


REPUBLIC OF KENYA



Enhancing Accountability

	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 15 MAR 2023	DAY: Wednesday
BY:	Member of the Majority Party
CLERK AT THE TABLE:	Wendeline Chebet

REPORT

OF

THE AUDITOR-GENERAL

ON

BANDARI MARITIME ACADEMY

**FOR THE YEAR ENDED
30 JUNE, 2021**

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021



BANDARI MARITIME ACADEMY
ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDING
30TH JUNE, 2021

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



BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Table of Contents

Page

1. KEY ENTITY INFORMATION AND MANAGEMENT.....	ii
2. THE BOARD OF DIRECTORS/ COUNCIL.....	ix
3. MANAGEMENT TEAM.....	xix
4. CHAIRMAN'S STATEMENT.....	xxiv
5. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xxvi
6. STATEMENT OF THE ACADEMY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021.....	xxviii
7. CORPORATE GOVERNANCE STATEMENT.....	xxxix
8. MANAGEMENT DISCUSSION AND ANALYSIS	xxxvi
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxxix
10. REPORT OF THE DIRECTORS.....	xi
11. STATEMENT OF DIRECTORS RESPONSIBILITIES	xli
12. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF BANDARI MARITIME ACADEMY	xliii
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 TH JUNE 2021	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 2021.....	2
15. STATEMENT OF CHANGES IN NET ASSETS.....	3
16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 TH JUNE 2021	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2021.....	5
18. NOTES TO THE FINANCIAL STATEMENTS	6
19. APPENDICES	36

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Bandari Maritime Academy (BMA) was established under the Legal Notice No 233 of 28th November 2018. Bandari Maritime Academy is domiciled in Kenya. The Board is in charge of giving strategic direction and the Director/CEO is in charge of the day-to-day affairs of the Academy.

(b) Principal Activities

The Academy is a successor to the Bandari College whose principal activity is a world class centre of excellence for maritime training and skills development. Our mission is to provide competent manpower to the maritime sector. The Academy generates employable skills in the maritime sector to support the development of the Blue Economy. The Academy in addition thereto fosters partnerships with multiple institutions both at the local and international level to ensure the highest international maritime standards in maritime human resource development are established and maintained.

(c) Key Management

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

- Board of Directors
- Chief Executive Officer(CEO)
- Management

(d) Board of Directors

S/No.	Name Of Director	Position	Date of appointment	Date of Expiry
1.	Prof. Kinandu Muragu	Chairman BOD	03.05.2019	02.05.2022
2.	Mrs. Nancy W Karigithu, CBS, PS Shipping and Maritime	Member	-	-
3.	Capt. Mohamed A Ali Independent Director	Member	03.05.2019	02.05.2022
4.	Mr. Duncan Ndegwa Masai Independent Director	Member	03.05.2019	02.05.2022
5.	Maj. (Rtd.) Nishit D Maru Independent Director	Member	03.05.2019	02.05.2022
6.	CPA, Cathrine Juma Independent Director	Member	03.05.2019	02.05.2022
7.	CPA Judith A M Nyakawa, Alt Director to the PS, National Treasury	Member	17.07.2020	-
8.	Mr. Archer Arina Alt. Director to the PS, Vocational and Technical Training	Member	26.04.2021	-
9.	Mr. Edward Opiyo Alt. Director to the MD, Kenya Ports Authority	Member	27.03.2019	14.06.2021

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

1. KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Fiduciary Management

The Key Management personnel who held office during the Financial Year ended 30th June 2021 and who had direct Fiduciary responsibility were:

No	Designation	Name	Period
1.	Ag. CEO	Francis Muraya	1 st July 2020 – 30 th June 2021
2.	Ag. Head of Maritime Education Training	Abdalla Boto	1 st July 2020 – 30 th June 2021
3.	Ag. Head of Corporate Services	Joseph Okhako	1 st July 2020 – 30 th June 2021
4.	Ag. Head of Finance and Accounts	Abraham Wachira	1 st July 2020 – 30 th June 2021
5.	Ag. Head of Supply Chain Management	Samuel Muthama	1 st July 2020 – 30 th June 2021

(f) Fiduciary Oversight Arrangement

Board Committees

a) Finance and Human Resource Committee

S/No.	Name Of Director	Position
1.	Mr. Duncan Ndegwa Masai	Chair
2.	CPA Judith A. M. Nyakawa Alt Director to the PS, National Treasury	Member
3.	Mrs. Nancy W Karigithu, CBS, PS Shipping and Maritime	Member
4.	Mr. Archer Arina Alt. Director to the PS, Vocational and Technical Training	Member
5.	Maj. (Rtd.) Nishit D Maru	Member
6.	Mr. Francis M. Muraya Ag. CEO	Member

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

1. KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

b) Technical and Operations Committee

S/No.	Name Of Director	Position
1.	Capt. Mohamed A Ali	Chair
2.	Mr. Duncan Ndegwa Masai	Member
3.	CPA Judith A M Nyakawa, Alt Director to the PS, National Treasury	Member
4.	Mrs. Nancy W Karigithu, CBS, PS Shipping and Maritime	Member
5.	Mr. Archer Arina Alt. Director to the PS, Vocational and Technical Training	Member
6.	Maj. (Rtd.) Nishit D Maru	Member
7.	CPA, Cathrine Juma	Member
8.	Mr. Edward Opiyo Alt. Director to the MD, Kenya Ports Authority	Member
9.	Mr. Francis M. Muraya Ag. CEO	Member

c) Risk and Audit Committee

S/No.	Name Of Director	Position
1.	CPA Cathrine Juma	Chair
2.	CPA Judith A M Nyakawa Alt Director to the PS, National Treasury	Member
3.	Mrs. Nancy W Karigithu, CBS, PS Shipping and Maritime	Member
4.	Mr. Archer Arina Alt. Director to the PS Vocational and Technical Training	Member
5.	Mr. Edward Opiyo, Alt. Director, MD Kenya Ports Authority	Member
6.	Capt. Mohamed A Ali	Member

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

1. KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Finance and Human Resource Committee

The Committee's activities include: -

- a. Assist the Board in ensuring that timely and accurate financial statements are prepared;
- b. Assist the Board in ensuring that the procurement process is cost- effective and delivers value for money;
- c. Assist the Board in reviewing the Management accounts;
- d. Review and recommend the approval of the Academy annual Budget Plan Estimates;
- e. Review and recommend the approval of the Academy Annual Procurement Plan;
- f. Periodically review the implementation of the procurement plan;
- g. Receive the quarterly reports on actual expenditure compared to the approved budget and demand explanations from Management on any variances;
- h. Review and recommend the improvement and quality of reporting on financial management;
- i. Review and recommend the improvement of an effective and efficient system of internal controls;
- j. monitor expenditure and provide quarterly reports to the Board confirming that all expenditure is within the estimates approved by the Board;
- k. reviews and approves human resource policies consistent with the changing needs of the Academy;
- l. Receive training plan projections for the Academy staff and make appropriate recommendations to the Board; and,
- m. Perform any other tasks and assignments as may be directed by the Board.

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

1. KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Technical and Operations Committee

The Committee's activities include: -

- a. Set targets and negotiate on performance contracts;
- b. Review and report on performance contract obligations to the Board;
- c. Ensure that the Academy's obligations and/or mandate are effectively and efficiently discharged;
- d. Ensure that the Academy provides and advances education and training to appropriately qualified candidates, leading to the award of diplomas and certificates and such other qualifications as the Board may, from time to time prescribe;
- e. Ensure that the examinations are conducted for such academic awards as the Board may, from time to time prescribe;
- f. Oversee effective implementation of government policy on maritime training and education;
- g. Ensure that the highest international maritime standards in maritime human resource development are applied;
- h. Oversee effective establishment of the Academy to serve as the Regional Maritime Centre of Excellence for training for ports, terminals, logistics and maritime transport skills;
- i. Oversee the establishment of centres of excellence in maritime education and training based on international maritime standards in maritime human resource development;
- j. Oversee the establishment of a national centre for motion simulator training for seagoing competencies;
- k. Identify and assess operational risk areas that needs to be addressed;

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

1. KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- l. Review periodically and if appropriate, recommend development or review of policies associated with operations of the Academy to the Board for approval;
- m. Oversee the setting of targets, negotiate and/or review obligation under performance contracts to the Board;
- n. Receive and report on performance contract obligations to the Board;
- o. Ensure that the Academy information technology is up to date for effective service delivery;
- p. Set strategic direction and monitoring the implementation of the transformation and strategic plan for the Academy;
- q. Facilitate, monitor and oversee the implementation of maritime education and training and maritime transport operations training curricula;
- r. Enhance the legal framework;
- s. Raise the standards of corporate governance on behalf of the Board;
- t. Oversee the development, preparation and implementation of corporate communication policies and recommending management publicity programmes to the Board;
- u. To enhance corporate affairs and communication within and outside the Academy; and
- v. Provide guidance on Corporate Social Responsibility activities and monitoring their implementation.

Risk and Audit Committee

The Committee's activities include: -

- a. Review with the internal and external auditors the co-ordination of audit effort to ensure completeness of coverage, avoid duplication of effort, and promote the effective use of audit resources.
- b. Provide oversight over governance, risk management and control processes;
- c. Review the legal and regulatory matters that may have a material impact on the financial statements, related compliance policies, and reports received from consultants.
- d. Provide guidance on risk management;
- e. Monitor the Academy's compliance with Corporate Governance principles;
- f. Ensure that the Academy observes good governance in all its activities;
- g. Ensure that Management complies with Board resolutions;
- h. Receive and implement governance audit reports from the relevant Government body;

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

1. KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- i. Review and approve changes to corporate governance practices and policies including role profiles, monitoring compliance with the Mwongozo Code of Governance;
- j. Monitor and have an oversight role in the Academy's Corporate Social Responsibility activities; and,
- k. Safeguard the image of the Academy by ensuring that ethical governance is upheld at all times.

(f) BMA Headquarters

Bandari Maritime Academy Complex
P.O. Box 99469-80107
Bishop Makarios Road
Mombasa

(g) BMA Contact

Telephone Contact: +254 111 773 811 / +254 100 404 438
Email: bandarimaritime@gmail.com or info@bma.ac.ke
Website: www.bma.ac.ke

(h) BMA Bankers

Kenya Commercial Bank,
Kilindini Branch,
P O Box 90300,
Mombasa

(i) Independent Auditors

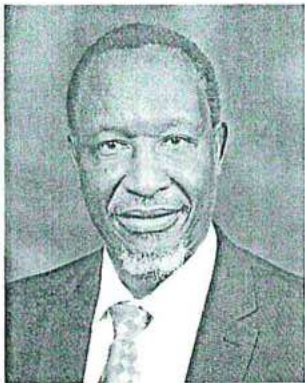
Auditor - General
Office of the Auditor-General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi.

(j) Principal Legal Adviser,

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

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

2. THE BOARD OF DIRECTORS

1.	 <p>FCPA Prof. Kinandu Muragu PHD</p> <p>Key Profession – Finance Consultant</p> <p>Academic Qualifications</p> <ol style="list-style-type: none"> 1. Ph.D. in Finance from the University of Glasgow 2. MBA – Finance & Accounting - University of Nairobi 3. B. Com (Hons) Accounting - University of Nairobi <p>D.O.B - 1957</p>	<p>Chairman of the Board - Independent</p> <p>Prof. Kinandu Muragu, has experience that includes working for the Central Bank of Kenya. He has held the following positions; the Executive Director of the Kenya School of Monetary Studies, Dean of Finance and Administration and Chief Finance Officer at the United States International University (USIU)-Africa, an Associate Professor of Finance at USIU, Senior lecturer in the Department of Accounting and Finance at the University of Nairobi.</p> <p>He has consulted with a variety of International organizations such as the World Bank, World Food Programme and UNICEF. He has carried out consulting assignments in Kenya, Uganda, Tanzania, Malawi, Zimbabwe and Swaziland as a Senior Consultant for the Eastern and Southern African Management Institute (ESAMI).</p> <p>Prof. Muragu is also a Fellow of the Institute of Certified Public Accountants of Kenya</p>
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**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

2. THE BOARD OF DIRECTORS (continued)

<p>2.</p>	<div data-bbox="392 315 683 734" data-label="Image"> </div> <p>Mrs. Nancy W. Karigithu, CBS,</p> <p>Key Profession – PS, State Department for Shipping and Maritime at the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works.</p> <p>Academic Qualifications</p> <ol style="list-style-type: none"> 1. MBA – Master's degree in International Maritime law from the IMO International Maritime Law Institute, Malta 2. Bachelor's degree in law from the University of Nairobi <p>D.O.B - 1959</p>	<p>Director - Executive</p> <p>Mrs. Karigithu is currently the Principal Secretary, State Department for Shipping and Maritime in the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works.</p> <p>She previously she held the following posts; Director General (DG) of Kenya Maritime Authority (KMA), State Counsel in the Office of the Attorney General, Senior Legal Officer at the Kenya Ports Authority (KPA) where she rose to the post of an acting Assistant Corporation Secretary.</p> <p>Currently sits on the Board of Governors of the World Maritime University (WMU), based in Malmo, Sweden and was recently, feted and honored for honorary fellowship by the World Maritime University on 3rd November, 2019 in Malmo, Sweden as a result of her distinguished service in the maritime sector.</p> <p>She was instrumental in organizing the first ever Heads of Maritime Administrations and Ship Registrars Conference in Africa which was held in Mombasa, Kenya in October 2013, and further organized the first National Maritime Conference in February 2015 which brought together key stakeholders of the Maritime Industry to Kenya.</p> <p>She participated in the launch and is founding member of the Association of Women in the Maritime Sector in Eastern & Southern Africa (WOMESA) where she served for two terms as a Chairperson and now sits on the governing council.</p>
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**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

2. THE BOARD OF DIRECTORS (continued)

<p>3</p>	 <p>Mr. Francis M Muraya</p> <p>Key Profession – Ag CEO/Director BMA</p> <p>Academic Qualifications</p> <ol style="list-style-type: none"> 1. Master of Education in Policy & Leadership Moi University; 2. B. ED (Botany & Zoology) Kenyatta University and 3. Higher Diploma Human Resource Management - IHRM <p>D.O.B - 1962</p>	<p>Director - Executive</p> <p>Mr. Francis Mubia Muraya is currently the Ag. Chief Executive Officer, Bandari Maritime Academy.</p> <p>Mr Francis Mubia Muraya was an Alternate in the Board of Directors in Kenya Maritime Authority for the Principal Secretary State Department for Shipping and Maritime Affairs – Nancy N. Karigithu, CBS.</p> <p>Mr. Muraya has vast experience of over 30 years working in the Public Sector having served in the ministries of Education, Interior and Labour in various senior positions.</p> <p>Before his appointment as the Ag. CEO BMA, Mr. Muraya was the Director and Head of Human Resource Management at the State Department for Shipping and Maritime Affairs</p>
<p>4</p>	 <p>Dr. Julius Muia</p>	<p>Director - Executive</p> <p>Dr. Julius Muia is the Principal Secretary at the National Treasury.</p> <p>An alumnus of the University of Nairobi's School of Business, Dr Julius Muia graduated with a First Class Honours Degree in Accounting; Master's Degree and PhD in Finance from the same University. His professional qualifications include: Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators; and Certified Coach.</p> <p>Dr. Muia has over 25 years' experience in leadership in the private sector in Kenya and UK.</p>


**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

2. THE BOARD OF DIRECTORS (continued)

	 <p>CPA Judith A. M Nyakawa</p> <p>Key Profession – Deputy Director, Pensions Department of the National Treasury and Planning</p> <p>Academic Qualifications</p> <ol style="list-style-type: none"> 1. MA, (Counselling Psychology) Daystar University; 2. USIU- Africa(MBA); 3. B. COM - University of Nairobi <p>D.O.B - 1969</p>	<p>Alternate Director - Executive</p> <p>CPA Judith A M Nyakawa is currently the Senior Deputy Director, Pensions Department of the National Treasury and Planning.</p> <p>She has spent over two decades in Public Financial Management and has managed the Finance Department of various ministries in Government.</p> <p>She is also trained in PPPs by the IP3 Institute in Washington DC and has attended courses for Senior Managers in Government at the Harvard University in Boston Massachusetts in the USA.</p> <p>She is a member of the ICPAK and the ICSK, and sits on various Boards in her private capacity and represents the Principal Secretary, National Treasury and Planning officially.</p>
	 <p>Dr. Margaret Wawuda Mwakima</p>	<p>Director - Executive</p> <p>Dr. Margret W. Mwakima is the Principal Secretary in the State Department for Vocational and Technical Training.</p> <p>Dr. Mwakima holds PHD, a Master's Degree in Environmental Science with a major in Sustainable Natural Resources Management and a Bachelor of Education (Science) Degree in Botany and Zoology.</p> <p>She is a member of the Institute of Directors Kenya, Kenya Association for Public Administration and Management (KAPAM) as well as Kenya Association of Women in Tourism (KAWT).</p>

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

2. THE BOARD OF DIRECTORS (continued)

5	 <p>Mr. Archer Arina</p> <p>Key Profession – Deputy Director, Technical Training at the State Department Vocational and Technical Training under the Ministry of Education.</p> <p>Academic Qualifications</p> <ol style="list-style-type: none"> 1. Master Degree in Technology Economics and Management (Southwest Jiaotong University China); 2. Bachelor's Degree in Agricultural Education and Extension (Egerton University) <p>D.O.B - 1966</p>	<p>Alternate Director - Executive</p> <p>Mr. Archer Arina is currently serving as the Deputy Director Technical Training at the State Department Vocational and Technical Training under the Ministry of Education.</p> <p>Mr Arina previously served in various capacities as an education officer over the last twenty-eight years in various regions of the Country.</p> <p>He has acquired vast knowledge and skills in leadership and Strategic Development and is a linguist.</p>
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**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**



Eng. Rashid K Salim

Director - Executive

Eng. Rashid K. Salim is the current Ag. MD for Kenya Ports Authority. Prior to this appointment, he was the General Manager Engineering Services.


He holds an HND in Marine Engineering (UK), holder of the Chief Engineer Certificate of Competency (COC) from South Shields Marine College (presently South Tyneside College in UK), Certificate of Competency Maritime Engineering Class 1, Certificate of Proficiency in Survival Craft and Rescue Boats, Certificate of Competency Marine Engineering Class II, Higher National Diploma in Marine Engineering and Ordinary National Diploma in Marine Engineering.

He is a registered Incorporated Marine Engineer and member of the Institute of Marine Engineering, Science and Technology (UK); registered as an Incorporated Engineer with the Engineering Council (UK).



His docket includes Marine Engineering, Terminal Engineering, Mechanical Engineering and Inland Waterways.

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**



2. THE BOARD OF DIRECTORS (continued)

6	 <p>Mr. Edward Okoth Opiyo</p> <p>Key Profession – Head of Container Operations at the Kenya Ports Authority</p> <p>Academic Qualifications</p> <ol style="list-style-type: none"> 1. Master's Degree holder in Logistics and Chain Management from Moi University); 2. Bachelor's Degree in Business Administration majoring in Marketing from Maseno University) 3. Business Management Diploma from University of Nairobi. 4. Certificate in Inland Waters Transport. <p>D.O.B -1966</p>	<p>Alt. Director - Executive</p> <p>Mr Edward Opiyo is the Head of Container Operations at the Kenya Ports Authority.</p> <p>He has over thirty-five years' experience with Kenya Ports Authority.</p>
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**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

7	 <p>Captain A M Ali</p> <p>Key Profession – Master Mariner & Accredited Marine Surveyor, Society of Accredited Marine Surveyors of U.S.A</p> <p>Academic Qualifications</p> <ol style="list-style-type: none"> 1. Certificate of Competency (Deck Officer) 1ST Class Mariner issued by the Department of Trade under the Maritime Coastguard (MCA) UK; <p>D.O.B - 1953</p>	<p>Director - Executive</p> <p>Capt. Ali has garnered a variety of Certificates over his entire educational study period in different study areas such as Maritime Labour Inspection, Maritime Security, Maritime Auditor, Marine Surveying, Master Mariner and many others.</p> <p>He has over 30 years' experience in the marine industry with career achievements such as working as a Dock Master and Marine Pilot with Kenya Ports Authority, non-Exclusive Surveyor - Bahamas Maritime Authority Flag State Inspector - Alba Petroleum Limited Operations Manager, Company Director with Condor Maritime Services (K) among other top positions.</p> <p>Some of his professional membership include; member of the International Register of Certified Auditors, member of the International Association of Marine Investigators (USA), member of the International Institute of Marine Surveyors (UK), Nautical Institute (UK) and finally member of the Associate Fellow of the Royal Institute of Navigation (UK).</p>
8	 <p>CPA Cathrine W. Juma</p> <p>Key Profession – Consultant and Trainer in Financial Management</p> <p>Academic Qualifications</p> <ol style="list-style-type: none"> 1. Bachelor of Commerce – Panjab University India 2. MBA (Entrepreneurship) from London Metropolitan University <p>D.O.B - 1958</p>	<p>Director - Independent</p> <p>Mrs. Cathrine Juma is currently the Managing Consultant and Trainer in Financial Management at Centwise Business Consulting. She is also a certified public accountant (CPAK). She has previously been the Shared Services Centre Manager in Oxfam, Horn East and Central Africa Region (HECA) from May 2014 to March 2017 before taking up the role of a global corporate financial trainer in Oxfam until March 2018. She has held various positions in external and internal audit, accounting in public and private sectors and international NGOs in Kenya and internationally. She is a member of Professional Trainers Association of Kenya (PTAK) and Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>Cathrine is an experienced finance professional with over 25 years of experience in Financial Management, Audit and Business planning as well as in independent consultancy. She has hands-on experience in designing and running Shared Services Centre (SSC) having pioneered and redesigned the SSC Business Model.</p>

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**


9	 <p>Major (Rtd) Nishit Dhanvantrai Maru L.L.M (MALTA), LL. B (PUNE), Dip KSL, ICPSK</p> <p>Key Profession – Advocate of the High Court of Kenya</p> <p>Academic Qualifications</p> <ol style="list-style-type: none"> 1. Master of Laws in International Maritime Law from the IMO-International Maritime Law Institute, Malta 2. Bachelors of Law from University of Pune 3. Diploma from Kenya School of Law. <p>D.O.B - 1973</p>	<p>Director - Independent</p> <p>Maj Maru is an advocate of the High Court of Kenya and currently a partner at CMS Daly Inamdar.</p> <p>Besides practice Major Maru also lecturers at the University of Nairobi (Mombasa Law Campus) where he teaches Public International Law, International Law of the Sea and International Shipping Law</p> <p>He is a Member of the Institute of Certified Company Secretaries of Kenya and a Notary Public.</p>
10	 <p>Mr. Duncan Ndegwa Masai Key profession - Regional Sales Manager at Brookside Dairy Ltd in-charge of the North Eastern Region.</p> <p>Academic Qualifications</p> <ol style="list-style-type: none"> 1. PHD – Strategic management (ongoing UON) 2. Master's in Business Administration 3. Bachelor of Science Communication and Public Relations – Moi University <p>D.O.B - 1974</p>	<p>Director - Independent</p> <p>Duncan Ndegwa is the Regional Sales Manager at Brookside Dairy Ltd in-charge of the North Eastern Region. He has experience in executive business negotiations and has received recognition in completion of projects in the Coast region, Zanzibar and Pemba.</p> <p>Mr. Ndegwa has a wealth experience well over 22 years in marketing, establishment of business relations, strategy development and implementation among other areas.</p> <p>Duncan Ndegwa is the founding member of Operational Management Society of Kenya.</p>

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

11	<div data-bbox="406 280 678 560" data-label="Image"> </div> <p data-bbox="367 593 702 627">Ms. Katherine M Kithikii</p> <p data-bbox="279 660 805 728">Key profession- Advocate of the high coat</p> <p data-bbox="279 761 606 795">Academic Qualifications</p> <ol data-bbox="327 795 805 1097" style="list-style-type: none"> 1. Master Degree in International Maritime Law, from IMLI, Malta 2. Graduate Certificate in Maritime Studies, from ANCORS, Australia, 3. Bachelor's Degree in English Law from Kent University, UK <p data-bbox="279 1131 462 1164">D.O.B - 1981</p>	<p data-bbox="829 224 1324 257">Ag. Corporation Secretary - Executive</p> <p data-bbox="829 302 1476 403">Ms. Katherine Kithikii is an advocate of the High Court of Kenya of more than 10 years of legal practice both in the private and public sector.</p> <p data-bbox="829 436 1476 638">Ms Kithikii pursued the Legal Practice Course (Solicitors Course) from the Guildford College of Law, UK, Diploma in Law (Advocates Training Programme) from Kenya School of Law and is a Commissioner for Oaths, Notary Public and Certified Public Mediator.</p> <p data-bbox="829 672 1476 806">Before her deployment as the Ag. Corporation Secretary and Head of Legal Services, BMA, Ms. Kithikii was a Legal Officer at the Kenya Maritime Authority.</p> <p data-bbox="829 840 1476 940">Ms. Kithikii previously worked at the Office of the Director of Public Prosecutions, as a Principal Prosecution Counsel.</p>
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**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

3. MANAGEMENT TEAM

Name Of The Staff/Picture	Responsibility
 <p data-bbox="352 808 657 842">Mr. Francis M Muraya</p>	<p data-bbox="858 331 1098 365">Ag. Director/CEO</p> <p data-bbox="858 371 1402 539">Mr. Muraya has a Master of Education in Policy & Leadership Moi University B. ED (Botany & Zoology) Kenyatta University and Higher Diploma Human Resource Management KIM.</p> <p data-bbox="858 577 1402 763">Mr. Muraya has vast experience of over 30 years working in the Public Sector having served in the Ministries of Education, Interior and Labour in various Senior Positions.</p> <p data-bbox="858 808 1402 1267">The Office undertakes the day-to-day management of the Academy through management of funds, property, staff and affairs of the Academy. The office ensures there is proper implementation of the policies, programmes and objectives of the Academy. The office oversees the preparation of the strategic plan, annual plan, budget and audited accounts of the Academy. The office ensures effective implementation of the Board's directives.</p>

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

3. MANAGEMENT TEAM (continued)



Mr. Abdalla Boto

Responsible for Technical Training and Development.

Mr. Abdalla Boto holds a Bachelor of Education degree from Moi University, with 25 years of working experience in teaching and training. He has worked as a Training Officer in the former Bandari College now Bandari Maritime Academy.

Mr. Boto has performed several functional roles while at Bandari College, from Public Service Integrity Officer and Trainer, Quality Management System (QMS) Departmental Management Representative and QMS Internal Auditor, and Performance Management Trainer.

The Office coordinates the following departments: -Nautical Science; Marine Engineering; Port Operations, Shipping and Logistics; Safety & Ancillary; Office of Registrar Academic; Quality Assurance; Admission & Guidance and Counselling; Curriculum & Examination; Library & Resource Centre. The Office implements for the following functions:

- a. Formulating students' policies and overseeing implementation;
- b. Managing the drawing of the annual training programme and monitoring implementation;
- c. Coordinating and managing training activities;
- d. Administering exams;
- e. Spearheading review of courses and curriculum development;
- f. Signing certificates of attendance for different modules/courses;
- g. Coordinating the preparation of annual training budget and monitoring control; and
- h. Organizing and coordinating attachments of students.

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

3. MANAGEMENT TEAM (continued)



Mr. Joseph Patterson Okhako

Responsible for Corporate Services

Mr. Okhako holds a Master's Degree in Business Administration (MBA) - Strategic Business Management, a first degree in Human Resource Management, a Diploma in Law and a Postgraduate Certificate in Corruption Studies.

He is a member of the Institute of Human Resource Management – Kenya and Ethics Institute of South Africa and a Certified Ethics Officer and Trainer.

Mr. Okhako has over 15 years' experience in Public Service.

The office provides overall management and coordination of corporate support services of the Academy in finance and accounts, strategy and planning, human resource and administration, information technology, hospitality and maintenance. The division has six (6) departments;

- a. Department of Planning and Strategy;
- b. Department of Finance and Accounts;
- c. Department of Human Resource and Administration;
- d. Department of Hospitality;
- e. Department of ICT; and,
- f. Department of Maintenance.

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

3. MANAGEMENT TEAM (continued)



Ms. Katherine M Kithikii

Ag. Corporation Secretary /Head of Legal Services

Ms. Kithikii is a holder of LLB (Kent University), LLM (IMLI), (Graduate Certificate in Maritime Studies (ANCORS), LPC (Guildford College of Law), Dip in Law KSL and Commissioner for Oaths/Notary Public.

Ms. Kithikii has over 10 years of legal work experience in both the public and private sector.

The office provides the following services: -

- a. legal advisory, represent the Academy in any civil or criminal proceedings, draft and/or review contracts, agreements and other legal instruments;
- b. liaise with ministries and government departments on legal matters pertaining MET;
- c. Initiate and/or progress drafting of laws and regulations on matters pertaining MET;
- d. Provide guidance to the Board on their duties and responsibilities and on matters of governance;
- e. Arrange and conduct periodic and special meetings of the Board, preparing agenda and board papers and ensuring all board members receive agenda before scheduled meetings; and
- f. Make administrative arrangement for board meetings among other aspects.

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

3. MANAGEMENT TEAM (continued)



Mr. Samuel Muthama

Responsible for Supply Chain Management.

Mr. Muthama holds an MBA, from Maastricht School of Management – ESAMI, a Degree in B'COM from the University of Nairobi, CIPS - UK & H/Diploma Human Resource Management – Institute of HRM – Kenya.

Mr Muthama has more than 15 years' work experience in Government and State Agencies in Procurement Matters.

The Supply Chain Management Department undertakes the following tasks;

- a. Compilation and preparation of yearly Procurement Plan;
- b. Implementation of the Procurement Plan;
- c. Preparation, advertisement and evaluation of Tenders;
- d. Advising the Director/CEO on appointment of Ad hoc procurement committees;
- e. Rendering of Procurement professional advice to the Director/CEO;
- f. Overseeing the implementation of awarded contracts; and
- g. Receipt of stores and store management.

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

4. CHAIRMAN'S STATEMENT

The Academy was launched with a new mandate as a Centre of excellence by H.E. President Uhuru Kenyatta on the 8th of July, 2019 with the objective of developing skills for the growth of the blue economy for Kenya and the Region.

The Academy is expected to support economic growth by growing the blue economy sector in Kenya and the region.

The Institution in this financials year has developed and/or reviewed eighteen (18) curricula and more are in the process enable the Academy deliver more courses as well as developing partnerships for training and sharing of resources.

The Academy has further commenced the process of developing its legal framework namely the draft Bandari Maritime Academy Bill with the involvement of stakeholders. The BMA Bill is subject for review by wider stakeholder engagement. The Academy has further developed and adopted various policies such as the Academic and Student Life and Welfare Policy for purposes of implementation.

The Academy has further embarked on the registration of its Logo for legitimacy purposes as a training and educational institution. The Academy has commenced the development of a collaborative and/or supportive framework with a number of stakeholders both from the public and private sector.

In addition, the Academy has established a framework with KENET for purposes of promoting the use of ICT in teaching, learning and research in higher education institutions in Kenya, established a framework with KNQA to promote, develop and implement a database of all qualifications attained in Kenya and further established a framework with CMA CGM to facilitate capacity building of staff and students of the Academy and avail opportunities of training for both shipboard and offshore training.

The Academy is at its final stages on the review of the Strategic Plan awaiting validation which will set the Academy on a growth trajectory that will be a pace setter. The Academy is also gearing to develop a 25-year masterplan which will guide its long term development.

Further, the Academy looks forward to collaborating with several other Institutions with a view to enhancing service delivery and supporting counties in exploiting the Blue Economy locally.

The Academy appreciates the continued support from the State Department for Shipping and Maritime and partner institutions notably Kenya Maritime Authority, Kenya Ports Authority, the Kenya Coast Guard Service, National Treasury among others. Their technical and financial support provided is critical in this new field of economic development.

Some of the notable challenges experienced include the actual operationalization of the Academy which is slow due to various reasons including inadequate staff capacity, limited

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

4. CHAIRMAN'S STATEMENT (Continued)

funding, actualization of the transition guidelines and COVID-19 effects. The rapid changes in the Maritime sector has also seen the need to expand the scope of training to address the global maritime sector skills need. This will therefore require a competitive remuneration package to secure qualified trainers to impart the requisite knowledge and skill to the students.

It is hoped that the plan to conduct the recruitment process will provide the Academy with the necessary skills that are vital for training and the Academy long term development agenda.

The Board of Directors shall provide leadership to the Academy through expedited development of the Strategic Plan among other pertinent policy directive documents to facilitate effective and efficient implementation of the Academy's mandate. This leadership shall extend to resource mobilization


Prof. Kinandu Muragu
CHAIRMAN

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Academy in the Financial Year conducted several key activities including development of ERP and LAN and completed the design of eighteen (18) curricula in maritime education and training and for maritime transport logistics.

The Academy also registered students for the January/February and July/August National Examinations. The current enrolment stands at about 400 students. It is expected that enrolment shall increase once admissions are conducted through KUCCPS.

Several classes in the Engineering and Nautical science are also undergoing attachment in various maritime institutions.

The Academy engaged in the following activities among others;

- i. Developed eighteen (18) curricula in maritime education and training and maritime transport logistics;
- ii. Worked closely with KMA and HELB to institutionalise the Maritime Education and Training Funding Scheme;
- iii. Finalised the preparation for the validation of the strategic plan and planned for the new Financial Year;
- iv. Engaged SRC with a view to enhancing the placement of the Academy in the ranking of state corporation's remuneration;
- v. Continued with the ongoing development of the ERP, LAN Systems and the renovation of the facilities;
- vi. Established the registration and recognition status of the Academy for various courses with the KNQA and TVETA. Twenty-two (22) courses have been approved;
- vii. The Academy developed policies for academic and student life and welfare;
- viii. Commenced the development of the draft BMA Masterplan for the Academy long term development;
- ix. Conducted 5 STCW training programmes and revalidation courses to support employability;
- x. Conducted tailor made courses for specialized agencies such as KPA on cargo and equipment handling; and,
- xi. Members of staff in the Academy participated in discussions on policy development at Ministerial level as well as collaborations with other training Institutions.

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

5. REPORT OF THE CHIEF EXECUTIVE OFFICER (Continued)

There has been delay in the release of exchequer to the Academy, which is the main source of funding at this nascent stage, which is affecting service delivery and maintenance of the infrastructure. The late release of Exchequer delayed implementation of the Procurement Plan resulting to Projects rolling over to the new FY 2021/22.

The Academy appreciates support from various Agencies especially KMA which has planned to acquire equipment worth Ksh.50 Million for the Academy to support the training of seafarers.

The Academy is however experiencing a serious challenge of capacity due to inadequate staffing. There is also a gap in the available equipment for training noting that this is a highly specialised training institution.

It is expected that the Academy shall obtain the required staff upon completion of the remuneration structure with the SRC.



Francis M. Muraya
Ag. Chief Executive Officer

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021

6. STATEMENT OF THE ACADEMY'S PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES FOR FY 2020/2021

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

Bandari Maritime Academy has the five (5) objectives within the current Strategic Plan for the FY 2020/2021. These are:

- Maritime Skills Development
- Internal Capacity Development
- Research, Innovation and Development
- Industry Linkages and Partnerships
- Policy, Legal and Institutional Framework

Bandari Maritime Academy develops its annual work plans based on the above objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Academy achieved its performance targets set for the FY 2020/2021 period for its five (5) Strategic pillars as indicated in the diagram below:

Delivery Unit	Key Outputs	Key Performance Indicators	Target 2020/21	Achievement 2020/21	Target(Baseline) 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
Bandari Maritime Academy	Graduates in Maritime Courses	Number of graduates in Maritime Courses	2000	1720	2000	3000	3000	3000
	Curriculum development	No of Curricula developed	33	18	20	20	27	100
	Bandari Maritime Academy Bill	% completed	100	50	100	-	-	-
	Human Resource Capacity	Technical and non-Technical staff recruited	-	-	39	78	156	196
	Development of the Masterplan	% of completion	10	10	50	100	-	-

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021

6. STATEMENT OF THE ACADEMY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES
FOR FY 2020/2021 (Continued)

	Digital content for MET Training Developed	% of completion			100	-	-	-
	Computerized support developed	% of computerization	50	40	100	-	-	-
	Pre-Feasibility and Feasibility for BMA projects	% of completion	-	-	100	-	-	-
	MET/HELB Fund Operationalized	% operationalization of the MET/ HELB fund	100	100	-	-	-	-
	MET/HELB Fund	No of students benefiting from the fund		-	200	400	400	400
	Students Grants	No. of students benefiting from grants	-	-	1600	1600	1600	1600
	Modern Training Equipment for Port Operations	Number of modern training equipment for port operation acquired	-	-	2	4	4	-
	Modern Training Equipment MET	Lots of modern training MET acquired	-	-	1	1	1	1
	Operational Maritime engineering section	% of workshop and equipment rehabilitated	100	70	100	-	-	-
	Operational Nautical science section	% rehabilitated	100	65	100	-	-	-
	Operational Commercial shipping section	% rehabilitated	100	70	100	-	-	-
	New Marine Workshops established	% of completion				100	-	-

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021

6. STATEMENT OF THE ACADEMY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES
FOR FY 2020/2021 (Continued)

	New Nautical Workshops(seaman's navigational training room) established	% of completion			100	-	-	-
	Two (3) storey hostel established	% of completion	-	-	-	40	70	100
	Three storey multipurpose complex established	% of completion	-	-	-	40	70	100
	Survival Training Centre Established	% of completion	-	-	-	50	100	-
	Advanced Firefighting Centre Established	% of completion	-	-	-	50	100	-

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

7. CORPORATE GOVERNANCE STATEMENT

In accordance with the Board Charter and Code of best practices, the Academy has adopted high standards and applies strict rules of conduct in the discharge of its functions. As part of this commitment, the Board adheres to good Corporate Governance by embracing the principles of high standards of ethical and moral behaviour, acting in the best interest of the Academy while recognizing that the Academy acts as an exemplary good corporate citizen. The Board of Directors have also undergone training in matters pertaining Corporate Governance on diverse dates.

Role and Function of the Board of Directors

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

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

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

Performance Evaluation and Governance Audit

The Board conducts an annual self – evaluation process to measure its own performance, to ensure that it is constantly adhering to the objectives and mandate of the Academy. The last Board evaluation was conducted by State Corporation Advisory Committee on the 31st August, 2020. The Director is an ex officio member of the Board and is accountable to the Board for the management of the Academy as prescribed in the Legal Notice and more specifically in the Board Charter and Code of best practice. The Board monitors the performance of the Academy's senior Management by reviewing the financial performance on a quarterly and annual basis. The

Academy in terms of performance has embarked on undertaking a performance contract which shall be undertaken for the FY 2020/21. The Academy also embarked on development of its Strategic Plan to ensure that the Academy executes its mandate in accordance with the Legal Notice and the Merchant Shipping Act provisions and appurtenant regulations. The Academy in accordance with the Mwongozo Code scheduled a Legal and Governance Audit for the FY 2020/21 which is ongoing.

Conflict of Interest

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

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

7. CORPORATE GOVERNANCE STATEMENT (Continued)

Corruption Prevention

BMA Board of Directors underwent an, *'Ethics and Integrity Capacity Development'* training facilitated by the Ethics and Anti-Corruption Commission in June 2021. The Board of Directors further executed the Code of Conduct and Ethics in respect of their dealings with the Academy. The Academy has in place a Conflict of Interest Register for purposes of implementation of the Anti- Corruption and Economic Crimes Act, 2003, Public Officer Act, 2003 and the Leadership and Integrity Act, 2012.

Board Structure

The Board presently has a Chairman and four (4) independent Directors appointed in accordance with section 5 (1) (g) of the Bandari Maritime Academy Order, 2018 and representatives of the Government as per section 5 (1) (b-e) of the Bandari Maritime Academy Order, 2018. The members have diverse qualifications suitable for leading the Academy in the execution of its mandate. Directors' terms of appointment to office are governed by the Bandari Maritime Academy Order, 2018, State Corporations Act, 1986 and the *Mwongozo* and the Code of Governance for State Corporations, 2015 among other government circulars and directives.

Appointment and Removal of the members of the Board

The Chairman is appointed by the President whereas the members of the Board are appointed by the Cabinet Secretary of the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works for a duration of three years, renewable for a further three-year term renewable upon satisfactory performance of duties. The members of the Board are appointed at different times so that the respective expiry dates of their terms of office fall at different times.

The Bandari Maritime Academy Order, 2018 provides that Board may vacate office through written resignation to the Cabinet Secretary. There are specified circumstances under which Board may be removed from Office and includes, absence from three consecutive meetings of the Board without permission from the Chairperson, where a member is adjudged bankrupt or enters

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

7. CORPORATE GOVERNANCE STATEMENT (Continued)

into a composition scheme or arrangement with his creditors, or where a member is convicted of an offence involving dishonesty or fraud is convicted of a criminal offence.

Board Induction

Most of the Board members have undergone the compulsory induction training by the State Corporations Advisory Committee (SCAC). Directors appointed towards the end of the financial year will undergo an induction training in the FY 2021/22.

Board Remuneration

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

Board Meetings

The Board discharges its responsibilities through the Technical and Operations Committee, Finance and Human Resource Committee and the Risk and Audit Committee. In the Financial Year 2020/2021 the Board held the following meetings:

Full Board Meetings

During the period under review a total of four (4) meetings were held. The attendance to the meetings from the date of appointment of the members for the financial year are as summarised below;

S/No.	Name Of Director	Position	Meetings Held	Attendance	%Age
1.	Prof. Kinandu Muragu	Chairman	4	4	100%
2.	PS Nancy Karigithu	Director	4	3	75%
	Eng. Joseph Atonga	Alternate Director		1	25%
3.	Mr. Jackson Andai	Alternate Director	4	2	50%
	Mr. Archer Arina	Director		1	25%
4.	CPA Judith A M Nyakawa	Alternate Director	4	4	100%
5.	Mr. Edward Opiyo	Alternate Director	4	3	75%
	Capt. Moses Muthama	Director		1	25%
6.	CPA Cathrine Juma	Director	4	4	100%
7.	Capt. Mohamed Ali	Director	4	2	50%
8.	Maj Nishit Maru	Director	4	4	100%
9.	Mr. Duncan Ndegwa	Director	4	4	100%
10.	Mr. Francis M Muraya	Ag. CEO	4	4	100%

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

7. CORPORATE GOVERNANCE STATEMENT (Continued)

Special Board Meetings

A total of four (4) Special Board meetings (Special Finance and Human Resource Committee (2) and Special Board (2)) were held during the period under review and the attendance of the members were as summarised below;

S/No.	Name of Director	Position	Meetings Held	Attendance	%Age
1.	Prof. Kinandu Muragu	Chairman	4	2	50%
2.	Francis M Muraya	Ag. CEO	4	4	100%
3.	CPA Judith A M Nyakawa	Alternate Director	4	4	100%
4.	Mr. Jackson Andai	Alternate Director	4	4	100%
5.	Mr. Edward Opiyo	Alternate Director	4	1	25%
6.	CPA Catherine Juma	Director	4	2	50%
7.	Capt Mohamed Ali	Director	4	1	25%
8.	Maj Nishit Maru	Director	4	4	100%
9.	Mr. Duncan Ndegwa	Director	4	4	100%
10.	PS Nancy Karigithu	PS	4	2	50%
	Mrs. Rosemary Gichohi	Alt. Dir		2	50%

Technical and Operations Committee Meetings

During the period under review the TOC held a total of four (4) meetings. The attendance to the meetings during the period when members were appointed are as summarised below;

S/No.	Name of Director	Position	Meetings Held	Attendance	%Age
1.	Capt. Mohamed Ali	Chair	4	3	75%
2.	Mr. Duncan Ndegwa	Member	4	4	100%
3.	PS Nancy Karigithu	Member	4	3	75%
	Eng. Joseph Atonga	Alternate Member		1	25%
4.	CPA Judith A M Nyakawa	Alternate Director	4	3	75%
5.	Mr. Jackson Andai	Member	4	3	75%
	Mr. Archer Arina			1	25%
6.	CPA Cathrine Juma	Member	4	4	100%
7.	Mr. Edward Opiyo	Member	4	3	75%
8.	Rtd Maj Nishit Maru	Member	4	4	100%

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

7. CORPORATE GOVERNANCE STATEMENT (Continued)

Finance and Human Resource Committee Meetings

During the period under review the FHRC held a total of four (4) meetings. The attendance to the meetings during the period when members were appointed are as summarised below;

S/No.	Name of Director	Position	Meetings Held	Attendance	%AGE
1.	Mr. Duncan Ndegwa	Chair	4	4	100%
2.	PS Nancy Karigithu	Member	4	1	25%
3.	Ms. Rosemary Gichohi	Alternate Member		2	50%
	Daniel Mwaura	Alternate Member		1	25%
4.	CPA Judith Nyakawa	Member	4	4	100%
5.	Mr. Jackson Andai	Member	4	3	75%
	Mr. Archer Arina	Member		1	25%
6.	Maj Nishit Maru	Member	4	4	100%

Risk and Audit Committee Meetings

During the period under review RAC held a total of two (2) meeting. The attendance to the meetings during the period from the time when members were appointed are as summarised below:

S/No.	Name of Director	Position	Meetings Held	Attendance	%Age
1.	CPA Cathrine Juma	Chair	2	2	100%
2.	PS Nancy Karigithu	Member	2	1	50%
3.	Eng. Joseph Atonga	Alternate Member		1	50%
4.	CPA Judith Nyakawa	Member	2	2	100%
5.	Mr. Jackson Andai	Member	2	1	50%
6.	Mr. Archer Arina	Member		1	50%
7.	Mr. Edward Opiyo	Member	2	2	100%
8.	Capt. Mohamed Ali	Member	2	2	100%

The Academy during the period under review was not able to hold the scheduled meetings due to the unavailability of an internal auditor despite the Academy's numerous requests. An internal auditor however was deployed on a need basis vide a letter dated 20th October 2020 from National Treasury. The Committee had its first meeting in January, 2021.

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

8. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The Academy Operational and Financial performance

The Institution Management is headed by the Executive which directs the entire operations and is headed by the Director who is also the Chief Executive Officer of the Academy. The Academy also has several departments namely; Corporation Secretary and Legal Services, Corporate Support Services, and Maritime Education and Training, Maritime Transport and Operations Training Department, Office of the Registrar and the Advancement and Placement Department.

The Maritime Education Training Department, the Maritime Transport and Operations Training Department, the Office of the Registrar and the Advancement and Placement department which is the core mandate of the Academy and coordinates all training and development programmes. The Corporation Secretary and Legal Services Department provides legal and policy guidance and advice to the core department while the Corporate Support Services department provides support services to the Academy. It facilitates the other departments in the delivery of their responsibilities and performance of their duties by providing finance and administrative support.

SECTION B

Academy Compliance with statutory requirements

The Academy operates under the following key statutes, Legal Notice No 233 of 28th November 2018, State Corporations Act, 1986, Public Finance Management Act, 2012, Income Tax Act, 1996, Public Procurement and Asset Disposal Act, 2015 among other statutes. Management ensures that the Academy complies with all the relevant sections of these statutes. During the period under review the Academy complied with all the statutes.

SECTION C

Key Projects and investment decision the Academy is planning/Implementing

The Academy did not have projects under the Development vote during the review period. It is however noted that there are critical infrastructural needs that require to be in place for the success of the Academy in achieving the core mandate. It was expected that these were to be partially supported by the Kenya Ports Authority to the tune of kshs 519 million out of the total of Kshs. 2.38 Billion (Kenya Shillings Two Billion, three hundred eighty Million)

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

8. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The list of the projects is as tabulated below;

	STATUS OF PROJECTS COMPLETION					
	Project	Total Project Cost	Project PIMIS Serial No.	Completion % To Date	Budget	Sources
1	Equipment for port operators	200,000,000	1093100501	0%	200,000,000	GOK Funding
2	Advanced Firefighting Training Centre	130,000,000	1093100601	0%	130,000,000	GOK Funding
3	Two, 3 –Storey building hostel	968,000,000	1093100701	0%	968,000,000	GOK Funding
4	Marine Engineering and Nautical workshops	56,000,000	1093100801	0%	56,000,000	GOK Funding
5	Three storey, Multipurpose complex	499,000,000	1093100901	0%	499,000,000	GOK Funding
6	Survival Training Centre	527,000,000	1093101001	0%	527,000,000	GOK Funding
Total Capital Budget		2,380,000,000			2,380,000,000	

The projects have been identified as major infrastructural requirements for the Academy to support seafarers training. The project proposals are undergoing processing by the National Treasury awaiting funding for Implementation.

SECTION D

Major risks facing the Academy.

The Academy faces a major risk of staff stability. The current staff are mostly seconded from State Department of various Ministries, Kenya Ports Authority and Kenya Maritime Authority. The Academy Human Resource Instruments were approved by the State Corporation Advisory Committee Council sometime in September 2020. The Academy has further engaged the Salaries Remuneration Commission on matters relating to the remuneration package for staff of the Academy. This matter will be resolved once the Academy recruits its own staff.

SECTION E

Material arrears in statutory/financial obligation

The Academy has met all its statutory and financial obligations in the reporting period.

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

8. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

SECTION F

Financial probity and serious governance issues

Governance issues by internal and external parties where and when they arise are appropriately addressed by Management.

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

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i. Sustainability strategy and profile

The Academy is cognizant of the National and International Trends in economic dynamics. The Academy aspires to align with the National Development priorities to ensure sustainability and adopt international best practices to enhance performance.

ii. Environmental performance

The Academy has endeavoured to comply with the provisions embedded in the Environmental Management and Coordination Act, 1999 and in other Environmental Policies, rules and regulations.

iii. Employee welfare

The Academy on need basis supports employees' welfare.

iv. Market Place Practices

The Academy awards contract fairly to suppliers in compliance to the constitutional requirements of fair competition and diversity.

a) Responsible competition practice

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

b) Responsible Supply Chain and supplier relations

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

Outline efforts to maintain ethical marketing practices.

d.) Product Stewardship

Outline efforts to safeguard consumer rights and interests.

v. Corporate Social Responsibility/ Community Engagements

The Academy jointly with the community from Mikindani area participated in the planting of two thousand (2000) mangrove trees in a Re-Afforestation programme.

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

10. REPORT OF THE DIRECTORS

i. Principal Activities of the Academy

The Academy is a successor to the Bandari College whose principal activity is an institution of excellence in teaching, training, scholarship, innovation and research in maritime skills. The Academy will generate employable skills in the maritime sector to support the development of the Blue Economy. The Academy in addition thereto fosters partnerships with multiple institutions both at the local and international level to ensure the highest international maritime standards in maritime human resource development are established and maintained.

ii. Results for the year ended June 30, 2021

The results of Academy for the year ended June 30, 2021 are set out on page 1– 5.

iii. Director's Paragraph

The members of the Board of Directors who served during the year ended June 30, 2021 year are shown on page ix-xviii.

Alternate Director Jackson Andai representing the PS, for State Department for Vocational and Technical Training retired on 8th March 2021 and was replaced by Alternate Director Archer Arina.

Alternate Director Edward Opiyo representing the Managing Director of Kenya Ports Authority retired on 14th June 2021 and was replaced by Alternate Director Captain Moses Muthama in the FY 2021/22.

iv. Surplus Remissions

The Academy did not make any remittances to the Consolidated Fund in the FY 2020/21. The unspent funds constitute tuition fees paid in advance among other aspects.

v. Auditor's

The Auditor General is responsible for the statutory audit of the Academy in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2021.

By Order of the Board

Ms. Katherine M Kithikii
Ag. Corporation Secretary

Signature:



Date: 27th September 2021

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

11. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, 1986, require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the entity.

The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2021. 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) Safeguarding the assets of the entity; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance and Management Act, 2012, the State Corporations Act, 1986 among others. The Directors are of the opinion that the Academy's financial statements give a true and fair view of the state of Academy's transactions during the financial year ended June 30, 2021, and of the Academy's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Academy's financial statements as well as the adequacy of the systems of internal financial control.

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

**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

11. STATEMENT OF DIRECTORS RESPONSIBILITIES (Continued)

Approval of the Financial Statements

The Academy's Financial Statements were approved by the Board on 27th September 2021 and signed on its behalf by:



Signature:

Name: Prof. Kinandu Muragu
Chairperson of the Board

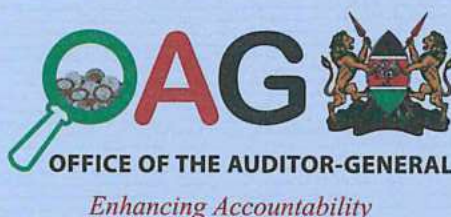


Signature:

Name: Mr. Francis M Muraya
Ag. CEO

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BANDARI MARITIME ACADEMY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Bandari Maritime Academy set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Bandari Maritime Academy as at 30 June, 2021, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Legal Notice No.233 of 28 November 2018.

Basis for Qualified Opinion

1. Unsupported Expenditure on Staff Daily Subsistence Allowance

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects an expenditure of Kshs.105,474,762 under use of goods and services. The expenditure includes an amount of Kshs.16,336,610 relating to staff daily subsistence allowance which in turn includes an amount of Kshs.641,600 which was not supported by evidence of travel, details of how the Academy benefited from allowances paid to officers from the State Department for Shipping and Maritime and evidence of invitation on the specified dates.

In the circumstances, the accuracy and regularity of the expenditure of Kshs.641,600 could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position as at 30 June, 2021 reflects property, plant and equipment balance of Kshs.1,421,789,225 and as disclosed in Note 16 to the financial statements. However, as previously reported, examination of records revealed that assets valued at Kshs.1,526,964,840 were donated by Kenya Ports Authority to the Academy but handing and taking over reports and documentary evidence to confirm the actual assets and how the values were determined were not provided for audit review.

Further, audit review of Kenya Ports Authority financial statements indicated that the Authority donated assets with a carrying value (net book value) of Kshs.1,670,404,284, being cost of Kshs.2,096,387,312 and accumulated depreciation of Kshs.425,983,028. The two sources of information on the assets donated varies by Kshs.143,439,444, a difference which was not explained or reconciled.

In addition, records provided indicated that ownership documents for the donated assets have not been surrendered to the Academy. It could not be confirmed whether the assets acquired through a non-exchange transaction were initially measured at their fair value as at the date of acquisition.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.1,421,789,225 as at 30 June, 2021 could not be confirmed.

3. Inaccuracy in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects an amount Kshs.125,000,000 in respect of surplus for the financial year 2019/2020 with a nil actual amount. However, the previous audited financial statements reflects a surplus of Kshs.98,166,719. No explanation was provided for this anomaly.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts as at 30 June, 2021 could not be confirmed.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects an approved revenue budget of Kshs.335,380,000 and an actual receipt of Kshs.332,061,399, resulting in under-collection of Kshs.2,938,601 or 0.9%. However, under rendering of services, the budgeted revenue was Kshs.40,000,000 while the actual collection was Kshs.86,171,515, resulting in an over collection of Kshs.46,171,515 or 115% which is a pointer to unrealistic budgetary provision by the institution.

Similarly, the statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects an approved total expenditure budget of Kshs.335,000,000 against actual expenditure of Kshs.245,086,023, resulting in an under-expenditure of Kshs.89,913,977 or 27%.

The under-performance may have affected the planned activities and impacted negatively on the service delivery to the stakeholders.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several matters were raised under the Report on the Financial Statements. However, Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the

financial statements as required by the Public Sector Accounting Standards Board reporting template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON 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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy and Framework

Review of record provided for audit revealed that, during the year under review, the Academy did not have a risk management policy and framework in place. This is contrary to Regulation 170(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the policy, strategies and procedures put in place to assess, identify, measure, prioritize and mitigate risks in the Academy could not be confirmed.

2. Lack of Business Continuity Plan

Audit review of records and information provided revealed that Academy did not have a business continuity plan in place as required under Paragraph 3.6(1) of the Mwongozo

Code of Governance which states that, "the board should ensure that an appropriate business continuity plan is in place".

In the absence of a business continuity plan and systems to prevent or deal with potential threats and recovery from disruptive events, the Academy may not continue to deliver services should there be a disaster.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS) 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 governance.

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

Those charged with governance are responsible for overseeing the Academy's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 Academy'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 Academy to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Academy 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 the 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

22 July, 2022

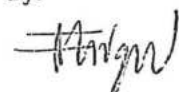
**BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021**

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Ministries, Departments and Agencies	6	170,000,000	249,253,348
Transfers from Ministries, Departments and Agencies-Deferred Income	6	75,889,884	0
		245,889,884	249,253,348
Revenue from exchange transactions			
Rendering of services	7	86,171,515	26,119,518
Total revenue		332,061,398	275,372,866
Expenses			
Use of goods and services	8	105,474,762	26,384,649
Employee costs	9	15,695,743	29,778,910
Remuneration of directors	10	11,455,074	12,185,990
Depreciation and amortization expense	11	91,502,833	86,324,557
Repairs and maintenance	12	20,957,611	22,532,040
Total expenses		245,086,023	177,206,146
Surplus before tax		86,975,375	98,166,719
Taxation		0	0
Surplus/(deficit) for the year		86,975,375	98,166,719
Remission to National Treasury		0	0
Net Surplus for the year		86,975,375	98,166,719

The notes set out on pages 6 to 35 form an integral part of these Financial Statements.

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



Chief Executive Officer
Name: Francis M. Muraya

Date: 27-09-2021



Head of Finance
Name: Abraham Wachira
ICPAK Member Number:

Date: 27/9/2021



Chairman of the Board
Name: Prof. K. Muragu


Date: 27-09-2021

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

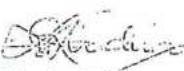
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021


	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	13	150,161,331	136,984,778
Trade receivables	14	42,793,682	0
Inventories	15	5,979,327	5,233,077
		198,934,340	142,217,855
Non-current assets			
Property, plant and equipment	16	1,421,789,225	1,489,773,933
Intangible assets	17	25,625,442	148,750
Total Non – Current Assets		1,447,414,667	1,489,922,683
Total assets		1,646,349,007	1,632,140,538
Liabilities			
Current liabilities			
Trade payables from exchange transactions	18	3,393,182	6,308,980
Payroll and other Deductions			0
Other Payables	18	6,738,776	700,000
Payments received in advance			0
Total Current Liabilities		10,131,958	7,008,980
Non-current liabilities			
Deferred tax liabilities		0	0
Total Non – Current Liabilities		0	0
Total liabilities		10,131,958	7,008,980
Reserves		98,166,719	
Accumulated Funds		86,975,375	98,166,719
Capital Funds	19	1,451,074,955	1,526,964,839
Total net assets and liabilities		1,646,349,007	1,625,131,558

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


Chief Executive Officer
Name: Francis M. Muraya

Date: 27.09.2021


Head of Finance
Name: Abraham Wachira
ICPAK Member Number:
Date: 27/9/2021


Chairman of the Board
Name: Prof. K. Muragu

Date: 27.09.2021

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
At July 1, 2020	0	0	98,166,719	0	1,526,964,839	1,625,131,558
Revaluation gain	0	0	0	0	0	0
Transfer of excess depreciation on revaluation	0	0	0	0	0	0
Deferred tax on excess depreciation	0	0	0	0	0	0
Fair value adjustment on quoted investments	0	0	0	0	0	0
Surplus/Deficit for the year	0	0	86,975,375	0	0	86,975,375
Capital/Development grants received during the year	0	0	0	0	0	0
Transfer of depreciation/amortization from capital fund to retained earnings	0	0	75,889,884	0	0	0
Dividends paid – 2020	0	0	0	0	0	0
Interim dividends paid – 2021	0	0	0	0	0	0
Proposed final dividends	0	0	0	0	0	0
At June 30, 2021	0	0	261,031,978	0	1,526,964,839	1,712,106,933

The Capital/Development grants received during the FY 2019/2020 refers to Assets inherited from Kenya Ports Authority at the inception of Bandari Maritime Academy. The assets are at original cost.

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR
ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Revenue/ Utilization
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Government grants and subsidies	170,000,000	-	170,000,000	170,000,000	-	100%
Government grants-Deferred Income	0	-	0	75,889,884	(75,889,884)	100%
Rendering of services	40,000,000	-	40,000,000	86,171,515	(46,171,515)	139%
Sale of goods	0	0	0	0	0	
Finance Income	0	0	0	0	0	
Surplus for the FY 2019/2020	0	125,000,000	125,000,000	0	125,000,000	
Total income	210,000,000	125,000,000	335,000,000	332,061,399	(2,938,601)	
Expenses						
Compensation of employees	33,000,000	(9,500,000)	23,500,000	15,695,743	7,804,257	66.79%
Goods and services	145,000,000	86,961,000	231,961,000	105,474,762	126,486,238	46.02%
Directors' Emoluments	10,500,000	2,000,000	12,500,000	11,455,074	1,044,926	93%
Repairs and Maintenance	21,500,000	45,539,000	67,039,000	20,957,611	46,081,389	31.2%
Depreciation and Amortization Expense	0	0	0	91,502,833	(91,502,833)	
Grants and subsidies paid	0	0	0	0	0	
Total expenditure	210,000,000	0	335,000,000	245,086,023	89,913,977	
Surplus for the year	0	125,000,000	0	86,975,375	86,975,375	

Budget notes

1. The Academy received and utilized all the expected grants with no adjustments
2. **Ksh. 62,547,572** was earmarked for ongoing rehabilitation and maintenance projects that were not undertaken in the Financial year 2020/2021. However, these projects that transited will be completed in the Financial Year 2021/2022.
3. The Board of Directors meetings were conducted online hence reduced travels and subsistence allowance
4. The Academy closure due to Covid -19 reduced activities hence reduced employee costs.
5. There were inadequate staff to implement programs that could attract expenditure for goods and services
6. There was no budget for depreciation expense
7. The total revised revenue under recurrent budget estimates for the financial year 2020/2021 was **Ksh. 339,380,000** having been revised from **Ksh. 210,000,000**. However, total approved expenditure was capped at **Ksh. 335,000,000**. This resulted from the National Treasury Authority REF No. DGIPE/FB/411 "A" dated 3rd March 2021 to spend an additional **Ksh. 125,000,000** to complete budgeted projects for FY 2019/20.

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Bandari Maritime Academy (BMA) was established through the Legal Notice No 233 of 28th November 2018 and derives its authority therein and accountability from PFM Act 2012 and other Legal Instruments. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity is a successor to the Bandari College whose principal activity is an institution of excellence in teaching, training, scholarship, innovation and research in maritime skills. The Academy will generate employable skills in the maritime sector to support the development of the Blue Economy. The Academy in addition thereto fosters partnerships with multiple institutions both at the local and international level to ensure the highest international maritime standards in maritime human resource development are established and maintained

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The preparation of financial statements is in conformity with International Public Sector Accounting Standards (IPSAS) which 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 areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in various Notes.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Bandari Maritime Academy

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

IPSAS 41: Financial Instruments	<ul style="list-style-type: none"> a. Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; b. Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and c. 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
IPSAS 42: 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> <ul style="list-style-type: none"> a. The nature of such social benefits provided by the entity; b. The key features of the operation of those social benefit schemes; and c. The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a. Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c. Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d. 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.

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> 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 b. IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. c. 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 d. IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. e. 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. f. IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). g. Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard
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iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

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.

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

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

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

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) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the final budget. The Academy has not recorded additional appropriations on the 2020-2021 budget following the governing body's approval.

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

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

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

c.) Taxes

Current income tax

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

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

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

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d.) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the placement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

e.) 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. 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.

f.) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g.) Intangible assets

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

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

h.) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i.) 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.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The 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 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:

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The 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.

Loans and borrowing

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

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

j.) Inventories

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

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

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

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

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

k.) Provisions

Provisions are recognized when the Entity 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 Entity 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.

l.) Contingent liabilities

The Entity 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.

m.) Contingent assets

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

n) Nature and purpose of reserves

The Academy does not maintain any reserves

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o.) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

The academy does not have currently retirement benefit scheme for its employees. The employees serving in the academy are seconded to the entity from various MDAS where their retirement benefits are catered for.

q.) 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. The academy did not engage on any foreign currency transaction in the Financial Year 2020/2021.

r.) Borrowing costs

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

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance. The borrowing costs did not apply in the Financial Year 2020/21.

s.) Related parties

The Entity 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t.) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u.) Cash and cash equivalents

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

v.) Comparative figures

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

w.) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity'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. State all judgements, estimates and assumptions made: e.g.

Estimates and assumptions

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

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 20.

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

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity ending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	2020-2021	2019-2020
	KShs	KShs	KShs	KShs		KShs
State Department of Shipping and Maritime	170,000,000	0.0	0.0	170,000,000	170,000,000	249,253,348
Total	170,000,000	0.0	0.0	170,000,000	170,000,000	249,253,348

Name of the Entity ending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	2020-2021	2019- 2020
	KShs	KShs	KShs	KShs		KShs
Kenya Ports Authority	0	75,889,884.00	0.0	0.0		0.0
Total	0.00	75,889,884.00	0.0		75,889,884.00	

The funds were received quarterly (Appendix III)

7. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Service fees(Tuition Fees)	74,498,305	24,092,150
Conference Facilities (Amphitheatre)	11,673,210	
Total revenue from the rendering of services	86,171,515	24,092,150

Tuition fees is fee charged to students who attend the various courses offered at Bandari Maritime Academy.

NB:

All income is classified as far as possible in the relevant classes. Other income has been used to recognise income not elsewhere classified.

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	Kshs	Kshs
Legal Affairs	7,174,887	0
Curriculum development & Review	11,779,537	0
Conducting KNEC & NITA exams	4,846,040	0
Accreditation of Courses	560,000	0
Strategic Plan	1,393,000	0
Uniform and Protective Clothing	1,413,600	0
BMA Master Plan	1,720,800	0
PC Crosscutting Issues	2,741,570	0
Non Deductible Penalties	224,990	0
Fumigation	1,932,690	0
Food Provision	9,265,819	0
ICT Expenses	10,000	0
Other Insurances	1,169,842	0
Water	3,154,045	292,150
Advertising Expenses	2,224,550	1,404,512
Audit fees	700,000	700,000
Conferences and delegations	5,513,334	1,071,020
Bank Charges	250,833	341,920
General Office Expenses	2,173,998	8,925,974
Hospitality	1,899,338	619,312
Fuel Oil	2,811,200	1,898,428
Motor Vehicle Insurance	590,701	483,066
Printing and Stationery	544,711	555,749
Hire of Training Facilities & Equipment	0	40,000
Telecommunication Expenses	1,374,827	1,136,133
Membership Fees	284,000	34,200
Training Expenses	5,575,600	80,000
Training Aids	4,999,745	8,802,185
Non- Air travel (Bus, Railways etc.)	0	158,200
Daily subsistence allowance (Foreign)		1,539,425
Staff daily subsistence allowance (Domestic)	16,336,610	17,338,926
Air travel local - staff	1,768,053	849,289
Sundry (Taxies)	93,754	42,400
Partnerships , Publicity and Awareness	3,742,900	2,237,362
Covid – 19 Response	7,203,788	75,000
Total Use of Goods and Services	105,474,762	48,625,251

NB

There is a variance in the expenditure for water between the two years due to the fact that the water costs were borne by the Kenya Ports Authority in the FY 2019/2020.

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE COSTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Salaries and wages – Resource person	12,734,490	6,232,630
Telephone allowance	0	149,160
Fixed term contractual employees' Salaries	2,623,857	1,156,518
Employee related costs – Medical costs	247,500	0
Casual Wages	89,896	0
Total	15,695,743	7,538,308

10. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	Kshs	Kshs
Chairman's Honoraria	960,000	1,120,000
Insurance Expenses	1,073,298	1,079,818
Board Trainings	984,600	451,200
Lunch Allowance - Directors	0	38,000
Food Provision	84,140	0
Daily subsistence allowance (Foreign)	0	488,709
Non- Air travel (Bus, Railways etc.)	70,095	60,000
Directors Sitting Allowance	4,840,081	3,959,200
Daily subsistence allowance (Domestic)	2,486,400	3,278,200
Air travel local	632,860	1,084,551
Air travel - Foreign	0	458,000
Telephone Allowance	190,000	136,000
Mileage	133,600	32,312
Total Remuneration of Directors	11,455,074	12,185,990

11. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	Kshs	Kshs
Buildings	15,615,050	15,182,902
Motor vehicles	4,741,350	4,741,350
Furniture and Fittings	5,279,665	5,279,665
Office equipment and Computers	4,660,458	3,804,408
Kitchen Equipment	2,586,393	2,586,393
Property, Plant and Machinery	11,573,568	11,573,568
Motor Boats	3,734,608	3,734,608
Communication Equipment	631,520	631,504
House Hold Equipment	37,125	37,125
Intangible assets	3,663,813	21,250
Ship-Simulators	38,979,283	38,731,784
Total Depreciation and Amortization	91,502,833	86,324,557

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation and amortization has been calculated on all assets acquired through purchase by Bandari Maritime Academy and donations by Kenya Ports Authority

12. REPAIRS AND MAINTENANCE EXPENSE

Description	2020-2021	2019-2020
	Kshs	Kshs
Property, Plant and Machinery	1,935,750	208,800
Buildings	757,787	5,609,145
Computers	0	137,700
Swimming Pool	198,000	12,200
Workshop Equipment	7,450,213	11,121,480
Motor Vehicle	131,624	515,870
Hostels	2,300	0
Photocopier	34,800	0
Boats	30,000	0
Others	10,417,137	4,926,845
Total Repairs and Maintenance	20,957,611	22,532,040

13. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Current Account	150,161,331	136,984,778
Total Cash and Cash Equivalents	150,161,331	136,984,778

13 (a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Description	Account Number	2020-2021	2019-2020
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1264378726	150,161,331	136,984,778
Grand Total		150,161,331	136,984,778

14. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Current receivables		
Other exchange debtors	12,258,341	0
Non Exchange Debtors	30,535,341	
Grand Total	42,793,682	0

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. INVENTORIES

Description	2020-2021	2019-2020
	KShs	KShs
Stores and Inventory	5,979,328	5,233,077
Total Inventories at the lower of costs and net realizable value	5,979,328	5,233,077

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

16. NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. EQUIPMENT, PROPERTY AND PLANT

- i. The assets have been depreciated using the straight-line method.
- ii. The assets in possession by BMA were donated by KPA and are yet to be handed over to BMA officially.

	Land S\$K	Buildings S\$K	Motor Vehicles S\$K	Furniture & Fittings S\$K	Office Furniture & Equipment S\$K	Books S\$K	Plant & Machinery S\$K	Leasehold Properties S\$K	Contributed on Leasehold S\$K	Supplies S\$K	Prepaid Expenses S\$K	Other Assets S\$K	Total
At 1st July 2019	453,900,000	605,588,082	5,364,000	34,392,316	6,563,684	0.00	92,588,542	0.00	1,334,000	309,854,263	17,379,952		1,526,964,8-
Additions	0.00	1,728,000	13,601,398	7,845,000	4,724,781	14,938,434	0.00	297,000	560,700	1,980,000	3,311,189		48,986,51
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0
Transfers/adj stments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0
At 30th June 2020	453,900,000	607,316,082	18,965,398	42,237,316	11,288,465	14,938,434	92,588,542	297,000	1,894,700	311,834,263	20,691,141		1,575,951,3-
Additions	0.00	17,285,898	0.00	0.00	2,694,310	0.00	0.00	0.00	0.00	0.00	0.00		19,980,21
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0
Transfer/adj stments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0
As at 30th June 2021	453,900,000	624,601,980	18,965,398	42,237,316	13,982,775	14,938,434	92,588,542	297,000	1,894,700	311,834,263	20,691,141		1,595,931,51
Depreciation and impairment													
At 1 July 2019	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. EQUIPMENT, PROPERTY AND PLANT (Continued)

Depreciation	0.00	15,182,902	4,741,350	5,279,665	3,804,408	3,734,608	11,573,568	37,125	631,504	38,731,783	2,586,393	86,303,304
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 30 June 2020	0.00	15,182,902	4,741,350	5,279,665	3,804,408	3,734,608	11,573,568	37,125	631,504	38,731,783	2,586,393	86,303,304
Depreciation	0.00	15,615,050	4,741,350	5,279,665	4,660,459	3,734,608	11,573,568	37,125	631,520	38,979,283	2,586,393	87,839,021
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer/Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 30 th June 2021	0.00	30,797,952	9,482,700	10,559,330	8,464,867	7,469,216	23,147,136	74,250	1,263,024	77,711,066	5,172,786	174,142,327
Net book values												
At 30 th June 2021	453,900,000	593,804,029	9,482,700	31,677,986	5,517,908	7,469,217	69,441,406	222,750	631,676	234,123,197	15,518,357	1,421,789,226
At 30 th June 2020	453,900,000	592,133,180	14,224,049	36,957,652	7,484,057	11,203,825	81,014,974	259,875	1,263,196	273,102,480	18,104,749	1,489,648,037

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021	2019-2020
	Kshs	Kshs
Cost		
At beginning of the year	170,000	0.0
Additions	29,140,505	170,000
At end of year	29,310,505	170,000
Additions-internal development	0.00	0.00
At end of year	29,310,505	170,000
Amortization and impairment		
At beginning of the year	21,250	0.0
Amortization	3,663,813	21,250
At end of the year	3,685,063	21,250
Impairment loss	0.0	0.0
At end of year	3,685,063	21,250
NBV	25,625,442	148,750

18. TRADE AND OTHER PAYABLES

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade payables	3,393,182	4,866,030
Other payables	6,738,776	1,442,950
Total trade and other payables	10,131,958	6,308,980

19. CAPITAL GRANTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Balance b/d (1.07.2020)	1,526,964,839	0.0
Additional Donated Assets	0.0	0.0
Transfer of depreciation/amortization from capital fund to retained earnings	(75,889,884)	0.0
Donated Assets from K.P.A	0	1,526,964,839
Total Capital Grants	1,451,074,955	1,526,964,839

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. CASH GENERATED FROM OPERATIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Surplus for the Year Before Tax	54,997,085	98,166,719
Adjusted for:		
Depreciation	91,502,833	86,324,557
Contribution to Provisions	0	700,000
Increase in Inventory	0	(5,233,077)
Decrease in Payables	0	6,308,980
Cash Generated From Operations	146,499,918	186,267,180

21. FINANCIAL RISK MANAGEMENT

(i) Credit risk

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	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2019				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

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

The board of directors sets the entity'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 entity'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 entity 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.

(iii) Market risk

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

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

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

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

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)
FINANCIAL RISK MANAGEMENT (Continued)

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	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Total financial assets	0	0	0
Financial Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Total financial liabilities	0	0	0
Net foreign currency asset/(liability)	0	0	0

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	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Total financial assets	0	0	0
Financial Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Total financial liabilities	0	0	0
Net foreign currency asset/(liability)	0	0	0

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in	Effect on Profit	Effect on
	currency rate	before tax	equity
	Kshs	Kshs	Kshs
2021			
Euro	10%	0	0
USD	10%	0	0
2020			
Euro	10%	0	0
USD	10%	0	0

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 entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity'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.

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
At 30 June 2020				
Financial Assets				
Quoted equity investments	0	0	0	0
Non- financial Assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0
At 30 June 2019				
Financial Assets				
Quoted equity investments	0	0	0	0
Non- financial Assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
At 30 June 2020				
Financial Assets				
Quoted equity investments	0	0	0	0
Non- financial Assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0
At 30 June 2019				
Financial Assets				
Quoted equity investments	0	0	0	0
Non- financial Assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0

There were no transfers between levels 1, 2 and 3 during the year.

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) 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 Kshs	2018-2019 Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
	0	0
Total funds		
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/ (excess cash and cash equivalents)	0	0
Gearing		

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. 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 *Bandari Maritime Academy*, holding 100% of the *Bandari Maritime Academy* 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 Ministry of Transport, Infrastructure, Housing and Urban Development and Public Works- State Department for Shipping and Maritime;
- iii) Kenya Ports Authority;
- iv) Key management; and
- v) Board of directors.

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	0.00	0.00
Sales of services	0.00	0.00
Total	0.00	0.00
b) Grants from the Government		
Grants from National Government	170,000,000.00	200,000,000.00
Grants from County Government	0.00	0.00
Donations in kind	0.00	0.00
Total	170,000,000.00	200,000,000.00
c) Expenses incurred on behalf of related party		

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

18. NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RELATED PARTY BALANCES

Payments of salaries and wages for employees	0	0
Payments for goods and services	0	0
	0	0
Total		
d) Key management compensation		
Directors' emoluments	11,455,074	12,185,990.0
Compensation to the CEO	0	0
Compensation to key management	0	0
Total	11,455,074	12,185,990.0


BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

19. APPENDICES

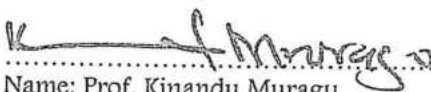
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Bandari Maritime Academy, being a new entity, will be having its Maiden Audit for the FY 2020/2021 in the proceeding financial year.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A					


Name: Francis M. Muraya
Ag. Chief Executive Officer

Date: 27.09.2021


Name: Prof. Kinandu Muragu
Chairman of the Board

Date: 27.09.2021

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

19. APPENDICES (Continued)

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

There were no Projects implemented by Bandari Maritime Academy Funded by the development partners.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/no)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

Bandari Maritime Academy had no ongoing projects in the Financial Year 2020/2021.

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Shipping and Maritime				
	FY 2020/2021			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		8 th September 2020	42,500,000.00	FY 2020/2021
		5 th January 2021	42,500,000.00	FY 2020/2021
		28 th April 2021	42,500,000.00	FY 2020/2021
		23 rd June 2021	42,500,000.00	FY 2020/2021
		Total	170,000,000.00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>


BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

		Total	0.00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total		
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0	

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

Abraham Wachira
Head of Finance and Accounts
Bandari Maritime Academy

CPA Margaret Nyawera
Head of Accounting Unit
State Department for Shipping and
Maritime
ICPAK Member Number: 5429

Sign 

For 
Sign

BANDARI MARITIME ACADEMY
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

19. APPENDICES (Continued)

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the IDA/Donor transferring the funds	Date received			Where Recorded/recognized				
	as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Receivables	Others - must be specific	Total Transfers during the Year
Ministry of xx	0.00	Recurrent	0.00	0.00	0	0	0	0.00
Ministry fxxx	0.00	Development	0.00	0.00	0	0	0	0.00
Donor(e.g. USAID)	0.00	Donor Fund	0.00	0.00	0	0	0	0.00
Kenya Maritime Authority	0.00	Support	0.00	0.00	0	0	0	0.00
Total			0.00	0.00	0.00	0.00	0.00	0.00