

# Shippers Council of Eastern Africa

## Annual Report 2013

## OUR VISION:

An efficient logistics chain that enhances the competitiveness of cargo owners in Eastern Africa.

## MISSION:

To offer proficient, research based advocacy and value add services to cargo owners.

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

9 The Crescent, off Parklands Road, Westlands (After Kalson Towers)

P.O. Box 1291 - 00606 Nairobi

Tel: +254 0773 829 847/8 | Cell: +254 733 888 540, 0708 299 175

Email: [info@shipperscouncilea.org](mailto:info@shipperscouncilea.org) | [www.shipperscouncilea.org](http://www.shipperscouncilea.org)

## COMPANY SECRETARY

Muriithi and Ndongye Advocates | Corporate Place, Kiambere Road, Upper Hill

P.O. Box 40132 - 00100 Nairobi

Tel: 020 2714320/1, 2715597/9 | cell: 0733 706791, 0731 532526

E-mail: [info@mnadvocates.co.ke](mailto:info@mnadvocates.co.ke) | [www.mnadvocates.co.ke](http://www.mnadvocates.co.ke)

## AUDITORS

Kimani and Associates | Certified Public Accountants

P.O. Box 20122 - 00200 Nairobi

Tel: 020 2226769, 2214158 | Cell: 0722 655993

E-Mail: [info@kimaniandassociates.com](mailto:info@kimaniandassociates.com)

## SCEA BANKERS

1. The Co-operative Bank of Kenya Ltd, Westlands Branch  
P.O. Box 66589 - 00800 Nairobi  
| Tel: 020 266 4328/9 | Cell: 0713 600993
2. Barclays Bank of Kenya | Barclays Plaza Business Centre  
P.O. Box 30120 - 00100 Nairobi | Tel: 020 3267634 | Fax: 020 313794
3. NIC Bank, The Mall Branch - Westlands  
P.O. Box 44599 - 00100 Nairobi | Tel: 0711 041217

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# 1.0 Chairman's Message



I would like to thank all of you for finding the time to attend the AGM this morning. I took over as Chair earlier this year from my predecessor, Mr. Yaw Nsarkoh. We are grateful for his leadership and guidance, and his pragmatic insights on the direction we need to take as a Council.

I am also grateful to the members and the various stakeholders for their continued support and trust bestowed on the Council. We have a strong Board at the SCEA who bring diversity and valuable input on strategy, and I would like to thank them for having the confidence in me to assume the Chairmanship.

As we went to the polls in March 2013 there was a lot of apprehension from our local business fraternity, the East African Community partner states, South Sudan and the Democratic Republic of Congo after the post-election violence and subsequent disruption to trade in 2008. In particular all the areas the SCEA deals in were affected; the port, rail services and highways.

This time around the Council developed a policy brief, "Supply Chain Security during election Period" which we used to lobby the government who in turn took into account most of our proposals which included the establishment of a command centre for monitoring and reporting, mapping of hot-spots, information dissemination and close co-ordination among stakeholders.



With the elections behind us, the new government moved with speed to demonstrate in the Budget read last month the importance of infrastructure in its development plans. A significant part of the expenditure targeted the railway, road infrastructure, the airports, and information technology hubs which all are important for business to prosper.

Immediately after the elections our new President visited the Port of Mombasa and declared that transit movements should be done in the shortest time with minimal disruption. This was followed by a declaration that Kenya Ports Authority would be the lead agency amongst the government agencies at the port. This brought clarity to the private sector and all the associated agencies at the Port.

Other directives included that the port and all the service providers work 24/7 and an undertaking that the government would improve the depleted railway infrastructure.

While most of the attention has been on the Port and Northern corridor, the Airfreight sector has had its own unique challenges in light of the security warnings and the Council will start to focus (and intervene) on issues affecting the sector. As business grows, the need to bring in urgent imports, spare parts, pharmaceuticals, and a range of time and temperature sensitive goods for the Kenyan market or for transit needs to be captured by our customs regulations so that we can become the air- road hub that the region needs.

The sensitization workshop jointly organized with KENTRADE on the single window held in November 14, 2013 was well received by the air operators and is going to bring more efficiency into the logistics chain as more and more agents and owners of cargo use it.

In this context, we believe the Shippers Council has a major role to play in providing the interface where we protect the shippers' interests and at the same time foster very strong relationships with our key stakeholders. I believe we have to work closely with everyone concerned to formulate new legislation where necessary and update outdated laws, so that the movement of goods within East Africa becomes as easy as doing business in Dubai or Singapore within the coming years.

To benefit from the above undertaking, we as shippers must automate our internal operations and initiate best practices to become efficient. Otherwise we will lose our competitiveness despite the massive undertakings by government and our goods will become more expensive in an already tough market.

Shippers Council is still grappling with issues including the ongoing Maritime Regulations dispute between the regulator and the shipping lines which has been in court for over 3 years now, the poor ranking in logistics performance by the World Bank and SCEA's own Logistics Performance Survey.

In the coming year, the Council will work with relevant government authorities to highlight these issues and find practical solutions for improved service delivery. As shippers we also need to improve compliance and adherence to stipulated regulations. In this regard we urge you to avoid unethical business practices like overloading, and report constraints and challenges that you face so that we address them.

It is our desire to truly take the "Load off Your Mind". Let us work together and make the Council your true business partner.

Thank you

A handwritten signature in black ink, appearing to be 'Hasit Shah', with a long horizontal stroke extending to the right.

Hasit Shah (TIKU)

**Chairman**

## 2.0 CEO's Message



In 2013, the presence of the Shippers Council of Eastern Africa in the logistics, transport and supply chain sector continued to be appreciated as a lead representative in advocating for an efficient policy, operational and regulatory environment towards achieving a competitive environment of doing business in the region.

The Secretariat, with the guidance of the Board has represented, and informed members on the sector performance and intervened on challenges faced by members vigorously. The regulatory agencies and service providers have cooperated well with the Council in ensuring that the members received efficient services while the membership continued to receive an array of services from the Council throughout the year. Membership retention remained at 99% giving the Secretariat confidence that the services provided are relevant and appreciated.

Although 2013 started with a run up to General elections held in March, there was minimum disruption to the movement of cargo as anticipated by the business community. The new government reported a focus on improving the port and corridor performance that has seen the improvement in the truck and ship turnaround times. SCEA was instrumental in proposing a raft of measures that were implemented by government towards this.

The implementation of automated systems such as the Integrated Customs Management System (ICMS), Kenya Electronic National Single Window System (KENSWS), Electronic Cargo Tracking System (ECTS), High Speed Weigh in Motion (HSWM) among other emerging e-applications are expected to significantly impact on performance.

It is important to note that some inefficiencies are caused by lack of preparedness by shippers to fulfill their obligations in international trade. The Secretariat with the support of the Board and its membership will continue to deliver on its mandate through interventions, partnerships, and research and advocacy to ensure that members operate in a conducive environment and concentrate on their core business.

The required improvements in the logistics sector on the Northern Corridor are the reason the Council is planning to host the inaugural Trade, Transport and Logistics Conference and Exhibition in October 2014. It will bring together regional and government policy makers, importers and exporters, logistics and infrastructure service providers, banks, development partners as well as information communication and technology business solution providers. The delegates will hear from logistics experts on various levels of developments in the industry, engage in specialized discussions on various infrastructural issues in logistics and enhance high level engagement between the exhibitors and delegates through business to business meetings.

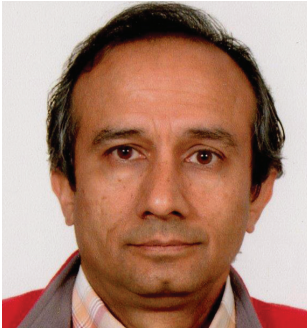
SCEA commits to deliver on the mandate bestowed by the membership and will endeavour to continue providing timely, accurate information, data and monitoring of the logistics chain.

Your support towards achieving this end will be appreciated.

A handwritten signature in blue ink, appearing to read 'Langat', with a stylized flourish at the end.

Gilbert Langat  
**Chief Executive**

## 3.0 Board Members



Mr. Hasit Shah - Chairman

Mr. Hasit Shah has been a board member at the Council since it started operations and has previously held the Vice- Chairman's position. He represents the interest of the fresh produce sector. He is the Managing Director at Sunripe (1976) Ltd.

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Mr. Meshack Kipturgo - Vice Chairman

Mr. Meshack Kipturgo is the Managing Director of Siginon Group and has been a board member at the Council since it started operations.

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Betty Maina - Member

Ms. Betty Maina, Chief Executive of the Kenya Association of Manufacturers representing the manufacturing sector. She has been a board member of the Council since its inception.

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Munir Thabit - Member

He is the Group Finance Director at Mombasa Maize Millers. He represents the interests of the grain sector.



Genesio Mugo - Member

He is the Trading and Exports Manager at Vivo Energy K Ltd. He has been a member of the board since 2013 and represents the oil sector on the Board



Mrs. Norah Muga Mugavana - Member

She is the Managing Director of Panafrica Logistics Limited, a freight forwarding company based in Mombasa. She has over 13 years of hands-on experience in freight forwarding and logistics related fields and has vast experience in the freight forwarding sub-sector. She joined the board in 2014 and represents the clearing and forwarding sector on the Board.

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Mr. Nikolaos Yiannakis - Member

Mr. Yiannakis is the Procurement Director for Unilever Tea Kenya Limited. He joined the Board in 2014 and represents the interests of the tea sector on the Board



Mr. Kassim Mohamed - Member

He is the Supply Chain Manager at Bamburi Cement Ltd and represents the Cement sector on the board.



Edward Mudibo - Member

He is the Chief Executive Officer, East African Tea Trade Association representing the tea sector.



Gilbert Langat - Secretary to the Board

He is the Chief Executive Officer of the Council



## 4.0 Photo Gallery



*SCEA Board Members (L-R) Betty Maina, Genesio Mugo, Yaw Nsarkoh and TMEA Country Director Dr. Chris Kiptoo and SCEA CEO Gilbert Langat present a gift to EAC Secretariat Secretary General, Dr. Richard Sezibera who presided over the launch of the SCEA brand in April 2013.*



*The former World Trade Organization Director General, Pascal Lamy (fourth from Left) when he paid a courtesy call to the Council to better understand the issues hampering trade in the East Africa region and acquaint himself with the role of SCEA in trade facilitation.*





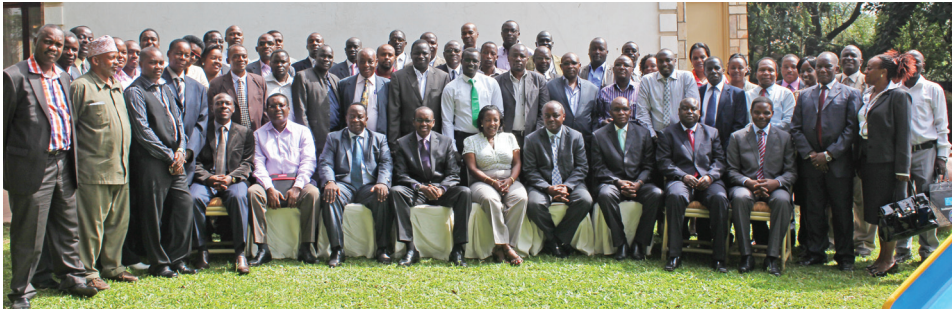
*Journalists who attended the media breakfast held in May field questions to the Secretariat about SCEA's advocacy agenda. The forum also allowed the media to interact with the newly launched brand and for SCEA to communicate about its role in the East African set up.*



*From Left, Eng. Sam Omer Kenya National Highways Authority - (KeNHA), Alex Kabuga CEO of Kenya Trade Network Agency - KENTRADE, Gilbert Langat SCEA CEO, Brown Ondego Executive Vice Chair Rift Valley Railways (RVR) and Nicholas Odindo, the Executive Officer Kenya International Freight and Warehousing Association (KIFWA) during the launch of SCEA's 2013 Logistics Performance Survey in Mombasa in July.*



*The former immediate chair, Mr. Yaw Nsarkoh (right) reads through the 2012 Annual report at last year's Annual General Meeting.*



*Participants during the regional Incoterms & Freight Logistics Practices workshop held in Kampala. The workshop was a partnership between TMEA, ISCOS, SCEA and other shippers councils from the region. Similar workshops were also held In Zanzibar and Kigali.*





*The SCEA Secretariat during the 2013 team building. It is an annual event held to develop team synergy and cultivate a team spirit essential for successful implementation of SCEA's programs.*



*Dr. Chris Kiptoo, TMEA Country Director (Left) exchanges signed grant documents with SCEA CEO Gilbert Langat. TMEA committed to support the Council to enhance its capacity to advocate effectively for efficient transport and trade facilitation systems in the EAC region. The project runs from September 2013 to September 2015.*



*Participants during SCEA's annual Shippers Open Day held to take stock of the year's achievements and challenges.*



## 5.0 News

In 2013, there were some developments in the transport and logistics sector instituted by government institutions, in Kenya and the region, which will be instrumental in transforming these sectors. Some of the key ones include:

### **A. Launch of the Single Customs Territory**

Last year, Kenya Uganda and Rwanda signed an agreement to establish a Single Customs Territory which commenced on 1st January 2014 but set to be fully operational by June. Under the new trading system, the five East African countries will have customs officials stationed at all points of entry into the community to collect duty. Trade stakeholders in the region welcomed the start of the new initiative saying it would reduce the cost of doing business in the region by between 15 and 30 per cent. The customs software of Kenya (SIMBA) and that of Uganda and Rwanda (ASSYCUDA) have been interfaced to ensure efficiency of the single customs territory.

### **B. Multi-million fund launched to transform transport and logistics industry**

TradeMark East Africa launched a \$16 million fund which will be used to find unique solutions that will improve the trade competitiveness of the region and contribute to prosperity in East Africa through innovative solutions. The East Africa Logistics Innovation for Trade Fund (LIFT) is expected to find unique solutions that will improve the trade competitiveness of the region and contribute to prosperity in East Africa. TMEA works with East African Community (EAC) institutions, national governments, private sector and civil society.

### **C. Levy established to finance rail development**

A fuel levy of 1.5% of all imports through Kenya was established to finance the development of a standard gauge railway. While the levy was seen to impose a burden on shippers in the short term, a fully functional rail system will enhance competitive and efficiency along the Northern Corridor which has continued to rely on the over-regulated road sector. It will connect Mombasa to Kampala and to Kigali and a later connection to Juba from Tororo.

#### **D. Port Efficiency**

Due to on-going port reforms and infrastructure development coupled with SCEA's interventions in CFSs management and road transport, the average port dwell time reduced to 5 days in 2013 with the number of complaints registered by shippers and transporters reducing significantly.

#### **E. General Rate Increase**

A general rates increase (GRI) was effected on 15th October by the major shipping lines plying the East African route owing to what the lines termed as slower trends in market rates on the trade line from the Far East to East Africa among global trade routes, rendering the prevailing rates unsustainable. SCEA and the Inter-governmental Standing Committee on Shipping (ISCOS) jointly contested the increase but it has not been rescinded. Shippers Councils in the region must join together to stop such increases

#### **F. Mombasa Port receives infrastructure grant**

The Netherlands Government gave a Kshs. 2.3 billion grant towards development of infrastructure projects at the Mombasa Port through TradeMark East Africa (TMEA), an organization funded by a range of development agencies with the aim of growing prosperity in East Africa through trade. TMEA works closely with East African Community (EAC) institutions, national governments, the private sector and civil society organizations through which it channels the monies towards sustainable projects.

#### **G. KRA Institutes 100% Verification**

KRA introduced 100% verification to ascertain the accuracy of description, quantity and value declared for all 20ft containers with a duty liability of less than Ksh. 1 million and Ksh. 2 million for 40ft containers. Certainly almost all 20ft containers have duty obligation of below Kes 1.0 million. Previously, the Customs Services Department would target 20ft containers with duty obligations of below Ksh. 300,000, depending on the weight, quantity and nature of the cargo for 100% verification.

## **H. EAC Vehicle Load Control Bill becomes law**

On 5th June 2014, the East Africa Legislative Assembly (EALA) passed the EAC Vehicle Load Control Bill 2012 that is expected to harmonize the axle load limits for heavy commercial vehicles within the region. The bill set 56 Tonnes as the maximum allowable gross vehicle weight (GVW) for cargo moving within East Africa. The EAC Heads of States later assented to the bill during their summit held toward the end of the year. National laws will be amended to conform to the EAC ACT and countries will have a transition period of 24 months.

## **I. RVR unveils plan to increase cargo capacity**

The Rift Valley Railways unveiled a Ksh. 25.8 billion strategic plan to increase cargo capacity five-fold by 2018. The firm, which was contracted to run the 1400 KM line between Mombasa and Kampala under a 25-year concession deal, revealed a plan that will see its cargo business increase from the current annual capacity of a million tonnes to five million tonnes in the next five years. This was according to Chief Executive Mr. Darlan Fabio De David.

## **J. Trucks delayed in Zambia and Kenya stand-off**

A trade stand-off between Zambia and Kenya saw trucks from Kenya being denied entry into to Zambia due to a dispute over the origin of sugar that Zambia was exporting to Kenya. This was prompted by KRA's refusal of entry of the sugar into Kenya contending that the sugar was originally from South Africa and its importation to Kenya was against the COMESA rules of origin, which allow for duty free movement of goods within the COMESA FTA. Businesses like Unilever Kenya Ltd were the most affected by the delays in clearance at the Nakonde border but the matter was diplomatically resolved between the governments of the two countries, upon intervention of the Shippers Council, who consulted with relevant government authorities in Kenya and Zambia.

## 6.0 Independent Auditors' Report

### SHIPPERS COUNCIL OF EASTERN AFRICA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Council submit their report together with the audited financial statements for the year ended 31st December 2013, which disclose the state of affairs of the council.

#### **Incorporation**

The council is domiciled in Kenya where it is incorporated under the Kenyan Companies Act(Cap 486). The address of the registered office is set out on page 1.

#### **Principal activities**

The principal activities of the council during year is to manage the affairs of the members.

#### **Results and dividends**

The net (deficit)/surplus for the year of Shs (64,440/=) (2012 surplus of Shs 3,812,160/=) has been charged/added to retained surplus.

#### **Council Members**

The Members who held office during the year and to the date of this report are set out on page 1.

#### **Auditor**

The council's auditor, Kimani and Associates, has expressed its willingness to continue in office in accordance with Section 159(2) of the Kenyan Companies Act.

#### **By order of the board**

.....

#### **Member**

Nairobi ..... 16/6/2014 ..... 2014



**SHIPPERS COUNCIL OF EASTERN AFRICA  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
STATEMENT OF MANAGEMENT' RESPONSIBILITY**

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the council as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the council maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the council. The directors are also responsible for safeguarding the assets of the council.

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

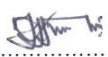
- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the council as at 31st December 2013 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

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

Approved by the board of members on ..... 6<sup>th</sup> June ..... 2014 and signed on its behalf by:

  
.....  
**Chief Executive Officer**

  
.....  
**Director**

**SHIPPERS COUNCIL OF EASTERN AFRICA  
REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF SHIPPERS COUNCIL OF EASTERN AFRICA  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**Report on the financial statements**

We have audited the accounting financial statements of Shippers Council of Eastern Africa, set out on pages 5 to 24, which comprise the balance sheet as at 31st December 2013, and the profit and loss account, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management' responsibility for the financial statements**

The board members are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan companies Act, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion the council financial statements give a true and fair view of the state of financial affairs of the council as at 31st December 2013 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan council Act.

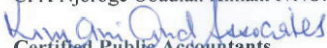
**Report on other legal requirements**

As required by the Kenyan Companies Act we report to you, based on our audit, that:

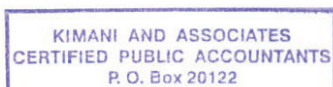
- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the council, so far as appears from our examination of those books; and
- iii) the council's balance sheet and surplus and deficit account are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors report is

CPA Njoroge Obadiah Kimani P/NO. 1994

  
Certified Public Accountants  
Nairobi

..... 16.06.2014



**SHIPPERS COUNCIL OF EASTERN AFRICA  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**INCOME AND EXPENDITURE STATEMENT**

		<b>2013 Kshs</b>	<b>2012 Kshs</b>
<b>Income</b>	<b>1</b>	26,662,436	36,512,535
Administrative Costs	2	19,321,771	16,996,072
Project Costs	3	7,354,722	15,656,920
Finance Costs	4	50,383	47,383
<b>Total Expenditure</b>		<u>26,726,876</u>	<u>32,700,375</u>
<b>Deficit /surplus for the year</b>		<u>(64,440)</u>	<u>3,812,160</u>

**SHIPPERS COUNCIL OF EASTERN AFRICA  
ANNUAL REPORT AND FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**BALANCE SHEET**

	Note	2013 Shs	2012 Shs
<b>EQUITY</b>			
Fund Balance	5	17,149,433	17,213,873
<b>Total Shareholders Fund</b>		<u>17,149,433</u>	<u>17,213,873</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	<u>1,841,898</u>	<u>2,043,201</u>
<b>Current assets</b>			
Trade and other receivables	7	884,280	892,725
Cash and cash Equivalent	8	15,724,588	14,702,921
		<u>16,608,868</u>	<u>15,595,646</u>
<b>Current liabilities</b>			
Trade and other payables	9	<u>1,301,332</u>	<u>424,974</u>
		<u>1,301,332</u>	<u>424,974</u>
<b>Net current assets/(liabilities)</b>		<u>15,307,536</u>	<u>15,170,672</u>
<b>NET ASSETS</b>		<u>17,149,433</u>	<u>17,213,873</u>

The financial statements on pages 5 to 9 were authorised for issue by the board of directors on 6<sup>th</sup> June 2014 and were signed on its behalf by:

	
Chief Executive Officer	Director

**SHIPPERS COUNCIL OF EASTERN AFRICA  
ANNUAL REPORT AND FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2013  
STATEMENT OF CHANGES IN EQUITY**

	<b>Note</b>	<b>Fund Balance Shs</b>	<b>Total Shs</b>
<b>At 1st January 2012</b>		13,401,713	13,401,713
Surplus for the year		3,812,160	3,812,160
<b>At 31st December 2012</b>		<u>17,213,873</u>	<u>17,213,873</u>
<b>At 1st January 2013</b>		17,213,873	17,213,873
(deficit) for the year		(64,440)	(64,440)
<b>At 31st December 2013</b>		<u>17,149,433</u>	<u>17,149,433</u>

**SHIPPERS COUNCIL OF EASTERN AFRICA  
ANNUAL REPORT AND FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2013  
CASH FLOWS STATEMENT**

	Note	2013 Shs	2012 Shs
<b>Cash flows from operating activities</b>			
<b>Profit for the year</b>		(64,440)	3,812,160
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	6	530,985	649,029
Depreciation of property, plant and equipment(Disposal)		(2,087)	
Finance cost	4	50,383	47,383
<b>Operating profit/(loss) before working capital changes</b>		<u>514,841</u>	<u>4,508,572</u>
Decrease/(increase) in:			
Trade and other receivables	7	8,445	450,909
Increase/(decrease) in:			
Trade and other payables	9	876,358	(2,129,415)
<b>Cash generated from operations</b>		<u>1,399,644</u>	<u>2,830,066</u>
<b>Net cash generated from/(used in) operating activities</b>		<u>1,399,644</u>	<u>2,830,066</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(327,594)	(2,679,132)
<b>Net cash generated from/(used in) investing activities</b>		<u>(327,594)</u>	<u>(2,679,132)</u>
<b>Cash flows from financing activities</b>			
Interest Paid	4	(50,383)	(47,383)
<b>Net cash generated from/(used in) financing activities</b>		<u>(50,383)</u>	<u>(47,383)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		1,021,667	103,552
<b>Cash and cash equivalents at 1st January 2013</b>		<u>14,702,922</u>	<u>14,599,370</u>
<b>Cash and cash equivalents at 31st December 2013</b>	8	<u>15,724,589</u>	<u>14,702,922</u>



**SHIPPERS COUNCIL OF EASTERN AFRICA  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013  
NOTES (CONTINUED)**

	<b>2013</b>	<b>2012</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>1. RECEIPTS</b>		
Grant Received	22,393,771	29,990,486
Entrance Fee	150,000	540,000
Annual Subscription fee	1,993,750	2,040,500
Fees from trainings and Workshop	-	2,289,350
Sponsorship of Events	450,000	-
Sale and advertising of SCEA Directory	323,903	1,652,199
Gain on foreign Exchange and Interest	1,351,012	-
<b>Total Income</b>	<b>26,662,436</b>	<b>36,512,535</b>
<b>2. Administrative Costs</b>		
Staff Salaries	13,712,468	12,458,880
Staff Benefits(Insurance and Allowances)	984,775	902,250
Office Rent	1,200,475	1,120,000
AGM Expenses(Conference and Publication:	336,000	270,000
Audit Fees	192,270	192,270
Legal Fees	384,800	63,500
Board Meeting Expenses	37,520	75,014
Depreciation	541,866	450,132
Postage and Stationary	200,659	170,360
Office Utilities (Water and Electricity)	116,538	125,014
Repair and License Renewals	71,428	75,660
Telephone Expenses	30,360	45,987
Operational Expenses( Taxi and Kitchen)	342,554	450,345
Insurance (Motor Vehicle and Equipments)	124,315	60,250
Subscription fee to other Organisation	185,000	186,000
Staff Team Building	184,800	-
Internet and Web Hosting Costs	654,930	350,410
Withholding Taxes	19,888	-
Loss on Disposal of Office Desk	1,125	-
	<b>19,321,771</b>	<b>16,996,072</b>

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ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>2013 Kshs</b>	<b>2012 Kshs</b>
<b>3. Project Costs</b>		
Research and Consultancy	1,153,408	9,487,676
Conference Facilities	889,900	1,259,500
Travel and Accommodation	1,097,405	1,245,887
Advertising and Publications	401,600	1,560,854
Purchase of Equipments	498,516	203,883
Public Relation and Communication Strategy	1,831,135	1,654,880
Research Data Clerks (Interns)	90,000	163,000
Staff Training and Developments	352,160	81,240
Automation of MIS System	753,698	-
Annual Shippers Day	286,900	-
	<u>7,354,722</u>	<u>15,656,920</u>
<b>4. Finance Costs</b>		
Bank Charges	<u>50,383</u>	<u>47,383</u>
<b>5. Fund Balances</b>		
Balance at 1.01.2013	17,213,873	13,401,713
Surplus/( Deficit) for the year	<u>(64,440)</u>	<u>3,812,160</u>
Balance at 31.12.2013	<u>17,149,433</u>	<u>17,213,873</u>



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6. Property, plant and equipment	Motor Vehicle Shs	Furniture & Fitting Shs	Equipments Shs	Total Shs
<b>At 1st January 2012</b>				
Cost or valuation	-	-	65,000	65,000
Accumulated depreciation	-	-	51,902	51,902
Net carrying amount	-	-	13,098	13,098
<b>Year ended 31st December 2012</b>				
Opening carrying amount	-	-	13,098	13,098
Additions	2,500,000	179,132	-	2,679,132
Depreciation charge	625,000	22,392	1,637	649,029
Closing carrying amount	1,875,000	156,741	11,461	2,043,201
<b>At 31st December 2013</b>				
Cost or valuation	2,500,000	179,132	65,000	2,744,132
Accumulated depreciation	625,000	22,392	53,539	700,931
Depreciation Disposal	-	(2,087)	-	(2,087)
Net carrying amount	1,875,000	158,827	11,461	2,043,201
<b>Year ended 31st December 2013</b>				
Opening carrying amount	1,875,000	158,827	11,461	2,045,288
Additions	-	(8,910)	336,504	327,594
Depreciation charge	468,750	18,739	43,495	530,984
Closing carrying amount	1,406,250	131,178	304,470	1,841,898
<b>At 31st December 2013</b>				
Cost or valuation	2,500,000	170,222	401,504	3,071,726
Accumulated depreciation	1,093,750	39,044	97,034	1,229,828
Net carrying amount	1,406,250	131,178	304,470	1,841,898

## 7.0 Key accomplishments in 2013

### 7.1 MEMBERSHIP DEVELOPMENT

The Council has experienced a rapid growth in membership, as a result of our various advocacy and capacity building activities. The relevance of the Council has been recognized and appreciated by more shippers and logistics service providers with SCEA membership standing at 78 in December 2013. This despite the membership fatigue most businesses are experiencing as a result of membership requests by multiple business associations.

### 7.2 ADVOCACY

#### Kenya National Electronic Single Window System (KNESWS)

After years of lobbying for the implementation of the Kenya National Single Window System, it was finally launched in May 2014, marking a significant achievement for the Council. The Single Window System, christened as TradeNet, is expected to significantly reduce cargo dwell time at Kenyan ports and border points and improve the ease of doing business on the logistics chain by facilitating faster document processing, trade information exchange and cargo traceability. This it will do by enabling importers to lodge standardized trade information and documents electronically to fulfill all import/export and, transit regulatory requirements for cargo clearance through Kenyan ports. It will also eventually enable traders to pay fees, levies, duties and taxes through the National Payment Gateway being implemented by the Central Bank.

In readiness for the launch, the Council collaborated with the implementers of the system, the Kenya Trade Network, KenTrade, to roll out sensitization workshops in Nairobi, Nakuru, Kericho and Kisumu.

#### Development of the Mombasa Port Community Charter

This Mombasa Port Community Charter is a document that proclaims the desire of the Mombasa Port Community to realize the full trade potential of the Port Corridor. It represents the culmination of intense

and extensive consultations among all stakeholder- ; government agencies, business, civil society organizations, the Coastal Community and special interest groups in Kenya. SCEA chaired the 10 – man committee that was tasked with the responsibility of developing a port charter whose purpose is to establish a permanent framework of collaboration that binds the Port Community to specific actions, collective obligations, targets and time lines with the objective of realizing the full potential of the Mombasa port corridor and spur the region's economic growth.

### **Partnership Building**

SCEA extended its partnership with TMEA towards enhancing the Capacity of the Shippers Council of Eastern Africa (SCEA) to effectively advocate for efficient transport and trade facilitation systems in the EAC region. The partnership extends a grant of USD 539, 882 to cover project activities for the period September 2013 to September 2015.

SCEA also pursued MOUs with the Intergovernmental Standing Committee on Shipping (ISCOS), Intertek Government Services and Mombas Container Terminal whose purpose is to facilitate cooperation between our organizations in areas related to development of the maritime industry, total supply chain logistics, trade logistics advocacy and sensitization of shippers on import/ export trade regulations. The MOUs once signed will be valid for a period of three years.

## **7.3 MEMBER SERVICES**

### **Training**

SCEA, in partnership with TMEA and ISCOS and the other regional shippers councils trained over 200 shippers and logistic service providers in Kampala, Zanzibar and Kigali on Incoterms 2010, managing risk in logistics, contracts of carriage, trade financing, shippers awareness and collective bargaining power, and trade promotion initiatives. The Council also held awareness workshops on the tea sector in Kenya. These efforts have borne fruit with less inquiries and need for interventions by members who are more enlightened about current trade practices, rules and regulations.

## **Shippers Open Day**

The Shippers Open Day forum held in Nairobi attracted participation of more than 100 logistics stakeholders from both the public and private sectors. The annual forum is a platform for stakeholders to network, share knowledge and also discuss some of the challenges facing the industry and propose appropriate remedial measures.

## **Official Launch of the SCEA Brand**

The Council rebranded from the Kenya Shippers Council to the Shippers Council of Eastern Africa (SCEA) at a ceremony that was graced by the Secretary General of the East Africa Community (EAC), Amb. Richard Sezibera. The new brand communicates SCEA's ambition to ensure provision of world class logistics services and trader awareness in the East African region where our members operate. The brand has also made the Council's look more vibrant and easily recognizable, with members now more eager to be associated with SCEA.

## **7.4 ICT**

### **National Electronic Single Window Sensitization Workshops**

SCEA, in partnership with KENTRADE and TMEA held sensitization workshops across the country covering Nairobi, JKIA Cargo Village, Nakuru, Kericho and Kisumu. The purpose of these workshops was to sensitize importers and exporters on the upcoming single window system (TradeNet) for clearing goods.

## 8.0 Challenges

### Membership Participation

Despite timely and regular communication, there have been challenges related to attracting the required participation of members to SCEA events and activities. SCEA encourages all members to make effort to participate in all SCEA activities, especially workshops, seminars and AGMs/EGMs. This will give an opportunity to all members to stay current with the goings of the organization and participate in making it even better.

## 9.0 Looking Ahead

SCEA is excited about 2014. We anticipate improved efficiency in the port of Mombasa following presidential directives issued early in 2013. There has been great improvement in cargo dwell time which is currently at 4 days. This can only improve especially with the launch of the National Single Window System which is anticipated to significantly reduce cargo clearance time at the sea and air ports and border points.

The Council will also be running scheduled training to better empower our members achieve global standards in the industry. This sets the stage for the Trade Transport and Logistics Conference and Exhibition that will bring together importers and exporters, logistics service providers, Information, Communication and Technology (ICT) solution providers, policy makers and development partners to discuss the challenges in trade facilitation and how to streamline them by leveraging on technology. All members are encouraged to attend this inaugural event.

# Annex 1

## 2013 MEMBERSHIP LIST

1. Acceler Global Logistics Limited
2. Airflo Limited
3. Akili Africa
4. All Pack Industries Limited
5. ARM Cement Limited
6. Bahari Forwarders Limited
7. Bamburi Cement Limited
8. Bash Hauliers Limited
9. Bidco Oil Refineries Limited
10. Bollore Africa Logistics
11. Brookside Dairy Limited
12. Cadbury Kenya Limited
13. Cargo World Logistics Limited
14. Chai Trading Company Limited
15. Cooperative Bank of Kenya
16. Corrugated Sheets Limited
17. Cotecna Inspection SA
18. Damco logistics (K) Limited
19. DHL Global Forwarding (K) Limited
20. Dodhia Packaging Limited
21. East African Online Transport Agency Limited
22. East African Packaging Limited
23. East African Sea Food
24. East African Tea Trade Association
25. Eveready E.A Limited
26. Foam Mattress Limited
27. Freight Forwarders (K) limited
28. Freight in Time Group
29. Fresh Produce Exporters Association of Kenya
30. Frigoken Limited
31. General Cargo Services Limited
32. General Printers Limited
33. GlaxoSmithKline Limited
34. Haco Tigerbrands E.A Limited
35. Intertek International Limited
36. Jumbo Foam Mattresses Industries Limited
37. Kapa Oil Refineries Limited
38. Kenya Coffee Traders Association
39. Kenya Groupage Cargo Handling Association
40. Kenya Ports Authority
41. Kibos Sugar & Allied Industries Limited
42. Kim-Fay E.A. Limited
43. Linton Park plc

44. Louis Dreyfus
45. Mabati Rolling Mills Limited
46. Makupa Transit Shade Limited (CFS)
47. Master Mind Tobacco (K) Limited
48. Meridian Shipping (EA) Logistics Limited
49. Mombasa Container Terminals
50. Mombasa Maize Millers
51. Muriithi and Ndonge Advocates
52. Nampak Kenya Limited
53. Nation Media Group Limited
54. Naushad Trading Company
55. New Kenya Cooperative Creameries Ltd
56. Orbit Chemical Industries Limited
57. Pan Africa Logistics Limited
58. Panal Freighters Limited
59. Power Technics Limited
60. Rai Plywoods (K) Limited
61. Rongai workshop and Transport Limited
62. Sameer Africa Limited
63. Schenker Limited
64. Seacon Kenya Limited
65. SGS Kenya Limited
66. Siginon Group
67. Spedag Interfreight (K) Limited
68. Speedex Logistics Limited
69. Sunripe Limited
70. Syrensins Limited
71. Tata Chemicals Magadi Limited
72. The Wrigley Company E.A Limited
73. TNT Express Worldwide (K) Limited
74. Transnational Bank
75. Unga Limited
76. Unilever Kenya Limited
77. Union Logistics Limited
78. Vivo Energy Limited
79. Wigglesworth Exporters Limited

### **New In 2014**

1. AON Kenya Insurance Brokers Limited
2. Cargill Kenya Limited
3. Great Lakes Ports Limited
4. Logistics Link Limited
5. Manuchar Kenya Limited
6. Nestle Kenya Limited
7. NIC Bank (K) Limited
8. Twiga Stationers and Printers Limited
9. United Nations World Food Programme

Shippers Council of Eastern Africa

Add: P.O. Box 1291-00606 Nairobi

Location: 9 The Crescent, off Parklands Road, Westlands (After Kalson Towers)

Tel: +254 0773 829 547/8 | Cell: +254 733 888 540, 0708-299175

Email: [info@shipperscouncilea.org](mailto:info@shipperscouncilea.org) | URL: [www.shipperscouncilea.org](http://www.shipperscouncilea.org)