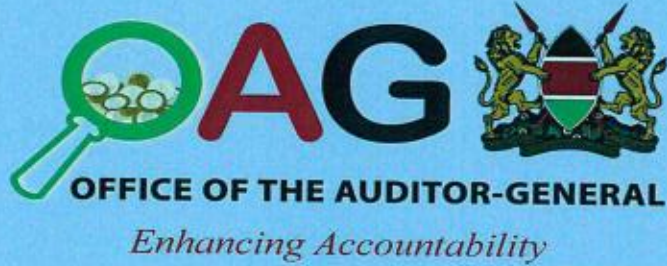


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA TRADE NETWORK AGENCY
(KENTRADE)**

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

THE NATIONAL ASSEMBLY PAPERS Laid	
DATE: 22 FEB 2023	
DAY: _____	
TABLED BY:	HON. OWEN BAYA, MP
CLEAR-AT THE TABLE:	DEPUTY LEADER OF MAJORITY
	CHRISTINE NDIRITU



KENYA TRADE NETWORK AGENCY

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

29 AUG 2022

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KENYA TRADE NETWORK AGENCY (KENTRADE)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
30TH JUNE 2020**

**Prepared in accordance with the accrual Basis of Accounting method under the
International Public Sector Accounting Standards.**

KENYA TRADE NETWORK AGENCY

Annual Reports and Financial Statements

For the Year Ended June 30, 2020

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LIST OF ABBREVIATIONS

A I A	- Appropriation in Aid
CEO	- Chief Executive Officer-KenTrade
GOK	- Government of Kenya
ICT	- Information Communication Technology
IDF	- Import Declaration Form
ICF	- Investment Climate Facility for Africa (Development Partners)
ICMS	- Integrated Customs Management System
IPSAS	- International Public Sector Accounting Standards
KENTRADE	- Kenya Trade Network agency
KRA	- Kenya Revenue Authority
KWATOS	- Kilindini Waterfront Automated Terminal Operating Systems for KPA
KPA	- Kenya Ports Authority
KNESWS	- Kenya National Electronic Single Window System
MMS	- Manifests Management Systems
NSSF	- National Social Security Fund
PFM	- Public Finance Management
SIMBA	- Customs Management Systems for KRA
SWS	- Single Window Systems (otherwise referred to as the TradeNet system)

KENYA TRADE NETWORK AGENCY

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KEY ENTITY INFORMATION AND MANAGEMENT

a. Background information

The Kenya Trade Network Agency (KenTrade) is established under the Legal Notice No.6 of 2011 and the State Corporations Act, Cap. 446 of the Laws of Kenya.

b. Principal Activities

The principal role of KenTrade is to establish and manage a National Electronic Single Window System (TradeNet System) and facilitate trade.

The National Electronic Single Window System shall serve as a single entry point for parties involved in trade and transport to:

- Lodge documents electronically, for processing and approval; and
- Make payments electronically for fees, levies, duties and taxes due to the Government, on goods imported or exported.

Our vision

"Making a difference in Trade Facilitation"

Mission statement

"To facilitate trade by simplifying, harmonizing and automating business processes through effective and efficient management of the TradeNet System and provision of related services for Kenya's global competitiveness."

c. Key Management

The Agency's day-to-day management is under the following key officers:

- The Board of Directors
- The Chief Executive Officer
- Heads of Directorates (Directors)
- Heads of Departments (Managers)

d. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

KENYA TRADE NETWORK AGENCY
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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

	Name	Position
1	Amos Wangora	Chief Executive Officer
2	Rose Ronoh	Director Trade Facilitation
3	Ann Waweru	Director IT Infrastructure, Innovation & Information Security
4	Hellen Wasike	Ag. Director Corporate Services (DCS)(July 2019-December 2019)
5	Chrispus Mbogo	Ag. Director Corporate Services (DCS) (January 2020-June 2020)
6	David Ngarama	Ag. Director Strategy, Compliance and Business Development
7	Bernard Milewa	Corporation Secretary and Legal Affairs Manager
8	Paul Mwaura	Manager, Internal Audit
9	Joanne Kweyu	Manager, Supply Chain

e. Fiduciary Oversight Arrangements

The following are the Board committees and members who provided fiduciary oversight over the financial year. The CEO is a member of every committee except the Audit and Risk Committee.

i. Audit & Risk Committee

- | | |
|-----------------------------|---------------------------------------|
| 1. Mr. Ernest Kamau | Chairman |
| 2. Mr. Joseph Ngugi | Member (Alternate Director CS NT) |
| 3. Mr. Christopher Koisikir | Member |
| 4. Mr. George Wanjau | Member (Alternate Director PS MOTIHU) |

ii. Finance & General Purposes Committee

- | | |
|-----------------------------|--------------------------------------|
| 1. Ms. Wambui Namu | Chairman |
| 2. Mr. Joseph Ngugi | Member (Alternate Director to CS NT) |
| 3. Mr. Christopher Koisikir | Member |
| 4. Mr. Ernest Kamau | Member |

iii. Human Resource and Compliance Committee

- | | |
|-----------------------------|---------------------------------------|
| 1. Mr. Christopher Koisikir | Chairman |
| 2. Mr. Ernest Kamau | Member |
| 3. Mr. Gilbert Langat | Member |
| 4. Mr. Samuel Chemisto | Member (Alternate Director to PS SDT) |

iv. Strategy and Business Committee

- | | |
|-----------------------|--|
| 1. Mr. Gilbert Langat | Chairman |
| 2. Ms. Wambui Namu | Member |
| 3. Mr. George Wanjau | Member (Alternate Director to PS MOTIHU) |
| 4. Mr Samuel Chemisto | Member (Alternate Director to PS SDT) |

KENYA TRADE NETWORK AGENCY
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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

f. Entity Headquarters

Embankment Plaza, First Floor,
Longonot Road, Upper Hill
P.O. Box 36943 – 00200
Nairobi

g. Entity Contacts

Telephone: (254) 20 464 5000
E-mail: info@Kentrade.go.ke
Website: www.Kentrade.go.ke

h. Entity Bankers

Equity Bank Limited.
Equity Centre Branch
P.O. Box 75104 – 00200
Nairobi

Co-operative Bank of Kenya Limited
KUSCO Centre Branch
P.O. Box 48231 – 00100
Nairobi

KCB Bank Limited
Upperhill Branch/KICC Branch
P.O. Box 48400 – 00100
Nairobi

i. Independent Auditors

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

j. Principal Legal Adviser

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

KENYA TRADE NETWORK AGENCY

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For the Year Ended June 30, 2020

THE BOARD OF DIRECTORS

Mr. Suleiman Said Shahbal **Chairman**



Mr Shahbal has a Master of Business Administration from the University of Illinois at Urbana and has over 20 years' experience in Banking. Mr. Shahbal previously worked with Bank Muscat, the largest investment and commercial bank in Oman, where he served as Deputy General Manager of International Operations. Prior to Bank Muscat, Mr. Shahbal served as Vice President of Citibank in the Middle East and Europe.

Mr Shahbal served as the Chairman of Gulf African Bank (Kenya) until September 2012. He served as a Director of Dalma Energy LLC until June 21, 2016. Mr. Shahbal is a Member of Investment Committee at Mid-East Division of The Novati Group.

Mr. Gilbert Langat **Independent Member (Strategy and Business Committee Chairman)**



Mr. Langat has an Executive MBA from Copenhagen Business School, Inoorero University and a Bachelor of Arts from Moi University, Eldoret. He also has a Certificate in Corporate Governance from International Centre for Leadership and Development (ICLAD). He has worked as a Trainer of Trainers, Freight logistics and management at KRA Training, Mombasa.

Mr. Langat currently serves as the Chief Executive Officer at Shippers Council of Eastern Africa. He has been a Board Member, Kenya National Highway Authority (KeNHA), Member Railway Consultative Committee, Member Chief Executives Forum, National Business Agenda, Board of Governors, and Railways Training Institute.

Ms. Wambui Namu **Independent Member (Finance and General Purpose Chairman)**



Ms. Wambui Namu holds an MSc in Management (MBA) from Arthur D. Little Management Education Institute, Cambridge, Massachusetts, USA and BSc in Business Administration from Lincoln University, Oxford, Pennsylvania, USA. She worked for the Ministry of Finance and planning prior to joining the Kenya Revenue Authority as a seasoned tax administrator where she rose through the ranks to become the Commissioner of Customs Services.

KENYA TRADE NETWORK AGENCY
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For the Year Ended June 30, 2020

THE BOARD OF DIRECTORS (Continued)

She has extensive experience in international trade matters as well as taxation policies and practices. She has also engaged in tax advisory services, capacity building and management consultancy for various national and international institutions such as the World Customs Organization (WCO), Kenya Institute of Management (KIM), Worldwide Inc., Kenya Trade Network Agency (KENTRADE), DHL Global Forwarding, PricewaterhouseCoopers as well as bulk commodity traders and importers of heavy commercial machinery. Ms. Namu has received National/State Honors [Head of State Commendation (HSC) & Moran of the Burning Spear (MBS) recognitions by His Excellency the President of the Republic of Kenya in 2009 and 2010 respectively for significant contribution in domestic revenue mobilization in the context of the wider state building efforts. She has served as a Board Director at the Export Processing Zone Authority.

Mr. Ernest Kamau Muchina

Independent Member (Audit & Risk Committee Chairman)



Mr. Kamau studied Business Administration and media services at The Kenya Polytechnic. He has a wealth of knowledge in management, coordination and communication of project activities and output, including planning and budgeting to realize the organization's objectives. He is currently the Chief executive at Real Capital Insurance. Mr. Kamau previously worked as the Unit manager and the Agency manager at AAR Health Services. He also worked as the operations director at Medigen Insurance. Mr. Kamau has a passion for humanitarian activities and community mobilization; he has been a Rotarian from 1996 to date.

Mr. Koisikir M. Christopher

Independent Member (Human resource and Compliance Committee Chairman)



Mr. Koisikir is a graduate teacher by profession. He is a holder of a BSc degree in mathematics and Biology from Kampala University, Uganda and a degree holder of Education, Planning, Administration, and Management from Mount Kenya University. Mr. Koisikir has a wealth of knowledge of how various government entities operate having worked with the government in various capacities over the years. He worked as a Principal Clerk Assistant at the Kajiado County Assembly between the years 2014-2017. He was also a presiding officer for the Electoral Commission in 2005 and for IEBC during the 2013 elections. He has served as a head teacher for over 9 years. Mr. Koisikir has a passion for community mobilization having assisted to start six primary schools at Meto Location and established and registered Meto Secondary in conjunction with other community members.

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2020

THE BOARD OF DIRECTORS (Continued)

Mr. Joseph Zacharia Ngugi

Alternate Member for the Cabinet Secretary, The National Treasury & Planning



Mr. Ngugi has a Master of Arts- Economics from the University of Nairobi and Bachelor of Arts in Economics & Sociology from Egerton University. He also has a Certificate in Agricultural Credit and Agricultural Co-operative from Agricultural Co-operative College, South Korea, Certificate in Fiscal Decentralization and Financial Management of Regional and Local Government from Harvard University, USA.

He is currently the Deputy Director Micro and Fiscal Affairs. He has served as a Principal Economist at The National Treasury. He also worked with the Ministry of Planning and National Development. He has served as a Member of the Board of Trustees of the Coffee Development Fund (Alternate to Principal Secretary for the National Treasury).

Mr. George Wanjau

Alternate Member to the Principal Secretary, State Department for Transport



Mr. Wanjau holds a Master of Science in Project Planning and Financing from University of Bradford and Bachelor of Arts in Economics degree form Nairobi University.

He is a Deputy Chief Economist at the Ministry of Transport, Infrastructure, Housing and Urban Development. He has over 20 years' experience in the Civil Service with considerable experience in regional, sectorial and national planning, including poverty reduction strategies, health sector reforms and project preparations and implementation, monitoring and evaluation, policy formulation for the transport sector and urban transport planning.

Mr. Samuel K. Chemisto

Alternate Member for the Principal Secretary, State Department for Trade



Mr. Chemisto represents the Principal Secretary for the state Department of Trade. He is currently the Deputy Head, Multilateral Trade and International Trade Organizations Division Ministry of Industry, Trade and Cooperatives, State Department for Trade. He is responsible for trade matters relating to World Trade Organization (WTO), United Nations Conference on Trade and Development (UNCTAD), and International Trade Centre (ITC) including trade related technical assistance activities. Mr. Chemisto holds a Bachelor of

Arts (BA) (Economics & Sociology) from Egerton University.

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2020

THE BOARD OF DIRECTORS (Continued)

He also holds a diploma in Trade Policy from the WTO Institute for Training and Technical Cooperation, and various management and development training courses by the Government of Kenya and WTO regional training programmes.

Amos Wangora
Chief Executive Officer



Amos Wangora is currently the Chief Executive Officer of the Kenya Trade Network Agency having been appointed to that position on October 1, 2016. He has served as the General Manager Operations and Project Director for the Kenya National Electronic Single Window System implementation (Kenya TradeNet System) with responsibility for the system implementation and operationalization. He holds a Master's degree in Maritime Affairs specializing in Port and Shipping Management from the World Maritime University (Sweden). He is also a Fellow of the Institute of Chartered Shipbrokers (UK) and a Certified Information Systems Auditor (CISA).

He has over twenty years work experience in the Trade and Logistics sector with specialization in Maritime affairs and Project Management in Port, Customs and Trade sector automation. He has vast experience in the designing, development and implementation of ICT interventions for Trade and Transport facilitation.

Mr. Bernard Milewa
Corporation Secretary & Legal Affairs Manager



Mr. Bernard Milewa is an advocate of the High Court of Kenya. He holds a Bachelors degree in law from Moi University and an MBA (Strategic Management) from the University of Nairobi. He is also a member of the Chartered Institute of Arbitrators and is a Certified Public Secretary of Kenya, CPS (K). Mr. Milewa has 12 years legal experience and previously served in a similar capacity at the Kenya Literature Bureau as well as a Legal Officer at the Postal Corporation of Kenya. Mr. Milewa joined the Agency in January 2018.

KENYA TRADE NETWORK AGENCY

Annual Reports and Financial Statements

For the Year Ended June 30, 2020

MANAGEMENT TEAM

Amos Wangora
Chief Executive Officer



Amos Wangora is currently the Chief Executive Officer of the Kenya Trade Network Agency, having been appointed to that position on October 1st, 2016. He previously served as the General Manager Operations and Project Director for the Kenya National Electronic Single Window System implementation (Kenya TradeNet System) with responsibility for the system implementation and operationalization. He holds a Master's degree in Maritime Affairs specializing in Port and Shipping Management from the World Maritime University (Sweden).

He is also a Fellow of the Institute of Chartered Shipbrokers (UK) and a Certified Information Systems Auditor (CISA).

He has over twenty years work experience in the Trade and Logistics sector with specialization in Maritime affairs and Project Management in Port, Customs and Trade sector automation. He has vast experience in the designing, development and implementation of ICT interventions for Trade and Transport facilitation.

Anne Waweru
Director IT Infrastructure Innovation & Information Security



Ms. Waweru joined the Agency in June 2019 as Director IT Infrastructure, Innovations & Information Security. She has extensive experience in the ICT profession mainly from the private sector. Before joining the Agency, she worked as Business Manager, ICT at Eagle Africa Insurance Brokers. Prior to this she was the Assistant Divisional Director, ICT at Eagle Africa.

She holds an MSc in Management Information Systems from the University of Nairobi and Bachelor of Education (Science) degree from Kenyatta University. She has certification in ITIL Foundation in IT Service Management, is a Certified Information Systems Auditor and a member of Information Systems Audit and Control Association and the Institute of Internal Auditors. She has done various other courses in the field of IT Management & Security.

Ms. Rose Ronoh
Director Trade Facilitation



Ms. Ronoh is currently a candidate for Doctor of Philosophy in Business Management (Strategic Management Specialization) at Moi University. She holds Masters in Business Administration, (Strategic Management Option) from Moi University and Bachelor of Science in International Business (Marketing Option) from United States International University (USIU).

KENYA TRADE NETWORK AGENCY

Annual Reports and Financial Statements

For the Year Ended June 30, 2020

MANAGEMENT TEAM (Continued)

Rose has also acquired Executive Diploma in Marketing from Marketing Society of Kenya and Professional Qualifications in Prince 2 (Project Management). She has also attended several courses and seminars in Customer Service Excellence, Project Management, Monitoring and Evaluation, Change Management, Entrepreneurship, Budgeting and Financial Management.

She has a wealth of experience in Customer Service, Marketing Management, Strategic Communication, Strategic Management, Stakeholder Engagement and Change Management both in Public and Private Sector. Rose has previously worked as a Corporate Communications Manager at The Catholic University of Eastern Africa, Regional Marketing and Communications Officer at Kenya Power & Lighting Company Ltd and a Brand Manager at The Standard Group. She is a Member of the Marketing Society of Kenya and was a 2014 Finalist of the Rising Star Awards.

Mr. David Ngarama

Ag. Director, Strategy, Compliance and Business Development



Mr. Ngarama is a holder of a Master of Science degree in Economics from the University of Zimbabwe and a Bachelor of Arts degree in Economics (Honour's) from the University of Nairobi.

Prior to his appointment as a Manager, Strategy and Planning, he served as a Transaction Manager at the Privatization Commission, a parastatal under the National Treasury. He previously served as a Principal Economist in the Office of the Deputy Prime Minister and Minister for Finance where he doubled as a Technical Assistant to the Deputy Prime Minister.

Mr. Ngarama has over nineteen years' experience in public sector operations and has worked as a Senior Economist at the Ministries of Planning, Finance, International Trade and Industry. In addition, he has wide exposure in regional trade and integration matters and has represented Kenya in many trade negotiations within and outside the Common Market for East and Southern Africa (COMESA) Region and EAC.

Ms. Hellen N. Wasike

Ag. Director Corporate Services (July 2019-December 2019)



Ms. Wasike is a holder of Master of Science in Human Resource Management from Jomo Kenyatta University of Agriculture & Technology and Bachelor of Arts in Public Administration & French from University of Nairobi. She is also a Certified Public Secretary of Kenya and has acquired Foundation Diploma in Purchasing & Supply Management. Further, she has attended several courses such as Integrity Assurance Officers Course and Facilities Management Course.

KENYA TRADE NETWORK AGENCY

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For the Year Ended June 30, 2020

MANAGEMENT TEAM (Continued)

Before joining KENTRADE in 2012, Ms. Wasike worked for several public sector organizations including Agency for Development Education & Communication, Jomo Kenyatta University of Science & Technology, Coffee Development Fund and Kenya Vision 2030 Delivery Secretariat serving in various capacities.

Mr. Chrispus Mbogo

Ag. Director, Corporate Services (January 2020-June 2020)



Mr. Mbogo holds a Master of Business Administration in Finance degree from the University of Nairobi and a Bachelor of Commerce degree in Finance from the Catholic University of Eastern Africa. He is a Certified Public Accountant of Kenya. He holds various certificates in management and leadership as well as other aspects of management including pension administration, ISO and corporate governance.

He worked for the Kenya Agricultural Research Institute (KARI) for ten years as an Accountant and Internal Auditor. Before joining the Agency, he worked with the Coffee Development Fund as Head of Internal Audit and Acting Finance & Administration Manager.

Mr. Bernard Milewa

Corporation Secretary & Legal Affairs Manager



Mr. Bernard Milewa is an advocate of the High Court of Kenya. He holds a Bachelors degree in law from Moi University and an MBA (Strategic Management) from the University of Nairobi. He is also a member of the Chartered Institute of Arbitrators and is a Certified Public Secretary of Kenya, CPS (K). Mr. Milewa has 12 years legal experience and previously served in a similar capacity at the Kenya Literature Bureau as well as a Legal Officer at the Postal Corporation of Kenya. Mr. Milewa joined the Agency in January 2018.

Mr. Paul Mwaura

Manager, Internal Audit



Mr. Mwaura joined the Agency in June 2019 as Manager Internal Audit. He has extensive experience in the audit profession both in public and private sectors. Before joining the Agency, he worked as Manager, Audit & Risk Management at the National Transport and Safety Authority. Prior to this he was the Head of Audit at Kenya Investment Authority, an investment promotion agency.

KENYA TRADE NETWORK AGENCY
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MANAGEMENT TEAM (Continued)

He holds an MSc in Finance & Investments, an MBA in Accounting, and a Bachelor of Commerce Accounting degree all from the University of Nairobi. He is a Certified Public Accountant of Kenya, a Certified Information Systems Auditor and a member of the Institute of Certified Public Accountants of Kenya, Information Systems Audit and Control Association and the Institute of Internal Auditors.

Ms. Joanne Kweyu
Manager, Supply Chain



Ms. Kweyu is a member of the Chartered Institute of Purchasing and Supply (UK), and the Kenya Institute of Supplies Management (KISM) with over 20 years' experience in the Public Sector procurement.

She has previously served in various capacities at the Ministries of Agriculture and Livestock Development, Lands, Office of the President, Public Health and the National Treasury.

Ms. Kweyu holds Executive MBA degree from Jomo Kenyatta University of Agriculture and Technology, a Bachelor of Commerce degree in Business Administration from the University of Nairobi and a Graduate Diploma in Purchasing & Supply (CIPS).

Ms. Kweyu also sits on the KISM Council as a co-opted member of the disciplinary committee.

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2020

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Kenya Trade Network Agency, it gives me pleasure to present this Annual Report and Financial Statements for the year ended June 30, 2020. The period under review marked the end of the Agency's 2015/2016 – 2019/2020 Strategic Plan.

In carrying out of our mandate of implementing the Kenya National Electronic Single Window System (Kenya TradeNet) the Agency experienced tremendous growth in the number of the System Users and at the same time the System evolved into the mainstay of the trade related transactions for both regulatory and permit issuing agencies and some of the stakeholder institutions. These stakeholders today largely depend on the efficiency of the Kenya TradeNet System which leverages on technology to lower the barriers for governments and businesses to better share data and collaborate digitally.

The Agency working under the guidance of our parent Ministry, the National Treasury and Planning, continued to invest in technologies that have improved the ease of doing business for the nation with a view to making the country more competitive. The InfoTradeKenya, a web- based platform which we launched in 2017, and used by the Government to publish trade regulatory information on imports and exports has progressed well. Currently we have documented 72 procedures for various traded commodities, and we continue to witness impressive growth of the number of visitors accessing information on import and export procedures in Kenya.

KenTrade plays a key role in supporting the delivery of Vision 2030 specifically under the economic pillar of which the Agency strives to eliminate bottlenecks associated with trade documentation through implementation and management of the Kenya TradeNet System. In view of this, with relevant stakeholders we are putting efforts to implement the revamped Mombasa Port and Northern Corridor Community Charter (MPNCCC), to ensure realization of the Northern Corridor's full trade facilitation potential.

Additionally, together with relevant Government Agencies we are in the final stages of implementing the Maritime Single Window to ensure the country complies with the Convention on Facilitation of International Maritime Traffic as well as pushing the country's Blue Economy agenda.

KENYA TRADE NETWORK AGENCY
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CHAIRMAN'S STATEMENT (Continued)

The Board of Directors continued to provide its oversight role to Management with a view to ensure that the planned activities or projects were implemented as planned. Towards this end, we approved the 2020/2021 – 2022/23 Strategic Plan which has been aligned to key national policies while taking cognizance of the Big Four Development Agenda. The 2020/2021 – 2022/23 strategic plan offers pointers to areas of growth and expansion as well as challenges where the management with policy direction of the Board needs to prioritize. The Board priority focus is on factors that that have contributed to both favorable and unfavorable results as highlighted in this Financial Report. This means leveraging on the immense resource potential and existing goodwill and support from the Government

I am convinced that the Lessons drawn from the Financial Year 2019/2020 and the innovative responses for Business Continuity are very useful as we reposition ourselves to the exciting and challenging times ahead in 2020/2021 Financial Year.

Finally, on behalf of the Board, I express our sincere gratitude to the Management and Staff Members of KenTrade for their dedication and team work that enabled the Agency deliver on its mandate in the just concluded financial year 2019/2020 despite the challenges. I also extend my appreciation my colleagues, Directors of the Board for their support, contribution and strategic guidance to Management during the year. Finally, I wish to thank the Government through our parent Ministry, the National Treasury and Planning, and key stakeholders for the support they have continued to accord the Agency.



CHAIRMAN

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2020

REPORT OF THE CHIEF EXECUTIVE OFFICER

Kenya Trade Network Agency (KENTRADE) is a State Corporation under The National Treasury established through an Executive Order on 14th January 2011 and gazetted via Legal Notice No. 6 of 2010 which became effective on 28th January 2011.

The Kenya Trade Network Agency (KENTRADE) was created to operationalize and manage the Kenya National Electronic Single Window System (KNESWS) also known as Kenya Trade Net System. The System enables parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements.

During the period under review, the Agency continued to make strong contribution to the trade facilitation industry, by continuing to provide services efficiently to customers and stakeholders. Integration between the Kenya TradeNet System and other Government Agencies Systems progressed well. We successfully on boarded more Government Agencies including the Communication Authority (CA) and integrated with the Agriculture and Food Authority (AFA) system. Additionally, the Agency progressed the integration with the Kenya Revenue Authority (KRA) Integrated Customs Management System (iCMS), with the automated Air Cargo release having been achieved. The Agency also finalized all work required for Sea Cargo automated release and the next phase of integration is with the Export Management Process which is currently under development. The number of stakeholder institutions involved are currently 46 which includes 37 Partner Government Agencies (PGAs) while the number of active users are over 12,500.

During the year, the Agency commenced the process of upgrading the Kenya National Electronic Single Window System (Kenya TradeNet) a process that will take approximately 15 months. The upgraded System will be a more user friendly, flexible platform, incorporating best practices and international standards. The Agency conducted numerous sensitization engagements to update the stakeholders on the Kenya TradeNet Upgrade roadmap, timeliness and expected milestones and more importantly to seek support to ensure that the project is implemented successfully. A detailed GAP Analysis with key stakeholders was undertaken aimed at ensuring that stakeholders provide input during the initial stages of the upgrade process.

KENYA TRADE NETWORK AGENCY

Annual Reports and Financial Statements

For the Year Ended June 30, 2020

REPORT OF THE CHIEF EXECUTIVE OFFICER (Continued)

KenTrade together with anchor stakeholders such as Kenya Maritime Authority, Kenya Revenue Authority and Kenya Ports Authority among others is spearheading the implementation of the Maritime Single Window which entails automating the FAL Forms. The project team finalized mapping of the current and to be processes and the validation of the business requirements was also finalized. The System has been developed and phase 1 of the User Acceptance Testing concluded by the end of the year to pave way for phase 2 UAT, piloting and training of the users and eventual roll out of the System.

During the year, the Agency working with other regulatory Government Agencies was able to document and publicize additional commodity procedures on the information for trade portal bringing the number of commodity export and import procedures documented to 72. The Information for Trade in Kenya (InfoTradeKE) portal serves as a one-stop shop for information on trade-related procedures, from various government agencies, and provides a step-by-step guide on foreign trade procedures from the user's (exporter/importer) point of view.

To improve on our service delivery, we upgraded the Customer Relationship Management (CRM) System from an on-site system to a cloud based system ensuring effective service delivery especially during the COVID -19 pandemic. The System has incorporated Social CRM features as well Mobile CRM features for efficient management of and engagement with stakeholders and customers. These initiatives have continued to increase the customer satisfaction levels. We also successfully transitioned to ISO 9001:2015 Certification after rigorous mandatory audit process that were conducted by the Kenya Bureau of Standards. The importance of this certification is ensuring that our mandate is properly discharged in an efficient and effective manner and this will continuously enhance the confidence of our customers and other stakeholders who will continue to enjoy our services.

The Strategic Plan for 2015/16 – 2019/20 which was our second strategic plan since inception came to a conclusion during the year. The Agency made tremendous progress in the implementation of its policies, programmes and projects that were outlined in the plan. In view of this, we also finalised the 2020/2021 – 2022/2023 Strategic Plan which has been built on the foundation created by the earlier strategic plans, the lessons learnt and experiences gained over the time.

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
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REPORT OF THE CHIEF EXECUTIVE OFFICER (Continued)

To ensure that the Agency achieves financial sustainability, the Agency also secured approval to charge for Single Window services which was later withdrawn by the Treasury due to concerns that it would add to the cost of doing business in the country. The draft KNESWS Bill aimed at entrenching the use of the TradeNet System within the law was also submitted to The Cabinet for approval and it is expected to be table before the National Assembly in the 2020/2021 FY. The Bill seeks to solidify the operations within a Single Window systems law to address emerging issues that general laws do not address. The Act will anchor the Agency operations in law and ensure certainty in the various matters emerging in trade facilitation and single window operations.

From a financial perspective and in brief, the Kenya Trade Network Agency received from the National Treasury **Kshs 614,400,000** which was broken down into **Kshs 314,400,000** for Recurrent Expenditure and **Kshs 300,000,000** for Development Expenditure. The Agency was able to generate **Kshs 7,704,793** from other sources that included **Kshs 290,000** being from training fees and **Kshs 7,160,193** as interest earned on short term deposits in the Agency's bank accounts.

The Agency realized an operating deficit of **Kshs (248,714,547)** mainly due to non-cash items of depreciation and amortisation of the software and systems running in the Agency, including the TradeNet system.

Finally, moving ahead, we will continue focusing on implementing our trade facilitation mandate and upscaling our service delivery in collaboration with all our Partners and under the able leadership of the Board. In this regard, I wish to extend our gratitude to the Chairman and the entire Board of Directors for their wise and firm leadership and guidance in the operations of the Agency. I wish to thank all the partner Government Agencies working and partnering with KenTrade as well as private sector players in trade and logistics. I wish to thank in particular, The National Treasury, without whose support the Agency would not deliver on its mandate. I wish to thank the members of staff and Management of the Agency, who continue to diligently perform their duties to ensure that we live to our promise to all our stakeholders.

Thank you.


Amos S. Wangora
CHIEF EXECUTIVE OFFICER

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REVIEW OF KENYA TRADE NETWORK'S KENYA REGULATORY & NON – COMMERCIAL ENTERPRISE 'S PERFORMANCE FOR FY 2019/2020

During that last Financial Year 2019/2020, KenTrade had six (6) strategic pillars and eight (8) strategic objectives within its Strategic Plan for the period 2018/2019- 2022/2023. These Strategic Pillars are as discussed below:

Pillar 1: Legal and regulatory framework: Legal and Corporate Governance Framework:

The main objective under this theme was to strengthen the legal and corporate governance framework for the KenTrade. The Agency prepared and submitted to The National Treasury a draft Bill on the National Electronic Single Window System. The draft Bill was approved both by The National Treasury and the Attorney General and was submitted to Parliament for enactment. The work carried out also identified conflicting legislations whose amendments were included in the draft bill. In addition, the Agency commenced work on the preparation of regulations on the National Electronic Single Window System.

Pillar 2: Management of the National Electronic Single Window System

This theme had two objectives with the first objective being the maintenance of at least 99.982% availability of the TradeNet System. To a large extent the Agency was able to maintain the system availability above 95%. This was supported by the set-up of a modern Secondary hosting site for the TradeNet System which was later converted to a Primary site as the equipment at the original Primary site became uneconomical to maintain and the site was declared obsolete. The Agency commenced work on the development and implementation of a Second-Generation Single Window System by procuring the service provider, conducting a gap analysis and developing the system.

The second objective under this theme was to facilitate reduction in cargo documentation time to maximum average of one day by 2020. A number of Government Agencies were able to achieve this target while others fell short. Under this objective the Agency was able to carry out all the necessary work to fully operationalize the Kenya TradeNet System. By the end of the year, thirty-

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seven government agencies were on board the TradeNet System with over 12,500 users using the system with annual transactions running to a high of 700,000 per year. The Agency also managed to roll out the system to the borders of Moyale and Loitokotok.

Pillar 3: Customer service

The Strategic Objective under this pillar was to increase quality and timeliness of service delivery to stakeholders by increasing customer satisfaction by 2% annually from the previous level of 78.4%. Through increased automation, implementation of customer relationship management techniques and on-boarding of more Government Agencies onto the TradeNet System, the Agency achieved high levels of Customer satisfaction which stood at 81.4% as at the end on the year. In order to improve delivery of services to the Customers, the Agency enhanced internal systems such as the Customer Relationship Management (CRM) system and Avaya Systems amongst other. The level of automation of Government Agencies improved from a low of 27% in 2015/2016 to about 90% by 2019/2020 as per a report by the World Bank released in 2019 following the implementation of the TradeNet System. This led to an increase in efficiency in the documentation processing which ultimately had an impact on the customer satisfaction levels.

Pillar 4: Business Development and Marketing:

The main objective under this theme was to raise internally generated funds to finance at least 20% of the Agency's operating budget by 2020. The Agency intended to achieve this through: the introduction of charges for the TradeNet System services and introduction of value add services. The Agency introduced a number of value add services such as the i-Screen system, short messaging service and the information for trade portal. The Agency carried out detailed work in developing user fee for the Single Window services and received approval to charge for the Single Window Services during the year. The revenue generation from charging of the fees was expected to cater for 20% of the Agency's operating budget. However, this was not realized as the approval to commence charging was revoked making it difficult for the Agency to raise the projected revenue. Additionally, the products that were intended to raise additional revenues for the Agency were at the introductory stage of the product life cycle and therefore did not attract a lot of demand from the target market and did not raise the anticipated revenues.

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Pillar 5: Institutional capacity building

The Strategic Objective under this pillar was to increase operational efficiency in service delivery by 2020. The Agency planned to build capacity to facilitate quality, efficient and effective services to the stakeholders. The Agency continued to implement the reviewed organizational structure, undertook training needs assessment and implemented trainings on need basis due to financial constraints. The Agency also maintained the Quality Management System and successfully transitioned to ISO 9001:2015 Certification during the period.

Pillar 6: Trade facilitation

The strategic objective under this theme was to establish stakeholder collaboration through sharing data and increasing trade across the Northern Corridor. This was to be achieved through three main strategies: implementation of a Logistics Coordination Platform which proved to be a challenge to implement due to budget constraints; establishment of an information for Trade Portal which was implemented successfully with support from UNCTAD and TMEA and implementation of a Maritime Single Window System that was implemented with support from TMEA. The Agency managed to document and publish 72 commodity export and import procedures by the end of the FY while the Maritime Single Window System was developed and User Acceptance testing carried out in readiness for full roll out during the subsequent FY.

KenTrade develops its annual work plans based on the above six (6) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2019/2020 period for its six strategic pillars, as indicated in the diagram below:

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Strategic Pillar	Objective	Activities	Key Performance Indicators	Achievements
Pillar 1: Trade Facilitation	Objective: Establish stakeholder collaboration through sharing of data and increasing trade across the Northern Corridor	Establish an Information for Trade Portal	Number of simplified processes	Information portal established and 72 commodity procedures documented and published
		Implement the Maritime Single Window System (MSWS)	Automate and enhance the shipping business process	MSWS developed and User Acceptance Testing carried out in readiness for system roll-out
		Implement the Logistics Coordination Platform	Working LCP and an efficient logistics chain	This was not developed due to lack of funds
Pillar 2: Management of the National Electronic Single Window System	To maintain at least 99.982% availability of the Kenya TradeNet System.	Develop and implement the second generation Kenya TradeNet system.	Operational Second Generation Single Window System	Work commenced on developing the Second Generation Single Window System and by end of the FY a gap analysis had been conducted and 25% for the functionalities designed and developed.
	To facilitate reduction cargo documentation time to maximum average of one	Roll out the Single Window System in more borders across	Increased Utilization of the TradeNet system	Users were over 125,000 by end of year and 37 Government Agencies on

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Strategic Pillar	Objective	Activities	Key Performance Indicators	Achievements
	day by 2020	the country		board the TradeNet System. The System was also rolled out in Moyale and Loitoktok.
		Integrate the Kenya TradeNet System with stakeholder systems every year	Streamlined, simplified and harmonized processes with more PGAs and end users enrolled to use system	
Pillar 3: Customer service	To increase quality and timeliness of service delivery to stakeholders by 2% annually from the current baseline of 74%	Enhance Communication to stakeholders	Systems improvement and Customer satisfaction level	CRM System enhanced and most modules utilized. Customer satisfaction level of 81.4% achieved as at the end on the year
Pillar 4: Business Development and Marketing	To raise internally generated funds to finance at least 20% of the Agency's operating budget by year 2020	Introduce new products and services (Value Add services VAS)	New products and services offering	Improvement of the I screen service continued during the year. The Board also approved the charges for augmented services
		Develop and implement a business pricing model.	Revenue raised.	Approval was granted by The Treasury for the user fees for the Single Window Services also this was withdrawn due to concerns

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Strategic Pillar	Objective	Activities	Key Performance Indicators	Achievements
				that it may adversely affect the cost of doing business in the country
Pillar 5: Institutional capacity building	To increase operational efficiency in service delivery	Improve business processes	Increased quality in service delivery	Maintained the Quality Management System and transitioned to ISO 9001:2015
		Enhance use of ICT based solutions	Improved productivity	All internal and external systems maintained during the year
		Strengthen risk management and internal controls	Effective risk management and reduced risk exposure for the agency	Risk monitoring carried out on a quarterly basis
		Expenditure control	Increased efficiency and Expenditure control	Budget Implementation Committee monitored all expenditures on a monthly basis
		Research and development	Increased efficiency and information based decisions	Contract signed with Strathmore University for development of a Digital Logistics Market place
	To ensure optimum productivity and	Institutionalize the performance management	Increased staff productivity and Improved	Performance management framework

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Strategic Pillar	Objective	Activities	Key Performance Indicators	Achievements
	enhanced service delivery by continuously developing the human capital of the Agency.	framework	employee morale and staff	maintained
		Implement effective HR policies	Best practices in HR management	All HR policies maintained and new policies developed
Pillar 6: Legal and regulatory framework	To strengthen the legal and corporate Governance frameworks in place by 2020.	Facilitate enactment of the Act on the National Electronic Single Window System	Draft bill	Draft bill finalized and submitted to the Cabinet
		Facilitate enactment of regulations on the National Electronic Single Window System	Draft regulations	Draft regulations in place

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CORPORATE GOVERNANCE STATEMENT

The Kenya Trade Network Agency (KenTrade) recognizes Corporate Governance as key to the success of its business operations and is unreservedly committed to applying the principles necessary to ensure that good governance is practiced in all of its business dealings in respect of its customers/shareholders and relevant stakeholders. At KenTrade, the purpose of corporate governance is to support value creation and accountable management and thus contributes to the long term success.

The Agency's Corporate Governance framework provides a framework for monitoring and ensuring statutory compliance, fosters a culture of values, rewards the highest ethical standards and personal integrity. KenTrade strives to ensure that the principles of good Corporate Governance are applied by the Board of Directors in their dealings in respect and on behalf of KenTrade to enable them provide strategic guidance, leadership and effective management oversight.

Roles and Functions of the Board of Directors

The Agency is run through the general direction of the Board of Directors, which is responsible for: Administration, management and development of the Agency; Administering the assets and funds of the Agency in such manner and for such purposes as shall promote the best interests of the Agency and Committing to the underlying principles of good governance

The Board of KenTrade is committed to the principles of Good Corporate Governance as stipulated in the Mwongozo Code of Governance for State Corporations and ensures attainment of the Agency's mandate through:

1. Determining the business strategies and plans that underpin the Corporate strategy and provide strategic advice to Management;
2. Reviewing the financial statements and overseeing compliance with applicable audit, accounting and reporting requirements;
3. Monitoring and evaluating Corporate Performance;
4. Regularly reviewing systems, processes, procedures and policies to ensure the effectiveness of internal control;

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5. Monitoring compliance with legal and regulatory requirements and ethical standards and policies;
6. Establishing a sound system of risk oversight, Management and internal controls;
7. Ensuring that the rights of stakeholders that are protected by law are respected;
8. Ensuring that a comprehensive system of policies and procedures is operative;
9. Ensuring ethical behavior and compliance with relevant laws and regulations, audit and accounting principles, and the institution's own governing documents and Codes of Ethics

Board Structure and Processes

The Board of Directors of the Agency consists of:

- A non- executive Chairman;
- The Principal Secretary, the National Treasury & Planning or his alternate;
- The Principal Secretary, Ministry of Industrialization, Trade and Enterprise Development or his alternate;
- The Principal Secretary, Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works or his alternate;
- A representative from the Shippers Council of East Africa;
- Three other members, not being public officers, appointed by the Cabinet Secretary - the National Treasury & Planning by virtue of their knowledge and experience in matters relating to: Trade logistics, Information communication technology or Finance and administration;
- Chief Executive Officer.

The Cabinet Secretary - the National Treasury & Planning appoints the Board while the Chair is appointed by HE. The President.

The Board reflects a diversity of talent and experience. The Board is exposed to seminars and workshops on Corporate Governance issues to enhance their knowledge and skills. Board induction was also done in October 2018 following appointment of the Board Members to appraise them on the Agency's operations. The Agency ensures that it provides the necessary resources and expertise to the Board of Directors to assist them in their decision- making processes and as such, they are regularly consulted on key policy matters.

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The Board is governed by a Board Charter as required by Section 1.11 of the Mwongozo Code. The Board Charter defines the role, responsibilities and functions of the Board in governance of the Agency. It guides the Board in execution of its roles and functions to ensure conformity with best Corporate Governance practices. Evaluation of the Board Members is carried out annually as dictated by the Charter and is supported by the State Corporations Advisory Committee (SCAC). The Annual Evaluation reviews the effectiveness of the Board, individual and collective roles of Board Directors and the duties and responsibilities of the Board of Directors.

Board Committees

The Board continued to ensure that proper standards of corporate governance were maintained and continued to have oversight over the management of the Authority, not only through the Board meetings but also through the various Board Committees. In its governance, the Board has established four Committees as per section 8 of the Legal Notice No. 6 of 2010 and in line with Section 1.7 of the Mwongozo Code. The Committees are all chaired by Independent Board Members. The members of each Board Committee are as shown on page v. Membership to these committees is based on the relevant skills, expertise and experience required to handle respective functions. The Committees execute their functions in accordance with terms of reference which defines its mandate, roles and responsibilities. These Committees main functions are described below:

1. Audit and Risk Committee

The main function of the Committee is to oversee The Internal Audit, Risk Management and Governance systems within the Agency.

2. Strategy and Business Committee

The main function of the Committee is to monitor the strategic direction and core business activities/operations of the Agency to ensure achievement of its objectives.

3. Finance and General Purpose Committee

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The Committee deals with finance and procurement matters collectively and general affairs of the Agency. The Committee reviews financial statements of the Agency and oversees compliance with applicable accounting and reporting requirements.

4. Human Resource and Compliance Committee

The main function of the Committee is to oversee Human Resource related matters and policies, including other administrative issues.

Board Meetings

The Board meets quarterly or as necessary, in accordance with the Business requirements, the Board Work-Plan and Calendar (Almanac) as prepared in the beginning of the year. The Board held 7 meetings in the financial year 2019/2020 while the Committees held their meetings as scheduled. The Board and Committee attendance was as follows:

Board Member	Full Board Meetings	Board committees			
		Audit & Risk	Strategy & Business	Finance & General Purpose	Human Resource & Compliance
Hon. Suleiman Shabhal	7/7	-	-	-	-
Gilbert Langat	5/7	-	4/4	-	5/6
Christopher Koiskir	7/7	4/4	-	5/6	6/6
Wambui Namu	6/7	-	3/4	6/6	-
Samuel Chemisto	7/7	-	4/4	-	6/6
Joseph Z. Ngugi	4/7	3/4	-	3/6	-
Ernest Kamau	7/7	4/4	-	6/6	6/6
George Wanjau	1/7	4/4	2/4	-	-
Amos Wangora	7/7	-	4/4	6/6	6/6

Legal Audit

The Agency recognizes the need to conduct its business and operations with integrity and in accordance with generally accepted corporate governance practices, and endorses internationally developed principles of corporate governance. The Agency engaged the Kenya School of Law during the financial year to carry out a legal audit. The general objective for the audit was to

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determine whether the Agency, in its operations, processes and procedures complies with the Constitution of Kenya 2010, the State Corporations Act, and the requirements under the various other applicable Acts of Parliament and instruments made under the Act.

The specific objectives of the audit were:

- a) To review the Agency's plans, operations and strategies;
- b) To identify the potential legal risks within the Agency;
- c) To establish compliance with the Constitution of Kenya 2010 (key issues), statutes, standards, policies, procedures and relevant circulars.
- d) To report on the level of compliance by the Agency with the various legal and regulatory requirements under the Constitution, applicable statutes, conventions and relevant Government circulars and policy documents;
- e) To prepare a legal compliance matrix bringing out provisions for compliance purposes;
- f) To make recommendations to manage or mitigate legal risks.

As per the legal audit report the Kenya School of Law issued an opinion that the Agency was compliant with the requirements of the State Corporations Act, the various other relevant Acts, regulations, policies and guidelines applicable.

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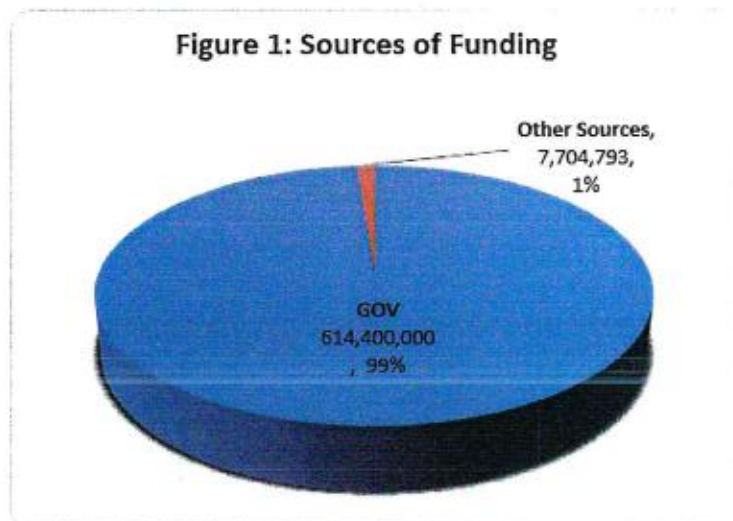
For the Year Ended June 30, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

In the year under review, the Agency continued its principal business of running the Kenya National Electronic Single Window System (Kenya TradeNet System) and trade facilitation. The Agency has substantially completed the development of all the twenty (20) modules of the Kenya TradeNet system. However, due to redesign of business processes and introduction of the new Integrated Customs Management System (ICMS) by the Kenya Revenue Authority, integration work is ongoing with system changes to ensure connectivity between the TradeNet and the customs' system. The Agency is currently working with the Kenya National Bureau of Statistics to provide trade statistics which is one of its key functions.

In terms of finances, the Agency still overwhelmingly relies on the support of the National Government. However, the Agency has developed a business model with a tariff structure to gradually reduce this reliance and generate more revenue. This is awaiting National Treasury approval before implementation. During the year, **614,400,000/=** was provided by the Exchequer representing **Kshs 300,000,000/=** for development and **Kshs 314,400,000** for recurrent expenditure. **Kshs 7,704,793/=** was generated from other sources, primarily interest income from call accounts, training fees for single window users and other miscellaneous sources. In comparative terms, GOK funding was **99 %** while other sources accounted for about **1%**.

Figure 1. Sources of Funding



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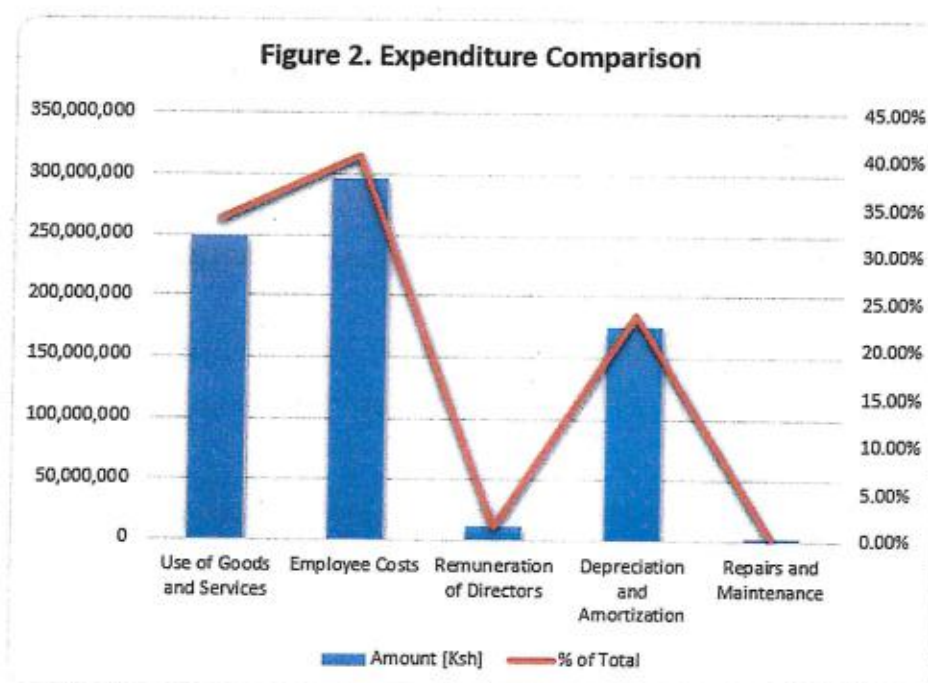
For the Year Ended June 30, 2020

MANAGEMENT DISCUSSIONS AND ANALYSIS (Continued)

In terms of expenditure, the Agency spent **Kshs 704,084,365/=** with **Kshs 551,309,596/=** being direct cash items and the balance of **Kshs 152,774,769/=** being provisions for amortization.

As indicated on the chart below, Staff Costs (Salaries and Wages) account for **36.18%** of the total expenditure. General expenses include various expense lines, with the biggest item being computer expense (repairs, internet, licenses and other recurrent items such as vendor maintenance and support for the single window and other systems) at **Kshs 181,096,490/=**. On its own, this would account for **24.9%** of the total expenditure. This is because the Agency's main business is ICT driven.

Figure 2. Expenditure Comparison



In terms of assets, the Agency has a total asset base of **Kshs 1,012,316,294/=**. This compares favorably with total liabilities of **Kshs 108,957,356/=**. The assets are made up of **Kshs 139,820,175/=** in current assets. Cash and cash equivalents of **Kshs 128,548,796/=** were available for use at the end of the year. These amounts are mainly funds set aside to pay for maintenance contracts for the Trade-net System and other software systems operated by the Agency in its business functions.

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MANAGEMENT DISCUSSIONS AND ANALYSIS (Continued)


Non-current assets of **Kshs 872,496,119/=**, made up of Long-term receivables of **Ksh 40,954,726**, Kshs **113,440,647 /=** in property plant and equipment and Kshs **718,100,746 /=** in intangible assets making up the larger portion of the Agency's assets.

The key concern around the TradeNet system is to maintain its system uptime, ensure it is in line with improved business processes as the Agency seeks to improve such processes as part of trade facilitation, and generating/mobilizing funds to upgrade the TradeNet System. This upgrade is required in due time due to technological changes that will definitely make current technology obsolete.

The Agency is a state corporation wholly owned by the National Government, which enables it to offer service to stakeholders at highly subsidized rates. It is expected that even as it seeks to raise revenue, the charges levied will be a small fraction of the savings that stakeholders currently gain from reduced costs and efficiency provided by the TradeNet system. Initiatives like the Marine Cargo Insurance (MCI) directive also open up possible business avenues for the Agency in future.

New business opportunities are being sought and the Agency is keen on encouraging research, innovation and creativity among its staff members to help in realizing the dream of sustainability through provision of value add services.

The Financial statements for year 2019/2020 show that the Agency has a sound operation base but there is need for continued and increased government funding. KenTrade Management is committed to running an organization that complies with all applicable laws, is an empowering employer and is a dependable business partner for all who rely on our services.


Amos S. Wangora,
Chief Executive Officer

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CORPORATE SOCIAL RESPONSIBILITY STATEMENT / SUSTAINABILITY REPORTING

KenTrade is fully committed to the principle of CSR and intends that it should become embedded, where appropriate, into its policies and practices, to the benefit of staff as well as the wider community. KenTrade has therefore put in place a CSR policy that defines objectives and programs undertaken by the Agency to fulfil its obligations as a responsible corporate citizen to achieve its mission. To achieve this, our vision is "to be recognized as an organization that is ethical in all its dealings as well as making a positive contribution to the community in which it operates.

1. Sustainability strategy and profile -

KenTrade has put in place proper strategies that will ensure sustainability by taking into consideration the Agency operations with regards to the social and economic environment. The Agency strive to work in harmony with our stakeholders, minimise negative environmental impacts and support communities that may need its support. To achieve this mainly focuses on stakeholder and community engagements, environment and health. The management ensures that these strategies are aligned to the Agency's operations. This has been done on the assumption that developing such strategies will foster the Agency's continuity. The strategies include;

- ensuring compliance with environmental regulations
- e – waste policy
- environmental sustainability policy
- corporate social responsibility policy
- community engagement
- embedding sustainability in the business processes

2. Environmental performance

The Agency recognizes that it has a responsibility to the environmental beyond legal and regulatory requirements. The Agency is committed to continually improving its environmental performance as an integral part of its business strategy and operating methods. KenTrade encourages customers to do the same. The Agency has put in place a policy which aims at complying with all regulatory requirements, continual improvement of environmental performance,

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continual improvement of its environmental by incorporating environmental factors in its business decisions, increasing awareness and employee training. The Agency has put in place an e - waste policy to guide on disposal of e – waste. The Agency submits quarterly report to National Environmental Management Authority (NEMA)

3. Employee welfare

The Agency has a HR policy which provides guidance on the approach to be adopted on aspects of recruitment or hiring, career progression, promotion, performance appraisals and trainings. Annually, stakeholder engagement plan is created for implementation by the management. These forums provide provided sufficient opportunity to the stakeholders to voice their opinions and concerns that may influence operations. The plan is updated as necessary as stakeholder communication may change. The Agency complies with OSHA to ensure that all employees work in a safe and healthy environment.

4. Market place practices-

KenTrade has made deliberate efforts to work with her, consumer customers and competitors. Over the years it has built strong relationship with all stakeholders not only for loyalty but also for them to understand the Agency's business in order to gain goodwill and support. We gain our competitive advantages through delivering excellent customer services and quality products rather than through unethical or illegal business practices.

The Agency has put in place an Anti – Corruption policy whose objective is to instil honesty, and transparency, maintain appropriate standards of conduct and improve efficiency in service delivery, as well as fairness and equity in decision making, and enhance the reputation of the organization.

KenTrade plays a key role in supporting the delivery of the aspirations of Vision 2030 and the Governments 'Big Four Agenda' The Agency's activities fall under the Economic pillar of the Vision 2030 Economic blue print. KenTrade's contribution is mainly under the manufacturing sector in which the Agency plays a role in improving the cross border trade by eliminating bottlenecks associated with trade documentation.

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The Agency staff are trained on how to conduct themselves in public and on issues to do with politics to ensure they conduct themselves in a positive manner that is reflective of the Agency's policy guidelines and Government standards

The Agency procurement activities are guided by the Public Procurement and Regulatory Authority (PPRA) which is the regulatory body overseeing the public procurement and Asset Disposal systems as stipulated in the Act of 2015. The Agency submits quarterly reports to PPRA.

The Agency adheres to the procedures provided by the Government Advertising Agency (GAA) which requires all Ministries, State Corporations, Universities and Semi-Autonomous Government Agencies (SAGAs) to conduct their advertising activities. All its online and offline marketing activities are guided by Government and the Agency's internal policies as well and strictly adhere to the values as stipulated in the 2020/21 – 2022/23 Strategic Plan. The Agency ensures transparency and respect in the content that is disseminated is committed to being truthful in marketing communication while ensuring government regulations and standards are adhered to in undertaking marketing and advertising activities.

The Agency takes a proactive and strategic approach to the company's environmental design and management of products. Our products and operations are mainly IT oriented. Currently the Agency is in the process of upgrading its flagship product the Single Window System to ensure it is more efficient and poses minimal environmental hazards. We also take feedback from stakeholders and also conduct research on how to improve our products. To ensure good product stewardship, the Agency ensures all agency infrastructure such as laptops desktops etc. are regularly serviced to ensure they last longer to be able to serve its public and customers better

5. Community Engagements-

The Agency has a CSR policy and has put in place a CSR/Environmental Committee to implement activities that will enable the Agency attain the set CSR objectives. Taken from a CSR viewpoint, the Agency endeavours to contribute to the development of a sustainable society, creating or providing value through engaging in proper ethical business activities which are embedded in our corporate values. We work towards understanding issues that affect our society and identify needs through dialogue with our stakeholders and through requests that we receive at the Agency.

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Participation in the Standard Chartered Marathon

The Standard Chartered Marathon is the bank's global initiative aimed at tackling avoidable blindness and visual impairment. The Agency sponsored ten (10) staff members to participate in the Standard Chartered Marathon that was held on October 25, 2019.



Participation in the Beyond Zero Half Marathon

The 'Beyond Zero campaign' targets the Kenyan government, development partners and Kenyans to mobilize resources to fund pre-natal and post-natal access. KenTrade has participated in the Beyond Zero marathon since inception which has greatly gone a long way in helping these vulnerable members of our society. On March 8, 2020 KenTrade sponsored ten (10) staff members to participate in this noble initiative.



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Environmental Conservation and Sustainability

As part of the environmental conservation and sustainability, on June 23, 2020 the Agency staff planted a total of 1,400 tree seedlings at the Nairobi National park. This is in addition to 500 tree seedlings that were planted during the FY 2018/2019



Staff Sensitization on Environmental Sustainability.

To equip staff on the importance of environmental conservation, on June 10, 2020 the Agency organized an annual online sensitization on the importance of, and how to manage their environment individually and collectively. The sensitization was conducted by the National Environmental Management Authority (NEMA). Additionally, despite the challenges experienced due to Covid-19, the Agency commemorated the World Environment Day on June 5 2020, by sharing environmental conservation information in its Quarterly Newsletter.

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REPORT OF THE DIRECTORS

The Directors hereby submit their Report together with the Audited Financial Statements for the year ended June 30, 2020, which outline the state of the Agency's affairs.

Principal activities

The principal activities of the entity are to:

- i. Establish and manage a National Electronic Single Window System and facilitate trade.
- ii. The National Electronic Single Window System once fully operational shall serve as a single entry point for parties involved in trade and transport to:-
 - Lodge documents electronically, for processing and approval; and
 - Make payments electronically for fees, levies, duties and taxes due to the Government, on goods imported or exported.

Results

The results of the Agency for the year ended June 30, 2020 are set out on page I to 43.

Directors

The members of the Board of Directors who served during the year are shown on page v in accordance with the provisions of the Agency's Legal Notice No.6 of 2011.

Auditors

The Auditor General is responsible for the statutory audit of the Agency in accordance with Section 35 of the Public Audit Act 2015.

By Order of the Board


Mr. Bernard Milewa
CORPORATION SECRETARY AND LEGAL AFFAIRS MANAGER

Date:.....
29.08.2022

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, Cap 446, require the Directors to prepare financial statements in respect of the Agency, which give a true and fair view of the state of affairs of the Agency at the end of the financial year and the operating results of the Agency for that year. The Directors are also required to ensure that the Agency keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 2020. 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 entity;
- (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) Safe-guarding the assets of the Agency;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency'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 PFM Act and the State Corporations Act. The Directors are of the opinion that these financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2020, and of the Agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

KENYA TRADE NETWORK AGENCY
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STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

Nothing has come to the attention of the Directors to indicate that the Agency 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 Agency's financial statements were approved by the Board on 28/09/2022 and signed on its behalf by:



CHIEF EXECUTIVE OFFICER



CHAIRMAN

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA TRADE NETWORK AGENCY (KENTRADE) FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Trade Network Agency (KENTRADE) set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Trade Network Agency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Accuracy of Intangible Assets

The statement of financial position and as disclosed in Note 19 to the financial statements reflects intangible assets balance of Kshs.718,100,746. The assets have however not been revalued. This is contrary to the requirements of IPSAS 31 paragraph 74 which requires such revaluations to be carried out with such regularity at the reporting date such that the carrying amount of the asset does not differ materially from its fair value.

In the circumstances, the accuracy of the intangible assets balance of Kshs.718,100,746 could not be confirmed.

2. Unsupported Expenditure

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects use of goods and services expenditure of Kshs.241,548,868. Included in the amount is expenditure of Kshs.100,437,318 on Information and Communication

Technology recurrent expenses and licenses whose supporting documents such as receipt of services, inspection, testing and acceptance reports were not provided for audit review.

In the circumstances, the accuracy and validity of the expenditure totalling to Kshs.100,437,318 could not be confirmed.

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

Emphasis of Matter

Material Uncertainty Related to Going Concern

In the year under review, the statement of financial performance reflects a deficit after taxation of Kshs.248,714,547; (2019-Kshs.329,909,334). Similarly, the net assets of the Agency declined from Kshs.920,152,842 in 2019 to Kshs.899,386,117 in the year under review.

Further analysis of the Agency's performance reflects losses in its operations trends. Since its inception, the Agency has been relying on the Government support. The Agency request for changes of status to enhance its revenue collection capacity from the Single Window services was granted in December, 2019 but withdrawn in February, 2020.

My opinion is not modified with respect to this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Issue of Contract

The Agency invited bids for provision of Kentrade Blade Server System Manufacturer tender. The Agency requested all the tenderers to submit their bids on or before

11 February, 2019 after which the tenders were opened. The validity period for the tender was ninety (90) days from the date of tender opening of 11 February, 2019 to 14 April, 2019 in accordance with Section 2.10.5 of the tender document. However, the Agency awarded and signed the contract with a vendor on 21 August, 2019 after the tender validity period had already lapsed and made payment of Kshs.4,248,818 on 14 May, 2020 to the vendor. This is contrary to the provisions of Section 135(3) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the Management was in breach of the law.

2. Irregular Variations of Contract

The Agency made variation of contract for the provision of secondary hosting services of Trade-Net on 22 October, 2019 at a cost of Kshs.24,837,476. However, Management did not submit the variation in its quarterly report to Public Procurement Regulatory Authority. This is contrary to section 139(5) of the Public Procurement and Asset Disposal Act, 2015 and Public Procurement Regulatory Authority Circular No.01/2016 of 16 December, 2016.

In the circumstances, the Management was in breach of the law.

3. Contract without Performance Security

The Agency contracted for the manufacturer, partner and maintenance support on 16 March, 2020 at a cost of Kshs.8,794,158. However, the Agency did not demand for performance bond on the execution of the contract from the successful tenderer as stipulated for in the tender document. This is contrary to Section 142(1) of the Public Procurement and Asset Disposal Act, 2015 which requires the successful tenderer to submit a performance security before the contract is signed.

In the circumstances, the Management was in breach of the law.

4. Irregular Procurement of Software Licenses

The Agency had included in its approved Annual Procurement Plan procurement of a service provider for advanced compression licenses through open tender at an estimated cost of Kshs.7,000,000. On 29 April, 2020 the Agency signed a deed of variation with a vendor at a cost of Kshs.7,050,005. However, a review of the contract and the specifications on the tender revealed that the advanced compression licenses were not part of the specifications for this tender. The explanation by Management of avoidance of multiple vendors supporting the same system platforms was unsatisfactory. This is contrary to Section 45(3) of the Public Procurement and Asset Disposal Act, 2015 which requires all procurement processes to be planned by the procuring entity concerned through an annual procurement plan.

In the circumstances, the Management was in breach of the law.

5. Non-Compliance with Gender Rule

During the year under review, there was only one (1) female director at the Board level out of the nine (9) appointive positions. This is in contravention of Article 27(8) of The Constitution of Kenya, 2010 which requires that not more than two-thirds of the members of any appointive positions should be of the same gender. This is also in breach of

Mwongozo code of governance principle No. 1 which requires the Board to have gender diversity.

In the circumstances, the Management was in breach of the law.

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 Agency'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 Agency 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 Agency's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 Agency'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 Agency 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 Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 August, 2022

KENYA TRADE NETWORK AGENCY
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For the Year Ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Government grants	6	449,591,223	551,926,634
		449,591,223	551,926,634
Revenue from exchange transactions			
Finance income - external investments	7	7,160,193	10,683,150
Other income	8	544,600	783,290
		7,704,793	11,466,440
Total revenue		457,296,016	563,393,074
Expenses			
Use of goods and services	9	241,548,868	401,482,497
Employee costs	10	297,291,788	279,819,985
Remuneration of directors	11	10,834,761	17,700,752
Depreciation and amortization expense	12	152,774,769	185,937,131
Repairs and maintenance	13	1,634,179	4,927,331
Total expenses		704,084,365	889,867,696
deficit before tax		(246,788,349)	(326,474,622)
Taxation	14	(1,926,198)	(3,434,712)
Deficit for the period/year		(248,714,547)	(329,909,334)

The notes set out on pages 17 to 44 form an integral part of the Financial Statements.

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2020

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	128,548,796	81,047,333
Current portion of receivables from exchange transactions	16(a)	11,271,379	9,329,811
Inventories	17	-	1,287,053
		139,820,175	91,664,197
Non-current assets			
Property, plant and equipment	18	113,440,647	49,267,178
Intangible assets	19	718,100,746	782,726,005
Long term receivables from exchange transactions	16(b)	40,954,726	39,573,815
		872,496,119	871,566,998
Total assets		1,012,316,294	963,231,195
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	108,957,356	37,795,578
Current Provisions	21	3,120,386	3,450,536
Taxation	27	852,435	1,832,239
		112,930,177	43,078,353
Total liabilities		112,930,177	43,078,353
Net assets		899,386,117	920,152,842
Revaluation reserves		68,704,634	9,030,000
Donor grants		95,313,707	90,814,872
Accumulated deficit		(1,295,591,886)	(1,045,842,915)
Capital reserves		2,030,959,662	1,866,150,885
Owners' Equity		899,386,117	920,152,842
Total net assets and liabilities		1,012,316,294	963,231,195

The Financial Statements set out on pages 1 to 49 were signed on behalf of the Board of Directors by:

C.E.O
Name: Amos Wangora

Date: 29/08/2022

Director Corporate Service
Name: Chrispus Mbogo
 ICPAK Member Number: 7470
 Date: 29/08/2022

Chairman of the Board
Name:

Date: 29/08/2022

KENYA TRADE NETWORK AGENCY
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For the Year Ended June 30, 2020

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2020

	Capital Reserve	Donor Grants	Revaluation reserve	Accumulated surplus	Total
At July 1, 2018	1,807,417,519	92,523,129	9,030,000	(549,552,705)	1,359,417,943
Capital grants received during the year	300,000,000	-	-	-	300,000,000
Amortised grants-ICF	-	(1,708,257)	-	-	(1,708,257)
Prior year				(166,380,876)	(166,380,876)
Realignment during the year	(241,266,634)	-	-		(241,266,634)
Deficit for the year		-	-	(329,909,334)	(329,909,334)
At June 30, 2019	1,866,150,885	90,814,872	9,030,000	(1,045,842,915)	920,152,842
At July 1, 2019	1,866,150,885	90,814,872	9,030,000	(1,045,842,915)	920,152,842
Capital/Development grants received during the year	300,000,000	-	-	-	300,000,000
Additional grants by donors	-	4,498,835	-	-	4,498,835
Amortised grants-	-	-	-	-	-
Prior year	-	-	-	(1,034,423)	(1,034,423)
Revaluation			59,674,634	-	59,674,634
Realignment during the year	(135,191,223)	-	-		(135,191,223)
Deficit for the year		-	-	(248,714,547)	(248,714,547)
At June 30, 2020	2,030,959,662	95,313,707	68,704,634	(1,295,591,886)	899,386,117

1. The Capital reserve is the Cumulative cost of Development Funds contributed by the Government of Kenya to the Agency.
2. The Development grant disbursed in 2019/2020 was **Kshs 300,000,000** out of which **Ksh135,191,223** was disbursed as development grant for maintenance of the Single window system which is recurrent in nature and hence the realignment.

KENYA TRADE NETWORK AGENCY
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3. Included in the Statement of changes in net assets is an amortised grant amounting to **Kshs. 95,313,707=** contributed by ICF towards development and support of Single Window systems Implementation. In the year under review, the Agency received a donation of 30 laptops worth **Ksh 4,498,835** from Trade Mark East Africa.
4. The revaluation reserve of **Kshs 68,704,634** represents a decrease in value of Fixed assets that underwent a revaluation exercise in 2019/2020 financial year. The amount arose from revaluation of assets in the financial year 2019/2020 as follows:

	Revaluation reserve
Property plant & Equipment	59,674,634
Add:	0
Balance brought forward	9,030,000
	68,704,634

5. The prior year adjustment of **Kshs 1,034,423** relates to the following:
- I. Inventory items of Ksh 1,287,053 that are consumables carried forward from previous years.
 - II. Increase in fuel deposit figures of Ksh 412,891.71 previously expensed and reduction of Ksh 605.51 previously included as a prepayment to staff pension scheme administered by Enwealth.
 - III. Kshs 159,656 was erroneously indicated as a staff receivable (PAYE penalty) for Silas Oswe. The amount of staff receivable for Silas Oswe was supposed to be the principal PAYE only. However, in addition to the principal amount, a penalty of Ksh 159,656 had been included as receivable in the financial statements. The board of directors approved removal of this amount from the financial statements basing the same on IPSAS 3. This was after he paid the principal amount that he owed the agency in relation to the PAYE that had not been deducted from the Gratuity that was paid to him.

KENYA TRADE NETWORK AGENCY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Net surplus/deficit for the year		(246,788,349)	(326,474,622)
Adjustments:			
For items not involving movement of cash			
Depreciation		-	39,016,124
Amortization	12	152,774,769	148,629,263
Loss on disposal:			-
Operating surplus before working capital		(94,013,580)	(138,829,235)
Working capital adjustments:			
Decrease/(Increase) in inventories		1,287,053	521,758
Decrease/(Increase) in accounts receivable		(3,322,479)	159,826,231
(Decrease)/Increase in creditors and accruals		70,831,628	(29,887,382)
Working Capital prior year Adjustment		(1,034,423)	(166,380,876)
Tax paid	27	(2,906,002)	(4,410,808)
Working Capital changes		64,855,777	(40,331,078)
Total cash generated from operations		(29,157,803)	(179,160,313)
Investing Activities			
Purchase of Fixed Assets		-	(6,926,146)
Purchase of intangible assets	19	(88,149,510)	(7,019,639)
Proceeds from disposed assets			
Net cashflows from investing activities		(88,149,510)	(13,945,785)
Financing Activities			
Increase in development grants		164,808,777	58,733,366
Amortized ICF Grants		-	(1,708,257)
Decrease in Deferred grants			-
Net cash in financing activities		164,808,777	57,025,109
Net increase/decrease in cash and cash equivalents		47,501,464	-136,080,989
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 July		81,047,333	217,128,322
Cash and cash equivalents at 30 June	15	128,548,796	81,047,333

KENYA TRADE NETWORK AGENCY

Reports and Financial Statements

For the Year Ended June 30, 2020

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Recurrent Budget Item	Original Budget	Reallocation	A-I-A	Final Budget	Actual on Comparable basis	Performance Difference	Performance Difference in %
	2019/2020				2019/2020	2019/2020	2019/2020
	Kshs				Kshs	Kshs	%
Revenue							
Government Grant	314,400,000.00	-		314,400,000.00	314,400,000.00	0	-
Training Fees	300,000.00	-		300,000.00	290,000.00	-10,000.00	(3.33)
Miscellaneous Income	20,000.00	-		20,000.00	254,600.00	234,600.00	1,173.00
Interest Income	2,000,000.00	1,500,000.00		3,500,000.00	7,160,192.96	3,660,192.96	104.58
Donor Funding	50,000,000.00	-		50,000,000.00	-	-50,000,000.00	
Cash Reserves	5,000,000.00	-		5,000,000.00	-	-	
Total Revenue	371,720,000	1,500,000.00	-	373,220,000	322,104,792.96	-46,115,207.04	(13.7)
Expenditure							
Staff costs	280,000,000.00	-		280,000,000.00	263,031,503.39	16,968,496.61	6.06
Entertainment	-	-		-	-	-	-
Pension Support Expenses	-	-		-	-	-	-
CTC Expenses	-	-		-	-	-	-
Local Travel	2,000,000.00	1,750,000.00		3,750,000.00	3,442,390.96	307,609.04	8.20
International Travel	2,000,000.00	(750,000.00)		1,250,000.00	1,205,617.00	44,383.00	3.55
Training Expenses	-	500,000.00		500,000.00	500,000.00	-	-
Subscriptions	400,000.00	200,000.00		600,000.00	527,214.91	72,785.09	12.13
Corporate Subscriptions	800,000.00	-		800,000.00	711,850.00	88,150.00	11.02
Office Rent	30,000,000.00	1,100,000.00		31,100,000.00	32,031,950	-931,950	(3.00)
Repairs and Maintenance	500,000.00	-		500,000.00	490,722.00	9,278.00	1.86

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Recurrent Budget Item	Original Budget	Reallocation	A-I-A	Final Budget	Actual on Comparable basis	Performance Difference	Performance Difference in %
Printing and Stationery	500,000.00	700,000.00		1,200,000.00	866,207.00	333,793.00	27.82
Staff Welfare	4,000,000.00	(1,000,000.00)		3,000,000.00	3,309,316.20	(309,316.20)	(10.31)
Club Membership	-	500,000.00		500,000.00	500,000.00	-	-
Legal	500,000.00	-		500,000.00	245,979.00	254,021.00	50.80
ISO Expenses	-	-		-	-	-	-
Risk Management	-	-		-	-	-	-
Change Management	-	-		-	-	-	-
Consultancy Fees	350,000.00	-		350,000.00	36,350	313,650.00	89.61
Fuel	1,000,000.00	-		1,000,000.00	800,838	199,161.17	19.92
Motor Vehicle Repairs & Maintenance	1,000,000.00	-		1,000,000.00	995,288	4,711.39	0.47
Motor Vehicle Insurance	1,000,000.00	-		1,000,000.00	912,891	87,109.00	8.71
Cleaning	2,000,000.00	-		2,000,000.00	2,007,310.35	(7,310.35)	(0.37)
Security	2,000,000.00	-		2,000,000.00	2,059,999.33	59,999.33	(3.00)
Publicity & Advert	1,700,000.00	-		1,700,000.00	1,920,692.28	(220,692.28)	(12.98)
Telephone expenses	1,500,000.00	-		1,500,000.00	1,453,945	46,054.73	3.07
Postage	100,000.00	-		100,000.00	95,285	4,715.00	4.72
Internet	3,500,000.00	(1,600,000.00)		1,900,000.00	2,051,024	(151,024.09)	(7.95)
Computer Repairs & Maintenance	3,000,000.00	-		3,000,000.00	148,168	2,851,832.00	95.06
ICT recurrent Expenses	79,900,000.00	700,000.00		80,600,000.00	105,944,236	(25,344,236.37)	(31.44)
Licenses	90,100,000.00	(10,500,000.00)		79,600,000.00	72,953,061	6,646,938.66	8.35
Maintenance of Single window base software							
Utilities	4,000,000.00	-		4,000,000.00	3,167,667	832,332.99	20.81
Board Expenses	12,000,000.00	2,000,000.00		14,000,000.00	10,834,760	3,165,239.51	22.61

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Recurrent Budget Item	Original Budget	Reallocation	A-I-A	Final Budget	Actual on Comparable basis	Performance Difference	Performance Difference in %
Insurance General	1,500,000.00	1,000,000.00		2,500,000.00	2,366,983	133,016.75	5.32
Bank Charges	800,000.00	-		800,000.00	645,577	154,423.00	19.30
stakeholders' seminars	1,000,000.00	500,000.00		1,500,000.00	1,345,072	154,928.00	10.33
Conference & Workshops	1,000,000.00	-		1,000,000.00	896,614	103,385.29	10.34
Audit fees	720,000.00	-		720,000.00	696,000	24,000.00	3.33
Corp Social Responsibility	100,000.00	200,000.00		300,000.00	260,000	40,000.00	13.33
Research & Development	-	-		-	-	-	-
Newspapers and Periodicals	150,000.00	-		150,000.00	73,884	76,116.00	50.74
DSTV Subscription	50,000.00	-		50,000.00	48,127	1,873.00	3.75
Staff Medical	30,000,000.00	6,000,000.00		36,000,000.00	32,733,069	3,266,930.67	9.07
Corporation Tax	1,200,000.00	-		1,200,000.00	1,831,973	(631,973.00)	(52.66)
Monitoring & Evaluation	-	-		-	-	-	-
Forex Exchange loss	-	-		-	-	-	-
	560,370,000.00	1,300,000.00	-	561,670,000.00	553,141,569	8,528,430	1.52

Development Budget Item	Original Budget	Reallocation	A-I-A	Final Budget	Actual on Comparable basis	Performance Difference	Performance Difference in %
Development Grant	300,000,000	-	-	300,000,000	300,000,000	-	0
Total							
Expenditure							
Acquisition of Office Space	-	8,000,000.00		8,000,000.00	-	8,000,000.00	100.00

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Development Budget Item	Original Budget	Reallocation	A-I-A	Final Budget	Actual on Comparable basis	Performance Difference	Performance Difference in %
Motor vehicles	-	-		-	-	-	-
Furniture and Fittings	-	-		-	-	-	-
Office Equipment	120,000.00	-		120,000.00	-	120,000.00	100.00
Office Partitions	-	-		-	-	-	-
Computer Hardware	-	3,700,000.00		3,700,000.00	-	3,700,000.00	100.00
Single Window Base Software	159,120,000.00	-		159,120,000.00	81,279,792	77,840,207	48.92
Secondary Site for Disaster Recovery	100,000.00	-		100,000.00	-	100,000.00	-
system software	9,000,000.00	(300,000.00)		8,700,000.00	747,250	7,952,750	91.41
Support S/W-Upgrade of Single Window	20,400,000.00	(11,000,000.00)		9,400,000.00	4,894,868	4,505,132	47.93
Logistics Coordination Platform		-		-		-	-
System Change Request	1,500,000.00	(200,000.00)		1,300,000.00	1,227,600	72,400.00	5.57
Staff Loans	9,500,000.00	-		9,500,000.00	3,343,944.50	6,156,055.50	64.80
Product devt and marketing	-	-		-	-	-	-
Total	199,740,000.00	200,000.00	-	199,940,000.00	91,493,454	108,446,545	54.24
Total Budget	760,110,000.00	1,500,000.00		761,610,000.00	644,635,024	116,974,975	15.36
Surplus/Deficit	(88,390,000.00)			(88,390,000.00)	(22,530,231)		

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Reconciliation of Statement of Budget with the Statement of Financial Performance

	Original Budget	Adjustments	Final Budget	Actual
	Kshs	Kshs	Kshs	Kshs
Income				
Recurrent Grant				314,400,000
Realignment of grants				135,191,223
Internally generated funds				7,704,793
Total				457,296,016
Expenditure				
Total Expenditure	760,110,000	1,500,000	761,610,000	644,635,024
Deficit			(88,390,000)	(187,339,007)
Deficit as per F.S				(248,714,547)
Add: Non-Cash Items				
Depreciation				-
Amortization				152,774,769
Cost of Assets & Soft Ware				(91,493,454)
Tax provision				1,926,198
Less:				
Tax paid in 2019.2020				(1,831,973)
Reconciled Amounts				(187,339,007)

The bigger percentage of the deficit in the Statement of Financial Performance is as a result of the **Kshs 152,774,769** Amortization of Intangible Assets. The Budget comparison figures include cost of assets of **Kshs. 91,493,454.54** , tax amount paid during the year of **Ksh 1,926,198.00** and excludes a Tax provision of **Ksh. 1,831,973**

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Explanations of differences between actual and budgeted amounts (10% over/ under)

Development budget

Description	Original budget	reallocation	Final budget	% variance	Explanation of material variances
Acquisition of Office Space	-	8,000,000	8,000,000	100%	1
Computer Hardware	-	3,700,000	3,700,000	100%	2
system software	9,000,000	(300,000)	8,700,000	-3%	
Support S/W- Upgrade of Single Window	20,400,000	(11,000,000)	9,400,000	-54%	3
System Change Request	1,500,000	(200,000)	1,300,000	-13 %	4

- 1. Acquisition of Office Space:** No allocation had been made for this vote based on the resources available at the time of Budget Rationalization and Approval. This amount will cater for the redesign of the Headquarters (Embankment Plaza) premises and the partitioning of additional space at the Kenya Port Authority's Nairobi Inland Container Depot as proposed to the Board of Directors The amount will also cater for paying lease deposit for the ICDN space.
- 2. Computer Hardware:** This amount was enhanced to provide for cabling for the headquarters office and at the NICD premises. The amount provided amounts to acquire laptops for staff whose laptops are in dire need of replacement (Kshs 1 million)
- 3. Support S/W-Upgrade of Single Window:** This vote was reduced due to Significant savings that were realized in the procurement of this software.
- 4. System change request:** The procurement of the Duty Remission module realized a savings and hence the same is proposed for re-allocation.

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Explanations of differences between original budget and final budget amounts (10% over/ under)

Recurrent Budget

Description	Original budget	reallocation	Final budget	% variance	Explanation of material variances
Interest Income	2,000,000	1,500,000	3,500,000	75%	1
Local Travel	2,000,000	1,750,000	3,750,000	87.5%	2
International Travel	2,000,000	(750,000)	1,250,000	-37.5%	3
Training Expenses	-	500,000	500,000	100%	4
Subscriptions	400,000	200,000	600,000	50%	5
Office Rent	30,000,000.00	1,100,000	31,100,000	4%	
Printing & Stationery	500,000.00	700,000	1,200,000	140%	6
Staff Welfare	4,000,000.00	(1,000,000)	3,000,000	-25%	7
Club Membership	-	500,000	500,000	100%	8
Internet	3,500,000.00	(1,600,000)	1,900,000	-46%	9
ICT recurrent Expenses	79,900,000.00	700,000	80,600,000	1%	
Licences	90,100,000.00	(10,500,000)	79,600,000	-12%	10
Board Expenses	12,000,000.00	2,000,000	14,000,000	17%	11
Insurance General	1,500,000.00	1,000,000	2,500,000	67%	12
stakeholders' seminars	1,000,000.00	500,000	1,500,000	50 %	13
Corp Social Responsibility	100,000.00	200,000	300,000	200%	14
Staff Medical	30,000,000.00	6,000,000	36,000,000	20 %	15

- Interest income:** Delays in the approval of the Single Window Upgrade, Support and Maintenance contract meant delayed invoicing and thus the Agency had to retain the money in call deposits. This contributed to increased interest earned by the time of reallocation in March 2020.
- Local Travel:** This budget line had been grossly underfunded (approximately 50% of the actuals incurred in 2018/2019) Due to planned activities (especially due to the charging model implementation, the Strategic Plan Development and trade facilitation meetings in border and entry points) in the second half of the year, an enhancement was done.

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3. **International travel:** This budget was reduced due to operational realities with regard to international travel restrictions due to the ongoing covid-19 pandemic and measures instituted to control it
4. **Training expenses:** No allocation had been made for this budget line due to constrained resources. The enhancement enabled the Agency build capacity for some of its staff members.
5. **Subscriptions:** This budget line had been under budgeted based on the resources available at the time of Budget Rationalization and Approval despite of the number of professional subscriptions that were expected to be paid during the year. The enhancement enabled the Agency to ensure its staff members remained in good standing in their various professional memberships.
6. **Printing and stationery:** This vote line had been underfunded in the rationalized budget. The utilization at the time of rationalisation had exceeded the total budget for the year and the Agency could not avoid usage of stationery in its activities.
7. **Staff welfare:** This budget was reduced due to operational realities with regard to the ongoing covid-19 pandemic and measures instituted to control it such as not providing office tea and snacks in the office.
8. **Club memberships:** No allocation had been made for this vote based on the resources available at the time of Budget Rationalization and Approval. This enhancement allowed senior managers engage with stakeholders for the benefit of the Agency.
9. **Internet expenses:** This vote was reduced because there were significant savings realized in the procurement for Internet services based on the relationship with the provider, who also provides hosting services for the Agency.
10. **Licences:** This vote was reduced because of Significant savings were realized in the renewal for single window support software.
11. **Board expenses:** This vote line required enhancement to cater for increased activities and meetings by the BoD in Quarters 3 and 4, especially involvement in the Strategic Plan 2020-2023 and Board Training that had not been provided for based on the resources that were available at the time of Budget Rationalization and Approval.
12. **Insurance general:** This vote was enhanced to cater for the revaluation of assets to provide more accurate values for reporting and insurance purposes.
13. **Stakeholder workshops:** This vote line required enhancement to enable the Agency engage with stakeholders in consultative and sensitisation workshops that had not been provided for based on the resources that were available at the time of Budget Rationalization and Approval.
14. **Corporate Social Responsibility:** This amount was allocated for activities planned in the 4th quarter including tree planting. This had not been provided for based on the resources that were available at the time of Budget Rationalization and Approval.
15. **Staff medical expenses:** This vote was enhanced to cater a Covid Fund to cater for staff during the covid-19 pandemic.

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Explanations of differences between actual and budgeted amounts (10% over/ under)

Variance Explanations for the Recurrent Vote

Item	Performance Difference 2019/2020 (Ksh)	Variance Explanations
Miscellaneous income	234,600 1,173%	The Agency received some refunds from NITA in regards to training. This was previously unexpected.
Interest income	3,660,192.96 104.58%	More Interest income was realized on call deposits because payments for the single window maintenance and upgrade were not made immediately the grants were received due to delayed contracting.
Professional subscriptions	72,785 12.13%	This was a savings on this vote occasioned because there were fewer professional subscriptions requests than the anticipated requests from staff.
Corporate Subscriptions	88,150 11.02%	Subscription to organization's had positive variance due to reduced subscriptions in the year.
Printing and Stationery	333,793 27.82%	This was a savings on this vote occasioned by prudent cost management.
Staff Welfare	(309,316) 10.31%	This budget line was affected by unexpected costs of Covid 19 protective equipment (face masks, gloves and sanitizers) and other measures including cleaning costs and signage.
Legal expenses	254,021 50.8%	This was a savings on this vote occasioned by interruption of some activities planned under this vote due to COVID 19 Pandemic.
Consultancy fees	313,650 89.61%	Consultancy services -Fire and Occupational health and safety audit was not undertaken due to challenges in the procurement process. It will be undertaken in the next financial year.
Fuel	199,161 19.92%	Fuel costs savings due to prudent cost management.
Publicity & Advert	(220,620) -12.98%	Publicity expenses had a negative variance due to payments owed to GAA that were paid in the current year but related to previous years.
Computer repairs and maintenance	2,851,832 95.00%	There was a saving in this vote due to a change in approach for the support and maintenance for UPSs.
ICT Recurrent expenses	(25,344,236.37) (31.44%)	Singapore Contract payment for Support and maintenance of KNESWS for the period 1/7/2019-17/11/2019 was expected to be capitalised as upgrade. However, the delay in approval of the contract meant that Kshs 42,800,351.88 had to be accounted for as recurrent expenses.

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Item	Performance Difference 2019/2020 (Ksh)	Variance Explanations
Utilities	832,332.99 20.81%	Utilities costs savings due to prudent cost management.
Board Expenses	3,165,239.51 22.61%	This was a savings on this vote occasioned by interruption of some activities planned under this vote due to COVID 19 Pandemic.
Bank Charges	154,423 19.3%	There was a saving on this vote due to reduced bank transactions during the year occasioned by COVID 19 Pandemic.
Stakeholder Seminars	154,928 10.33%	This budget line's planned activities were affected by the Covid 19 restrictions on travel, meetings and the curfew.
Conferences and Workshops	103,385 10.34%	This budget line's planned activities were affected by the Covid 19 restrictions on travel, meetings and the curfew.
Corp Social Responsibility	40,000 13.33%	Some budget items were affected by the COVID 19 Pandemic.
Newspapers and periodicals	76,116 50.74%	This was due to cost control measures on this vote.
Corporation tax	(631,973) -52.66%	This was An over expenditure on this vote because the Agency made more income in terms of call deposits than the projection. More income translated to more tax.

Explanations of differences between actual and budgeted amounts (10% over/ under)

Variance Explanations for the Development Votes

Capital Items	Performance Differences 2019/2020 Kshs.	Variance Explanation
Acquisition of office Space	8,000,000 100.00%	This vote was not utilized due to: Procurement of an office-partitioning designer for the ICDs was not finalized within the year.
System software	7,952,750 91.41%	<ul style="list-style-type: none"> There was a change in the procurement of Oracle Advanced Compression Licenses which led to the licences being provided under the single window supporting software. The Payment gateway solution was not procured within the financial year.
Computer Hardware	3,700,000 -100%	<ul style="list-style-type: none"> The bulk of these funds was to support structured cabling for the remodelling of the office at ICD and Embankment plaza. Computers were not procured in this financial year

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Capital Items	Performance Differences 2019/2020 Kshs.	Variance Explanation
		and will be procured in the next financial year.
Office equipment	120,000 100%	This amount related to Contact Centre headsets that were not procured in the subject financial year and will be procured in the next financial year.
Single window base software	77,092,958 48.45%	There was delay in approval of the Upgrade, support and maintenance of KNESWS at the AG's office hence delays in Contracting.
Secondary Site for disaster recovery	100,000 100%	The Agency was not able to obtain budgetary support from either Development partners or The National Treasury and Planning.
Support S/W- Upgrade of Single Window	4,505,132	The balance of Kshs 4,505,132 was a saving on procurement.
	47.93%	
Staff Loans	6,156,055	The staff demand for car loans was lower than expected. The funds were however not enough for mortgage applications received in the year.
	64.80%	

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Kenya Trade Network Agency (KenTrade) is established by and derives its authority and accountability from The Kenya Trade Network Agency Order, 2010 of 28th January 2011, made under the State Corporations Act, Cap 446. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to facilitate trade through the development, operationalization and maintenance of the Kenya National Single Window System also known as the Kenya TradeNet system.

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 entity's accounting policies. The financial statements have been prepared and presented in Kenya shillings which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PM act, the state corporations act and International public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied all the three 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**

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS41: Financial Instruments	<p>Applicable: 1st January 2022</p> <p>The objective of IPSAS41 is to establish principles for the Financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial Statements for their assessment of the amounts, timing and Uncertainty of an entity's future cash flows. IPSAS41 provides users of financial statements with more useful information than IPSAS29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective or which the asset is held; •Applying a single forward-looking expected credit loss Model that is applicable to all financial instruments Subject to impairment testing; and •Applying an improved hedge accounting model that Broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit</p> <p>(c) The impact of such social benefits provided on the entity's Financial performance, financial position and cashflows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p>

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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>

iii. Early adoption of standards

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Revenue from non-exchange transactions

Grants

The entity recognizes grants from Government of Kenya (GoK) and ICF when the actual receipt has occurred 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 entity and the fair value of the asset can be measured reliably. Provision for doubtful debts is made when collection of the full amounts is no longer probable.

Transfers from other government entities

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

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.

ii) Budget information

The original budget for FY 2019-2020 was approved by the National Treasury & Planning on 26th September 2019. Subsequent revisions on additional appropriations were made to the approved budget on accordance to the specific approval from the appropriate approvals. The revisions were done to the original budgets by the entity upon receiving the respective approvals in order to conclude the final budget.

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Agency. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items. 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 on page 11 of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

iii) 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 Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

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

Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit.

Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

iv) 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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The property, plant and equipment were revalued during the year under review. The effective date of revaluation was at 30 June 2020. An independent valuer, Sec & M Co. Limited was involved in the revaluation of the assets. Items of property were valued individually and to fair value for the highest and best use of the item on the basis of the market value of the item.

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, at the following annual rates:

Computers & Peripherals	33.3%
Furniture, Fittings & Equipment	12.5%
Motor Vehicles	25%
Single Window Software (Intangible)	10%
Office partitions	12.5%
Software and Applications (intangible)	20%

The depreciation rate on Single Window software (Intangible) in the year under review is at 10%.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) Intangible assets (Single Window and Supporting software)

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. 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.

vi) Financial instruments

a) 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.

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. 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.

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Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity 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 entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity 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)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity 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.

vii) Provisions

Provisions are recognized when the Agency 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 Agency 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.

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viii) Contingent liabilities

The Agency 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.

ix) Nature and purpose of reserves

The Agency creates and maintains reserves in terms of specific requirements. Agency also states the reserves maintained and appropriate policies adopted. The Capital reserves arise through the investment by the GOK on capital Assets which basically facilitate the mandate of the Agency. The revenue reserves are as a result of operation through to the operating period and are fully attributable to the GOK as a sole owner of the Agency. Donor grants reserves are a recognition of sums from development partners that were used to buy capital items and are reduced gradually with the depreciation and amortization amounts of these assets each year. The revaluation reserve relates to an increase in the value of assets that were revalued in the 2014/2015 financial year.

x) Changes in accounting policies and estimates

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

xi) Employee benefits

Retirement benefit plans

The Agency provides retirement benefits for its employees and while the CEO is paid based on the gratuity method. Defined contribution plans are post-employment benefit plans under which the agency pays fixed contributions into a separate entity (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.

The Agency operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Agency and the employees.

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The Agency also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Corporation's obligation under the scheme is limited to specific monthly contributions legislated from time to time and were fixed at Sh.200 per employee.

The Agency's contributions to the defined contribution retirement benefit scheme and to the NSSF in respect of current service are charged to the statement of financial performance in the year.

xii) 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.

xiii) Related parties

The Agency 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 Agency, or vice versa. Members of key management are regarded as related parties and comprise the CEO, Divisional and Unit Managers, and senior managers.

xiv) Budget Information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Agency. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

The annual budget figures included in the financial statements are for the controlling entity (the Agency) and therefore exclude the budget for its donor funding from ICF. These budget figures are those approved by the donor (ICF) both at the beginning and during the year following a period of consultation with the donor.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

xv) 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 Cooperative Bank of Kenya and Equity Bank of Kenya at the end of the financial year.

xvi) Inventories

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

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

- Consumable
- Non consumable Inventories are valued at purchase cost using the weighted average cost method

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 Entity.

xvii) Comparative figures

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Agency'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.

The Agency in the financial year under consideration made the following assumptions:

- i. The Data Hosting costs were capitalized since the SWS was still under development
- ii. The recurrent expenses financed by ICF were treated as revenue with equal amount which effectively cancelled out as there was no benefit was intended to be delivered from the transaction.

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 16.

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. GOVERNMENT GRANTS

Description	2019-2020	2018-2019
	KShs	KShs
Recurrent-Government grant	314,400,000	310,660,000
Realigned development grant	135,191,223	241,266,634
Total other income	449,591,223	551,926,634

The grants received of **Ksh 314,400,000** cater for recurrent expenses. **Kshs 135,191,223** is disbursed as development grant for maintenance of the Single window system which is recurrent in nature and hence the realignment.

7. FINANCE INCOME - EXTERNAL INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Cash investments and Call deposits	7,160,193	10,683,150
Total finance income – external investments	7,160,193	10,683,150

The interest income is as a result of investments in call accounts during the times that the funds were awaiting payment.

8. OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Training fees income	290,000	690,655
Miscellaneous Income	153,900	-
Income from disposal of assets	100,700	92,635
Total other income	544,600	783,290

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9. USE OF GOODS

Description	2019-2020	2018-2019
	KShs	KShs
International Travel	1,205,617	7,536,529
local Travels	3,442,391	8,774,175
Entertainment	-	171,700
Organisational Membership subscription	711,850	715,950
Lease Expenses	32,031,951	28,512,631
Printing and Stationery	866,207	2,531,910
Staff welfare expenses	3,309,316	7,278,517
Consultancy Fees	36,350	4,053,422
Motor Vehicle Insurance	912,891	1,085,638
Postage Services	95,285	79,390
Fuel	800,839	1,180,009
CTC Expenses	-	25,960
Cleaning services	2,007,310	1,530,445
Security	2,059,999	1,992,000
Publicity & Advertisement	1,920,692	6,571,529
Telephone	1,453,945	1,564,735
Utilities	3,167,667	3,261,544
Internet Expenses	2,051,024	9,069,725
ICT Recurrent expenses	105,944,236	215,492,232
Licences	72,953,061	85,226,658
Conference & Workshops	896,615	4,080,903
Stakeholders expenses	1,345,072	3,971,908
Insurance General	2,366,983	985,014
Corporate Social Responsibilities	260,000	490,676
Newspapers and Periodicals	73,884	205,200
legal expenses	245,979	1,936,508
ISO Expenses	-	991,800
Change management	-	724,300
TV subscriptions	48,127	86,900
Bank charges	645,577	657,549
Audit fees	696,000	696,000
Foreign exchange loss	-	1,040
	241,548,868	401,482,497

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Basic Salaries	172,412,242	158,884,226
House Allowance	35,914,591	33,811,753
Wages	725,898	2,033,258
Other Staff Allowance	8,802,320	9,991,993
Acting & Responsibility Allowance	4,875,859	5,010,156
Commuter Allowance	10,629,634	9,778,301
Leave Allowance	3,433,830	3,019,500
Pension Contributions	23,891,559	21,952,240
Fringe benefit tax	202,771	327,981
NITA	45,650	43,700
Gratuity Expense	2,097,150	2,105,210
Staff Medical Insurance	32,733,069	24,917,138
Club Membership	500,000	880,000
Training Expenses (Seminars & workshops)	500,000	6,506,962
Membership Prof subscription	527,215	557,567
Employee costs	297,291,788	279,819,985

The amount of **Kshs. 725,898** for wages related to payments made to Interns and casuals who were engaged during the 2019-2020 financial year.

11. REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	1,885,714	1,885,714
Directors retainer	2,400,000	1,800,000
Directors emoluments	3,920,000	4,220,000
Other related expenses	2,629,046	9,795,038
Total director emoluments	10,834,760	17,700,752

The amount of Ksh. 2,629,046 for other related expenses comprises of cost of travelling, medical insurance and training expenses during the year under review.

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12. DEPRECIATION AND AMORTIZATION

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	-	37,307,867
Intangible assets	152,774,769	148,629,263
Total depreciation and amortization	152,774,769	185,937,130

13. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Equipment and machinery	490,722	1,283,538
Vehicles	995,289	1,342,974
Computers and accessories	148,168	2,300,819
Total repairs and maintenance	1,634,179	4,927,331

14. TAXATION

Description	2019-2020	2018-2019
	KShs	KShs
Current income tax charge	1,926,198	3,434,712
Income tax expense reported in the statement of financial performance	1,926,198	3,434,712

No provision of tax has been made on income from grants received from Government of Kenya however, a tax charge of 1,926,198 /= has been provided on income from investment interest on call account with banks and other incomes generated from operations. The tax liabilities are Kshs 852,435 after adjusting for Withholding tax of Kshs 1,074,029 in the year. See note 27 on taxation payable.

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15. CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	123,538,258	77,679,846
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	4,777,931	3,278,523
Others-Cash	232,607	88,964
Total cash and cash equivalents	128,548,796	81,047,333

15. (a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019-2020	2018-2019
		KShs	KShs
a) Current account			
Equity bank –Main account	0810298272422	113,520,673	60,213,028
Equity bank –gratuity account	0810260715303	1,629,596	1,936,771
Equity bank –Collection account	0810279618173	34,940	-
Co-operative bank-Main account	01141162178000	7,918,320	15,530,047
Co-operative bank-Collection account	01141162178002	434,729	-
Sub- total		123,538,258	77,679,846
b) On - call deposits			
Co-operative bank		-	-
Equity Bank		-	-
Sub- total		-	-
c) Staff car loan/ mortgage			
Kenya Commercial bank-Mortgage account	1220622605	2,836,871	515,117
Kenya Commercial bank-Car Loan account	1220944998	1,941,060	2,763,406
Sub- total		4,777,931	3,278,523
d) Others(specify)			
cash in hand		232,607	88,964
M pesa		-	-
Sub- total		232,607	88,964
Grand total		128,548,796	128,548,796

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

16. (a)

	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Prepaid Insurance	8,961,409	8,663,980
Prepaid Office Rent	1,442,808	33,358
Staff Imprests	-	279,141
Staff salary advance	867,162	353,332
Total current receivables	11,271,379	9,329,811

16. (b)

Description	2019-2020	2018-2019
	KShs	KShs
Non-current receivables		
Rent Deposits	3,744,009	1,256,409
Staff loans - Mortgage Receivable	16,262,461	15,449,353
Staff loans - Car Loan Receivable	16,362,335	18,350,618
Other Prepayments	4,585,921	4,517,435
Total non-current receivables	40,954,726	39,573,815
Total receivables (a+b)	52,226,105	48,903,626

17. INVENTORIES

Description	2019-2020	2018-2019
	KShs	KShs
Consumable stores	-	1,287,053
Total inventories at the lower of cost and net realizable value	-	1,287,053

Inventory items have been removed from the books as these are amounts that were recognised in previous years and not a true indication of what is currently in the store. Currently items like printing papers, pens, pins, staplers etc. are expensed in the printing and stationery vote upon payment.

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18. PROPERTY, PLANT AND EQUIPMENT

	Office Partitions	Office Equipment	Furniture and fittings	Computers & Peripherals	Motor vehicles	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	34,894,119	16,086,577	13,217,808	85,801,024	34,052,250	184,051,778
Additions	-	481,400	475,101	5,969,646	-	6,926,147
Disposals	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-
At 30th June 2019	34,894,119	16,567,977	13,692,909	91,770,670	34,052,250	190,977,925
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Valuation	(16,759,419)	(5,229,882)	(5,091,398)	(37,931,829)	(12,524,750)	(77,537,278)
At 30th June 2020	18,134,700	11,338,095	8,601,511	53,838,841	21,527,500	113,440,647
Depreciation and impairment						
At 1 July 2018	16,657,827	4,301,421	6,178,765	59,293,294	16,263,316	102,694,623
Depreciation	4,361,765	2,050,118	1,692,183	22,727,939	8,184,119	39,016,124
Impairment	-	-	-	-	-	-
At 30th June 2019	21,019,592	6,351,539	7,870,948	82,021,233	24,447,435	141,710,747
Depreciation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Eliminated on valuation	(21,019,592)	(6,351,539)	(7,870,948)	(82,021,233)	(24,447,435)	(141,710,747)
At 30th June 2020	-	-	-	-	-	-
Net book values						
At 30th June 2020	18,134,700	11,338,095	8,601,511	53,838,841	21,527,500	113,440,647
At 30th June 2019	13,874,527	10,216,438	5,821,961	9,749,437	9,604,815	49,267,178

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020	2018-2019
	KShs	KShs
Cost		
At beginning of the year	1,433,091,098	1,301,284,216
Additions	7,019,639	131,806,882
At end of the year	1,440,110,737	1,433,091,098
Additions—internal development	88,149,510	7,019,639
At end of the year	1,528,260,247	1,440,110,737
Amortization and impairment		
At beginning of the year	657,384,732	508,755,469
Amortization	152,774,769	148,629,263
At end of the year	810,159,501	657,384,732
Impairment loss		
At end of the year NBV	718,100,746	782,726,005

The amount of intangible assets comprises the single window base and supporting software which has been incurred during the development of the software in facilitation of trade.

The property, plant and equipment were revalued during the year under review. The effective date of revaluation was at 30 June 2020. An independent valuer, Sec & M Co. Limited was involved in the revaluation of the assets. Items of property were valued individually and to fair value for the highest and best use of the item on the basis of the market value of the item.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	108,475,439	32,529,574
Statutory deductions payable	-	5,266,004
Charging model payables	481,917	-
Total trade and other payables	108,957,356	37,795,578

21. CURRENT PROVISIONS

Description	Gratuity provision	Audit fees	Total
	KShs	KShs	KShs
Balance b/d (1.07.2019)	2,058,536	1,392,000	3,450,536
Additional Provisions	2,097,150	696,000	2,793,150
Provision utilised	(2,427,300)	(696,000)	(3,123,300)
Total provisions as at 30.6.2020	1,728,386	1,392,000	3,120,386

22. CASH GENERATED FROM OPERATIONS

		2019-2020	2018-2019
		Kshs	Kshs
Cash flows from operating activities			
Net surplus/deficit for the year		(246,788,349)	(326,474,622)
Adjustments:			
For items not involving movement of cash			
Depreciation		-	39,016,124
Amortization	12	152,774,769	148,629,263
Loss on disposal:			-
Operating surplus before working capital		(94,013,580)	(138,829,235)
Working capital adjustments:			
Decrease/(Increase) in inventories		1,287,053	521,758
Decrease/(Increase) in accounts receivable		(3,322,479)	159,826,231
(Decrease)/Increase in creditors and accruals		70,831,628	(29,887,382)
Working Capital prior year Adjustment		(1,034,423)	(166,380,876)
Tax paid	27	(2,906,002)	(4,410,808)
Working Capital changes		64,855,777	(40,331,078)
Total cash generated from operations		(29,157,803)	(179,160,313)

KENYA TRADE NETWORK AGENCY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers (Internal customers) with an established credit history.

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company'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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	52,226,105	52,226,105		
Receivables from non-exchange transactions				
Bank balances				
Total	52,226,105	52,226,105	-	-
At 30 June 2019				
Receivables from exchange transactions	48,903,626	48,903,626		
Receivables from non-exchange transactions				
Bank balances				
Total	48,903,626	48,903,626		

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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 Board of Directors sets the Agency'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 Agency's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables	108,475,439	-	-	108,475,439
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	108,475,439	-	-	108,475,439
At 30 June 2019				
Trade payables	37,795,578			37,795,578
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	37,795,578			37,795,578

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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 entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Overall responsibility for managing market risk rests with the Audit and Risk Committee of the Board.

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

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

a) Foreign currency risk

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets			
Investments			
Cash		34,940	34,940
Debtors			
Total financial assets			
Financial Liabilities			
Trade and other payables			
Borrowings			
Total financial liabilities			
Net foreign currency asset/(liability)			

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The entity 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.

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2019			
Financial assets			
Investments			
Cash		34,940	34,940
Debtors			
Total financial assets			
Financial Liabilities			
Trade and other payables			
Borrowings			
Total financial liabilities			
Net foreign currency asset/(liability)			

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company'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 company'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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 563,393 (2019/2020: Kshs 569,581). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 3,085,298 (2018/2019 – Kshs 4,767,642)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital Risk Management

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

	2019/2020	2018/2019
	Kshs	Kshs
Revaluation reserve	68,704,634	9,030,000
Retained earnings	-1,295,591,885	(1,045,842,914)
Donor Grant	95,313,707	90,814,872
Capital reserve	2,030,959,662	1,866,150,885
Total funds	899,386,117	920,152,842
Total borrowings		-
Less: cash and bank balances		-
Net debt/(excess cash and cash equivalents)		-
Gearing		-

24. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity'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 include:

- i) The National Government;
- ii) The National Treasury;
- iii) The Board of directors
- iv) Key management

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to staff	-	-
Sales of services staff	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt	614,400,000	610,660,000
Grants from County Government	-	-
Donations in kind	-	-
Total	614,400,000	610,660,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total		
d) Key management compensation		
Directors' emoluments	10,834,760	17,700,752
Compensation to the CEO	9,539,000	9,264,000
Compensation to key management	89,337,388	85,600,783
	-	-
Total	109,711,148	112,565,535

25. CONTINGENT LIABILITIES

Contingent liabilities	2019-2020	2018-2019
	Kshs	Kshs
Court case—(Mweha Enterprise Court case) against the entity	13,858,266	13,858,266
Total	13,858,266	13,858,266

A contingency liability of Kshs 13,858,266 to Mweha Enterprises who were undertaking office works in year 2011/2012 is probable. This liability is not included in the financial statement since the case is still pending in court and no judgment has been entered, however the Agency is working on how to sort the matter out of court.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Authorised for Partitioning	8,000,000	-
Authorised and contracted for	-	-
Total	8,000,000	-

The Agency committed to undertake office portioning in the next financial year. This had been authorised by the Board but had not been contracted at the end of the year.

27. TAXATION

	2019-2020	2018-2019
	Kshs	Kshs
At beginning of the year	1,832,239	2,808,335
Income tax charge for the year (note 16)	1,926,198	3,434,712
Withholding tax paid during the year	(1,074,029)	(1,602,473)
Under/(over) provision in prior year/s (note 16)	-	-
Income tax paid during the year	(1,831,973)	(2,808,335)
At end of the year	852,435	1,832,239

28. EVENTS AFTER THE REPORTING PERIOD

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

29. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation under the National Treasury and Planning. Its ultimate parent is the Government of Kenya.

30. CURRENCY

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

31. GOING CONCERN

The Agency relies on the National Treasury for funding and despite the deficits in the Statement of Financial Performance, nothing has come to the attention of Management to suggest that the National Treasury will not continue to fund the Agency as a going concern.

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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. The accounts were not qualified on account of the issues raised as Emphasis of Matter.

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)	Time frame: (Put a date when you expect the issue to be resolved)
1.0	Material Uncertainty Related to Going Concern- Analysis of the Agency performance reflects losses in its operations over the years. Since inception, the Agency has been overwhelmingly relying on the support of the National Government. However, the Agency requested for changes of status to enhance revenue collection from the Single Window services. The status as an authority was granted in December 2019 but was withdrawn due to wider national interests as per consultations in February 2020. In the year under review and as reported in the	The Agency's Management notes that the Auditor General's observation is correct. The Agency is currently fully funded by the National Government through its line ministry, the National Treasury. The Agency continues to seek additional funding from Government. Adequate funding of the Agency will enable the reversal of the deficit trend, which is also partly caused by the fact that a key item of accrual accounting reporting, depreciation and amortisation cost, is	MF	Not resolved-	30.06.2021

KENYA TRADE NETWORK AGENCY

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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 designatio n)	Status: (Resolved / Not Resolved)	Timef rame: (Put a date when you expect the issue to be resolve d)
	statement of financial performance the Agency recorded a deficit of Kshs 329,909,333 (Kshs 178,839,425: 2017/18) an increase of Ksh 151,069,908 or 84.4% from previous performance. Similarly the net assets of the Agency declined from Kshs 1,359,417,943 in 2017/2018 to Kshs 920,152,842 in the year 2018/19.	not ordinarily factored into the budget or funded by actual funds transfer to the Agency.			

CHIEF EXECUTIVE OFFICER
DATE 29/08/2022

BOARD OF DIRECTOR
DATE 29/08/2022

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

There were no Projects implemented by KenTrade during the financial year 2019/2020.

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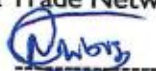
APPENDIX III: INTER ENTITY TRANSFERS

Breakdown of Transfers from the National Treasury				
FY 2019/2020				
a)	Recurrent Grants			
		Bank Statement Date	Amount (Kshs)	Financial Year
		21/8/2019	78,600,000	2019/2020
		30/10/2019	78,600,000	2019/2020
		10/2/2020	78,600,000	2019/2020
		14/05/2020	78,600,000	2019/2020
		Total	314,400,000	
b)	Development Grants			
		Bank Statement Date	Amount (Kshs)	Financial Year
		07/10/2019	150,000,000	2019/2020
		23/03/2020	75,000,000	2019/2020
		24/04/2020	75,000,000	2019/2020
		Total	300,000,000	

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

Finance Manager
Kenya Trade Network Agency

Sign



Head of Accounting Unit
The National Treasury

Sign-----

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received					
	As per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Total Transfers during the Year
The National Treasury	Various	Recurrent	314,400,000	314,400,000	-	314,400,000
The National Treasury	Various	Development	300,000,000	300,000,000	-	300,000,000
Total			614,400,000	614,400,000	-	614,400,000