domestic Product (GDP) grew by 6.3 per cent in 2018 compared to 4.9 per cent in 2017. The growth was principally attributable to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities. Agricultural activities benefited from sufficient rains that were well spread throughout the country. The trend of the GDP is as shown below.





### **Major Risks Facing KCAA**

- (a) Disruption in provision of essential services
- (b) Ineffective project management
- (c) Poor/failure to coordination of search and rescue missions
- (d) Failure to comply with ICAO SARPS and honor international obligations
- (e) KCAA Failure to comply laws, regulations, standards, policies, procedures
- (f) Ineffective Board and Management oversight
- (g) Poor/failure to coordination of search and rescue missions
- (h) Failure to achieve 100% implementation of Strategic Plan
- (i) Ineffective Risk Management coordination activities
- (j) Failure to institutionalize EASA unique characteristics as a training school within KCAA
- (k) Loss of court cases.

### **Compliance to Statutory Requirements**

In the financial year ended 30<sup>th</sup> June 2019, the Authority was able to comply with the requisite statutory requirements from time to time. However, there were two (2) major long standing Court cases, which may expose the Authority. These are summarised below:

#### **I. Nairobi HCCC Misc. Appl. No 1278 of 2004 & Court of Appeal No. 67 of 2010 Rufus Njuguna & 67 Others –v. - KCAA & 2 Others**

This is a case involving 68 former employees of the Directorate of Civil Aviation (the predecessor of KCAA) emanating from alleged dismissal of the said employees from public service and malicious prosecution. The case was ruled in favor of the Plaintiffs but KCAA appealed against the judgment and the appeal proceeded for hearing on 7th January, 2014. The Court dismissed KCAA's appeal with costs. The Court of Appeal ordered the matter to be referred back to High Court for assessment of total damages. The High Court delivered the ruling on assessment for 40 plaintiffs out of 67 plaintiffs. The judgment amount in total is approximately Kshs 154,841,140. The Claimants' application for review seeks an additional Kshs. 103,835,080/=. The application was heard on 12th June 2018. The ruling was slated for 28th September 2018 but was not read on the said date but would be delivered on Notice.

The matter was mentioned on 25th April 2019 for Claimants to update the Court on the issue of the Claimants' representation. The Court ordered that the Claimants sort out their issues on representation as it had not resolved the issue.

The matter was mentioned again on 12th June 2019 where Dr. Khaminwa and Mr. Mutai tentatively agreed to act alongside each other with respect to 2nd, 4th to 25th Claimants on the condition that the incoming advocates lay no claim to Fees already earned. The Court then directed that the Claimants finalise on their representation and agree on how to proceed with regards to Mr. Mutai's Application to file a Notice of Appeal out of Time.

The matter is coming up for mention on the 16th October 2019 for the parties to take direction on all pending applications.

#### **II. Nairobi High Court Civil Case No. 1208 of 2003, The Court of Appeal Number civil appeal number 311 of 2009, The Supreme Court civil appeal number 197 of 2016: African Commuter Services Ltd vs. The Attorney General and the Kenya Civil Aviation Authority**

African Commuter Services Ltd. sued the Attorney General (on behalf of the Ministry of Transport and Infrastructure) and KCAA for consequential loss and damages arising from the suspension of its AOC on

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24<sup>th</sup> January, 2003, following the Busia aircraft accident. The total amount claimed was Kshs. 1,345,616,019.65 plus interest and costs but by judgment dated and delivered on 7<sup>th</sup> February, 2014 the Court of Appeal found KCAA culpable and therefore liable to compensate African Commuter Services Limited. The Court of Appeal however, adjusted the total damages downwards to Kshs. 362,615,656.00 and also reduced award of costs to 50% with interest at court rates from date of filing (on revenue and capital losses) and interest at court rates from the date of judgment (on consequential loss and aggravated damages). The appeal by the AG succeeded as the Court of Appeal found the Ministry of Transport and Infrastructure not liable.

KCAA sought and obtained legal opinion from the Attorney General's office on further appeal to the Supreme Court and consequently instructed its Advocates to file an application at the Court of Appeal for leave to appeal to the Supreme Court and stay of execution on 27<sup>th</sup> May 2014. The said application came up for hearing on 10<sup>th</sup> March 2015 but was dismissed by the Court of Appeal by ruling delivered on 29<sup>th</sup> May 2015. Meanwhile, African Commuter Services Limited, through Ahmednasir, Abdikadir & Company Advocates took out Garnishee proceedings on 3<sup>rd</sup> November 2014 against KCAA and its bankers (National Bank of Kenya Limited and CFC Stanbic Bank Limited), to attach all the monies held in the said banks to pay the total decretal sum of Kshs 1,421,671,718 and managed to garnishee approximately Kshs 46,000,000.

Having been denied leave to appeal and stay of execution at the Court of Appeal, KCAA Advocates, Waweru Gatonye & Company, prepared and filed an urgent application on 12<sup>th</sup> June 2015, at the Supreme Court, for leave to appeal and stay of execution to the Supreme Court. The Supreme Court on its own motion certified the application as urgent and granted KCAA a stay of execution on 15<sup>th</sup> June 2015. On receipt of KCAA's application of 12<sup>th</sup> June 2015, Ahmednasir, Abdikadir & Co. Advocates, for African Commuter Services Limited, on 19<sup>th</sup> June, 2015, filed an application under certificate of urgency at the Supreme Court, seeking for orders to set aside the Order for stay of execution granted in favour of KCAA. The 2 applications (KCAA's application of 12<sup>th</sup> June, 2015 and African Commuter Services Limited's of 19<sup>th</sup> June, 2015) have been consolidated.

Meanwhile on 25<sup>th</sup> September 2015, High Court Judge Justice Mabeya by ruling of the same date dismissed KCAA's application dated 18<sup>th</sup> February 2015 for review of the decretal sum on technicality that the decretal sum sought to be reviewed is that of the Court of Appeal and therefore the High Court does not jurisdiction. KCAA's Advocates have filed a Notice of Appeal against the said ruling. KCAA's application of 12<sup>th</sup> June 2015 for leave to appeal and stay of execution came up before the Supreme Court on 17<sup>th</sup> December 2015 but could not proceed as there was no quorum. On 2 occasions in February and April this matter was listed but could not proceed for lack of quorum at Supreme Court.

On 17<sup>th</sup> March 2016, KCAA Advocates, Waweru Gatonye & Co. Advocates attended Court for a mention and for purposes of fixing a hearing date. The matter was given a hearing date of 28<sup>th</sup> April 2016 but the matter did not proceed as scheduled. KCAA Advocates also through a letter dated 6<sup>th</sup> May 2016 notified the Authority that the order for stay is in place and hence no enforcement for payment could be made against the Authority. KCAA Management wrote to the Principal Secretary, Ministry of Transport, on 28<sup>th</sup> July 2016 and 17<sup>th</sup> August 2016 for concurrence to commence negotiations for an out of Court settlement. The PS by letter dated 8<sup>th</sup> November 2016 wrote back seeking for the detailed plan and source of funds. KCAA Management provided the information by letters dated 17<sup>th</sup> November 2016 & 25<sup>th</sup> November 2016.

Negotiating team comprising representatives from KCAA, MOITH& UD, AG and KCAA Advocate met to agree on structure of the negotiations and later met representative of African Commuter Services Ltd. Pursuant to the above negotiation meeting and advise from the Attorney General on matter relating to computation of interest, the amount projected to be due by 31<sup>st</sup> March, 2018 is Kshs. 1,713,474,521. KCAA has since received communication from Ahmednasir requesting that interests for the month of April be included in the computation. The matter came up in court on 16<sup>th</sup> February, 2018 to confirm whether the

suit had been settled and the parties agreed to take a further mention date before giving a confirmation to court. A new date is yet to be taken and the negotiations have abated.

On 20th December, 2018, the parties appeared in Court and the Court Ordered that the amount not in contention, based on the 12% Simple Interest, of Kshs. 1 billion be paid forthwith and the parties to file their submissions and be heard on 6th March, 2019 on the disputed balance of Kshs. 1.4 b.

The Court also ordered that KCAA bank Accounts held at Kenya Commercial Bank account no 1210001942 and CFC Stanbic Bank Limited ac no. 010000316347 be unfrozen and that the KCAA bank account at Commercial Bank of Africa a/c. no. 6514690019 to remain frozen. The Court further directed that KCAA is at liberty to pay the undisputed amount of Kshs. 1 billion from the frozen account held at Commercial Bank of Africa.

On 15<sup>th</sup> January, 2019, KCAA was served with a Contempt of Court Application due to the delay in complying with the Court Orders directing payment of Kshs. 1 billion. The proceedings were withdrawn on 14<sup>th</sup> February, 2019 following compliance with the Court Orders being payment by KCAA of Kshs. 1 billion on 13<sup>th</sup> February, 2019.

The Parties appeared in Court on 6th March, 2019 when the matter on the reminder of the additional 1.4 billion came up for hearing. The Court directed that both parties file further affidavits to the documents filed as well as submissions to be highlighted on 8th April, 2019.

The Court delivered its ruling on 27th June, 2019 wherein KCAA's arguments that were given to the Court were disregarded occasioning KCAA to file a Notice of Appeal against the Ruling.

In the meantime, the Bank proceeded and complied with the garnishee orders releasing the balance of Kshs. 1,421,671,718.00. The decretal amount has since been settled.

### **Material Arrears in Statutory and Other Financial Obligations**

The Authority reported a number of liabilities as at 30<sup>th</sup> June 2019. These major liabilities included;

a)	Trade Payables & Other Payables	Kshs	893,711,602
b)	Refundable Deposits from Customers	Kshs	13,942,343
c)	Employee Benefit Obligation	Kshs	421,260,384
d)	Current Portion of Borrowings	Kshs	176,273,317
e)	Current Provisions for Legal Obligations	Kshs	4,391,545,613

## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

KCAA recognizes that aviation, like other sectors of our economy, is accountable to its stakeholders, the society and the environment in achieving a sustainable civil aviation system in Kenya. As an Authority, we acknowledge our responsibility to the environment and to the local communities where we operate and co-exist. We aim to embrace responsibility for corporate actions and to encourage a positive impact on the environment and the stakeholders including but not limited to our customers, employees, investors and existing communities.

The Authority actively encourages our staff to recognise those responsibilities and behave in a responsible manner towards the society who support us in areas where we carry out our operational activities. We regard the setting of good examples as an important practice in this regard. Below are some examples of how the Authority and our staff have shown commitment to practice responsible corporate behaviour and to establish and support initiatives that support corporate social responsibility.

### **Environment**

The Authority believes that, by nature, our operations have a minimal impact on the environment. However, we acknowledge that there are inevitable environmental impacts associated with our daily operations and those of the aviation industry, in general. We aim to minimize any harmful effects and consider the development and implementation of environmental standards to achieve this to be of great importance. As such, we strongly encourage the internationally established 3 Rs: Reduce, Re-use and Recycle.

- In the course of our operations we seek to identify opportunities to optimise consumption of energy, water and other natural resources;
- As we carry out our work, we seek to contribute to a cleaner and quieter aviation industry and to improve airspace design through new operational measures that minimise the negative impact on society;
- We strive to re-use and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing negative impact of waste on the environment;
- We actively encourage our staff to plant trees in our various Stations with a view to conserving the environment. For instance, in the year under review, 2,400 seedlings were planted in KCAA Mwakirunge station, Nyali and Bamburi estates.

### **Employees**

Our success as an Authority is largely dependent on our human capital (people).

- We seek to recruit, retain, reward and develop the best talent in the Authority.
- We recognise the need to inculcate among our employees the culture of being sensitive to matters of safety, security, society and the environment. This ensures that employees act with integrity and responsibility with the people they deal with and the environment they interact with.
- We train employees to value each other, provide necessary support systems for people with different needs and have a system in place that encourages acceptance of cultural diversity.
- Further, we continually seek to improve the welfare and skills of our employees through structured programs for personal and professional development.
- We actively seek to ensure gender parity and where possible recruit persons with disability and from the minority groups of our society especially in our remote stations.

### **Health and Safety**

The Authority aims to ensure a safe and healthy working environment for all its employees and customers. The Authority aims to comply with all relevant legislation or regulations and best practice guidelines recommended by the national health and safety authorities/arms of government.

The Authority also liaises with staff regarding existing policies and practices to ensure we continue to maintain a healthy, safe and enjoyable work environment. Since the Authority moved to its new Headquarters complex, we now have an enhanced good working environment and excellent customer experience.

**Others**

The Authority in consideration of its corporate social responsibilities, carried out other CSR activities during the year under review. These included but not limited to:

- a) Sponsorship support for Kirdam road race 25<sup>th</sup> August 2018 in Baringo Central constituency of Kabarnet.
- b) Sponsorship for WW1 commemoration celebration 23<sup>rd</sup> to 25<sup>th</sup> November 2018 in Taita Taveta County.
- c) Sponsorship of First Lady's beyond zero marathon on 10<sup>th</sup> March 2019 at Nyayo National Stadium.
- d) Sponsorship for International Women's Day event at Wilson Airport 8<sup>th</sup> March 2019.
- e) Sponsorship of Mentorthon Marathon, a volunteering platform that gives mentorship to high school students in Elgeyo Maraket County on 21<sup>st</sup> June 2019
- f) Sponsorship of YACA that is to coordinate youth-focused aviation innovation competition and local concept which a continuous support.
- g) Sponsored Muthaiga Golf club tournament in October 2018.
- h) Support for Lenana School golf project in April 2019

All these activities and many others were aimed at supporting the various communities and stakeholders who the Authority interacts with in one way or the other as we carry out our mandate.

## **REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Authority's affairs.

### **Principal activities**

The Kenya Civil Aviation Authority ("KCAA") was established on 24th October 2002 by the Civil Aviation (Amendment) Act, 2002, now superseded by the Civil Aviation Act 2013, as amended by Civil Aviation (Amendment) Act 2016, with the primary functions of the technical and economic regulation of civil aviation in Kenya, provision of air navigation services within the Nairobi Flight Information Region and Training in Aviation.

### **Results**

The results of the Authority for the year ended June 30, 2019 are set out on page 1.

### **Directors**

The members of the Board of Directors who served during the year are shown on page vii– xi.

### **Dividends/Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act Regulations, regulatory Authority shall remit into the Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of the financial year.

### **Auditors**

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

By Order of the Board

**Corporation Secretary**

**Nairobi**

Date:..........

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 15 of the State Corporations Act, requires the Directors to prepare financial statements in respect of that Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2019, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

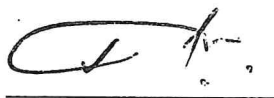
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Authority's financial statements were approved by the Board on 19<sup>th</sup> September, 2019 and signed on its behalf by:



Eng. Joseph N. Nkadayo, MBS  
Chairman of the Board



Mr. Chris C. Kuto  
Chair, Finance & Human Capital Committee



Capt. Gilbert M. Kibe  
Director General





# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON KENYA CIVIL AVIATION AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kenya Civil Aviation Authority set out on pages 1 to 50, which comprise the statement of financial position as at 30 June, 2019, statement of financial performance, statement of cash flows, statement of changes in net assets, and the statement of comparison of budget and actual amounts for the year then ended and 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 Kenya Civil Aviation Authority as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Civil Aviation (Amendment) Act, 2002 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Property, Plant and Equipment

The statement of financial position as at 30 June, 2019 reflects property, plant and equipment balance totalling Kshs.18,028,594,085, as further disclosed in Note 30(a) to the financial statements. However, the balance is affected by the following anomalies:

##### 1.1 Lack of Ownership Documents for Lands and Buildings

As previously reported, ownership documents for land and buildings owned by the Authority were not provided for audit verification. These are buildings in Mombasa County, namely; thirty-one (31) housing units at Nyali, thirteen (13) housing units at Bamburi and staff houses at Miritini. Others are lands in Nairobi County, namely ; eighty-seven (87) acres at East African School of Aviation and one hundred and thirty-two (132) acres at Central Transmitting Station along Mombasa Road.

Similarly, ownership documents for property in Wajir, County, Plot No 405 at Bwagamoyo in Kilifi County, property L.R No.28192 at Lokichogio and Generator Room property at Lodwar in Turkana County, and Plot L.R No. 9042/26 and No. 28 at Embakasi Village in Nairobi County were not made available for audit verification. Management indicated that the Ministry of Lands and Physical Planning was processing the documents but did not provide their expected date of issue.

## 1.2 Properties Allocated to Third Parties

Records on lands owned by the Authority indicated that four parcels of land were allocated to various private parties and thereafter registered in their names:

	Property	Acreage	Category of Registered Owner
1.	Mtito-Andei-Ngai Ndeithya Settlement Scheme/161	13 acres	Individual
2.	Bamburi Staff Housing	Not Known	Individual
3.	Central Stores in Nairobi	0.7733 Hectares	Individual
4.	East African School of Aviation	37 acres	Various

The Public Investment Committee (PIC) had in its 19<sup>th</sup> report recommended that the National Land Commission revoke the titles for Mtito Andei – Ngai Ndeithya, Bamburi Staff Housing and East Africa School of Aviation Plots and revert the properties to the Authority, in addition to registering the Authority as the owner of all its other parcels of land. However, there was no indication of the actions taken or progress made, if any, in implementing the recommendation.

In addition, the PIC had previously recommended that the National Land Commission, investigate circumstances under which ownership of Plot L.R 209/14372 in Nairobi County changed from public to private ownership. The investigation was to result in restitution of the land in line with Article 40(6) of the Constitution and Section 5 of the National Land Commission Act, 2012. However, no records were provided to confirm whether the investigation was conducted, or whether other remedial action was taken, on the matter.

In view of these issues, I have not been able to confirm the accuracy, completeness and ownership by the Authority of the Property, Plant and Equipment balance totalling Kshs.18,028,594,085 as at 30 June, 2019.

## 2. Revenue

The statement of financial performance reflects revenue from non-exchange transactions, air passenger service charge fee totalling Kshs.2,510,200,209, as further disclosed under Note 7 to the financial statements. The balance denotes revenue collected by the Kenya Revenue Authority (KRA) for sharing by the Kenya Civil Aviation Authority, Kenya Airways and Tourism Fund. However, data on the sum collected in the year under review was not

provided for audit review and as a result, it was not possible to confirm the accuracy and completeness of the balance.

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

### **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**

### **Prior Year Audit Issues**

The audit report for the previous financial year had highlighted several unsatisfactory issues which included irregular procurement and spending on consultancy services for construction of hostels and a modern conference centre, construction of a perimeter wall at East African School of Aviation and provision for liability on a pending legal suit arising from cancellation of an aviation license in 2003. Others were on unconfirmed ownership of properties and irregular payment of subsistence allowances.

The matters highlighted in the report had not been resolved as at 30 June, 2019.

## **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. Failure to Utilize Some Modules of Human Resource Management System**

The contract for the supply, installation and commissioning of Human Resource Management (HRM) System was awarded at a contract sum of Kshs.8,415,200 and was due for implementation in 34 weeks commencing June, 2014. Although, the whole contract

price was paid to the contractor, modules for attendance, staff discipline and exit and pensions management were not utilized.

In the circumstance, value for money may not have been realized on the expenditure totalling Kshs.8,415,200 incurred on the system.

## **2. Terminated Electronic Document Management System Contract**

The contract for the supply, installation and commissioning of Electronic Document Management (EDM) System was procured at a contract sum of Kshs.26,002,487. The contract was however, terminated on 08 November, 2016 after the contractor failed to execute the work as agreed even after having received payments totalling Kshs.9,100,871. However, there was no record of any legal action taken by Management to claim liquidated damages as provided for in the terminated contract.

Therefore Management may have breached the law and the failure to claim for liquidated damages could result in loss of public funds totalling Kshs.9,100,871.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and The Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error, and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
Nancy Gathungu  
AUDITOR-GENERAL

Nairobi

27 October, 2021





**STATEMENT OF FINANCIAL PERFORMANCE  
 FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019	2018
		Kshs	Kshs
<b>Revenue from Non-Exchange Transactions</b>			
Licenses and Permits	6	379,505,634	328,706,674
Air Passenger Service Charge Fee	7	2,510,200,209	1,224,349,586
<b>Sub-Total</b>		<b>2,889,705,843</b>	<b>1,553,056,260</b>
<b>Revenue from Exchange Transactions</b>			
Rendering of Services	8	5,348,819,402	5,122,648,517
Rental revenue from Facilities and Equipment	9	24,576,820	23,918,567
Finance Income	10	277,247,807	264,891,647
Other Income	11	398,110,951	48,875,029
<b>Sub-Total</b>		<b>6,048,754,980</b>	<b>5,460,333,760</b>
<b>Total revenue</b>		<b>8,938,460,822</b>	<b>7,013,390,020</b>
<b>Expenses</b>			
Use of Goods & Services	12	154,523,767	150,398,764
Employee Costs	13	2,441,229,712	2,409,646,255
Board of Directors' Expenses	14	48,354,759	55,893,877
Depreciation and Amortization Expense	15	565,762,158	800,075,264
Repairs and Maintenance	16	541,265,511	328,598,045
Contracted Services	17	199,925,937	223,834,215
General Expenses	18	1,948,736,761	1,843,665,471
NUTRIP & KTSSP Expenses	19	9,762,390	13,968,200
Finance Costs	20	113,555,436	87,488,030
<b>Total Expenses</b>		<b>6,023,116,431</b>	<b>5,913,568,121</b>
<b>Sub-Total</b>		<b>2,915,344,391</b>	<b>1,099,821,898</b>
<b>Other Gains/(Losses)</b>			
Loss on Sale of Assets	21	-	(12,000)
Loss on Foreign Exchange Transactions	22	(12,075,449)	(96,411,068)
<b>Surplus before Remittances to National Treasury</b>		<b>2,903,268,942</b>	<b>1,003,398,830</b>
Provision of Surplus Funds to the National Treasury	23	(1,536,567,129)	(277,586,963)
<b>Surplus for the Period</b>		<b>1,366,701,813</b>	<b>725,811,867</b>

The notes set out on pages 7 to 53 form an integral part of these Financial Statements.


**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Note	2019 Kshs	2018 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	24	8,307,962,636	4,754,348,691
Receivables from Exchange Transactions	25	1,102,118,272	1,503,839,786
Receivables from Non-Exchange Transactions	26	145,243,271	150,277,202
Inventories	27	12,458,005	34,698,244
Tax Recoverable	28	7,070,385	7,070,385
Investments	29	-	1,683,899,750
		<u>9,574,852,569</u>	<u>8,134,134,058</u>
<b>Non-Current assets</b>			
Property, Plant and Equipment	30	18,028,594,085	9,317,250,117
Intangible Assets	31	80,219,206	62,868,851
		<u>18,108,813,291</u>	<u>9,380,118,968</u>
<b>Total assets</b>		<u>27,683,665,860</u>	<u>17,514,253,026</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	32	893,711,602	755,240,989
Refundable deposits from customers	33	13,942,343	13,942,343
Employee benefit obligation	34	421,260,384	369,424,786
Current portion of borrowings	35	176,273,317	63,841,980
Current Provisions	37	4,438,441,583	3,795,167,940
		<u>5,943,629,229</u>	<u>4,997,618,037</u>
<b>Non-Current Liabilities</b>			
Borrowings	36	2,166,797,381	2,252,209,985
Deferred Income - NUTRIP Grant	38	-	333,432,832
		<u>2,166,797,381</u>	<u>2,585,642,816</u>
<b>Total Liabilities</b>		<u>8,110,426,610</u>	<u>7,583,260,853</u>
<b>Net Assets/Equity</b>		<u>19,573,239,250</u>	<u>9,930,992,171</u>
<b>Reserves &amp; Surplus</b>			
Revaluation Reserves	40	8,275,545,265	5,059,254,526
Capital Fund – Govt Grant	40	608,133,333	608,133,333
Accumulated Surplus	40	10,689,560,652	4,263,604,312
<b>Total Net Assets and Liabilities</b>		<u>27,683,665,860</u>	<u>17,514,253,024</u>

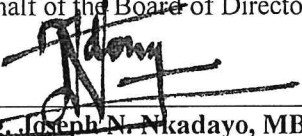
The Financial Statements set out on pages 1 and 5 were signed on behalf of the Board of Directors by:

  
Capt. Gilbert M. Kibe  
Director General

Date: 13 May 2020

  
CPA Joseph K. Chebungei  
Director Corporate Services

ICPAK Member No: 4023  
Date: 12.05.2020

  
Eng. Joseph N. Nkadayo, MBS  
Chairman of the Board

Date: 14th May, 2020

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2019**

	Revaluation Reserve	Government Grants Reserve	Accumulated Surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 30 June 2017	5,059,254,526	608,133,333	3,537,792,445	9,205,180,304
Surplus for the Period			1,003,398,830	1,003,398,830
Provision of Surplus to the Exchequer			(277,586,963)	(277,586,963)
Balance as at 30 June 2018	5,059,254,526	608,133,333	4,263,604,312	9,930,992,171
Revaluation Reserve Adjustment	3,216,290,739			3,216,290,739
Accumulated Surplus Adjustment			5,059,254,526	5,059,254,526
Surplus for the Period			2,903,268,942	2,903,268,942
Provision of Surplus to the Exchequer			(1,536,567,129)	(1,536,567,129)
Balance as at 30th June 2019	8,275,545,265	608,133,333	10,689,560,652	19,573,239,250

**STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019	2018
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Licenses and Permits		379,505,634	280,636,543
Air Passenger Service Charge		2,510,200,209	1,224,349,586
Rendering of Services		5,295,068,435	4,586,639,169
Finance Income		277,247,807	235,385,205
Other income, Rentals and Agency Fees		31,206,201	19,313,431
		<b>8,493,228,286</b>	<b>6,346,323,934</b>
<b>Payments</b>			
Compensation of Employees		2,279,289,850	2,258,060,429
Goods and Services		3,569,399,929	1,695,233,015
Finance Cost		113,555,436	87,488,030
Total Payments		<b>5,962,245,215</b>	<b>4,040,781,474</b>
<b>Net Cash flows from Operating Activities</b>		<b>2,530,983,070</b>	<b>2,305,542,460</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property, Plant, Equipment and Intangible Assets		(689,139,004)	(488,589,676)
Increase in Investments		1,683,899,751	(1,683,899,751)
Proceeds from sale of Property, Plant and Equipment		851,396	4,232,020
Net cash flows Used in Investing Activities		<b>955,612,143</b>	<b>(2,168,257,407)</b>
<b>Cash flows from Financing Activities</b>			
Proceeds from Borrowings		90,860,713	50,000,000
Repayment of Borrowings		(63,841,980)	(51,841,618)
Net Cash Flows Used in Financing Activities		<b>27,018,733</b>	<b>(1,841,618)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>3,553,613,946</b>	<b>135,443,435</b>
Cash and Cash Equivalents at 1 July 2018		4,754,348,690	4,618,905,255
<b>Cash and Cash Equivalents at 30 June 2019</b>		<b>8,307,962,636</b>	<b>4,754,348,690</b>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% Change	Explanation
	2018-19 Kshs	2018-19 Kshs	2018-19 Kshs	2018-19 Kshs	2018-19 Kshs	2018-19 Kshs	2018-19 Kshs
Revenue							
Licenses and Permits	369,631,702	(2,663,235)	366,968,468	379,505,634	10,341,943	3%	
Air Passenger Service Charge	1,364,195,686	334,838,903	1,699,034,589	2,510,200,209	811,165,619	48%	a
Rendering of Services	5,280,348,831	187,048,404	5,467,397,235	5,348,819,402	(118,577,834)	(2)%	
Rental Income	24,085,680	(1,364,037)	22,721,643	24,576,820	1,855,177	8%	
Finance Income	158,383,833	7,433,475	165,817,308	277,247,807	111,430,499	67%	b
Other Income	3,354,267	4,094,483	7,448,750	398,110,951	376,431,220	5054%	c
Total Revenue-Internal Transactions	7,200,000,000	529,387,994	7,729,387,993	8,938,460,822	1,194,841,848	15%	
Other Sources							
IDA Loans, Grants and Reserves	2,356,297,110	(1,838,064,498)	518,232,612	90,860,713	(377,371,899)	(82)%	d
Grand Total Revenue	9,556,297,110	(1,308,676,505)	8,247,620,605	9,029,321,535	767,469,949	9%	
Expenses							
Use of Goods & Services	176,965,819	(3,000)	176,962,819	154,523,767	22,439,052	13%	e
Employee Related	3,318,367,589	(588,612,136)	2,729,755,453	2,441,229,712	288,525,741	11%	f
Board of Directors	62,912,804	-	62,912,804	48,354,759	14,558,045	23%	g
Depreciation & Amortization	824,047,142	8,747,098	832,794,240	565,762,158	267,032,082	32%	h

*Kenya Civil Aviation Authority  
Annual Report and Financial Statements  
For the year ended June 30, 2019*

Repairs and Maintenance	526,980,611	177,515,174	704,495,785	541,265,511	163,230,274	23%	i
Contracted Services	245,299,496	18,116,492	263,415,988	199,925,937	63,490,051	24%	j
General Expenses	1,358,938,336	78,600,779	1,437,539,115	1,948,736,761	(502,229,004)	(35)%	k
KTSSP & NUTRIP Expenses	80,000,000	(37,000,000)	43,000,000	9,762,390	33,237,610	77%	l
Finance Costs	86,996,349	26,559,088	113,555,436	113,555,436	(0)	0%	
Loss on Foreign Exchange Transactions	-	-	-	12,075,449	(12,075,449)	-100%	m
<b>Total Recurrent Expenditure</b>	<b>6,680,508,147</b>	<b>(316,076,505)</b>	<b>6,364,431,642</b>	<b>6,035,191,881</b>	<b>338,208,403</b>	<b>5%</b>	
Capital Expenditure							
Other Payments-Capital Expenditure	2,875,788,964	(992,600,000)	1,883,188,964	914,148,220	969,040,744	51%	n
<b>Total Expenditure</b>	<b>9,556,297,110</b>	<b>-1,308,676,505</b>	<b>8,247,620,605</b>	<b>6,949,340,100</b>	<b>1,298,280,505</b>		
Surplus for the Period(Recurrent)				2,903,268,942			
<b>Surplus for the Period (Overall Budget)</b>				<b>2,079,981,435</b>			

## **EXPLANATION OF MATERIAL DIFFERENCES**

- a) **Air Passenger Service Charge (48% Positive Change):** The growth is attributable to arrears for the previous period which were accounted for during the 2018-19 financial year.
- b) **Finance Income (67% Positive):** The Authority consistently invested in Treasury Bills during the year that yielded better returns coupled with some fairly favourable good returns from operational bank accounts.
- c) **Other Income (5245% Positive Change):** The major contributor to this basket is the foreign exchange gains, amortization of grant and miscellaneous receipts. The foreign exchange gains and amortization of grant are book entries, while the miscellaneous receipts were generated from exchange programs and secondment to regional civil aviation authorities.
- d) **IDA Loans, GoK Grants & Reserves (82% Negative):** During the financial year, the Authority did not utilize its reserves to finance its budget as had been envisioned during the presentation of budgetary estimates for approval. In addition, the actual receipts has been reported as an increment to the KTSSP loan component in the Statement of Financial Position.
- e) **Use of Goods and services (13% Positive):** A reduction was recorded with regard to security expenses led to a reduction in expenditure related to the budget lines in this category.
- f) **Employee Related (11% Positive):** The Authority did not undertake the filling of vacant positions during the year as per the budgetary estimates.
- g) **Board of Directors (23% Positive):** A new board of directors was gazetted 6<sup>th</sup> June 2018, as the previous board exited in April 2018. The budget estimates had anticipated training expenses for the new board of directors' members.
- h) **Depreciation (32% Positive):** Asset revaluation was carried out during the year and this led to reduced depreciation expenses.
- i) **Repairs and maintenance (23% Positive):** Reduced activity levels due to on-going contracts and engagements.
- j) **Contracted Services (24% Positive):** Reduced activity levels due to on-going contracts and engagements.
- k) **General Expenses (36% Negative):** The Authority has made provision with regard to the second and final instalment (paid on 8<sup>th</sup> July 2019) for the African Commuter Service case.
- l) **KTSSP & NUTRIP Expenses (77% Negative):** Delays in executing on-going projects due to exogenous factors.
- m) **Loss on Foreign Exchange Transactions (100% Negative):** This is a book entry with regard to changes in foreign exchange rates for both the payments and receipts.
- n) **Other Payments-Capital Expenditure (AIA) (51% Positive):** Length procurement process and logistics associated with projects implementation and budget approvals.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

Kenya Civil Aviation Authority established by and derives its authority and accountability from Civil Aviation Act 2013, as amended by Civil Aviation (Amendment) Act 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of Air Navigation Services in the Nairobi Flight Information Region, Regulation of the Aviation industry in Kenya and training of the Aviation Personnel.

### **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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kenya Civil Aviation Authority.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act Cap 446, the Civil Aviation Act No. 21 of 2013, *Mwongozo* and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### **3. ADOPTION OF NEW AND REVISED STANDARDS**

#### **i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.



**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40: Public Sector Combinations</b>	<b>Applicable: 1<sup>st</sup> January 2019:</b>  The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**iii. Early adoption of standards**

The Authority did not early – adopt any new or amended standards in year 2019.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Licences and Permits**

The Authority recognizes revenues from licences and permits when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that

asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

#### **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

#### **b) Budget information**

The original budget for FY 2018-2019 was approved by the KCAA Board of Directors on the 28<sup>th</sup> January 2018 and by the National Assembly on 24<sup>th</sup> June 2016. Subsequent revision were made to the approved budget on the 31<sup>st</sup> October 2016 during the preparation of the 2019/20 Financial Year proposed budget. The KCAA board of directors approved the revised 2018/19 Financial Year budget and the proposed 2019/20 financial year proposed budget. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of Kshs 320,158,498 on the 2018-2019 Financial Year budget following the Board's approval.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 &6 of these financial statements.

#### **c) Taxes**

##### **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 Authority 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. 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.

The Authority is currently supposed to remit 90% of its surplus to the Kenya Revenue Authority.

**d) Property, plant and equipment**

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

Depreciation is calculated on a straight line basis to write down the cost/ revalued values of each asset to its residual value over its estimated useful life using the following annual rates:

	<b>Rate %</b>
Buildings	2.5
Air Navigation Equipment	10
Plant & Other Equipment	20
Computers, copiers and faxes	30
Motor vehicles	20
Furniture and fittings	20
Freehold land	00

**e) Leases**

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**f) Intangible assets**

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

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

**g) Financial instruments**

**Financial assets**

*Initial recognition and measurement*

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

*Loans and receivables*

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

*Impairment of financial assets*

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

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

*Financial liabilities*

*Initial recognition and measurement*

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

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

### ***Loans and borrowing***

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

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

### **h) Inventories**

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

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

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

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

### **i) Provisions**

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

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

### ***Contingent liabilities***

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

### ***Contingent assets***

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain

future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**j) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. These reverses include Revaluation reserve (which arises every time the Authority revalues its property, plant and equipments and intangibles assets). The Authority also maintains a retained earnings reserve that grows or reduces from one financial year to another depending on the financial performance of the Authority.

**k) Changes in accounting policies and estimates**

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

**l) Employee benefits**

**Retirement benefit plans**

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

**m) Foreign currency transactions**

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

**n) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**o) Related parties**

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

**p) Cash and cash equivalents**

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

**s) Budget Information**

The original budget for FY 2018-2019 was approved by the KCAA Board of Directors in January 2018. Subsequent revisions were made to the approved budget in accordance with specific approvals from the KCAA Board of Directors, National Treasury and the State Department of Transport. The reduction in the appropriations are subtracted from the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget.

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

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

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

**t) Comparative figures**

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

**u) 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, 2019. However, the Authority paid African Commuter Kshs 1 billion in February 2019 and a further, Kshs 1.4 billion was transferred by the KCAA bank to the plaintiff's lawyer in July 2019 and this cleared the amount owed by the Authority in light of the court award. All these payments were as a result of court orders issued by the High Court of Kenya. The lawyer who was representing KCAA in this case, Waweru Gatonye & Advocates, was also paid Kshs 29 million as legal fees.

**5) SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset.

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note no. 23 and Note no. 37.



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

**Provisions for doubtful debts**

The authority reviews its debtors' portfolio regularly to assess the likelihood of impairment. Specific and General provision are made as per the rates established by the Board.

**Provision for obsolete, defective and slow-moving stocks**

Management reviews its stocks periodically to assess the likelihood of impairment. This requires an estimate of the amounts that are considered unrealizable.

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**6. LICENSE FEES AND PERMITS**

<b>6. License Fees and Permits</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Licence Ratings & Certificates	21,850,800	22,724,800
Technical Ground Examinations	25,300,400	22,074,150
AMEL Licences & Ratings	14,824,140	11,407,212
Aircraft Certificate of Registration	6,086,000	5,014,500
Certificate of Airworthiness	72,102,623	69,141,035
Grant & Renewal of AMO License	76,603,682	55,228,254
Grant & Renewal of AOC Certs	5,357,500	1,594,085
Certification of Aerodromes	2,006,000	2,734,000
Duty Exemption Processing Fees	19,696,111	27,345,202
Grant & Renewal of Air Service Licences	29,428,184	30,751,043
Adhoc /Permit Clearances	29,243,500	16,943,974
Approval of Manuals	-	218,400
Inspection of Masts & Obstacles	34,310,200	30,927,800
Issue of SSR Transponder Codes	500,422	293,065
AVSEC Fees/ Regulated Agent/Screeners Fees	2,834,000	1,862,550
Grant & Renewal of ATO Licences	940,000	1,340,000
Approval of Commercial Operations (FOC)	32,833,490	23,145,529
Infringement Notices Fee	402,000	600,000
Approval of Leases	4,711,582	4,364,074
Approval of Security Programmes	475,000	997,000
	<b>379,505,634</b>	<b>328,706,674</b>
<b>7. Air Passenger Service Charge</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Air Passenger Service Charge	2,510,200,209	1,224,349,586
<b>8. Rendering of services</b>	<b>2018-19</b>	<b>2017-18</b>
	<b>Kshs</b>	<b>Kshs</b>
Air Navigation Service Charges	5,057,733,557	4,906,667,546
AIP sales	3,168,301	1,496,341
EASA Revenue	287,917,544	214,484,630
<b>Total Revenue from the Rendering of Services</b>	<b>5,348,819,402</b>	<b>5,122,648,517</b>

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**9. Rental Revenue from Facilities and Equipment**

	2019	2018
	Kshs	Kshs
House Rent Income	24,576,820	23,918,567
<b>Total Rentals</b>	<u>24,576,820</u>	<u>23,918,567</u>

**10. Finance Income - External Investments**

	2018-19	2017-18
	Kshs	Kshs
Interest Income on Bank Balances & Treasury Bills	277,247,807	264,891,647
<b>Total Finance Income - External Investments</b>	<u>277,247,807</u>	<u>264,891,647</u>

**11. Other income**

	2019	2018
	Kshs	Kshs
Gain on disposal of Assets	851,396	4,232,020
Miscellaneous Receipts	6,611,631	19,238,681
Gain On Foreign Exchange	15,601,294	1,370,984
Sale of Tenders	17,750	74,750
Amortization of Capital Grant Fund	333,432,832	23,958,593
Amortization of Debtors (General Provision)	41,596,048	-
<b>Total Other Income</b>	<u>398,110,951</u>	<u>48,875,029</u>

**12. Use of Goods & Services**

	2018-19	2017-18
	Kshs	Kshs
Electricity	38,074,660	34,738,305
Water	6,678,310	5,829,349
Security	42,895,551	45,132,901
Subscriptions to International Organization	65,669,706	63,284,551
Subscriptions to Professional Bodies	1,083,044	959,958
Subscription to Publications	122,496	453,700
<b>Total Use of Goods &amp; Services</b>	<u>154,523,767</u>	<u>150,398,764</u>

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Deployment to ICAO Regional Office	39,803,616	34,856,520
Advertisement and Publicity	38,136,198	30,259,485
Public Relations / Show Expenses	14,151,195	15,263,959
Filming & Photography	48,500	18,000
Events & Anniversaries	157,933,207	5,531,402
Legal & Contingent Expenses	25,430,468	36,484,421
Audit Fees	1,500,000	1,500,000
Audit ICAO USOAP Expenses	5,318,434	6,059,845
Food & Rations	41,990,700	37,085,676
Publishing and Printing	7,385,924	6,808,311
Uniform and Clothing	2,592,681	6,372,666
Office Stationery	22,926,751	20,771,417
Computer Expenses	3,879,195	3,066,520
Consumable Stores	20,273,547	2,913,027
Library Expenses	5,307,129	3,542,027
Public Service Integrity Programme	5,849,826	4,747,064
Hire of Transport, P& M	2,237,311	2,092,201
Miscellaneous Other Charges	1,234,319	1,376,704
Search & Rescue	4,806,921	3,029,016
Study & Implementation of SMS	3,960,875	3,618,683
Implementation of SSP	2,965,843	1,031,600
Certification of Aerodromes & ANS Facilities	5,727,717	7,306,479
Implementation of ISO Activities	4,980,321	6,752,832
Communication Frequency Fees	-	2,000,000
Corporate Social Responsibility	10,017,030	10,665,782
ICAO Aviation Security Audit	2,012,333	1,839,960
Sports Expenses	25,628,721	18,523,280
Bank Charges - Fees and Commissions	2,526,294	2,101,540
General Provision- Doubtful Debts	1,305,434	145,716,530
Specific Provision - Doubtful Debts	122,090,059	71,374,410
EASA Commercial Costs	35,509,017	32,986,005
Provision for Legal Obligations	681,174,992	736,768,047
Other: KRA Agency Fees (Collection Costs)	137,703,541	111,092,334
<b>Total General Expenses</b>	<b>1,948,736,761</b>	<b>1,843,665,471</b>

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<b>19. KTSSP &amp; NUTRIP Recurrent Expenses</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Aviation Safety & Security KTSSP	-	2,570,862
Purchase of ICT Equipments KTSSP	-	3,100,000
Training KTSSP	-	3,061,494
KCAA Counterpart Funding(KTSSP)	4,706,010	3,347,298
KCAA Counterpart Funding(NUTRIP)	5,056,380	1,888,546
<b>Total NCTIP &amp; KTSSP Expenses</b>	<b>9,762,390</b>	<b>13,968,200</b>
<b>20. Finance Costs</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest on Long-term Loans (NCTIP)	48,594,167	26,568,829
Interest on Long-term Loans (KTSSP)	64,961,269	60,919,201
<b>Total Finance Costs</b>	<b>113,555,436</b>	<b>87,488,030</b>
<b>21. Loss on Sale of Assets</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Property, plant and equipment	-	12,000
Other assets	-	-
<b>Total Gain on Sale of Assets</b>	<b>-</b>	<b>12,000</b>
<b>22. Loss on Foreign Exchange Transactions</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Loss on Foreign Exchange Transactions	12,075,449	96,411,068
	<u>12,075,449</u>	<u>96,411,068</u>
<b>23. Provision of Surplus Funds to National Treasury</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Surplus for the Year	2,903,268,942	1,003,398,830
Less: Amortization of Deferred Income-Capital Grant	(333,432,832)	-
Less: Amortization of Debtors	(41,596,048)	-
Less : Acquisition of Assets (Net of Depreciation)	(820,943,253)	(694,968,871)
<b>Realized Surplus Funds</b>	<b>1,707,296,809</b>	<b>308,429,959</b>
<b>90% of Realized Surplus Funds</b>	<b>1,536,567,129</b>	<b>277,586,963</b>

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**Note: Acquisition of Assets:** The deduction was informed by the fact that surplus is as a result of considering the revenue generated less recurrent expenditure. This excludes capital expenditure from the equation. The treatment herein is to capture the capital costs incurred by the Authority during the financial year. This was also done in 2017-18FY following guidance from the tax consultant, and the external auditor (Office of the Auditor General) was in agreement with the treatment thereon.

<b>24(a) Cash &amp; Cash Equivalents</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Current Account	7,671,527,436	4,117,862,629
CBK Account	-	-
Staff Mortgage	635,987,048	635,987,048
Others (M-Pesa & Station Bank Account)	448,151	499,014
<b>Total Cash and Cash Equivalents</b>	<b>8,307,962,636</b>	<b>4,754,348,691</b>

<b>24 (b) Cash &amp; Cash Equivalents</b>	<b>2019</b>	<b>2018</b>
<b>Financial Institution &amp; Account Number</b>	<b>Kshs</b>	<b>Kshs</b>
<b>a) Current Account</b>		
Kenya Commercial Bank - A/C No. 1210005522 JKIA Branch	20,538,667	28,216,695
CfC Stanbic -A/C No. 0100000351727 Industrial Area Branch	238,398,009	15,575,341
CFC Stanbic Dollar - No. 0100001937639 Industrial Area Branch	3,058,547,264	2,299,391
KTSSP-National Bank of Kenya No. 01001084895000 JKIA Branch	83,790,231	14,216,941
EASA Dollar A/C - Equity No. 0180299978478 Community Corporate Branch	60,868,964	136,196,514
Expenditure Account- NBK No. 01003058447500 JKIA Branch	21,660,996	21,660,996
Commercial Bank of Africa Dollar A/C No. 6514690019 Swissport JKIA Branch	2,350,749,257	1,777,283,729
EASA Expenditure A/C- NBK No. 01020058420600 JKIA Branch	447,911	2,298,250
Revenue Account-NBK, No. 01003058447600 JKIA Branch	83,332,238	62,045,435
Stanchart A/C, No. 0108098898400-Kenyatta Avenue Branch	173,103,032	932,294,956
KCB Call A/C No. 1210001942 JKIA Branch	1,543,162,846	453,370,862
EASA Revenue, NBK No.01020058710400	795,969	134,420
CFC Stanbic Call No. 0100000316347 Industrial Area Branch	31,593,262	667,166,027
EASA KES A/C - Equity No. 0180263498882 Community Corporate Branch	1,777,691	872,550

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EASA KCB Expenditure	2,679,243	4,033,168
EASA KCB Call	81,856	197,354
<b>Sub-Total Current Account</b>	<b>7,671,527,436</b>	<b>4,117,862,629</b>
<b>24c) Staff Mortgage</b>		
Kenya Commercial Bank , No. 1159226555 Haile Selassie Avenue Branch	635,987,048	635,987,048
<b>Sub-Total Staff Mortgage</b>	<b>635,987,048</b>	<b>635,987,048</b>
<b>24d) Others</b>		
Stations Bank Accounts	387,942	140,264
EASA M-Pesa A/C PayBill No 754206	60,209	358,750
<b>Sub-Total Others</b>	<b>448,151</b>	<b>499,014</b>
	<b>8,307,962,636</b>	<b>4,754,348,691</b>

<b>25. Receivables from Exchange Transactions</b>	<b>2019</b>	<b>2018</b>
<b>Current Receivables</b>	<b>Kshs</b>	<b>Kshs</b>
Domestic & Foreign Debtors	1,392,581,209	1,791,462,647
Other Sundry Debtors: EASA Student Debtors	26,817,659	21,048,707
	1,419,398,868	1,812,511,355
Less: Provisions for Bad and Doubtful (Specific )	(122,090,059)	(71,374,410)
Less: Provision for Bad and Doubtful Debt (General)	(195,190,537)	(237,297,159)
<b>Total current receivables</b>	<b>1,102,118,272</b>	<b>1,503,839,786</b>

<b>26.Receivables from Non - Exchange Transactions</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Prepayments	134,150,637	107,020,258
Salary Advances	464,615	1,358,166
Recoveries	242,000	-
Staff Rent Receivable	528,668	997,000
Medical Excess	6,658,321	7,771,768
Station Imprest	2,172,513	2,172,513
Staff Imprest	1,026,517	1,451,054
Investment Income/Bank Interest Receivable	-	29,506,442
<b>Total</b>	<b>145,243,271</b>	<b>150,277,202</b>

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27. Inventories	2019	2018
	Kshs	Kshs
Food & Rations	1,918,553	1,963,953
Publishing and Printing	2,118,463	1,036,772
Office Stationery	3,083,937	11,761,295
Consumable Items	3,964,208	19,936,224
Fuel (Petrol & Diesel)	1,372,844	-
<b>Total inventories</b>	<b>12,458,005</b>	<b>34,698,244</b>
	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>28. Current Income Tax Expense</b>		
Deficit / Surplus Before Tax	368,921,650	368,921,650
<b>Adjust for Non-Allowable Expenses</b>		
Depreciation	638,128,129	638,128,129
General Provision for Bad Debts	37,680,024	37,680,024
Provision for Gratuity	17,381,766	17,381,766
Accrual for Outstanding Leave Days	5,535,229	5,535,229
Unrealised Loss on Forex	117,758,902	117,758,902
	<b>1,185,405,701</b>	<b>1,185,405,701</b>
<b>Adjusted for Non-Taxable Revenue</b>		
Unrealised Gain on Forex	(148,325,731)	(148,325,731)
<b>Adjusted Profit Before Wear &amp; Tear Allowances</b>	<b>1,037,079,970</b>	<b>1,037,079,970</b>
<b>Wear and Tear Allowances</b>		
Air Navigation Equipments	555,594,561	555,594,561
Plant and Machinery	26,180,678	26,180,678
Furniture and Fittings	8,100,098	8,100,098
Motor Vehicles	21,969,815	21,969,815
Computers	46,687,955	46,687,955
<b>Total Wear and Tear Allowances</b>	<b>658,533,107</b>	<b>658,533,107</b>
<b>Adjusted Surplus after Wear and Tear Allowances</b>	<b>378,546,862</b>	<b>378,546,862</b>
Taxable Income /Tax Loss	378,546,862	378,546,862
Income Tax Expense @ 30%	113,564,059	113,564,059
Less: Instalment Tax Paid	120,634,444	120,634,444
<b>Income Tax Liability (Asset) C/F</b>	<b>(7,070,385)</b>	<b>(7,070,385)</b>
<b>Income Tax Liability (Asset) B/D</b>	<b>(7,070,385)</b>	

Income Tax is calculated using the enacted income tax rate of 30%



The note relates to workings for 2013-2014 financial year. The matter is pending with the Tax Appeals Tribunal awaiting its resolution.

<b>29) INVESTMENTS</b>	<b>2019</b>	<b>2018</b>
Description	Kshs	Kshs
(a) Investment in Treasury bills and bonds		
CBK Virtual Account		1,683,899,750
<b>Sub-Total CBK Virtual Account</b>	<b>-</b>	<b>1,683,899,750</b>

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(30a) PROPERTY, PLANT & EQUIPMENT MOVEMENT SCHEDULE  
2018-2019

	Air Navigation Equipment	Land	Buildings	Motor Vehicles	Plant & Other Equipment	Computer Hardware	Furniture & Fittings	Wip	Grand Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost/Revaluation									
As at 1st July 2017	5,343,790,611	2,307,749,992	3,854,095,047	151,447,008	346,794,684	244,826,015	116,059,111	736,572,888	12,911,316,355
Additions	163,508,364	-	315,193,486	53,703,062	33,376,228	147,956,037	19,254,446	503,048,876	1,241,050,499
Disposals	(30,000)	-	-	(1,400,000)	(58,866)	(1,395,328)	(44,800)	-	(2,928,794)
Transfers/Adjustments	-	-	-	-	-	-	-	(371,679,575)	(371,679,575)
As at 30th June 2018	5,507,268,975	2,307,749,992	3,989,289,533	213,720,070	380,112,246	391,386,723	135,288,757	872,942,189	13,777,759,486
Revaluation Adjustments 1st July 2018	(3,058,686,375)	9,190,200,008	(1,300,539,533)	(85,580,070)	(299,273,246)	(193,975,246)	(28,553,257)	(312,586,534)	3,909,875,745
Additions	42,425,895	-	46,129,973	196,431,690	84,046,465	76,638,128	50,339,096	464,626,353	873,633,599
Transfers to Non-PPE Movt Schedule	-	-	-	-	-	-	-	(7,120,173)	(7,120,173)
Transfers Within PPE Movt Schedule	10,731,734	-	44,117,731	-	16,340,949	-	-	(71,190,414)	-
As at 30th June 2019	2,501,740,229	11,497,950,000	2,758,937,704	234,571,690	181,226,414	274,050,663	160,044,596	945,371,420	18,554,252,556
Depreciation & Impairment									
At 1st July 2017	2,717,164,229	-	407,661,291	81,268,982	218,062,980	191,392,739	71,511,842	-	3,686,862,064
Disposals	(18,000)	-	-	(1,400,000)	(58,866)	(1,395,328)	(44,800)	-	(2,916,794)
Depreciation	552,898,118	-	97,294,392	27,444,605	41,836,217	42,937,372	14,151,796	-	776,563,009
As at 30th June 2018	3,270,044,347	-	504,956,284	107,313,587	259,840,530	232,934,783	85,418,338	-	4,460,508,569
Revaluation Adjustments 1st July 2018	(3,270,044,347)	-	(504,956,284)	(107,313,587)	(259,840,530)	(232,934,783)	(85,418,338)	-	(4,460,508,369)
Depreciation	250,174,023	-	68,974,943	46,914,338	36,245,283	89,443,856	32,008,919	-	525,658,571
At 30th June 2019	250,174,023	-	68,974,943	46,914,338	36,245,283	91,341,066	32,008,919	-	525,658,571
NET BOOK VALUE									
As at 30th June 2019	2,251,566,206	11,497,950,000	2,690,022,761	187,657,352	144,981,132	182,709,537	126,035,677	945,371,420	18,028,594,085
As at 30th June 2018	2,237,224,623	2,307,749,992	3,464,333,249	106,406,483	129,271,715	158,451,941	49,669,919	872,942,189	9,317,250,117

(30b) WORK IN PROGRESS

	Supplier	Description	2019 Kshs	2018 Kshs
	KTSSP			
01	Coretec Systems and Solutions Ltd Corporate	Human Resource Management Solution	-	8,415,200
02	Nanjing Les Information Technology Co. Ltd	ADS- & MLat System-ANE	293,293,775	145,157,403
03	Sitti SPA	JKIA & MIA VCCS System-ANE	22,464,458	-
04	Two Way Communication Ltd	High Frequency (HF) Communication System-ANE	44,280,486	-
05	Blue Quadrant Ltd	D-ATIS System-ANE	12,499,907	-
06	McMurdo	Aeronautical Search & Rescue Mgt System-ANE	19,419,319	5,973,112
07	iBross s.r.o	Air Traffic Management Equipment-ANE	120,203,720	29,466,325
08	Mutiso Menezes International	Proposed Caretaker House Consultancy-B	891,750	891,750
09	Maestro Architects Ltd	EASA Chapel Construction-B	35,217,661	4,048,680
10	National Museum of Kenya	Aviation Museum-B	6,468,754	-
11	Guul Investment Ltd	Ablution Block Construction-EASA WAP Campus-B	1,340,955	-
12	Mutiso Menezes International	Proposed EAC Regional Centre-B	6,707,178	6,707,178
13	Tectura International	EASA Executive Hostel-B	10,551,360	10,551,360
14	Scope Design Systems	Consultancy-Design, Bidding & Supervision of AC & DRC-B	15,752,220	15,752,220
15	Meera Construction Ltd	Area Control & Disaster Recovery Centre at CTX-B	262,490,784	247,511,662
16	Blue Quadrant Ltd	Power Plant Training Equipment	-	4,083,093
17	Noor Consult Ltd	EASA Landscapping & Theme Garden	-	6,934,857
18	Naturesurf Systems Ltd	Digital Cartographic GIS/GPS	-	7,120,173

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19	Geosintex	NAV AIDS Simulator-P&E	38,357,971	-
20	Agoma Group Ltd	Hydraulic Training Laboratory Equipment-P&E	11,100,936	-
21	Selective General Construction & Builders Ltd	Construction of Poror Staff Houses	-	7,971,227
22	Magfre Enterprises Ltd	VHF Radio Equipment	-	10,731,734
23	Blue Quadrant Ltd	Fluid Mechanics Lab Equipment	-	12,257,856
24	Pinakim Africa Ltd	25 Additional CCTV Cameras-ICT I	1,552,500	-
25	Ecostar Systems Ltd	Audio-Visual System-CS	5,343,000	-
26	GECI Espanola S.A	Mobile Air Traffic Control Tower	-	126,202,019
27	IDS North America Ltd	Revenue Billing Management System-CS	36,963,688	14,985,378
28	Attain Enterprise Solutions Ltd	ERP Navision 2018-CS	771,000	-
29	Weihai International Economic & Tech Coop co Ltd	WAP Control Tower& Office Block	-	178,969,315
30	Nature Investors Ltd	EIA 1st Floor Consultancy Works	-	29,211,647
		<b>Total</b>	<b>945,671,420</b>	<b>872,942,189</b>

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<b>31. NON-PPE MOVEMENT SCHEDULE 2018-2019</b>		
	<b>2019</b>	<b>2018</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cost</b>		
<b>At the Beginning of the Year</b>	139,627,706	105,050,350
Revaluation Adjustments	(66,934,706)	-
Additions	40,509,620	34,577,356
Transfer from WIP	7,120,173	
<b>At the End of the Year</b>	<b>120,322,793</b>	<b>139,627,706</b>
Additions - Internal Development	-	-
<b>At the End of the Year</b>	<b>120,322,793</b>	<b>139,627,706</b>
<b>Amortizations &amp; Impairment</b>		
<b>At the Beginning of the Year</b>	76,758,855	53,246,690
Revaluation Adjustments	(76,758,855)	
Amortization	40,103,587	23,512,165
<b>At the End of the Year</b>	<b>40,103,587</b>	<b>76,758,855</b>
Impairment Loss	-	-
<b>At the End of the Year</b>	<b>40,103,587</b>	<b>76,758,855</b>
<b>NBV</b>	<b>80,219,206</b>	<b>62,868,851</b>

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<b>32. Trade &amp; Other Payables</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade Payables	816,853,087	685,462,628
Third-Party Payments	43,017,510	32,125,026
Unrealized Foreign Exchange Loss	24,848,984	24,848,984
Board Liability	5,400,000	5,400,000
Other Payables	3,592,020	7,404,351
<b>Total Trade and Other Payables</b>	<b><u>893,711,602</u></b>	<b><u>755,240,989</u></b>
<b>33. Refundable Deposits from Customers</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Consumer Deposits	13,942,343	13,942,343
<b>Total Refundable Deposits</b>	<b><u>13,942,343</u></b>	<b><u>13,942,343</u></b>
<b>34. Employee Benefits Obligations</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Employee Advances/Liability	51,449,040	8,764,470
Staff Pension Liability	62,196,240	66,748,748
Gratuity & Staff Honoraria Liability	154,594,946	148,768,397
Leave Pay Provision	153,020,158	145,143,170
<b>Total Employees Benefits Obligation</b>	<b><u>421,260,384</u></b>	<b><u>369,424,786</u></b>
<b>35. Current Portion of Borrowing</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
NCTIP	52,491,025	63,841,980
KTSSP	123,782,291	-
<b>Total</b>	<b><u>176,273,317</u></b>	<b><u>63,841,980</u></b>

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<b>36 Borrowings</b>	<b>2019</b>	<b>2018</b>
Analysis of Borrowings	Kshs	Kshs
IDA Loans: KTSSP - Dollar Denominated	1,896,896,981	1,806,036,268
IDA Loans: NCTIP - Dollar Denominated	446,173,717	510,015,696
<b>Total Non-Current Borrowings</b>	<b>2,343,070,698</b>	<b>2,316,051,964</b>
Short Term Borrowing (Current Portion)	176,273,317	63,841,980
Long Term Borrowing (Non-Current Portion)	2,166,797,381	2,252,209,985
<b>Total Borrowings</b>	<b>2,343,070,698</b>	<b>2,316,051,964</b>

**37. Current Provisions**

Description	Remittances to the National Treasury	African Commuter Services Ltd	Ex- Staff Legal Liabilities	Total
Balance as at 1st July 2018	1,729,306,223	1,807,185,497	258,676,220	3,795,167,940
Additional Provisions	1,536,567,129	681,174,992		2,217,742,121
Provisions Utilized	(545,468,477)	(1,029,000,000)		(1,574,468,477)
<b>Balance as at 30th June 2019</b>	<b>2,720,404,875</b>	<b>1,459,360,489</b>	<b>258,676,220</b>	<b>4,438,441,583</b>

**38. Deferred Income: NUTRIP Grant**

	<b>2019</b>	<b>2018</b>
	Kshs	Kshs
Balance B/F		341,807,100
Additions		15,584,325
Transfer to Capital Fund		357,391,425
Transfer to Income Statement		(23,958,593)
Other Transfer		-
<b>Balance C/F</b>	<b>-</b>	<b>333,432,832</b>

**39. Cash Generated From Operations**

	<b>2019</b>	<b>2018</b>
	Kshs	Kshs
Surplus for the Year before Tax	2,903,268,942	1,003,398,830
<b>Adjusted for:</b>		
Depreciation	565,762,158	800,075,264
Amortization	(375,028,880)	-
Decrease in Provisions for Doubtful Debts	8,609,028	
Increase in Non-Exchange Transactions	5,033,931	

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Increase in Provision Relating to Employee Costs	51,835,599	-
Increase in Other Current Assets	(1,787,307,747)	-
Contribution to Provisions	596,377,673	401,870,781
Finance Income	-	(235,385,205)
Finance Cost	-	89,589,570
<b>Working Capital Adjustments:</b>		
Increase in Inventory	22,240,239	(22,407,823)
Increase in Receivables	401,721,514	9,594,435
Increase in Payables	138,470,613	258,806,609
<b>Net Cash flows from Operating Activities</b>	<b>2,530,983,071</b>	<b>2,305,542,461</b>

<b>40. MOVEMENT OF RESERVES, GRANTS &amp; SURPLUS</b>	<b>2018-19</b>	<b>2017-18</b>
Revaluation Reserves		
Opening Balance	5,059,254,526	5,059,254,526
Less: Revaluation Surplus start of period	(5,059,254,526)	
Add: Revaluation Reserve at period end	8,275,545,264	
<b>Total Reserves</b>	<b>8,275,545,264</b>	<b>5,059,254,526</b>

	<b>2018-19</b>	<b>2017-18</b>
<b>Govt Grants</b>		
Opening Balance	608,133,333	608,133,333
Add: Amount Received During the Year	-	-
Less: Amount Amortized During the Year	-	-
<b>Total Govt Grants</b>	<b>608,133,333</b>	<b>608,133,333</b>

<b>Accumulated Surplus</b>	<b>2018-19</b>	<b>2017-18</b>
Opening Balance	4,263,604,309	3,537,792,442
Add: Surplus for the period	1,366,701,813	725,811,867
Add: Revaluation Surplus Write Back	5,059,254,526	
<b>Total Surplus at the end of the Period</b>	<b>10,689,560,652</b>	<b>4,263,604,309</b>

During the 2018-19 financial year, the Authority undertook a revaluation exercise of its assets. With reference to IPSAS 17 (Property, Plant and Equipment), the Authority adjusted its Revaluation Reserve. The opening balance was written back to accumulated surplus to clear off the balance and to ensure that subsequent treatment of the revaluation reserve will be done as guided by the standard.



#### 41. FINANCIAL RISK MANAGEMENT

The authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency exchange rates. The Authority'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 Authority does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

##### (i) Credit Risk

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

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

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

As at 30 June 2019	Kshs	Kshs	Kshs	Kshs
Receivables from Exchange Transactions	1,419,398,868	1,102,118,272	195,190,537	122,090,059
Receivables from Non-Exchange Transactions	145,243,271	145,243,271	-	-
Bank Balances	8,307,962,636	8,307,962,636	-	-
<b>Totals</b>	<b>9,872,604,775</b>	<b>9,555,324,179</b>	<b>195,190,537</b>	<b>122,090,059</b>
<b>As at 30 June 2018</b>				-
Receivables from Exchange Transactions	1,812,511,355	1,503,839,786	237,297,159	71,374,410
Receivables from Non-Exchange Transactions	150,277,202	150,277,202	-	-
Bank Balances	4,754,348,690	4,754,348,690	-	-
<b>Totals</b>	<b>6,717,137,247</b>	<b>6,408,465,678</b>	<b>237,297,159</b>	<b>71,374,410</b>

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

The Authority's has significant concentration of credit risk on amounts due from Kenya Airways Plc.

The Board of Directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

Liquidity Risk Mgt	Less Than 1 Month	Between 1-3 Months	Over 5 Months	Total
<b>As at 30 June 2019</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Trade Payables	423,689,808	219,263,924	173,899,355	816,853,087
Current Portion of Borrowings	176,273,317			176,273,317
Provisions			4,391,545,613	4,391,545,613
Employee Benefit Obligation			421,260,384	421,260,384
<b>Total</b>	<b>599,963,125</b>	<b>219,263,924</b>	<b>4,986,705,352</b>	<b>5,805,932,401</b>
<b>As at 30 June 2018</b>				
Trade Payables	148,887,309	278,664,770	257,910,549	685,462,628
Current Portion of Borrowings	51,841,618			63,841,980
Provisions			3,795,167,940	3,795,167,940
Employee Benefit Obligation			369,424,786	369,424,786
<b>Total</b>	<b>200,728,926</b>	<b>278,664,770</b>	<b>2,693,197,051</b>	<b>3,172,590,748</b>

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**(iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the 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.

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

**a) Foreign Currency risk**

The Authority has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the Authority's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

<b>2018-19 FOREIGN CURRENCY RISK</b>	<b>Kshs</b>	<b>Other Currencies</b>	<b>Total</b>
<b>At 30 June 2019</b>	Kshs	Kshs	Kshs
Financial Assets (Investments, Cash, Debtors)	170,837,302	5,470,165,485	5,641,002,787
<b>Liabilities</b>			-
Trade and Other Payables	242,281,931	110,005,365	352,287,296
Borrowings	-	-	-
<b>Net Foreign Currency Asset (Liability)</b>	<b>413,119,233</b>	<b>5,580,170,850</b>	<b>5,993,290,083</b>
<b>At 30 June 2018</b>	Kshs	Kshs	Kshs
Financial Assets (Investments, Cash, Debtors)	2,609,562,110	3,828,686,330	6,438,248,440
<b>Liabilities</b>			-
Trade and Other Payables	575,492,886	109,969,742	685,462,628
Borrowings	-	-	-
<b>Net Foreign Currency Asset (Liability)</b>	<b>3,185,054,996</b>	<b>3,938,656,072</b>	<b>7,123,711,068</b>

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The Authority manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

**Capital Risk Management**

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

<b>CAPITAL RISK MGT</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation Reserve	8,543,869,295	5,059,254,526
Retained Earnings	10,468,132,589	4,263,604,309
Capital Reserve	608,133,333	608,133,333
<b>Total Funds</b>	<b>19,620,135,217</b>	<b>9,930,992,168</b>
Total Borrowings	2,343,070,698	2,316,051,964
Less: Cash and Bank Balances	8,307,962,636	4,754,348,690
Net Debt/(Excess Cash and Cash Equivalents)	(5,964,891,939)	(2,438,296,726)
<b>Gearing</b>	<b>(30%)</b>	<b>(25%)</b>

## 42. RELATED PARTY BALANCES

### Nature of Related Party Relationship

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over its operating and financial decisions. These include management personnel, their associates and close family members.

### Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long term lenders of the entity, both domestic and external. Other related parties disclosures for the period are;

### Transactions with Related Parties

41 (a)National Government	2019	2018
	Kshs	Kshs
IDA Loans Facilitations- KTSSP Project (Receipts and Direct Payments)	90,860,713	115,487,325
IDA Grant Facilities - NUTRIP Project (Direct Payments)	-	15,584,325
(b)Key Management - Salaries and Other Short Term Benefits	53,392,185	46,271,396
Directors-Directors Fees and Allowances for Services	48,354,759	55,893,877

## 43. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

### (a) A Summary of the Contingent Assets is as Follows:

#### (i) Potential Receipts from Kenya Airports Authority:

With reference to the Statute Law (Miscellaneous Amendments) Act, 2014 that came into effect on the 8<sup>th</sup> December 2014, the Authority has been pursuing up the arrears that may not have been remitted by the KAA over the period since the law came into effect and in addition to changes that were effected in light of the Legal Notice No. 143 dated 14<sup>th</sup> June 2018. As such, the Authority has been undertaking a reconciliation with the KAA and a team from Kenya Revenue Authority (KRA), with an aim to determine the amounts receivable from the KAA. The Authority has made efforts to follow up the amounts due from the KAA.

#### (ii) Pending Fraud Case:

This is a criminal Case No.2840/03 at the Anti-Corruption Court. The case relates to a Kenya Revenue Authority officer who was responsible for collecting Air Navigation charges and is charged with defrauding KCAA of USD 100,465. These assets have not been recognized in the accounts because there is material uncertainty on their realization.

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**(b) Contingent Liabilities:**

**(i) Potential Debts/Claims owed to Suppliers Totalling Ksh 40.32 Million:**

Kenya Airports Authority billings for rent and utility charges for the period up to 30 June 2005 amounting to Ksh.40.32 Million. Much of this period was a time when the Authority was still a department in the Ministry of Transport and Communications. This amount has not been provided for in the financial statements

**(ii) Potential claims arising from dismissed staff:**

This is a case involving 68 former employees of the Directorate of Civil Aviation (the predecessor of KCAA) emanating from alleged dismissal of the said employees from public service and malicious prosecution. The case was ruled in favor of the Plaintiffs. KCAA appealed against the judgment and the appeal proceeded for hearing on 7th January, 2014. The Court dismissed KCAA's appeal with costs. The Court of Appeal ordered the matter to be referred back to High Court for assessment of total damages. The High Court delivered the ruling on assessment for 40 plaintiffs out of 67 plaintiffs. The judgment amount in total is approximately Kshs 154,841,140. The Claimants' application for review seeks an additional Kshs. 103,835,080. The application was heard on 12th June 2018. The ruling is slated for 28th September 2018. To this extent, the Authority has made a provision of Kshs 258, 676,220 in its financial statements for the period ended 30<sup>th</sup> June 2018. However, given the interest this matter might generate once a determination is made, there is a likelihood of the 28 former employee or their next of kin seeking a similar award. Should such a scenario play out, the Authority is likely to inquire a further cost of Kshs 241,323,780. This amount has not been provided for in the financial statements.

44. CAPITAL COMMITMENTS

	Supplier	Description	2019	2018
1	Top Choice Surveillance Limited P.O Box 1218-00618 Nairobi	Proposed replacement of a lift at the control tower in Eldoret International Airport	6,292,215	
2	Almonds Construction Limited P.O. Box 176-00502 Nairobi	Supply, installation and commissioning of mechanical ventilation and air conditioning at new Wilson airport control tower	5,149,194	
3	National Museum of Kenya P.O. Box 40658-00100 Nairobi	Provision of services for establishment of aviation museum to National Museums of Kenya	32,343,768	
4	Geoscintex P.O. Box 44407-00100 Nairobi	Supply, installation and commissioning of Navigation Aid Simulator equipment	47,947,464	
5	Blue Quadrant Limited P.O. Box 8778-00300 Nairobi	Supply, delivery, installation, training and commissioning of digitak airport terminal information service (D-ATIS) System for Wilson Airport	24,999,814	
6	M/s Lexis International Limited of P.o.Box 18394 - 00200 Nairobi	Proposed construction works for the proposed Chapel at the East African School of Aviation	74,151,270	
7	M/s Power Source Technologies of P.O. Box 12908-00100 Nairobi	Supply, delivery and installation of two (2) 30KVA UPS at KCAA HQ's. Tender No: KCAA/008/2018-2019	2,379,428	
8	M/s Widescope Construction Limited of P.O. Box 1073-00100 Nairobi	Proposed Construction of three KCAA Staff houses at Wajir Station; Tender No. KCAA/036/2018-2019	14,945,650	
9	M/s Blue Quadrant Limited of P.O. Box 13931-00800 Nairobi	Supply, installation and commissioning of composite repair laboratory at EASA; Tender No. KCAA/043/2018-2019	22,881,872	
10	M/s Agoma Group Limited of P.O. Box 21663 Nairobi	Supply, installation and commissioning of hydraulic training laboratory at EASA; Tender No. KCAA/044/2018-2019	27,752,340	
11	M/s Mini Max Ventures of P.O. Box 32086-00600 Nairobi	Supply, delivery, installation and commissioning of assorted office furniture for the authority's station and departments LOTS 1,2 and 3; Tender No. KCAA/048/2018-2019	7,745,515	
12	M/s Apicah Ltd of P.O. Box 7961-00200 Nairobi	Supply, delivery, installation and commissioning of assorted office furniture for the authority's station and departments LOT 4; Tender No. KCAA/048/2018-2019	2,482,000	
13	M/s Aquawetts Enterprises Limited P.O BOX 1210-00300 Nairobi	Supply, delivery, installation and commissioning of overhead mettalic water tank at EASA; Tender number KCAA/031/2018-2019	5,609,240	
14	M/s Nairobi Sports House Limited of P.O. Box 45458-00100 Nairobi	Supply, delivery and installation of Gymnastic Equipment for KCAA outstations	11,078,825	

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15	M/s Timpex Electronics Limited of P.O. Box 61941-00200 Nairobi	Supply, delivery, installation, configuration, testing and commissioning of 10 EUROCAT/TOPSKY ATC LCD Monitors at JKIA and Mombasa Airport	4,110,750	
16	M/s Joriki Traders of P.O. Box 2188-00200 Nairobi	Supply, delivery and installation of eight all in one desktop computers and other ICT Related works	1,740,000	
17	M/s Fast Choice Limited of P.O. Box 4171-00506 Nairobi	Supply, delivery and installation of assorted furniture for KCAA outstations	2,028,650	
18	M/s Markitech Suppliers Limited of P.O. Box 102310-00101 Nairobi	Supply and delivery of thirty four (34) pieces of VHF Radios for KCAA Headquarters and outstations as per specifications	1,402,500	
19	Weihai International Economic & Technical Cooperative Co. Ltd	The Construction of the Proposed Library Complex for the East African School of Aviation	-	11,260,000
20	Nanjing Les Information Technology Company Limited-China	Supply, installation and commissioning of ADSB and MLAT systems	-	126,223,027
21	Pacificon Investment Limited	Construction of the proposed Poolside Restaurant at the East African School of Aviation (EASA)	-	2,500,000
22	Weihai International Economic & Technical Cooperative Co. Ltd	Construction of the Proposed control tower and office building at Wilson airport	-	8,404,070
23	IDS North America Ltd	Supply, Installation and Commissioning of Aeronautical Information (Management) System (AIS/AIM)	-	47,373,186
24	Delux Construction Africa Ltd	Proposed fencing of KCAA Land in Transmitting Station in Mombasa	-	6,155,750
25	McMurdo	Supply, delivery, installation and commissioning of an intergrated Aeronautical Search and Rescue System	-	23,826,888
26	Blue Quadrant Ltd	Power Plant Training Equipment	-	15,916,907
27	Naturesurf Systems Ltd	Digital Cartographic GIS	-	7,000,000
28	Alpha Reap Investments	Supply, delivery, testing and commissioning of a 20KVA and 60KVA for KCAA Regions	-	4,198,612
29	Blue Quadrant Ltd	Fluid Mechanics Lab Equipment	-	12,240,000
30	IDS North America Limited	Supply and implementation of a billing and revenue management system for Air Navigation Charges for KCAA.	-	65,489,451
31	Selective General Construction & Builders Ltd	Construction of Poror Staff Houses	-	1,767,060
32	Tectura International Ltd	Procurement of Consultancy Services for Design, preparation of Bidding documents and supervision of construction works for the proposed Hostel and a modern Conference Centre at EASA	-	24,619,840
33	Maestro Architects Ltd	EASA Chapel Construction	-	63,951,320



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34	Nature Investors Ltd	Proposed construction of first floor at KCAA Office building at Eldoret International Airport	-	2,842,687
35	Ready Go Ltd	Proposed fencing of KCAA land in Bamburi Estate in Mombasa	-	20,735,232
36	Sisco Technology and Supply Ltd	Supply, delivery and installation of rotating aeronautical Beacon for Lokichoggio Airport	-	970,000
37	Cambridge Engineering Services Ltd	Supply, installation, testing and commissioning of fire alarm and suppression systems at KCAA Headquarters and Moi International Airport Mombasa	-	5,742,000
38	Sybyl Ltd	Provision of Original Equipment Support (OEM) for EMX VNX Storage & VMware Virtualization	-	4,826,340
39	Meera Construciton Ltd	Proposed construction of Area Control and Disaster Recovery Central Transmitting Station in Mlolongo	-	264,998,656
40	Attain Enterprise Solutions Ltd	The upgrade of KCAA Enterprise Resource Planning (ERP) System to Navision 2017	-	8,981,500
41	Massatech Ltd	Supply, delivery, installation and commissioning of ICT Equipment for KCAA examination centre	-	23,109,800
42	Service & Computer Industries (K) Ltd	Supply, Installation, Testing and Commissioning of a complaints Management System.	-	1,986,036
43	Ecostar Systems Ltd	Supply, Installation, Testing and Configuration of an Audio Visual System at KCAA Headquarters.	-	6,958,300
44	Two Way Communications Ltd	Supply, delivery, installation, testing and commissioning of a point - to point radio link between KCAA headquarters and Wilson KCAA Offices	-	1,748,120
45	MFI Document Solutions Ltd	Supply and delivery of assorted ICT Working tools; Tender No.KCAA/078/2017 - 2018 - LOT 1	-	793,943
46	Pinakim Knowledge Centre	Supply and delivery of assorted ICT Working tools; Tender No.KCAA/078/2017 - 2018 - LOT 1	-	2,529,792
47	Mymac Company Ltd	Supply and delivery of assorted ICT Working tools; Tender No.KCAA/078/2017 - 2018 - LOT 1	-	1,265,664
48	Bael Systems Ltd	Supply , installation and configuration of IP PABX at Eldoret, Kisumu and Wajir Stations; Tender No.KCAA/077/2017 - 2018	-	5,818,690
49	Powersource Technologies Co.Ltd	Supply, delivery, installation and commissioning of a 100 KVA and 60KVA UPS at Jomo Kenyatta International Airport (JKIA) and Eldoret Stations; Tender No.KCAA/079/2017 - 2018	-	4,871,768

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50	Fastchoice Systems Ltd	Supply, delivery and installation of office furniture for Air Navigation Services (ANS) - KCAA Jomo Kenyatta International Airport; Tender No.KCAA/081/2017 - 2018	-	2,119,600
51	Plan and Trend (E.A.) Ltd	Supply, delivery of Microsoft SQL Server 2016 and Microsoft Visual Studio 2017; Tender No.KCAA/036/2017 - 2018	-	15,335,739
52	Delta Mulch Computer Ltd	Supply and delivery of Microsoft Visio and Nitro PDF Licences; RFQ No.KCAA/229/2017 - 2018	-	804,000
53	Joriki Traders	Supply, Delivery, Installation and Commissioning of Equipment for East African School of Aviation Library Lot 1	-	16,887,829
54	Joriki Traders	Supply, Delivery, Installation and Commissioning of Equipment for East African School of Aviation Library Lot 2	-	12,327,754
55	MFI Technology Solutions Ltd	Supply, Delivery, Installation and Commissioning of Equipment for East African School of Aviation Library Lot 3	-	3,032,513
56	iBross Ltd	Supply, installation, and commissioning of ATC Equipment at New Wilson Airport Control Tower	-	111,195,493
57	GECI Espanola	Mobile ATC Tower	-	17,239,954
58	Joriki Traders	Supply, Delivery, Installation and Commissioning of Equipment for East African School of Aviation Library Lot 4	-	3,464,658
59	Joriki Traders	Supply, Delivery, Installation and Commissioning of Equipment for East African School of Aviation Library Lot 5	-	4,179,376
60	Gestalt Gild Crafted Enterprises	Disaster Recovery Site	-	21,296,257
61	TunKey Ltd	Supply, delivery and commissioning of hand held GPS surveying Gadget (Equipment)	-	1,995,000
62	Magfre Enterprises	VHF Radio Equipment for RCC	-	19,268,266
63	KenyaWeb.Com Limited	Supply, delivery, Configuration, training and commissioning of an Email system at the East African School of Aviation	-	4,356,612
64	Planning Interiors	Provision of Consultancy service to provide interior design services and review of current partitioning of the office space in KCAA Headquarters (Aviation House)	-	7,250,000
	<b>Total</b>		<b>295,040,494</b>	<b>1,019,857,690</b>

**45. EVENTS AFTER THE REPORTING PERIOD**

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

**46. CURRENCY**

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

**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<b>PROPERTY, PLANT AND EQUIPMENT</b>				
(i)	<b>Land and Buildings</b> - Ownership documents were not made available for audit verification	- Management is following up with the Ministry of Lands to obtain title deeds	Director General	Not Resolved	
(ii)	<b>Properties Allocated to Third Parties</b> - Some parcels of land were registered in the names of third parties	- Management is following up with the Ministry of Lands for revocation of current title deeds and issuance of title deeds for these parcels of land to KCAA	Director General	Not Resolved	
2	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>				
	- Explanation for upward trend with regard to provision for bad and doubtful debts and measures to reverse it	- Continuous reconciliation with KRA team and follow up operators through emails and letters being pursued from time to time.	Director General	Not Resolved	



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	<p>Consultancy Service for Construction of Hostels and Modern Conference Centre at EASA</p> <p>-Contract to design, prepare building documents and supervision of the construction was awarded before feasibility study was undertaken</p>	<p>- The feasibility study has since been undertaken and its report is now being considered by the Management</p>	<p>Director General</p>	<p>Not Resolved</p>	
5	<b>PROVISION FOR AFRICAN COMMUTER SERVICES LIABILITY</b>				
	<p>i. It has not been possible to confirm how the operations of the Authority will be affected if the Court upholds the award of Kshs 1,421,671,718 to</p>	<p>The Court has since upheld the decision and the entire award transferred to the lawyer representing the African Commuter Service</p>	<p>Director General</p>	<p>Not Resolved</p>	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	African Commuter Services with regard to the pending law suit.				
6	<b>CONSTRUCTION OF PERIMETER WALL AT EAST AFRICAN SCHOOL OF AVIATION</b>				
	Construction of the perimeter wall started in June 2012. Management had estimated the cost of the wall at Kshs. 1,290,540.00. By July 2014, the wall had not been completed while an expenditure of Kshs. 8,157,060.00 had been incurred. In addition, it was not satisfactorily explained why open tendering was not used in line with the Public Procurement and Disposal Act, the budget overrun and failure to complete the project.	The various works where labour was engaged included the following: Perimeter wall, Swimming Pool Wall, Conversion of stores to library, upgrading of classroom, Rehabilitation of staff houses among other repairs. Thus the total labour cost incurred is not only for the perimeter wall.	Director General	Not Resolved	
<b>7.0. Irregular Payment of Subsistence Allowance</b>					
	An officer who is on Secondment to International Civil Aviation Organization (ICAO) Council had been paid a total of	Since adequate accommodation was not available, the officer was put on per diem pending the lease of a suitable house for her. This being a new office,			

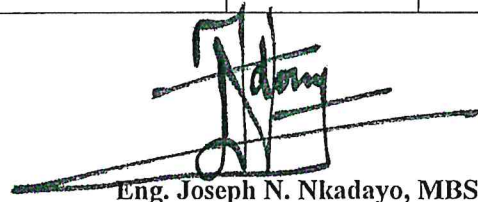
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Kshs.19,425,018 subsistence allowance between August 2014 and April 2015. No prior approval had been obtained from the Permanent Secretary - Ministry of Transport and Infrastructure.	the process took quite a while to conclude hence the period as contemplated in C.8 in the Foreign Service Regulations 2000 could not be met. The Authority applied Section C.13 as read together with Section C.11 in effecting the allowance to the ICAO Council representative. Subsequently the Ministry of Foreign Affairs clarified that matters of this office should be handled within the Authority's terms of service guidelines (HR Policy Manual)			



Capt. Gilbert M. Kibe  
 Director General

Date.....13 MAY 2020



Eng. Joseph N. Nkadayo, MBS  
 Chairman of the Board

Date.....14th May, 2020



## APPENDIX II: PROJECTS IMPLEMENTED BY THE AUTHORITY

**Projects:** Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment Kshs Mn	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Kenya Transport Sector Support Project	P124109	IDA	8 Years	2,300.00	YES	YES
2 National Urban Transport Improvement Project	P126321	IDA	5 Years	500.00	NO	YES

### Status of Projects completion

No	Project	Total project Cost in Million KES.	Total expended to date in Million KES	Completion % to date	Budget in Million KES	Actual in Million KES	Sources of funds
<b>Kenya Transport Sector Support Project</b>							
1	Construction of KCAA Headquarters	950.00	950.00	100.00	25.00	0.00	World Bank & KCAA
2	Upgrading of air navigation systems	600.00	600.00	100.00	0.00	0.00	World Bank & KCAA
3	Implementation of ICT Systems	250.0	160.00	64.00	30.00	0.00	World Bank & KCAA
4	Technical support to enhance aviation safety	140.00	140.00	100.00	0.00	0.00	World Bank & KCAA

### National Urban Transport Sector Support Project

1	Construction of EASA Library	275.00	275.00	275.00	0.00	0.00	World Bank & KCAA
2	Purchase of 3-D ATC Simulators	272.00	272.00	100.00	0.00	0.00	World Bank & KCAA
3	Equipping of EASA Library	40.00	0.00	5.00	0.00	0.00	World Bank & KCAA



APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date Received	Nature: Recurrent/Development/ Others	Total Amount Kshs	Where Recorded/recognized					Total Transfers during the Year Kshs
				Statement of Financial Performance Kshs	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Kenya Airports Authority		Recurrent	574,944,140	574,944,140					574,944,140
Kenya Airports Authority		Recurrent	86,857,993	86,857,993					86,857,993
Kenya Airports Authority		Recurrent	30,372,429	30,372,429					30,372,429
Kenya Airports Authority		Recurrent	315,920,192	315,920,192					315,920,192
Kenya Airports Authority		Recurrent	116,187,593	116,187,593					116,187,593
Kenya Airports Authority		Recurrent	814,828,519	814,828,519					814,828,519
Kenya Airports Authority		Recurrent	488,027,044	488,027,044					488,027,044
Kenya Airports Authority		Recurrent	83,062,300	83,062,300					83,062,300
<b>Total</b>			<b>2,510,200,209</b>	<b>2,510,200,209</b>					<b>2,510,200,209</b>

