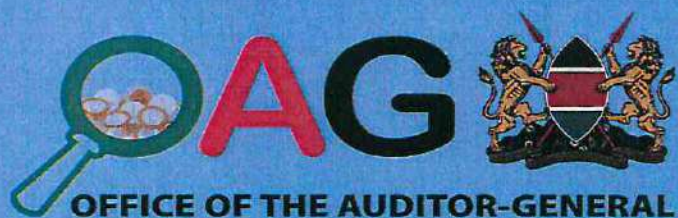


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA TRADE NETWORK AGENCY
(KENTRADE)

FOR THE YEAR ENDED
30 JUNE, 2022

KENYA TRADE NETWORK AGENCY



KENYA TRADE NETWORK AGENCY (KENTRADE)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
30TH JUNE 2022**

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

KENYA TRADE NETWORK AGENCY
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LIST OF ABBREVIATIONS

BIT	- Business Intelligence Tool
CEO	- Chief Executive Officer-KenTrade
CSR	- Corporate Social Responsibility
DVS	- Directorate of Veterinary Services
GAA	- Government Advertising Agency
GOK	- Government of Kenya
ICT	- Information Communication Technology
ICD	- Inland Container Depot
ICF	- Investment Climate Facility for Africa (Development Partners)
ICMS	- Integrated Customs Management System
IPSAS	- International Public Sector Accounting Standards
KENTRADE	- Kenya Trade Network Agency
KEBS	- Kenya Bureau of Standards
KDB	- Kenya Dairy Board
KMA	- Kenya Maritime Authority
KRA	- Kenya Revenue Authority
NEMA	- National Environment Management Authority
NSSF	- National Social Security Fund
PFM	- Public Finance Management
PCPB	- Pest Control Products Board
SWS	- Single Window Systems (otherwise referred to as the TradeNet system)
SAGAs	- Semi-Autonomous Government Agencies
SCAC	- State Corporation Advisory Committee
TFP	- Trade facilitation platform
TMEA	- Trademark East Africa

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KEY ENTITY INFORMATION AND MANAGEMENT

a. Background information

The Kenya Trade Network Agency (KenTrade) is established under the National Electronic Single Window System Act No. 25 of 2022.

b. Principal Activities

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

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

- Lodge documents electronically including imports or export documents for processing and approval; and
- Facilitate the electronic payment of fees and levies due to the Government on goods imported or exported for transactions submitted through the system.
- The System may be used by a person involved in domestic trade transactions.

Our vision

“Making a difference in Trade Facilitation”

Mission statement

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

c. Key Management

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

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

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

d. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

	Name	Position
1	Amos Wangora	Chief Executive Officer
2	Rose Ronoh	Director Strategy, Compliance and Business Development (Up to March 01,2022)
3	Eric Lukoye	Acting Director, Strategy, Compliance and Business Development (DSCBD) (From March 01,2022)
4	Ann Waweru	Director IT Infrastructure, Innovation & Information Security
5	Chrispus Mbogo	Director Corporate Services
6	David Ngarama	Director Trade Facilitation
7	Bernard Milewa	Corporation Secretary and Legal Affairs Manager
8	Paul Mwaura	Manager, Internal Audit
9	Joanne Kweyu	Manager, Supply Chain Management

e. Fiduciary Oversight Arrangements

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

i. Audit & Risk Committee

- | | |
|---------------------|---------------------------------------|
| 1. Florence Chemtai | - Chairperson |
| 2. Kenneth Odhiambo | - Member (Alternate Director CS NT&P) |
| 3. Erastus Kimuri | - Member |
| 4. Rose Masita | - Member (Alternate Director PS SDT) |

ii. Finance & General Purposes Committee

- | | |
|---------------------|---|
| 1. Stephen Lekupe | - Chairperson |
| 2. Kenneth Odhiambo | - Member (Alternate Director CS NT&P) |
| 3. George Wanjau | - Member (Alternate Director PS MOTIHU) |

iii. Human Resource and Compliance Committee

- | | |
|-------------------|---|
| 1. Erastus Kimuri | - Chairperson |
| 2. Stephen Lekupe | - Member |
| 3. George Wanjau | - Member (Alternate Director PS MOTIHU) |

iv. Strategy and Business Committee

- | | |
|---------------------|--------------------------------------|
| 1. Florence Chemtai | -Chairperson |
| 2. Erastus Kimuri | -Member |
| 3. Rose Masita | - Member (Alternate Director PS SDT) |

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

f. Entity Headquarters

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

g. Entity Contacts

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

h. Entity Bankers

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

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

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

i. Independent Auditors

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

j. Principal Legal Adviser

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

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THE BOARD OF DIRECTORS

Mr. Milton Mugambi Imanyara
Chairman



Mugambi Imanyara holds a Bachelor of Laws (LLB) degree from the University of Nairobi and a Post Graduate Diploma from the Kenya School of Law. He is a senior advocate of the High Court of Kenya and a Certified Public Secretary. He is a member of the Law Society of Kenya, the International Commission of Jurists and the Commonwealth Law Association.

He has over 28 years' experience in private practice and consultancy and has consulted extensively for both the Government of Kenya and Non-Governmental Organizations. He is the immediate former Chairman of Kenya Industrial Estates, a State Corporation under the Ministry of Industrialization, Trade and Enterprise Development.

Eng. Erastus Kimuri
Member



Eng. Kimuri holds a MSc in Chemical Engineering from the Moscow State University of Fine Chemical Technologies. He is a retired civil servant, his last assignment being a Director Industries/ Acting Head Delivery Unit at the Ministry of Industrialization, Trade and Enterprise Development. He was a Member of the Kenyan team which participated in the preparation of the Treaty for the Establishment of the East African Community. He was also a part of high-Level Tripartite Committee of Experts which studied the impediments to the promotion of Inter-State Trade within the East African Region (EAC). Eng. Kimuri has over 40 years' experience in trade and industrialization matters.

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THE BOARD OF DIRECTORS (Continued)

Ms. Florence Chemtai
Member



Ms. Chemtai holds a master's degree in Business Administration (Strategic Management) from the Kisii University and a Bachelor's Degree in Business Management from Moi University.

She is an Assistant Registrar (Administration) at the Koitaleel Samoei University College. She has also served as an Assistant Lecturer and Coordinator, Industrial Attachment and Placement-Kisii University, Eldoret Campus.

Mr. Stephen Lekupe
Member



Mr Lekupe is currently a County Executive Committee Member, Samburu County Government. He has previously served in various positions at the Ministry of Local Government including as County Clerk; Town Clerk; Town Treasurer; Revenue Officer and Administration Officer in various counties. He holds a Masters of Business Administration Degree from Kenyatta University and a Bachelor of Commerce (Accounting and Business Administration

/Management option) from Daystar University. He is also a PhD candidate (Business Administration) at the University of Nairobi.

Mr. George Wanjau
Alternate Member to the Principal Secretary, State Department for Transport



Mr. Wanjau holds a Master of Science in Project Planning and Financing from University of Bradford and Bachelor of Arts in Economics degree form Nairobi University. He is the Director, Planning at the Ministry of Transport, Infrastructure, Housing and Urban Development. He has over 30 years' experience in the Civil Service with considerable experience in regional, sectorial and national planning, including poverty reduction strategies, health sector reforms and project preparations and implementation, monitoring and evaluation, policy formulation for the transport sector and urban transport planning.

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THE BOARD OF DIRECTORS (Continued)

Mr. Kenneth Ayuelu Odhiambo

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



Mr. Odhiambo currently serves as a Deputy Director of Human Resource Management & Development in the National Treasury. He has previously served as Head of Human Resource Management & Administration at the Constituencies Development Fund. Mr. Odhiambo has also previously served in the roles of Principal Human Resource Management & Development Officer and Chief Human Resource Management & Development, in the Office of the Vice President & Ministry of Home

Affairs.

Mr. Odhiambo has a Bachelor of Arts from the University of Nairobi Political Science and History and is an ongoing student pursuing a Master of Science in Human Resource Management from the Moi University.

Mr. Odhiambo sits in the Governing Council of the National Crime Research Centre. He has previously served as a Board member of Chemilil Sugar Company and Governing Council of Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Meru University

Ms. Rose Masita

Alternate Member for the Principal Secretary, State Department for Trade



Ms. Masita has a Master of Science Degree in Entrepreneurship (MSc Entrepreneurship), a Bachelor of Arts in Anthropology and a BA (Anthropology and Economics). She also has a Certificate from UNCTAD on Trade Facilitation in the East African Community.

Ms. Masita currently serves as an Assistant Director, External Trade in the Ministry of Industry, Trade and Cooperatives. She has previously served as a Senior Foreign Service Officer in the Ministry of Foreign Affairs and International Trade attached to the Directorate of Economic & international Trade, Division of Economic Affairs where she was posted to Pretoria South Africa as the officer in Charge of Trade at the Kenya High Commission. Ms. Masita has vast experience in matters International Trade including trade facilitation.

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THE BOARD OF DIRECTORS (Continued)

Amos Wangora
Chief Executive Officer



Amos S. Wangora is currently the Chief Executive Officer of the Kenya Trade Network Agency having been appointed to that position on October 1, 2016. He has served as the General Manager Operations and Project Director for the Kenya National Electronic Single Window System implementation (Kenya TradeNet System) with responsibility for the system implementation and operationalization. He holds a Master's degree in Maritime Affairs specializing in Port and Shipping Management from the World Maritime University (Sweden). He is also a Fellow of the Institute of Chartered Shipbrokers (UK) and a Certified Information Systems Auditor (CISA). He has over Twenty-Five years work experience in the Trade and Logistics sector with specialization in C-Suite Strategic Management, Maritime Affairs and Project Management in Port, Customs and Trade sector automation. He has vast experience in the designing, development and implementation of ICT interventions for Trade and Transport facilitation.

Mr. Bernard Milewa
Corporation Secretary & Legal Affairs Manager



Mr. Bernard Milewa is an Advocate of the High Court of Kenya, Commissioner for Oaths and a Governance Auditor. He holds a a Master of Business Administration (MBA) Strategic Management from the University of Nairobi, Bachelor's Degree in Law from Moi University and Post-Graduate Diploma in Law from Kenya School of Law. He is also a Certified Secretary (CS) and a Certified Public Accountant (CPA-K). He is a member of the Institute of Certified Secretary of Kenya, Institute of Certified Public Accountant (ICPAK) and Chartered Institute of Arbitrators (Clarb). Mr. Milewa has 15 years' legal experience and previously served in a similar capacity at the Kenya Literature Bureau as well as a Compliance and Legal Officer at the Postal Corporation of Kenya. Mr. Milewa joined the Agency in January 2018.

KENYA TRADE NETWORK AGENCY

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MANAGEMENT TEAM

Amos Wangora
Chief Executive Officer



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

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

Anne Waweru
Director IT Infrastructure Innovation & Information Security



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

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

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MANAGEMENT TEAM (Continued)

David Ngarama
Director, Trade Facilitation



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

Prior to his appointment as Director Trade Facilitation, he served as the Director Strategy, Compliance and Business Development. Before this appointment, he had served for over eight years as the Manager Strategy and Planning at the Agency. He joined KenTrade in 2013 having served as a Transaction Manager with the Privatization Commission, a parastatal under The National Treasury and Planning, for four years where he was in charge of various privatization transactions in the country. He has also served as a Principal Economist in the Office of the Deputy Prime Minister and Minister for Finance where he doubled as a Technical Assistant to the Deputy Prime Minister.

Mr. Ngarama has over 23 years' experience in public sector operations and has worked as a Senior Economist at the Ministries of Planning, Finance, International Trade and Industry. In addition, he has wide exposure in regional trade and integration matters and has represented Kenya in many trade negotiations within and outside the Common Market for East and Southern Africa (COMESA) Region and EAC.

Over and above the Bachelors and Master's degrees in Economics, Mr. Ngarama has been trained in Senior Management related courses including the Strategic Leadership Development Programme at the Kenya School of Government and Senior Managers Leadership Programme at the Strathmore Business School; Project Monitoring and Evaluation; Project Management; Financial modeling and a host of other areas. Mr. Ngarama is currently the Director in Charge of Trade Facilitation at the Agency.

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MANAGEMENT TEAM (Continued)

Mr. Chrispus Mbogo
Director, Corporate Services



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

He worked for the Kenya Agricultural Research Institute (KARI) for ten years as an Accountant and Internal Auditor. Before joining the Agency, he worked with the Coffee Development Fund as Head of Internal Audit and Acting Finance & Administration Manager. Mr. Mbogo is an active member of ICPAK and serves in the ICPAK Council Committee for Public Sector Accountants.

Eric Lukoye
Acting Director, Strategy, Compliance and Business Development (DSCBD)



Eric Lukoye has been in the TradeNet System project implementation team from inception. His involvement in TradeNet implementation enabled him to gain Project/Programme Management experience. Through his interactions with numerous stakeholders, Lukoye is also well versed in stakeholder engagement. He holds a Bachelor of Science Degree in Information Technology and a Master's degree in Business Administration (Strategic Management). He is also a

Certified Information Systems Auditor (CISA) and a member of Information System Audit & Control Association (ISACA). Lukoye is a PRINCE2 Agile practitioner and also holds a Managing Successful Programme (MSP) certification.

He has over ten years work experience in the International Trade and Logistics sector. Lukoye is also an experienced Information System auditor having worked at the Kenya Port Authority as an Information System Auditor. In addition to being a Project Management practitioner, Lukoye takes part in fashion photography.

KENYA TRADE NETWORK AGENCY

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MANAGEMENT TEAM (Continued)

Mr. Bernard Milewa

Corporation Secretary & Legal Affairs Manager



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

Mr. Paul Mwaura

Manager, Internal Audit



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

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

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MANAGEMENT TEAM (Continued)

Ms. Joanne Kweyu
Manager, Supply Chain Management



Ms. Joanne Kweyu is a Supply Chain Management expert with a wealth of experience in public sector procurement. She joined the Agency in July 2012, having worked in the civil service in various capacities under the National Treasury, Government Information Technology Services (GITS), Ministries of Public Health, Lands, Agriculture and Livestock Development and the Office of the President.

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

Ms. Kweyu is a licensed Supply Chain Management practitioner and a member of the Kenya Institute of Supplies Management (KISM), where she also serves as a co-opted member of the Disciplinary Committee. She is also a member of the Chartered Institute of Purchasing and Supply (UK),

KENYA TRADE NETWORK AGENCY
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CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you KenTrade's annual report for the Financial Year ended 2021/2022. The Agency celebrated its 10th Year anniversary on March 30th, 2022, this was a moment to reflect on what had been built over the last decade, but also to reflect on the unprecedented challenges the Agency faced during the Covid-19 pandemic.

The Board of Directors continued to provide its oversight role to Management with a view to ensure that most of the planned activities and projects were implemented as planned. We managed to remain focused on discharging our mandate of implementing and managing the Kenya National Electronic Single Window System (Kenya TradeNet System) and trade facilitation. We are in the process of upgrading the TradeNet system to what we now call the Trade Facilitation Platform (TFP). Towards this end, we have on boarded twenty-six (26) Partner Government Agencies (PGAs) involved in trade transactions processing.

The 2021/2022 Financial Year will be remembered as one of our most significant years. We take pride in the accomplishments but also draw lessons from the challenges experienced. Our 10th Year anniversary culminated to the inaugural Trade Facilitation Summit held in Mombasa on March 30, 2022. Based on the feedback that the Board received from the stakeholders, I believe that the Agency is well-positioned to seize new opportunities by leveraging on our strengths and capabilities to provide our stakeholders with quality service. We will continue to focus on the execution of our customer - centric strategy and strive towards making a difference in trade facilitation which is at the core of our activities.

The year under review also ushered in the enactment of the National Electronic Single Window System Act (National Assembly Bill No. 15 of 2021) by Parliament following the Presidential assent on June 21, 2022. This essentially revoked the Legal Notice No.6 of 2021 and paved way for KenTrade to have a stronger legal foundation and ensured that the functions and powers of the Agency are entrenched in an Act of Parliament.

Following the Government's review of the recruitment moratorium in the public service, the Agency is on course towards attaining its staff establishment by recruiting additional professionals.

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CHAIRMAN'S STATEMENT (Continued)

The implementation of the 2020/2021 – 2022/23 Strategic plan is on course and will come to a close in FY/2022/2023. The drive with which the Agency staff and our industry partners have worked towards implementing the plan is impressive and significant ground has been covered. With this progress, the Board together with management will embark on the formulation of the 2023/24 - 2026/27 Strategic plan. We will engage all our stakeholders to ensure we have an all-inclusive strategy that will not only address the needs of the Agency but also those of our stakeholders. In doing this, we will leverage on your existing goodwill and support.

Some of the projects that we successfully undertook are credited to the support that we received from our key development partners namely, Trademark East Africa (TMEA), the World Bank Group and GIZ who complimented the funding that we received from the exchequer thus enabling us to deliver on our mandate.

We therefore look forward to the exciting years ahead not only at the Agency but also in the Trade Facilitation industry.

In conclusion, I would like to appreciate our stakeholders and users of the system, who are our reason for being. Their support and utilization of the system enables us to make the difference in trade facilitation. I am grateful to our management team for their exemplary leadership and a big thank you to our staff, whose indomitable spirit has been a credit to themselves and to KenTrade. I am equally grateful to my fellow directors for their sound advice and direction which they have continued to offer since their appointment. Their level of engagement remains at its peak.

I would like to express my appreciation to our parent ministry, The National Treasury and Planning, for their constant support to the mandate of the Agency.

Thank You.


Mugambi Imanyara

CHAIRMAN

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REPORT OF THE CHIEF EXECUTIVE OFFICER

The past fiscal year 2021/2022 has seen KenTrade in the midst of an exciting transformation in the era of technology, and I am incredibly proud of how we responded to various challenges, guided by our vision of making a difference in Trade Facilitation for our stakeholders and the country.

Despite the challenges we experienced in the second year of the Covid-19 pandemic, our team has maintained an uninterrupted level of service and support from stakeholders, while also accomplishing significant achievements. This has largely been due to the adaptability and the digital transformation that has seen a strong acceleration in the past two years. This I see as a good thing. One of the key strengths I believe the Agency has leveraged on is the investment towards infrastructure and innovative platforms and services. This combination of investment and innovation has been critical to delivering efficient services to our customers that has enabled more stakeholders to benefit from a digitally enabled environment.

The successful enhancement and upgrade of the Kenya TradeNet System to the Trade Facilitation Platform (TFP) is one major milestone that has paved the way for KenTrade to continue providing quality services. Implementation of the upgraded system commenced in 2019 and operations commenced in August 2021. TFP has so far onboarded twenty-six (26) Partner Government Agencies (PGAs) who are involved in document processing on the platform. Through this cutting edge technology, we have managed to achieve over 92 percent automation of international trade processes.

In this regard, we will continue to develop, enhance and innovate products and services that will solve challenges in the industry by leveraging on strategic partnerships. Towards this end, we partnered with the Kenya Export Promotion and Branding Agency (KEPROBA) and the Intergovernmental Standing Committee on Shipping (ISCOS) mainly to enhance collaboration in the trade industry with a view to enhancing trade facilitation and to identify solutions on how to address obstacles facing exporters and producers of export products and services.

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REPORT OF THE CHIEF EXECUTIVE OFFICER (Continued)

We upscaled the implementation of the InfoTradeKenya portal an online platform that offers a step-by-step guide to imports, exports, and transit trade procedures to assist traders make informed choices. Through this portal, which is accessible via infotradekenya.go.ke traders can see all the requirements needed to comply with in order to import, export and transit a specific commodity to or from Kenya. In partnership with various Partner Government Agencies (PGAs) we have upscaled the simplification of the import and export procedures to improve on traders' experience, eliminate costly delays in processing approvals for cargo export and import permits and licenses.

Another key milestone was the launch of the Maritime Single Window System (MSWS). We are working closely with the Kenya Maritime Authority to oversee implementation of the MSWS, a move that has made Kenya compliant with the FAL Convention that makes it mandatory for ships and ports to exchange FAL data electronically through encouraging the use of the Maritime Single Window System. This entailed enhancing the Kenya TradeNet System to cater for the Maritime Single Window which has improved the ship clearing and turnaround time.

We re-launched the *i-Screen Kenya System* to assist local businesses and individuals vet businesses they intend to trade with to identify any potential risks by carrying out due diligence on trading entities, against a comprehensive list of major international sanctioning government bodies. This product provides traders in Kenya with information to check the credibility of international sellers before they can commit their financial resources.

Innovation is one of the core values of the Kenya Trade Network Agency which explains why the Agency is unrelenting in rolling out innovative solutions, our latest being the KenTrade Business Intelligence (BI) Tool. The BI tool helps to facilitate ease of trade in Kenya through extraction and analysis of real-time data to help trade facilitators and government agencies make real time data-driven decisions. This tool was launched on June 30, 2022 and so far we have on boarded the Pharmacy & Poisons Board (PPB), Kenya Bureau of Standards (KEBs), Kenya Dairy Board (KDB), Directorate of Veterinary Services (DVS) and Pest Control Products Board (PCPB).

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REPORT OF THE CHIEF EXECUTIVE OFFICER (Continued)

Funded by our development partner, TradeMark East Africa (TMEA), the BI tool will also help KenTrade visualize internal and external strengths and weaknesses, detect opportunities for more innovation and will be instrumental in the Agency's goal of reducing the cost of doing business in Kenya.

This has indeed been a year of growth and expansion considering that we finalized and operationalized our offices at the Internal Container Depot (ICD) Nairobi where our Trade Facilitation and Customer Services and Contact Centre is now based, to promptly respond to the needs of our customers in an efficient and satisfactory manner.

We hosted the Annual Africa Alliance for e-Commerce Conference (AAEC) meeting in Mombasa in March 2022 as part of the Agency's 10th Year anniversary celebrations. During the AAEC Conference Kenya (and hence KenTrade) was elected as the president of the continental body AAEC. AAEC is a framework for exchange and sharing of information on trade facilitation. It aims to promote the concept of national and regional Single Window Systems in compliance with recommendations of international institutions. AAEC currently has eighteen (18) members mainly drawn from countries that have implemented Single Window Systems within the region.

With the tenacity that our people have shown and solid foundations of our vision, mission and shared values, I am confident that we will be able to handle any challenges the future may bring.

Finally, please allow me to thank all stakeholders for being part of this inspiring journey and for shaping the days ahead. I take this opportunity to give a special mention to all stakeholders who have continuously believed in us. I thank the management who have worked closely with me for their passion and dedication in keeping our operations running seamlessly. I am grateful to all staff for their relentless spirit and for pushing through these tumultuous times to uphold our vision in making a difference in Trade Facilitation.

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REPORT OF THE CHIEF EXECUTIVE OFFICER (Continued)

I would also like to thank the Chairman and the Board of Directors for their guidance in providing strategic direction and leadership. Lastly, I am thankful to our parent ministry, The National Treasury and National Planning, for their support and oversight role which has enabled us to achieve the milestones we have realized this financial year 2021/2022.

Thank you.



David N. Ngarama

Ag. CHIEF EXECUTIVE OFFICER

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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2021/2022**

During the Financial Year 2021/2022, KenTrade had six (6) strategic pillars and eight (8) strategic objectives within its Strategic Plan for the period 2018/2019- 2022/2023. These Strategic Pillars are as discussed below:

Pillar 1: Legal and regulatory framework

The main objective under this theme is to strengthen the legal and corporate governance framework for the Agency. The National Electronic Single Window System Bill was assented to law by the President after going through the parliamentary process. The enactment of the Bill will provide a strong legal framework for the establishment and operations of the Agency. This legal framework will address the challenges posed by conflicting legal mandates and legislative provisions which have negatively affected KenTrade's operations in the past.

In addition, the Agency is working with the Kenya Law Reform Commission to develop Regulations which will operationalize the National Electronic Single Window System Act of 2022.

In terms of corporate governance requirements, the Agency contracted an independent consultant to carry out a governance audit to review the extent of the Agency's conformity to the required standards of corporate governance principles and practices as stipulated in the Code of Governance for State Corporations, 2015 ("Mwongozo"). The Agency received recommendations from the 2020/2021 legal audit report and has been implementing these well into the FY 2021/2022 to fully comply with the said recommendations. The Agency is committed to full compliance with the framework of the laws, regulations, and policies under which it operates.

Pillar 2: Management of the TradeNet System and other business systems

The target for Single window availability for the period 2021-2022 was 99.98%, The Agency managed an availability of 97.43%, The variance of -2% was attributed to the fact that the Agency rolled out the TFP system with integration with other systems and the compatibility challenges that needed to be resolved.

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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2021/2022 (Continued)**

To improve the uptime, the Agency has procured a secondary hosting site to facilitate a failover whenever the primary site is under maintenance or experience technical problem. KenTrade acquired a new Primary and Secondary hosting site and upgraded the underlying infrastructure to Open Compute Platform (OCP). In August 2021, the Agency, as mentioned above, rolled out its upgraded Single Window System application, dubbed the Trade Facilitation Platform (TFP), a more versatile application that leverages on emerging technologies.

In response to the ever-changing dynamic complex cyber-threat landscape coupled with stringent data privacy regulations, the Agency has implemented various security solutions that include Network Operations Centre (NOC), Network Access Control (NAC), Security Information and Event Management (SIEM), Privileged Access Monitoring (PAM) and adopted ISO/IEC 27001:2013 as its information security management framework. KenTrade is in now ISO/IEC 27001:2013 certified.

The second objective under this theme was to facilitate reduction in cargo documentation time to maximum average of one day by 2020. In 2021/22. Majority of Government Agencies were able to achieve this target. Under this objective the Agency undertook to fully operationalize the Kenya TradeNet System. By the end of the year, twenty-six (26) Government Agencies were on board the new TFP System with over 17,000 users using the system with annual transactions running to a high of 1,000,000 per year. During the year, the Agency finalized integrations with KEPHIS, KEBS, KRA iCMS, including end-to-end automation of the exports process. The Agency rolled out the Cargo release module for Partner Government Agencies, heralding a new era of paperless cargo clearance. This is anticipated to reduce time taken to process documents and clear goods at all points of entry overall reducing the cost of doing business in the country. The Agency rolled-out the Duty Remission module through the TradeNet system, which automated the manual process of application for exemption of import of raw materials by manufacturers. The Agency conducted training and sensitization to over 1000 stakeholders on the Trade Facilitation Platform (TFP), Duty Remission and the Cargo Release module. To improve its data analysis and reporting, the Agency is implementing a Business Intelligence tool that will enhance data mining and evaluation capabilities for better decision making. This has been funded by development partners of the Agency.

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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2021/2022 (Continued)**

Pillar 3: Customer service

The Strategic Objective under this pillar is to increase quality and efficiency of service delivery to stakeholders. During the financial year 2021/22 the Agency started implementing the post COVID-19 recovery plans after the pandemic. The Agency staff resumed work in the office having earlier implemented a work from home model to allow for business continuity. Through the post covid plans, the Agency was able to achieve a customer satisfaction score of 83.28% by ensuring optimal service delivery to its customers. During the year, the Agency received and resolved over ninety thousand cases (90,000). The Agency has continued to ensure the services our customers receive are timely and the customer remains satisfied with our product and service offering.

Pillar 4: Financial Stability

The main objective under this theme was to raise internally generated funds to finance at least 20% of the Agency's operating budget by end of the financial year (FY 21/22). The Agency made efforts to achieve this from its products and services (Value Add services VAS) such as I-Screen, Augmented Services (optional premium service) and training. The main aim of the augmented service products was to offer assistance to customers at a nominal fee. Through this, the Agency was able to raise Kes. 170,222 (One Hundred and Seventy Thousand, Two Hundred and Twenty-Two Shillings).

The Agency has been offering training to stakeholders on the Single Window System to build their capacity in navigating through the system flawlessly. This saw the Agency collect Kes. 7,667,400 (Seven Million, six Hundred and sixty-seven Thousand and Four hundred Shillings).

The Agency aims to focus on generating products and services that will be useful to our customers by providing solutions that will not only be beneficial to their way of doing business but will have a significant role in ensuring financial sustainability.

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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2021/2022 (Continued)**

Pillar 5: Institutional capacity strengthening

The Agency has focussed on eliminating organizational inefficiencies both internally and externally by improving business processes, enhancing the use of ICT based solutions, strengthening the risk management and internal controls, research and development to ensure continuous innovation and growth within the ecosystem we exist in.

The initiatives instituted enhanced productivity within the Agency, where a more agile and hybrid way of working to implement post COVID-19 recovery plans was adopted. During the Financial Year 2021/22, the Agency implemented the Enterprise Resource Planning (ERP), e-recruitment module and e- learning system to assist in the seamless submission of recruitment documentation and automated training therefore significantly improving the Agency's way of working.

Pillar 6: Trade facilitation

The strategic objective under this theme was to establish stakeholder collaboration through sharing data and increasing trade across the Northern Corridor. This was to be achieved through three main strategies, establishment of an information for Trade Portal which was implemented successfully with support from UNCTAD, ITC and TMEA. The Agency managed to document and publish 106 commodities for both export & import procedures and simplified 8 procedures by the end of the Financial Year 2021/22. The Agency through the support of TradeMark East Africa (TMEA), has continued to onboard users to the Maritime Single Window System (MSWS) enabling the country to comply with IMO FAL convention.

KenTrade develops its annual work plans based on the above six (6) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the Financial Year 2021/22 period for its six strategic pillars, as indicated in the diagram below:

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**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2021/2022 (Continued)**

Strategic Pillar	Objective	Activities	Key Performance Indicators	Achievements
Pillar 1: Trade Facilitation	Objective: Establish stakeholder collaboration through sharing of data and increasing trade across the Northern Corridor	Establish an Information for Trade Portal	Number of simplified processes	Information portal established and 106 commodity procedures documented and published. Documented procedures for five commodities as below: - Seedlings, Curios, Botanical Bixa, Furniture, Machinery, Home Appliances, Plastic ware, cuttings, LPG, petroleum and petroleum products.
		Implement the Maritime Single Window System (MSWS)	Automate and enhance the shipping business process	MSWS was developed and rolled-out in May 2021. The last FY focused on integration with KRA ICMS, Onboard Firearms Bureau, and training of stakeholders.
		Simplification of documented procedures	The Agency aimed at simplifying at least two Procedure for the FY 2021/22	Simplified documented procedures for two commodities as below: - avocado and fish processes.
Pillar 2: Management of the National Electronic Single Window	To maintain at least 99.982% availability of the Kenya TradeNet System.	Develop and implement the second-generation Kenya	Operational Second-Generation Single Window System	Operationalised the TFP systems and onboarded 25 PGAs in FY 21/22.

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Strategic Pillar	Objective	Activities	Key Performance Indicators	Achievements
System		TradeNet system.		
	To facilitate reduction cargo documentation time to maximum average of one day by 2020	Roll out the Single Window System in more borders across the country	Increased Utilization of the TradeNet system	Users were over 17,000 by end of year and 37 Government Agencies on board the TradeNet System. (SWS and TFP) Over 1000 stakeholders sensitized on the system.
		Integrate the Kenya TradeNet System with stakeholder systems every year	Streamlined, simplified and harmonized processes with more PGAs and end users enrolled to use system	
Pillar 3 Customer service	To increase quality and timeliness of service delivery to stakeholders by 2% annually from the current baseline of 74%	Enhance Communication to stakeholders	Systems improvement and Customer satisfaction level	CRM System enhanced and most modules utilized. Activities for upgrade of CRM commenced. system Customer satisfaction level of 83.28% achieved as at the end on the year
Pillar 4: Business Development and Marketing	To raise internally generated funds to finance at least 20% of the Agency's operating budget by year	Introduce new products and services (Value Add services VAS)	New products and services offering	Raised Kes. 170,222 from augmented services.

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Strategic Pillar	Objective	Activities	Key Performance Indicators	Achievements
	2020/2021	Develop and implement a business pricing model.	Revenue raised.	Raised KES. 7,667,400 from TFP training
Pillar 5: Institutional capacity building	To increase operational efficiency in service delivery	Improve business processes	Increased quality in service delivery	Maintained the Quality Management System and transitioned to ISO 9001:2015
		Enhance use of ICT based solutions	Improved productivity	All internal and external systems maintained during the year
		Strengthen risk management and internal controls	Effective risk management and reduced risk exposure for the Agency	Risk monitoring carried out on a quarterly basis. Implemented BCP and Risk Framework
		Expenditure control	Increased efficiency and Expenditure control	Budget Implementation Committee monitored all expenditures on a monthly basis
		Research and development	Increased efficiency and information-based decisions And mainstreamed innovations.	Received several innovations from staff to be reviewed and implemented, conducted on varied Agencies Issues.
	To ensure optimum	Institutionalize the	Increased staff productivity	Performance management framework maintained.

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Strategic Pillar	Objective	Activities	Key Performance Indicators	Achievements
	productivity and enhanced service delivery by continuously developing the human capital of the Agency.	performance management framework	and Improved employee morale and staff	Staff motivation Employee of the quarter program. Reward for top performing Staff implemented.
		Implement effective HR policies	Best practices in HR management	All HR policies maintained and new policies developed.
Pillar 6: Legal and regulatory framework	To strengthen the legal and corporate Governance frameworks in place by 2020.	Facilitate enactment of the Act on the National Electronic Single Window System	NSWS Act	Bill was assented by the president and now NSWS Act of 2022 is gazetted into law.
		Facilitate enactment of regulations on the National Electronic Single Window System	Draft regulations	Draft regulations developed and will be implemented in 2022/23 after in enactment of the Bill.

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CORPORATE GOVERNANCE STATEMENT

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

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

Roles and Functions of the Board of Directors

The Agency is run through the general direction of the Board of Directors, which provides strategic direction to the Agency, exercises control and remains accountable to the Agency's stakeholders. The Board is further responsible for administration, management and development of the Agency; administering the assets and funds of the Agency in such manner and for such purposes as shall promote the best interests of the Agency and Committing to the underlying principles of good governance.

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

1. Determining the business strategies and plans that underpin the corporate strategy and provide strategic advice to Management;
2. Reviewing the financial statements and overseeing compliance with applicable audit, accounting and reporting requirements;
3. Monitoring and evaluating Corporate Performance;

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CORPORATE GOVERNANCE STATEMENT (Continued)

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

Board Structure and Processes

The Board of Directors of the Agency consists of:

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

The Cabinet Secretary - The National Treasury & Planning appoints the Board while the Chair is appointed by His Excellency, the President of the Republic of Kenya.

KENYA TRADE NETWORK AGENCY
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CORPORATE GOVERNANCE STATEMENT (Continued)

The KenTrade Board reflects a diversity of competencies, experience, talent and skills required for the effective leadership of the Agency. The Board is exposed to trainings, seminars and workshops on Corporate Governance issues to enhance their knowledge and skills. The board is also trained on matters that are relevant to the business of the Agency including changes in laws and regulations, auditing and government accounting policies and practices. During the year, board induction was done in November 2021 following appointment of the Board Members to appraise them on the Agency's operations. The Agency ensures that a board induction programme is developed for new board members and that all new board members are effectively inducted in their role as directors.

The Agency ensures that it provides the necessary resources and expertise to the Board of Directors to assist them in their decision-making processes and as such, they are regularly consulted on key policy matters.

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

Board Committees

The Board continued to ensure that proper standards of corporate governance were maintained and continued to have oversight over the management of the Agency, not only through the Board meetings but also through the various Board Committees. In its governance, the Board has established four Committees as per section 31 of the National Electronic Single Window System Act, 2022 and in line with Section 1.7 of the Mwongozo Code of Governance for State Corporations. The Committees are all chaired by Independent Board Members.

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CORPORATE GOVERNANCE STATEMENT (Continued)

The members of each Board Committee were as shown on page IV. Membership to these committees is based on the relevant skills, expertise and experience required to handle respective functions. The Committees execute their functions in accordance with terms of reference which define their mandate, roles and responsibilities.

The Committees main functions are described below:

1. Audit and Risk Committee

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

2. Strategy and Business Committee

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

3. Finance and General-Purpose Committee

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

4. Human Resource and Compliance Committee

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

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CORPORATE GOVERNANCE STATEMENT (Continued)

Board Meetings

The Board meets quarterly or as necessary, in accordance with the Business requirements, the Board Work-Plan and Calendar (Almanac) as prepared at the beginning of the year. The Board held 11 meetings in the financial year 2021/2022 while the Committees held their meetings as scheduled. The high number of board meetings was occasioned by the need to induct the new board members who were appointed in October 2021 with the term of the previous board lapsing in September 2021.

The Board and Committee attendance was as follows:

Previous Board

Board Member	Full Board Meetings	Board committees			
		Audit & Risk	Strategy & Business	Finance & General Purpose	Human Resource & Compliance
Gilbert Langat	5/5	-	1/1	-	3/3
Christopher Koiskir	5/5	-	1/1	-	3/3
Wambui Namu	5/5	1/1	-	-	-
Ernest Kamau	5/5	-	-	2/2	3/3
George Wanjau	5/5	1/1	-	2/2	-
Rose Masita	5/5	1/1	1/1	-	-
Kenneth Odhiambo	3/5	1/1	-	2/2	-
Amos Wangora	5/5	-	1/1	2/2	3/3

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CORPORATE GOVERNANCE STATEMENT (Continued)

New Board

Board Member	Full Board Meetings	Board committees			
		Audit & Risk	Strategy & Business	Finance & General Purpose	Human Resource & Compliance
Mugambi Imanyara	7/7	-	-	-	-
Stephen Lekupe	7/7	-	-	6/6	10/10
Erustus Kimuri	7/7	3/3	2/2	-	10/10
Florence Chemtai	7/7	3/3	2/2	-	-
Rose Masita	7/7	3/3	2/2	3/6	-
Kenneth Odhiambo	4/7	3/3	-	3/6	3/10 (Ad Hoc)
George Wanjau	6/7	-	-	4/6	9/10
Amos Wangora	7/7	-	2/2	6/6	10/10

Legal and Governance Audit

The Agency recognizes the need to conduct its business and operations with integrity and in accordance with generally accepted corporate governance practices, and endorses internationally developed principles of corporate governance. The Agency engaged the firm of Munyao, Muthama & Kashindi Advocates during the financial year to carry out a legal audit and governance Audit. The general objective for the audit was to review and establish the extent of the Agency's conformity to the highest standards of governance and compliance with the framework of laws, regulations and policies under which it operates.

The specific objectives of the governance audit were:

- i. Identify and analyze governance parameters which the Agency is required to operate under the Constitution of Kenya, 2010, attendant Statutes and best practices. These parameters shall include:
 - a. Leadership and strategic management;
 - b. Transparency and disclosure;
 - c. Compliance with Laws and Regulations;
 - d. Communication with stakeholders;

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CORPORATE GOVERNANCE STATEMENT (Continued)

- e. Board independence and governance;
 - f. Board systems and procedures;
 - g. Consistent shareholder and stakeholder's value enhancement;
 - h. Corporate social responsibility and investment.
- ii. Evaluate the Agency's existing governance structures, policies and procedures and assess the extent of their compliance with these governance parameters.
- iii. Generate a Governance Audit report of the compliance findings and recommendations.

The specific objectives of the legal audit were:

- i. Identify and document the current framework of laws, regulations and policies under which the Agency operates;
- i. Assess the extent of KenTrade's compliance with statutory obligations;
- ii. Identify the gaps in compliance, the existing risks and propose a compliance strategy to boost compliance levels of the Agency;
- iii. Evaluate existing policies and procedures that support the legal and compliance functions to assess their adequacy in supporting the Agency's regulatory and other compliance requirement and assist Management to design and develop additional compliance policies and procedures as may be necessary;
- iv. Develop a compliance check matrix and implementation framework that will ensure all regulatory and reporting requirements are met and that is in line with best practices and in agreement with the Agency's strategic plan and overall mandate;
- v. Generate a Legal Audit report of the compliance findings and recommendations.

The legal and governance Audit report was presented to Management and the Board. The Reports made recommendations for areas of improvement and Management has put in place an implementation plan for addressing the matters and is continuously monitoring implementation.

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MANAGEMENT DISCUSSION AND ANALYSIS

In the FY 2021/22, the Agency successfully upgraded the Kenya TradeNet System to the Trade Facilitation Platform (TFP) paving way for KenTrade to continue providing quality services to stakeholders. This upgrade aims to achieve increased efficiency not only for the Agency but for the Partner Government Agencies processes as well. The Agency successfully launched the KenTrade Business Intelligence Tool (BI) to facilitate ease of trade in Kenya through extraction and analysis of real-time data to help trade facilitators and government agencies make data-driven decisions. The Agency is still on course in its efforts and focus to implement the Digital Market Place and Trade Finance.

In terms of finances, the Agency still overwhelmingly relies on the support of the National Government. During the year, Kshs **752,650,000/=** was provided by the Exchequer representing **Kshs 364,400,000** for development and **Kshs 388,250,000** for recurrent expenditure. **Kshs 20,117,283 /=-** was generated from other sources, primarily interest income from call accounts, training fees for single window users, augmented fees and other miscellaneous sources. In comparative terms, GOK funding was **99 %** while other sources accounted for about **1%**.

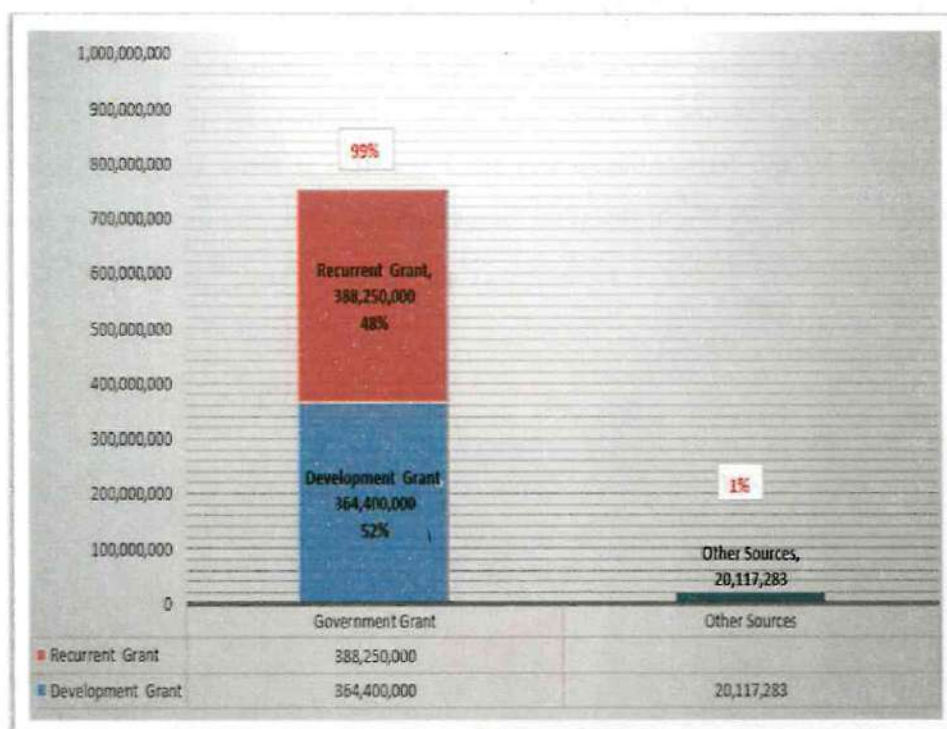


Figure 1. Sources of Funding

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MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

In terms of recurrent expenditure, the Agency spent **Kshs 835,095,936 /=-** with **Kshs 573,131,466/-** being direct cash items and the balance of **Kshs 261,964,470 /=-** being provisions for depreciation and amortization.

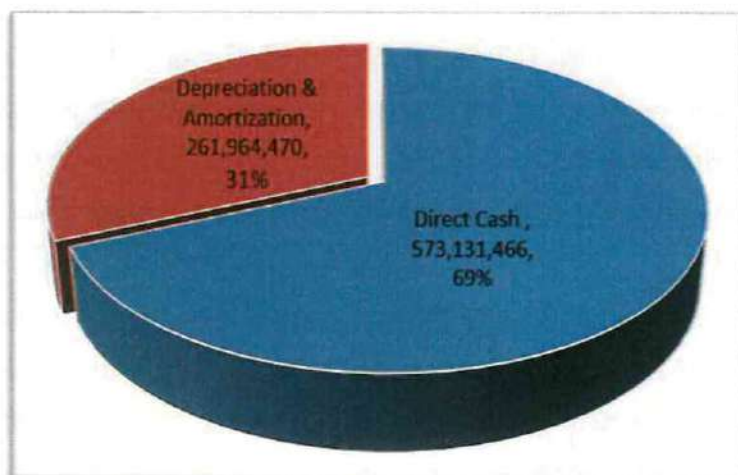


Figure 2. Agency recurrent expenditure

As indicated on the chart below, Staff Costs (Salaries and Wages) account for **37%** of the total recurrent expenditure. Use of goods include various expense lines, with the biggest item being computer expense (repairs, internet, licenses and other recurrent items such as vendor maintenance and support for the single window and other systems) at **Kshs 120,320,338/-**. On its own, this would account for **20.0%** of the total direct cash items expenditure. This is because the Agency's main business is ICT driven.



Figure 3. Recurrent Expenditure Comparison

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MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

In terms of capital expenditure, the Agency spent **Kshs 310,998,712** on purchase of Assets. Kshs **105,004,149** was spent on fixed assets while **Kshs 205,994,563** was spent on intangible assets.

In terms of total assets, the Agency has a total asset base of **Kshs 1,212,863,535/=**. This compares favorably with total liabilities of **Kshs 85,140,261/=**. The assets are made up of **Kshs 132,269,759/=** in current assets and **Kshs 1,080,593,776/=** in Non-Current Assets.

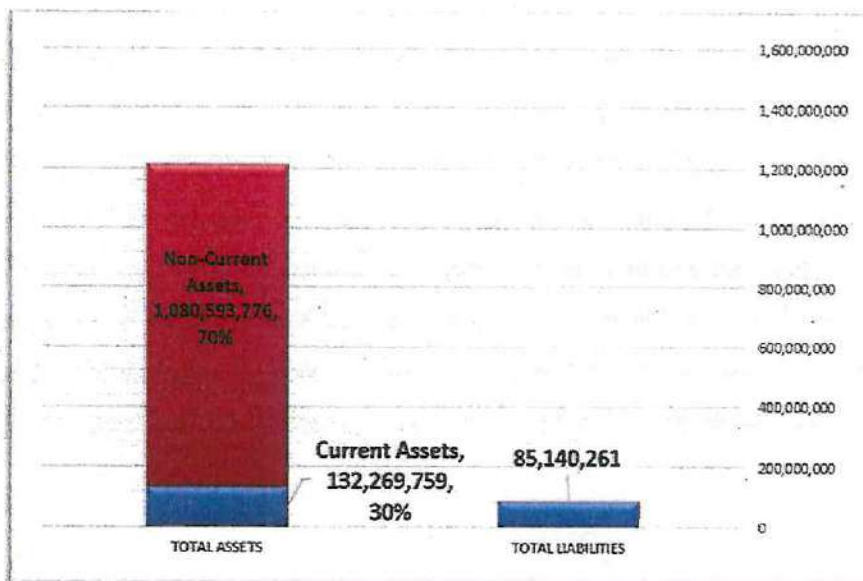


Figure 4. Agency Assets vs. Liabilities

Cash and cash equivalents of **Kshs 123,669,533 /=-** were available for use at the end of the year. These amounts are mainly funds set aside to pay for maintenance contracts for the Trade-net System and other software systems operated by the Agency in its business functions.

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MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Agency in its efforts to embrace digital transformation and to offer value added services rolled out several initiatives to drive change in trade logistics. One such initiative is the implementation of the Maritime Single Window System which has enabled the automation of passenger and ship clearance procedures. Another initiative is the launch of the Information for Trade in Kenya (InfoTradeKenya) portal which provides traders access to a step-by-step guide on trade process and requirements providing traders with the information required to efficiently import and export cargo.

Through its research and innovation efforts, the Agency has also provided tools such as the Business Intelligence platform which facilitates ease of trade in Kenya through extraction and analysis of real time data to facilitate traders and government agencies make data-driven decisions.

The Financial statements for year 2021/2022 show that KenTrade has a sound operation base, however there is need for continued and increased government funding to effectively execute its mandate and implement additional value add services that will have an impact on the trade logistics value chain. The Agency is committed to ensuring it complies with all applicable laws and regulations, empowers its staff through provision of training opportunities and other welfare requirements.



David N. Ngarama,
Ag. Chief Executive Officer

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ENVIRONMENTAL AND SUSTAINABILITY REPORTING

KenTrade is focused on playing a positive role in the community by ensuring it considers the environmental impact of its business decisions and in doing so, has entrenched Corporate Social Responsibility (CSR) policies and practices in its activities by establishing a CSR and Environmental Committee which had developed guidelines that defines objectives and activities to be undertaken by the Agency to fulfil its obligations as a responsible corporate citizen.

1. Sustainability strategy and profile -

The Agency strives to work in harmony with our stakeholders, minimize negative environmental impact while ensuring it supports communities that may need assistance. To achieve this, strategies have been put in place that will ensure sustainability by taking into consideration the Agency operations with regards to the social and economic environment. The Strategies will address stakeholder and community engagements, environment and health and will include:

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

2. Environmental performance

The Agency recognizes that it has a responsibility to the environmental beyond legal and regulatory requirements. The Agency is committed to continually improving its environmental performance as an integral part of its business strategy and operating methods. KenTrade encourages customers to do the same. The Agency has put in place a policy which aims at complying with all regulatory requirements, continual improvement of environmental performance, continual improvement of its environmental by incorporating environmental factors in its business decisions, increasing awareness and employee training. The Agency has put in place an e - waste policy to guide on disposal of e – waste. The Agency submits quarterly reports to National Environmental Management Authority (NEMA)

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MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

3. Employee welfare

To ensure the needs of staff are effectively addressed, the Agency has put in place structures that guide how these needs will be addressed such as the Human Resource Manual/Policy which provides guidance on the approach to be adopted on aspects of recruitment or hiring, career progression, promotion, performance appraisals and trainings. Additionally, the Agency has created avenues that allow staff to share their thoughts and any ideas they may have to improve service delivery such as the CEO Barazas and setting up of suggestion boxes. The Agency complies with Occupational Safety and Health (OSHA) to ensure that all employees work in a safe and healthy environment.

4. Market place practices -

KenTrade has since its inception, made deliberate efforts to build strong relationships with all stakeholders not only for loyalty but also make sure they understand the Agency's business in order to gain goodwill and support. We gain our competitive advantages through delivering excellent customer services and quality products rather than through unethical or illegal business practices.

The Agency has put in place an Anti-Corruption policy aimed at fostering a culture of integrity, honesty, and transparency while ensuring appropriate standards of conduct are maintained to increasing efficiency in service delivery.

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

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

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2022

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

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

5. Community Engagements-

KenTrade recognizes that she is a member of the wider society and thus has purposed to take part in activities that are geared towards making the society a better place. The Agency is committed towards impacting the lives of the local communities and engaging with multiple stakeholders so that the programme remains sustainable and long term.

The Agency's Corporate Social Responsibility (CSR) Policy gives direction on the specific CSR projects and programs that we can undertake in accordance with the CSR Policy's pre-established categories. Priorities are informed based on the evaluation of the issues affecting our society, as well as benchmarking with our peers. We also recognize that society's expectations are evolving and we are increasingly being called upon to play a more active social role, to be open about our social impact and to work towards a sustainable future.

One of the key themes outlined in the Strategic Plan 2019/20 – 2022/23 is "Institutional Capacity Strengthening". The Agency is expected to enhance corporate image by enhancing stakeholder communication, brand visibility and awareness. To achieve this, the Agency needs to leverage on the close collaboration and commitment from its stakeholders in undertaking its CSR activities.

We therefore partnered with various stakeholders and planted 2500 trees in Nairobi, Mombasa, Namanga and Busia.

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2022

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

To successfully do this, we collaborated with the Kenya Forest Service to ensure that we plant tree seedling whose growth would be sustained. In Nairobi for example, we partnered with Nairobi Primary School where we joined the school fraternity and planted over 500 trees. We also donated laptops and a projector to the school to assist the students have access to information and knowledge on computer studies that is carried out from their computer lab.

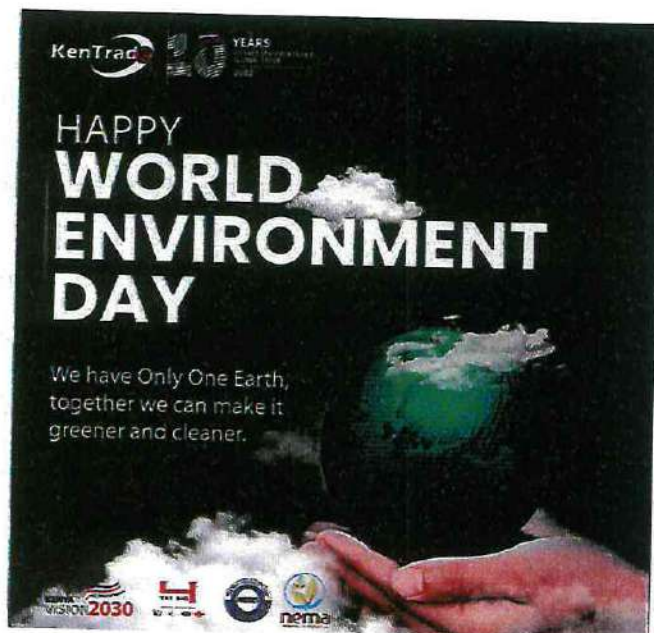


At Ilmerijo Primary School, in Kajiado County, we joined the school fraternity in planting 500 trees. The school is located in a remote area without access to sufficient water. To address the water issue, KenTrade donated a 10,000-liter water tank to give the learners in the school access to clean drinking water and ensure the growth and sustainability of the trees. KenTrade Staff also planted trees in Namanga where we planted 250 trees, in Mombasa 1000 mangrove trees and 250 trees in Busia. We have continued to work towards ensuring high survival rate for trees that we planted at the Nairobi National Park and Ndabibi-Naivasha. The survival rates remain at an average of 85% and we will continue to monitor the growth rate for sustainability.

KENYA TRADE NETWORK AGENCY Annual Reports and Financial Statements For the Year Ended June 30, 2022

As the year ended, we did not lose sight of sensitizing our employees on environmental awareness and conservation which we did jointly with the National Environment Management Authority (NEMA).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)



We endeavor to continuously foster a culture of innovation, which is why we reconstituted our innovation committee. At KenTrade, any employee can post an idea that can improve our processes. Ideas are evaluated and presented to management. Ideas or innovations that are adopted or that garner the highest support are funded and the staff (innovator) is rewarded. Employees also engage in voluntary events, outreach programs and donations for needy families. Finally, we reviewed our CSR Policy this financial year 2021/2022 to ensure that it encompasses the Agency's objective of delineating its responsibility as a Corporate Citizen to lay down the guidelines and mechanism for undertaking programmes for welfare & sustainable development of the community at large. We will remain committed to a fair, equitable and inclusive society, both within our organization and where we can make a difference. It is our constant endeavor to maximize the positive impact of our activities and ensure that it reaches the deserving members of our society.

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2022

REPORT OF THE DIRECTORS

The Directors hereby submit their Report together with the Audited Financial Statements for the year ended June 30, 2022 which outline the state of the Agency's affairs.

Principal activities

The principal activities of the entity are to:

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

Check above and align to the new Act
Results

The results of the Agency for the year ended June 30, 2022 are set out on page I to 43.

Directors

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

Auditors

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

By Order of the Board


Mr. Bernard Milewa

CORPORATION SECRETARY AND LEGAL AFFAIRS MANAGER

Date:.....16/2/23.....

KENYA TRADE NETWORK AGENCY

Annual Reports and Financial Statements

For the Year Ended June 30, 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 2022. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safe-guarding the assets of the Agency;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that these financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2022, and of the Agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

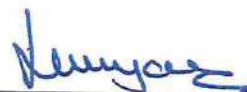
Nothing has come to the attention of the Directors to indicate that the Agency will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Agency's financial statements were approved by the Board on 23/09/2022 and signed on its behalf by:



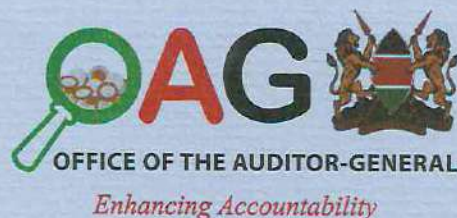
CHIEF EXECUTIVE OFFICER



CHAIRMAN

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA TRADE NETWORK AGENCY (KENTRADE) FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Trade Network Agency set out on pages 1 to 47, which comprise of the statement of financial position as at

30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Trade Network Agency as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the State Corporations Act Cap 446, the Public Finance Management Act, 2012 and Legal Notice No.6 of 2011.

Basis for Opinion

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

Emphasis of Matter

Poor Financial Performance

As previously reported, the statement of financial performance reflects a deficit after taxation of Kshs.343,856,458 increasing the Agency's accumulated deficit from Kshs.1,534,962,854 in the previous year to Kshs.1,878,819,312 in the year under review. Although in Note 33 to the financial statements, Management has indicated that The National Treasury is likely to continue funding the Agency as a going concern, its survival is dependent on the continued financial support by the Government pending operationalization of the National Electronic Single Window Act which will enable the Agency to raise revenue from its Single Window System activities.

My opinion is not modified with respect to this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Unauthorized Reallocation of Funds

The statement of financial performance reflects government grants of Kshs.481,099,814 which, as disclosed in Note 6 to the financial statements, includes realigned development grant of Kshs.116,699,814 transferred from development grant to fund recurrent expenditure as revealed in the statement of changes in net assets. This is contrary to Section 43(1)(b) of the Public Finance Management Act, 2012 which states that, an Accounting Officer may reallocate funds from the authorised use but may not reallocate funds where the funds are appropriated for capital expenditure except to defray other capital expenditure.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

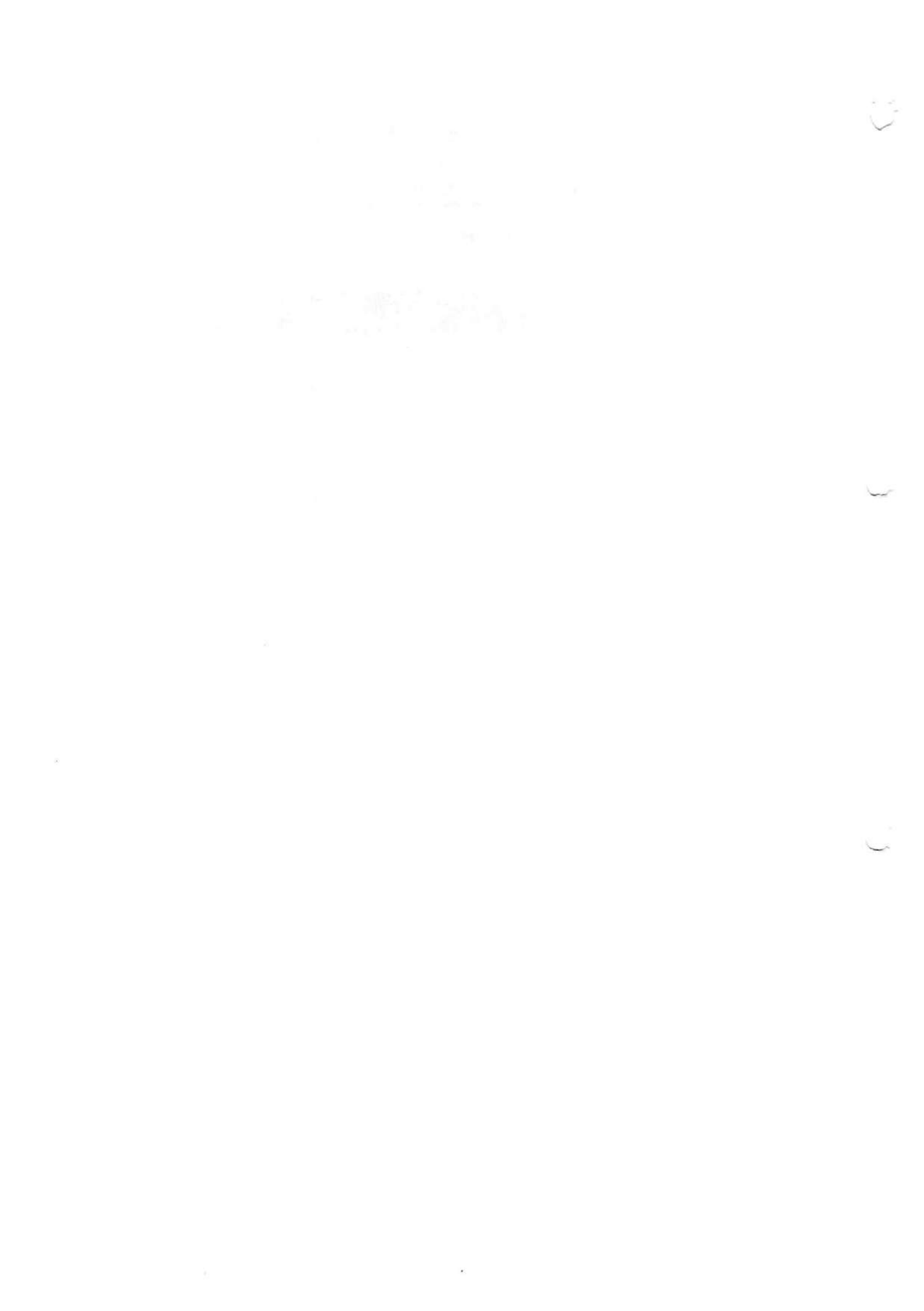
21 March, 2023

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2022

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Government grants	6	481,099,814	421,535,603
		481,099,814	421,535,603
Revenue from exchange transactions			
Finance income - external investments	7	11,825,671	6,594,414
Other income	8	8,291,613	7,975,981
		20,117,284	14,570,395
Total revenue		501,217,097	436,105,998
Expenses			
Use of goods and services	9	229,574,381	126,999,174
Employee costs	10	311,187,531	308,957,284
Remuneration of directors	11	28,719,680	14,529,306
Depreciation and amortization expense	12	261,964,470	215,536,754
Repairs and maintenance	13	3,649,874	4,523,330
Total expenses		835,095,936	670,545,848
Other gains/(losses)			
Loss on disposal of assets	14	(3,942,387)	(560,000)
Deficit before tax		(337,821,226)	(234,999,850)
Taxation	15	(6,035,231)	(4,371,118)
Deficit for the period/year		(343,856,458)	(239,370,968)

The notes set out on pages 14 to 45 form an integral part of the Financial Statements.



KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2022

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
Assets			
Current assets			
Cash and cash equivalents	16	123,669,533	51,499,954
Current portion of receivables from exchange transactions	17(a)	7,869,231	8,686,288
Current receivables from non-exchange transactions	18(a)	730,995	388,471,195
		132,269,759	448,657,437
Non-current assets			
Property, plant and equipment	19	182,040,881	153,224,276
Intangible assets	20	842,893,807	827,943,339
Long term receivables from exchange transactions	17(b)	7,063,521	8,319,930
Long term receivables from non-exchange transactions	18(b)	48,595,566	41,844,776
		1,080,593,775	1,031,332,321
Total assets		1,212,863,535	1,479,989,758
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	75,027,589	271,070,164
Current Provisions	22	2,136,000	2,112,000
Taxation	29	1,774,986	2,859,511
		78,938,575	276,041,675
Non-Current liabilities			
Non-Current Provisions	23	6,201,686	3,918,536
Total liabilities		85,140,261	279,960,211
Net assets		1,127,723,274	1,200,029,546
Revaluation reserves		68,704,634	68,704,634
Donor grants		95,313,707	95,313,707
Accumulated deficit		-1,878,819,312	-1,534,962,854
Capital reserves		2,842,524,245	2,570,974,059
Owners' Equity		1,127,723,274	1,200,029,546
Total net assets and liabilities		1,212,863,535	1,479,989,758

The Financial Statements set out on pages 1 to 55 were signed on behalf of the Board of Directors by:

Ag. C.E.O
Name: David N. Ngarama

Date: 15/02/2023

Director Corporate Service
Name: Chrispus Mbogo
ICPAK Member Number: 7470

Date: 15/2/2023

Chairman of the Board
Name: Mugambi Imanyara

Date: 15/02/2023

KENYA TRADE NETWORK AGENCY
Reports and Financial Statements
For the Year Ended June 30, 2022

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2022

	Capital Reserve	Donor Grants	Revaluation reserve	Accumulated surplus	Total
At July 1, 2020	2,030,959,662	95,313,707	68,704,634	-1,295,591,886	899,386,117
Capital/Development grants received during the year	588,250,000				588,250,000
Realignment during the year	(48,235,603)				(48,235,603)
Deficit for the year				(239,370,968)	(239,370,968)
At June 30, 2021	2,570,974,059	95,313,707	68,704,634	(1,534,962,854)	1,200,029,546
At July 1, 2022	2,570,974,059	95,313,707	68,704,634	(1,534,962,854)	1,200,029,546
Capital/Development grants received during the year	388,250,000				388,250,000
Realignment during the year	(116,699,814)				(116,699,814)
Deficit for the year				(343,856,458)	(343,856,458)
At June 30, 2022	2,842,524,245	95,313,707	68,704,634	(1,878,819,312)	1,127,723,274

1. The Capital reserve is the Cumulative cost of Development Funds contributed by the Government of Kenya to the Agency.
2. The Development grant disbursed in 2021/2022 was **Kshs 388,250,000** out of which **Ksh 116,699,814** was disbursed as development grant for maintenance of the Single window system which is recurrent in nature and hence the realignment.

KENYA TRADE NETWORK AGENCY
Annual Reports and Financial Statements
For the Year Ended June 30, 2022

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

		2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Net surplus/deficit for the year		(337,821,226)	(234,999,850)
Adjustments:			
For items not involving movement of cash			
Depreciation	12	70,920,376	53,965,911
Amortization	12	191,044,094	161,570,843
Loss on disposal:		3,942,387	560,000
Operating surplus before working capital		(71,914,369)	(18,903,095)
Working capital adjustments:			-
Decrease/(Increase) in inventories		-	-
Decrease/(Increase) in accounts receivable		383,062,876	(106,846,084)
(Decrease)/Increase in creditors and accruals		(193,735,425)	165,022,959
Working Capital prior year Adjustment		-	-
Tax paid	29	(7,119,758)	(2,364,042)
Working Capital changes		182,207,693	55,812,833
Total cash generated from operations		110,293,324	36,909,737
Investing Activities			
Purchase of Fixed Assets	19	(105,004,148)	(94,859,541)
Purchase of intangible assets	20	(205,994,563)	(271,413,436)
Proceeds from disposed assets		1,324,780	550,000
Net cashflows from investing activities		(309,673,931)	(365,722,976)
Financing Activities			
Increase in development grants		271,550,186	251,764,397
Amortized ICF Grants		-	-
Decrease in Deferred grants			
Net cash in financing activities		271,550,186	251,764,397
Net increase/decrease in cash and cash equivalents		72,169,579	(77,048,842)
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 July		51,499,954	128,548,796
Cash and cash equivalents at 30 June	16	123,669,533	51,499,954

KENYA TRADE NETWORK AGENCY
Reports and Financial Statements
For the Year Ended June 30, 2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs a	Kshs b	Kshs C=(a+b)	Kshs d	Kshs e=(c-d)	f=e/c*100
Revenue						
Government grants	752,650,000	-	752,650,000	752,650,000	-	100.00
Finance income - external investments	8,000,000	1,000,000	9,000,000	11,825,671	2,825,671	131.40
Other income	196,446,186	-	196,446,186	195,430,634	-1,015,551	99.48
Total Income	957,096,186	1,000,000	958,096,186	959,906,306	1,810,120	100.19
Expenses						
Use of goods and services	260,016,186	11,600,077	271,616,263	259,437,423	12,178,839	96
Employee costs	319,000,000	-	319,000,000	287,359,721	31,640,279	90
Remuneration of directors	15,000,000	12,000,000	27,000,000	28,719,680	- 1,719,680	106
Depreciation and amortization expense	261,964,470	-	261,964,470	261,964,470	-	100
Repairs and maintenance	5,000,000	- 1,036,000	3,964,000	3,649,874	314,126	92
Total Expenditure	860,980,656	22,564,077	883,544,733	841,131,168	42,413,564	95
Surplus for the period	96,115,530		74,551,453	118,775,138	-44,223,685	-59.32
Capital Expenditure	358,080,000	-21,564,077	336,515,923	329,898,712	6,617,211	1.97

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS- (Continued)

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Performance difference
	Kshs a	Kshs b	Kshs C=(a+b)	Kshs d	Kshs e=(c-d)	% f=e/c*100
Revenue						
Government grants	752,650,000	-	752,650,000	752,650,000	-	-
Finance income - external investments	8,000,000	1,000,000	9,000,000	11,825,671	2,825,671	31.4
Other income	196,446,186	-	196,446,186	195,430,634	-1,015,551	- 0.52
Total Income	957,096,186	1,000,000	958,096,186	959,906,306	1,810,120	0.19
Expenses						
Use of goods and services	260,016,186	11,600,077	271,616,263	259,437,423	12,178,839	4.48
Employee costs	319,000,000	-	319,000,000	287,359,721	31,640,279	9.92
Remuneration of directors	15,000,000	12,000,000	27,000,000	28,719,680	- 1,719,680	- 6.37
Depreciation and amortization expense	261,964,470	-	261,964,470	261,964,470	-	-
Repairs and maintenance	5,000,000	- 1,036,000	3,964,000	3,649,874	314,126	7.92
Total Expenditure	860,980,656	22,564,077	883,544,733	841,131,168	42,413,564	4.80
Surplus for the period	96,115,530		74,551,453	118,775,138	- 44,223,685	- 59.32
Capital Expenditure	358,080,000	-21,564,077	336,515,923	329,898,712	6,617,211	1.97

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Item	Performance Difference 2021/2022 (Ksh)	Variance Explanations
Interest income	2,825,671	The Agency surpassed the target of Kshs 9,000,000 by 31% as the Agency was able to negotiate for better rates with the banks. More cash was available as major payments were due in quarter 4.
	31.40%	

Reconciliation of Statement of Budget with the Statement of Financial Performance

Surplus as per Budget	118,775,138
Deficit as per F.S	(343,856,458)
Add/Less:	
Loss on disposal	3,942,387
Cash reserves	181,617,072
Development grant	388,250,000
Realigned grant	(116,699,814)
Revolving fund	4,197,170
Miscellaneous income	1,324,780
Reconciled Amounts	118,775,138

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS- (Continued)

Explanations of differences between original budget and final budget amounts

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% of Performance difference	
	Kshs	a	Kshs	b	Kshs	C=(a+b)	Kshs	d	Kshs	e=(c-d)	f=e/c*100	
Revenue												
Government grants		752,650,000		-	752,650,000		752,650,000		-		-	
Finance income - external investments		8,000,000		1,000,000	9,000,000		11,825,671		2,825,671		31.40	
Other income		196,446,186		-	196,446,186		195,430,635		-1,015,551		0.52	
Total Income		957,096,186		1,000,000	958,096,186		959,906,306		1,810,120		0.19	
Expenses												
Use of goods and services		260,016,186		11,600,077	271,616,263		259,437,423		12,178,839		4.48	
Employee costs		319,000,000		-	319,000,000		287,359,721		31,640,279		9.92	
Remuneration of directors		15,000,000		12,000,000	27,000,000		28,719,680		- 1,719,680		6.37	
Depreciation and amortization expense		261,964,470		-	261,964,470		261,964,470		-		-	
Repairs and maintenance		5,000,000		1,036,000	3,964,000		3,649,874		314,126		7.92	
Total Expenditure		860,980,656		22,564,077	883,544,733		841,131,168		42,413,564		4.80	
Surplus for the period		96,115,530			74,551,453		118,775,138		- 44,223,685		59.32	
Capital Expenditure		358,080,000		-21,564,077	336,515,923		329,898,712		6,617,211		1.97	

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS-
(Continued)

Explanations of differences between original budget and final budget amounts

1. **Finance income - external investments** -The budget was increased as it was estimated that the Agency would surpass the target of Ksh 8,000,000. This amount was reallocated to Board Expenses.
2. **Use of Goods-** Allocation that had been made for the votes under this category were based on the resources that were available at the time of Budget Rationalization. Upon approval by the National Treasury and Planning to rationalize its Capital budget in order to create fiscal space for recurrent expenditure, these amounts were enhanced. Listed below are the explanations for reallocation:
 - A. **ICT Recurrent Expenses-**
 - ✓ To cater for hosting services for Tradenet system for January to June 2022 at Kshs 15,000,000 but the budget had only Kshs 10,000,000 thus a deficit of Kshs 5,000,000. The budget had initially been set with the expectation that all transactions would have moved to the TFP platform by the end of the 1st or 2nd Quarters of the financial year. However, un-anticipated challenges with partner government agencies have delayed the full switch-over to TFP from the legacy TradeNet system and thus it still needs to be online until that switch-over is 100% accomplished.
 - ✓ Year 2 hosting services for the TFP 27th January to 27th June (5 months) Kshs 14,747,215.38. There was an omission in the budgeting for this item due to some uncertainty over full delivery of the hardware/infrastructure component of the hosting services that straddled two financial years. Thus, there is a shortfall for the support and maintenance component that kicked in from January of 2022 but had been expected to be in the second year of implementation.
 - ✓ NAC-SL Partner support of Ksh1,700,000 -This amount was not included in the budgeted as NAC implementation had been expected for development partner support from the IFC. However due to financial constraints that were experienced during the COVID period, IFC was not able to fund the partner support licences.

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(Continued)

Explanations of differences between original budget and final budget amounts

- B. Local Travel-**This budget line was reviewed with the increased travel activities after scaling down of the tight Covid-19 restrictions. The Agency was required to support and engage in activities in its field areas of Mombasa and the borders.
- C. International Travel-**This vote required enhancement due to the following reasons:
- ✓ This vote had been allocated reduced resources due to restrictions of travel and meetings caused by the COVID-19 Pandemic. The enhancement will cater for costs associated with staff involvement in International conferences and workshops on trade facilitation.
 - ✓ A benchmarking visit to Singapore on the KenTrade bill was approved and there was need for Management to accompany the National Assembly members on the same.
- D. Stakeholders Workshops-**This vote line was enhanced to enable the Agency engage with stakeholders in consultative and sensitization workshops. During the year, the KenTrade bill was also before parliament and the need for sensitization programs to National Assembly members was urgently required. These are key to the trade facilitation mandate.
- E. Conference & Workshops-** This enhancement catered for costs associated with staff involvement in conferences and workshops on trade facilitation.
- F. Staff Welfare-** This budget line was reviewed with the increased staff welfare related expenses after scaling down of the tight Covid-19 restrictions It was enhanced to cater for office incidentals (milk, beverages, & drinking water) as all staff resumed working from the office. This vote also caters for provision of adequate working environment for staff which includes provision of masks and office sanitization.

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(Continued)

Explanations of differences between original budget and final budget amounts

3. **Remuneration of directors-** Allocation that had been made for this vote was based on the resources that were available at the time of Budget Rationalization. Upon approval by the National Treasury and Planning to rationalize its Capital budget in order to create fiscal space for recurrent expenditure, this amount was enhanced to cater for induction of new Board of directors and to cater for board meetings for quarter 3 and 4 which had not been included in the initial budget.
4. **Repairs and maintenance-** Listed below are the explanations for reallocation:
 - A. **Motor Vehicle repairs** - The vote was enhanced to cater for increased Motor Vehicle repairs due to increased wear and tear of the vehicles as the vehicles aged.
 - B. **Computer repairs and Maintenance** - This vote was reduced as cost savings on repairs were expected with the planned replacement of old desk tops with new laptops. Furthermore, there were savings realized in the procurement of UPS Maintenance for the year.
 - C. **Office repairs-** This budget was reduced as cost savings on office repairs were expected as the office partitions were still new and needed few or no repairs.
 - D. **Furniture & Fittings Repairs & Maintenance-** This vote was reduced as cost savings on repairs were expected with the planned replacement of old work stations and office chairs.
 - E. **Building Repairs & Maintenance-** This budget was reduced as cost savings on office repairs were expected as the office partitions were still new and needed few or no repairs.

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS-
(Continued)

Explanations of differences between original budget and final budget amounts

5. **Capital Expenditure-** Upon approval by the National Treasury and Planning to rationalize its Capital budget in order to create fiscal space for recurrent expenditure, these amounts were reduced. Listed below are the explanations for reallocation

A. **Office equipment:** Some savings were realized in the procurement of Freezers and Headsets. The Funds remaining after the reallocation were sufficient to cater for office equipment to be purchased in the remaining quarter.

B. **Furniture and fittings-** Following the Agency's approval by the National Treasury and Planning to rationalize its Capital budget in order to create fiscal space for recurrent expenditure, this vote was reduced by Ksh 2,000,000 in this financial year. However, this amount that has been reduced in this vote will be prioritized in the budget for 2022/2023.

C. **Office Partitions-** This sum was budgeted to cater for office alterations that would be required as the Agency establishes the Mombasa office. However, as at the time of Reallocation, the KMA building was yet to be fully secured so it was perceived that this activity would not be achieved in this financial year.

D. **Office software-** This amount was reallocated to procure the Network Application Performance Monitoring Tool.

E. **Office Automation-** This amount was budgeted for the automation of ISO 9001:2015 and ISO 27001 (ISMS) processes. Following the Agency's approval by the National Treasury and Planning to rationalize its Capital budget in order to create fiscal space for recurrent expenditure, this vote will be reduced by Ksh 2,000,000 in this financial year. However, this amount that has been reduced in this vote will be prioritized in the budget for 2022/2023.

F. **System Software-** This vote was reduced by Ksh 1,500,000 which was budgeted to cater for the procurement of an E-Board solution. However, this amount was re-allocated to computer hardware for procurement of laptops for the Board members as working tools.

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS-
(Continued)

Explanations of differences between original budget and final budget amounts

G. Product development and marketing- This vote was reduced by Ksh 8,200,000 to Following the Agency's approval by the National Treasury and Planning to rationalize its Capital budget in order to create fiscal space for recurrent expenditure. Amount of Ksh 5,000,000 that was budgeted for DLMP will be prioritized in the budget for 2022/2023.

H. System Change Request- This vote was reduced as there were savings realized in the payment of ICMS integration costs to Crimson Logic.

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities their present value. The preparation off financial statements in conformity with International Public sector Accounting Standards (IPSAS) allows the use of estimates ad assumptions. It also requires management to exercise judgement in the proses of applying the entities accounting policies. The financial statement has been prepared and presented in Kenya shillings which is the fractional and reporting currency of the entity.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*
IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.
- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
IPSAS 41:	Applicable: 1st January 2023:
Financial Instruments	The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and

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Standard	Effective date and impact:
	<p>useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.

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Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that</p>

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Standard	Effective date and impact:
	lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2021/2022.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Revenue from non-exchange transactions

Grants

The entity recognizes grants from Government of Kenya (GoK) and donor grants when the actual receipt has occurred and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. Provision for doubtful debts is made when collection of the full amounts is no longer probable.

Transfers from other government entities

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

Interest income

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

ii) Budget information

The original budget for FY 2021-2022 was approved by the National Treasury & Planning on 30th June 2021. Subsequent revisions on additional appropriations were made to the approved budget on accordance to the specific approval from the appropriate approvals. The revisions were done to the original budgets by the entity upon receiving the respective approvals in order to conclude the final budget.

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Agency. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 9 of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

iii) Taxes

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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

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

iv) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

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

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on a straight-line basis, at the following annual rates:

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) Intangible assets (Single Window and Supporting software)

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

vi) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

Receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Receivables

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

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

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

vii) Provisions

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

viii) Contingent liabilities

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

ix) Nature and purpose of reserves

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

x) Changes in accounting policies and estimates

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

xi) Employee benefits

Retirement benefit plans

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

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

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

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

xii) Foreign currency transactions

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

xiii) Related parties

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

xiv) Budget Information

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

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xv) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Bank account balances include amounts held at the Cooperative Bank of Kenya and Equity Bank of Kenya at the end of the financial year.

xvi) Comparative figures

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

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5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and Management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 16.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. GOVERNMENT GRANTS

Description	2021-2022	2020-2021
	KShs	KShs
Recurrent-Government grant	364,400,000	373,300,000
Realigned development grant	116,699,814	48,235,603
Total other income	481,099,814	421,535,603

The grants received of **Ksh 364,400,000** cater for recurrent expenses. **Kshs 116,699,814** is disbursed as development grant for maintenance of the Single window system which is recurrent in nature and hence the realignment.

7. FINANCE INCOME - EXTERNAL INVESTMENTS

Description	2021-2022	2020-2021
	KShs	KShs
Cash investments and Call deposits	11,825,671	6,594,414
Total finance income – external investments	11,825,671	6,594,414

The interest income was earned as a result of investments in call accounts placed by banks during the times that the funds were awaiting payment to vendors. Included in interest income was **Ksh.594,821** received from mortgage and car loan revolving funds. Out of this amount, interest earned from the mortgage fund was **Ksh.464,183** while interest earned from car loan fund was **Ksh.130,638**.

8. OTHER INCOME

Description	2021-2022	2020-2021
	KShs	KShs
Training fees income	7,667,400	7,814,051
Augmented fees	170,222	100,624
Miscellaneous Income	453,991	61,306
Total other income	8,291,613	7,975,981

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9. USE OF GOODS

Description	2021-2022	2020-2021
	KShs	KShs
Local Travels	10,123,661	5,001,275
International Travel	9,932,387	264,675
Training expenses	5,419,559	3,527,720
Stakeholders expenses	5,690,341	2,417,219
Conference & Workshops	4,081,911	2,765,632
Staff welfare expenses	7,376,262	2,380,741
Organisational Membership subscription	716,000	765,050
Lease Expenses	27,789,289	31,460,505
Cleaning services	1,903,256	1,869,422
Security	1,795,500	1,499,690
Utilities	2,626,360	1,812,435
Telephone	1,591,126	1,413,857
Postage Services	34,370	87,190
Printing and Stationery	812,573	695,049
Fuel	1,771,566	1,049,200
Procurement Processing Expenses	209,680	-
legal expenses	918,150	-
ISO Expenses	1,055,880	713,560
Risk management expenses	2,479,390	290,000
Business Continuity Plan Expense	606,640	-
Change management	420,500	-
Consultancy Fees	6,948,275	3,183,991
Publicity & Advertisement	10,687,101	2,941,050
Corporate Social Responsibilities	1,057,159	437,525
Bank Charges	822,133	628,797
Audit fees	720,000	720,000
TV subscriptions	35,515	56,806
Newspapers and Periodicals	62,004	94,230
Motor Vehicle Insurance	987,810	914,468
Insurance General	579,645	1,054,855
Internet Expenses	2,670,524	1,788,679
ICT Recurrent expenses	52,361,749	36,133,908
Licences	65,288,065	21,031,645
	229,574,381	126,999,174

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE COSTS

	2021-2022	2020-2021
	KShs	KShs
Basic Salaries	188,205,754	182,752,721
House Allowance	38,814,704	38,583,074
Commuter Allowance	12,240,067	11,813,240
Other Staff Allowance	9,937,868	10,717,350
Acting/Special Duty Allowance	1,844,456	1,310,333
Leave Allowance	3,711,620	3,414,010
Casual Wages	3,666,989	1,393,503
Pension Contributions	26,367,179	25,681,797
Gratuity Expense	2,283,150	2,190,150
Fringe benefit tax	242,683	204,151
NITA	45,250	49,750
Staff Medical Insurance	22,651,402	29,267,161
Club Membership	588,000	976,500
Membership Prof subscription	588,409	603,544
	311,187,531	308,957,284

The amount of Kshs. **3,666,989** for wages related to payments made to Interns and casuals who were engaged during the 2021-2022 financial year.

11. REMUNERATION OF DIRECTORS

Description	2021-2022	2020-2021
	KShs	KShs
Chairman's Honoraria	1,387,678	1,759,467
Directors retainer	1,852,472	2,400,000
Directors emoluments	7,061,800	4,212,000
Other related expenses	18,417,730	6,157,839
Total Director emoluments	28,719,680	14,529,306

The amount of **Ksh. 18,417,730** for other related expenses comprises of cost of travelling, medical insurance and training expenses during the year under review. The increase in Directors' emolument from Kshs 14.53 million in FY 2020/2021 to Kshs 28.72 million in FY 2021/2022 was occasioned by an increase in activities including Board induction for the new Board of Directors appointed in October 2021 and activities including resumption of in-person meetings that had been suspended in the previous year due to the Covid-19 pandemic control measures. Some of these activities included travel, within and outside Kenya, in line with the mandate of the Agency, which had resumed in the second half of 2021 after lifting of Covid-19 related travel restrictions in the year before.

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12. DEPRECIATION AND AMORTIZATION

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	70,920,376	53,965,911
Intangible assets	191,044,094	161,570,843
Total depreciation and amortization	261,964,470	215,536,754

13. REPAIRS AND MAINTENANCE

Description	2021-2022	2020-2021
	KShs	KShs
Equipment and machinery	584,278	111,900
Vehicles	1,762,456	1,220,405
Computers and accessories	1,303,140	3,191,025
Total repairs and maintenance	3,649,874	4,523,330

14. LOSS ON SALE OF ASSETS

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	3,942,387	560,000
Intangible assets	-	-
Other assets not capitalised	-	-
Total loss on sale of assets	3,942,387	560,000

This amount arose from the difference between the sale-by-auction values set by the members of the disposal committee, the final price realised at the sale auction and the net book value based on the accounting value for the assets disposed.

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15. TAXATION

Description	2021-2022	2020-2021
	KShs	KShs
Current income tax charge	6,035,231	4,371,118
Income tax expense reported in the statement of financial performance	6,035,231	4,371,118

No provision of tax has been made on income from grants received from Government of Kenya however, a tax charge of **Kshs 6,035,231** /=- has been provided on income from investment interest on call account with banks and other incomes generated from operations. The tax liabilities are **Kshs 1,774,985** after adjusting for Withholding tax of **Kshs 1,773,874** in the year. See note 29 on taxation payable.

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16. CASH AND CASH EQUIVALENTS

Description	2021-2022	2020-2021
	KShs	KShs
Current account	113,722,968	46,094,829
On - call deposits	2,428,535	-
Fixed deposits account	-	-
Staff car loan/ mortgage	7,016,807	4,397,106
Others-Cash	36,020	179,499
Others-Mpesa paybill	465,203	828,520
Total cash and cash equivalents	123,669,533	51,499,954

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

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
a) Current account			
Equity bank –Main account	0810298272422	94,835,592	49,658
Equity bank –gratuity account	0810260715303	6,447,434	3,914,555
Equity bank –Collection account	0810279618173	35,376	35,376
Co-operative bank-Main account	01141162178000	41,499	36,025,926
Co-operative bank-Collection account	01141162178002	12,363,067	6,069,314
Sub- total		113,722,968	46,094,829
b) On - call deposits			
Co-operative bank		-	-
Equity Bank			
Kenya Commercial bank-Mortgage account		2,428,535	
Sub- total		2,428,535	-
c) Staff car loan/ mortgage			
Kenya Commercial bank-Mortgage account	1220622605	126,254	76,462
Kenya Commercial bank-Car Loan account	1220944998	6,890,553	4,320,644
Sub- total		7,016,807	4,397,106
d) Others(specify)			
cash in hand		36,020	179,499
M-pesa paybill		465,203	828,520
Sub- total		501,223	1,008,019
Grand total		123,669,533	51,499,954

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17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

17. (a)

	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Prepaid Insurance	7,869,231	8,686,288
Prepaid Office Rent	-	-
Total current receivables	7,869,231	8,686,288

17. (b)

Description	2021-2022	2020-2021
	KShs	KShs
Non-current receivables		
Rent Deposits	2,487,600	3,744,009
Other Prepayments	4,575,921	4,575,921
Total non-current receivables	7,063,521	8,319,930
Total receivables (a+b)	14,932,752	17,006,218

18. RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS

18.(a)

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Staff imprests	533,400	-
Staff salary advance	197,595	221,195
Government grant receivable	-	388,250,000
Total Current receivables	730,995	388,471,195

18. (b)

Description	2021-2022	2020-2021
	KShs	KShs
Non-current receivables		
Staff loans - Mortgage Receivable	39,991,499	25,877,459
Staff loans - Car Loan Receivable	8,604,067	15,967,318
Total non-current receivables	48,595,566	41,844,777
Total receivables (a+b)	49,326,561	430,315,971

The breakdown of Mortgage and Car Loan is on appendix VII

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. PROPERTY, PLANT AND EQUIPMENT

	Office Partitions	Office Equipment	Furniture and fittings	Computers & Peripherals	Motor vehicles	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At July 2020	18,134,700	11,338,095	8,601,511	53,838,841	21,527,500	113,440,647
Additions	22,489,610	113,850	1,555,400	66,010,681	4,690,000	94,859,541
Disposals	-	-	-	-	(1,110,000)	(1,110,000)
Transfers/adjustments	-	-	-	-	-	-
At 30 th June 2021	40,624,310	11,451,945	10,156,911	119,849,522	25,107,500	207,190,188
Additions	-	643,700	439,450	103,920,998	-	105,004,148
Disposals	(3,542,500)	(1,662,825)	-	(736,513)	(1,480,000)	(7,421,838)
At 30 June 2022	37,081,810	10,432,820	10,596,361	223,034,007	23,627,500	304,772,498
Depreciation and impairment						
At July 2020	-	-	-	-	-	-
Eliminated on valuation						
Depreciation	5,078,039	1,431,493	1,269,614	39,909,891	6,276,875	53,965,912
At 30 June 2021	5,078,039	1,431,493	1,269,614	39,909,891	6,276,875	53,965,912
Depreciation	4,967,335	1,393,465	1,270,496	57,104,702	6,184,377	70,920,376
Disposals	(774,922)	(363,744)	-	(368,505)	(647,500)	(2,154,671)
Impairment	-	-	-	-	-	-
At 30 June 2022	9,270,452	2,461,214	2,540,110	96,646,088	11,813,752	122,731,617
Net book values						
At 30 June 2022	27,811,358	7,971,606	8,056,251	126,387,919	11,813,749	182,040,881
At 30 th June 2021	35,546,271	10,020,452	8,887,297	79,939,631	18,830,625	153,224,276

The amount of computers and peripherals includes Ksh 115,844,250 site hosting hardware cost for the Single window system.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. INTANGIBLE ASSETS-SOFTWARE

Description	Period ended June 2022	Audited Prior year
	KShs	KShs
Cost		
At beginning of the year 2020	1,528,260,247	1,440,110,737
Additions	271,413,436	88,149,510
At end of year 2021	1,799,673,683	1,528,260,247
Additions—internal development	205,994,563	271,413,436
At end of the quarter	2,005,668,246	1,799,673,683
Amortization and impairment		
At beginning of the year	971,730,344	810,159,501
Amortization	191,044,094	161,570,843
At end of year 2021	1,162,774,438	971,730,344
Impairment loss		
At end of the quarter NBV	842,893,807	827,943,339

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. TRADE AND OTHER PAYABLES

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	73,986,838	265,259,853
Statutory deductions payable	190,074	5,403,694
Charging model payables	406,616	406,616
Retention account payables	444,061	-
Total trade and other payables	75,027,589	271,070,164

22. CURRENT PROVISIONS

Description	Audit fees	Total
	KShs	KShs
Balance b/d (1.07.2021)	2,112,000	2,112,000
Additional Provisions	720,000	720,000
Provision utilised	(696,000)	(696,000)
Total provisions as at 30.6.2022	2,136,000	2,136,000

23. NON-CURRENT PROVISIONS

Description	Gratuity provision	Total
	KShs	KShs
Balance b/d (1.07.2021)	3,918,536	3,918,536
Additional Provisions	2,283,150	2,283,150
Provision utilised	-	-
Total provisions as at 30.6.2022	6,201,686	6,201,686

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24. CASH GENERATED FROM OPERATIONS

		2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Net surplus/deficit for the year		(337,821,226)	(234,999,850)
Adjustments:			
For items not involving movement of cash			
Depreciation	12	70,920,376	53,965,911
Amortization	12	191,044,094	161,570,843
Loss on disposal:		3,942,387	560,000
Operating surplus before working capital		(71,914,369)	(18,903,095)
Working capital adjustments:			-
Decrease/(Increase) in inventories		-	-
Decrease/(Increase) in accounts receivable		383,062,876	(106,846,084)
(Decrease)/Increase in creditors and accruals		(193,735,425)	165,022,959
Working Capital prior year Adjustment		-	-
Tax paid	29	(7,119,758)	(2,364,042)
Working Capital changes		182,207,693	55,812,833
Total cash generated from operations		110,293,324	36,909,737

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. FINANCIAL RISK MANAGEMENT

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

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	14,932,752	14,932,752		
Receivables from non-exchange transactions				
Bank balances				
Total	14,932,752	14,932,752	-	-
At 30 June 2021				
Receivables from exchange transactions	17,006,218	17,006,218		
Receivables from non-exchange transactions	-			
Bank balances	-			
Total	17,006,218	17,006,218		

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	84,099,510	1,040,751	-	85,140,261
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	84,099,510	1,040,751	-	85,140,261
At 30 June 2021				
Trade payables	270,048,008	1,022,156	-	271,070,164
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	270,048,008	1,022,156	-	271,070,164

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets			
Investments			
Cash		35,376	35,376
Debtors			
Total financial assets			
Financial Liabilities			
Trade and other payables			
Borrowings			
Total financial liabilities			
Net foreign currency asset/(liability)			

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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 2022			
Financial assets			
Investments			
Cash		35,376	35,376
Debtors			
Total financial assets			
Financial Liabilities			
Trade and other payables			
Borrowings			
Total financial liabilities			
Net foreign currency asset/(liability)			

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 581,240 (2020/2021: Kshs 563,393). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 3,085,298 (2020/2021 – Kshs 4,767,642)

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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:

	2021/2022	2020/2021
	Kshs	Kshs
Revaluation reserve	68,704,634	68,704,634
Retained earnings	-1,878,819,312	-1,534,962,854
Donor Grant	95,313,707	95,313,707
Capital reserve	2,842,524,245	2,570,974,059
Total funds	1,127,723,274	1,200,029,546
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

26. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

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

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	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to staff	-	-
Sales of services staff	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt	752,650,000	961,550,000
Grants from County Government		-
Donations in kind		
Total	752,650,000	961,550,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	28,719,680	14,529,306
Compensation to the CEO	11,870,600	9,839,000
Compensation to key management	114,608,260	108,210,779
Total	155,198,540	132,579,085

27. CONTINGENT LIABILITIES

Contingent liabilities	2020-2021	2020-2021
	Kshs	Kshs
Court case-Mweha Enterprise	13,858,266	13,858,266
Court Case-Willy Kirui	920,000	-
Total	14,778,266	13,858,266

A contingent liability of Kshs 13,858,266 to Mweha Enterprises who were undertaking office works in year 2011/2012 is probable. The contingent liability of Ksh 920,000 being Legal fees and compensation to Willy Kirui, a former staff of the Agency. These two liabilities were not included in the financial statements since the cases were still pending in court, however the Agency is working on how to sort the matters out of court.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. CAPITAL COMMITMENTS

Capital commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for Partitioning	10,000,000	2,000,000
Authorised and contracted for	-	-
Total	10,000,000	2,000,000

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

29. TAXATION

	2021/2022	2020-2021
		KShs
At beginning of the year	2,859,511	852,435
Income tax charge for the year (note 15)	6,035,231	4,371,118
Withholding tax paid during the year	(1,773,874)	(989,162)
Under/(over) provision in prior year/s (note 15)	-	-
Income tax paid during the year	(5,345,883)	(1,374,880)
At end of the year	1,774,985	2,859,511

*The total tax paid to KRA in 2021/2022 was **Ksh 7,119,757**. This is a total of tax withheld by banks and paid directly to KRA of **Ksh 1,773,874** and income tax paid directly by the Agency to KRA of **Ksh 5,345,883**.*

30. EVENTS AFTER THE REPORTING PERIOD

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

31. ULTIMATE AND HOLDING ENTITY

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

32. CURRENCY

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

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33. GOING CONCERN

The Agency relies on the National Treasury for funding and despite the deficits in the Statement of Financial Performance, nothing has come to the attention of Management to suggest that the National Treasury will not continue to fund the Agency as a going concern. The Agency is in the process of developing regulations to operationalize the National Electronic Single Window Act 2022, which among other things, allows the Agency to raise revenue from its Single Window System activities. This will enable the Agency to increase its own-generated revenue and reduce reliance on the National Treasury. This will also enable the Agency finance research and development of ICT related value added services to enhance its revenue and ensure its financial sustainability.

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APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved. The accounts were not qualified on account of the issues raised as Emphasis of Matter.

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Material Uncertainty Related to Going Concern- Analysis of the Agency performance reflects losses in its operations over the years. Since inception, the Agency has been overwhelmingly relying on the support of the National Government. However, the Agency requested for changes of status to enhance revenue collection from the Single Window services. The status as an authority was granted in December 2019 but was withdrawn due to wider national interests as per consultations in February 2020.	The Agency's Management notes that the Auditor General's observation is correct. The Agency is currently fully funded by the National Government through its line ministry, the National Treasury. The Agency continues to seek additional funding from Government. Adequate funding of the Agency will enable the reversal of the deficit trend, which is also partly caused by the fact that a key item of accrual accounting reporting,	MF	Not resolved-	30.06.2021

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designatio n)	Status: (Resolved / Not Resolved)	Timef rame: (Put a date when you expect the issue to be resolve d)
	In the year under review and as reported in the statement of financial performance the Agency recorded a deficit of Kshs 329,909,333 (Kshs 178,839,425: 2017/18) an increase of Ksh 151,069,908 or 84.4% from previous performance. Similarly, the net assets of the Agency declined from Kshs 1,359,417,943 in 2017/2018 to Kshs 920,152,842 in the year 2018/19.	depreciation and amortisation cost, is not ordinarily factored into the budget or funded by actual funds transfer to the Agency.			

The Agency has not received the audit report for financial year 2019/2020 and 2020/2021

CHIEF EXECUTIVE OFFICER

DATE 15/02/2023

CHAIRMAN OF THE BOARD

DATE 15/02/2023

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APPENDIX II: PROJECTS IMPLEMENTED BY KENYA TRADE NETWORK AGENCY

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

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)

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Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
E-Learning	986,000.00	986,000.00	100%	986,000.00	986,000.00	KenTrade
E-recruitment and e procurement	3,022,105.65	3,022,105.65	100% (for the e-recruitment and e procurement module)	3,022,105.65	3,022,105.65	KenTrade
Enhance Collocated OCP Infrastructure for hosting internal Systems and implement Secondary site for Internal systems.	69,756,869 0		50%	69,756,869	14,417,961 paid in August	KenTrade
Integration Layer, Business Intelligence and Data Warehouse solution implemented.	583,000 USD	174,900 USD	66.67%	583,000 USD	Additional 69,960 USD paid in August but invoice was raised in June	TMEA

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APPENDIX III: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent /Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Total realignment during the Year	
The National Treasury	Various	Recurrent	364,400,000	364,400,000	-	-	-	116,699,814	-
The National Treasury	Various	Development	388,250,000	-	388,250,000	-	-	(116,699,814)	-
Total			752,650,000	364,400,000	388,250,000	-	-	-	-

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APPENDIX IV- INTER-ENTITY CONFIRMATION LETTER



Kenya Trade Network Agency (KENTRADE)

The National Treasury
P. O. Box 30007 – 00200
Nairobi – Kenya

The Kenya Trade Network Agency wishes to confirm the amounts received from The National Treasury as at 30th June 2022 as indicated in the table below.

Confirmation of amounts received by Kenya Trade Network Agency as at 30 th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by The National Treasury as at 30th June 2022			Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	
	18/08/2021	66,100,000	-	-	66,100,000	-
	08/11/2021	66,100,000	-	-	66,100,000	-
	16/03/2021	66,100,000	-	-	66,100,000	-
	09/05/2022	166,100,000		-	166,100,000	-

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	13/09/2021		122,062,500	-	122,062,500	122,062,500	-
	11/11/2021		122,062,500	-	122,062,500	122,062,500	-
	16/03/2022		122,062,500	-	122,062,500	122,062,500	-
	16/05/2022		22,062,500	-	22,062,500	22,062,500	-
Total		364,400,000	388,250,000	=	364,400,000	388,250,000	-

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

Head of Accountants department of beneficiary Fund:

for: Judith Thogori Sign Date 15/02/2023

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Name of the Organization
Telephone Number
Email Address
Name of CEO/MD/Head

[illegible]

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APPENDIX VI: DISASTER EXPENDITURE REPORTING TEMPLATE

Date:

Fund

Period to which this report refers (FY)	Year	Quarter				
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments

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APPENDIX VII: SCHEDULE OF CAR LOAN AND MORTGAGE LOANS

The mortgage and car loan schemes of the Agency were set up in November 2017 and are managed by KCB Bank Ltd. The Agency has so far facilitated **25** of its staff with Mortgage and Car loans worth **Ksh. 76,376,702.15** out of which **Ksh.18,900,000** was issued in the current year as shown below:

Staff Car Loan Scheme		
Year	Number of staff beneficiaries	Amounts disbursed
2017/2018	6	7,920,415.65
2018/2019	6	10,642,118.15
2019/2020	3	3,344,902.85
2020/2021	4	5,910,371.50
2021/2022	-	-
TOTAL	19	27,817,808.15
Mortgage Scheme		
Year	Number of staff beneficiaries	Amounts disbursed
2017/2018	-	-
2018/2019	2	19,758,894.00
2019/2020	-	-
2020/2021	1	9,900,000.00
2021/2022	3	18,900,000.00
TOTAL	6	48,558,894.00
GRAND TOTAL	25	76,376,702.15

A total of **Ksh. 8,567,395** has been recovered as Principal for the Mortgage scheme while **Ksh 19,213,740.85** has been recovered as Principal for the Car Loan Scheme and revolved back into the Fund.