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Registered office and principal place of business

Company Secretary

Auditors

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Chairman's Message

Dear Members,

On behalf of the Board of the Shippers Council of Eastern Africa, I am pleased to welcome you to this year's Annual General Meeting.

I take this opportunity to thank the Board, Members and the Secretariat for the support and cooperation extended to me and the Council. Without your support it would not have been possible for us to deliver on our mandate. Special commendations to our partners, TradeMark East Africa and the Ministry of Transport and Infrastructure for their continued assistance and cooperation.

In 2014, the SCEA undertook a number of activities that included both strategic evaluations internally and external interactions for the membership. We have had an independent consultant review our implementation of, and performance against, our strategic plan that runs from 2013-2015. Of the three key areas outlined in the strategic plan we have successfully implemented 63 of 96 activities with the balance to be completed within the timespan.

The review also highlighted a number of key issues that we need to take note of to resolve as soon as possible namely institutional sustainability, reliance on donor funding since 84 per cent of SCEA's funds originate from a single donor, the absence of viable regional footprints, and value for money for SCEA Membership.

We are engaged in mediating with the KRA and other government bodies on behalf of members. We are doing this through engagement in the review of the Acts of the Kenya Airports Authority and the Kenya Ports Authority and have prepared a memorandum indicating our propositions on the two acts. We are also engaged at the Friday Port Community Meetings, Port Advisory Committee and the Port Charter, the KEPSA Ministerial Stakeholder Forum and not forgetting our established working relations with Kenya Revenue Authority, Kenya Ports Authority, ISCOS, Container Freight Stations and the Kenya Ships Agents Association.

Kenya needs to become the freight, cargo, warehousing & 3PL hub of East and Central Africa. With the standard gauge railway ahead of schedule, the development of the Port Charter, the expansion of JKIA, the development of the Lamu Port and the Northern Corridor, it seems that infrastructure leads policy and legislation. We need to run similar policies, systems and procedures like Dubai to have an environment that facilitates trade and manufacturing. Unfortunately, without fundamental changes and reviews of some of the existing legislation, and simple changes ranging from the police manning road blocks, departments within KRA, and all the entities involved from one point to another. It requires the Single Window parties to sit together and understand what is needed from each one to make this a reality.

To give you an example the Council has established that the absence of a green channel policy in Kenya has limited the potential benefits of the Authorized Economic Operator programme which despite having an enormous potential of faster clearance through the green channel has had very low up take.

We are truly positioned for future growth and need to be together to improve the business environment. To remain competitive it is important for our membership to become more efficient and negotiate harder, and better, for services, review terms of the contracts, and ensure that service level agreements are in place with providers of clearing and forwarding activities.
Together let us steer our organization to the future.
Thank you

Hasit Shah (TIKU)
CHAIRMAN

CEO's Message

In 2014, SCEA remained the organization of choice in matters of transport, trade logistics, and trade facilitation advocacy. Building on the gains of the previous year where the government placed a lot of focus on the performance of the Mombasa Port Corridor and related infrastructure, the Council's work centered on competitiveness and efficiency of the logistics chain making SCEA's relevance more appreciated.

Cooperation between the Council and government agencies has been very cordial during the period and members and by extension shippers benefited from better service provision through the year. The Secretariat's aim to be the center of logistics information through was realized through the establishment of a quarterly industry magazine that focuses on thoroughly researched articles from experienced writers and industry opinion leaders to inform the general public on the regional and global logistics and trade facilitation trends. The annual Logistics Performance Survey (LPS) continues to be the flagship publication of the Council helping us engage the policy makers on the key issues affecting trade.

The Council also introduced a new service of Logistics Audit to analyze the effectiveness of logistics processes of companies involved in direct import and exports and recommend efficient and cost effective application of systems and cost reduction leading to higher competitiveness in the trading environment.

SCEA's membership grew by 22.8 percent to 97 members with retention remaining at 98%. That is a clear demonstration of confidence in the work that the Council does.

However, the challenge that remains is that services and interventions offered by the Council are also enjoyed by shippers who are not members. In addition, uptake on training services offered by the council is still very low despite the quality of faculty engaged by SCEA.

With the support and partnership of TradeMark East Africa (TMEA) , the Shippers Council took lead in the formulation and signing of the Port of Mombasa Community Charter, a collaborative framework of 25 agencies that are involved in the clearance and movement of cargo at the port of Mombasa and on the Northern Corridor that was witnessed by President Uhuru Kenyatta on 30th June, 2014 in Mombasa. It was during the same period that the National Single window system (TradeNet) was launched in Nairobi in the presence of the EAC infrastructure Summit Members.

Despite the many strides and the improved efficiency witnessed by the sector as a result of the intervention and collaboration of SCEA with other stakeholders, challenges still abound key among them being regulatory and operational inefficiencies of private sector service providers. The Port Charter is expected to hold each of the players to account and steer them towards better performance. The completion of mega infrastructure projects including the standard gauge rail, road network improvement, berth 19, the second container terminal, pipeline, and the Lapsset Corridor is expected to significantly increase efficiency and reduce the cost and turnaround time of Services leading to competitiveness of doing business.

The Shippers is grateful to TMEA for their continued support in delivering on the promises made to our members and the import/export sectors. We will continue to engage them and other development partners towards achieving logistical efficiency in the region.

The Secretariat is committed to deliver on the Council's mandate despite the lean structure and ensure that the gains achieved so far through various engagements are beneficial to the members and the economies of Eastern Africa.
We look forward to your continued support and active participation.
Thank You and God bless you

Gilbert Langat
CHIEF EXECUTIVE

Board Members

Mr. Hasit Shah - Chairman
Managing Director at Sunripe (1976) Ltd, representing the fresh produce sector

Munir Thabit - Member
Director at Grain Industries Ltd representing the grain sector.

Betty Maina - Member
Ms. Betty Maina, the immediate former Chief Executive of Kenya Association of Manufacturers representing the manufacturing sector.

Gilbert Langat
Secretary to the Board-Chief Executive Officer of the Council

Mrs. Norah Muga Mugavana- Member
Managing Director of Pan Africa Logistics Limited, representing the clearing and forwarding

Genesio Mugo - Member
Trading and Exports Manager at Vivo Energy K Ltd representing the petroleum sector.

Mr. Kassim Mohamed- Member
Supply Chain Manager at Bamburi Cement Ltd, representing the Cement sector.

Marc Engel, Chief
Executive officer of Unilever East & Southern Africa

Mr. Meshack Kipturgo - Vice Chairman
Managing Director of Siginon Group

Edward Mudibo - Member
Chief Executive Officer at East African Tea Trade Association, representing the tea sector.

Photo Gallery

H. E. President Uhuru Kenyatta signs the Port Community Charter during the official launch in June. He demonstrated his commitment, among other key stakeholders to improve efficiency in the Northern Corridor and Mombasa Port to enhance competitiveness.

SCEA in conjunction with KRA held a compliance workshop to address implementation of the Authorized Economic Operator, the Single Customs Territory, and the expeditious resolution and greater understanding of the HS classification.

L-R: Dr. Chris Kiptoo, TMEA Kenya County Program, Mr. Nduva Muli, former PS, Transport, SCEA CEO, Mr. Gilbert Langat, Capt. Hamisi of KPA and Emma Gichuhi of Bollore Logistics during the launch of the 2014 Logistics Performance Survey

Permanent Secretary for EAC Affairs, Mr. John Konchellah, presides over the annual Shippers Open Day held by SCEA in November 2014.

SCEA staff and global management consultants during the 2015 planning retreat held in Naivasha. This planning period was also the mid-term review of the strategic plan 2013-2015.

SCEA Staff attempt to execute a task as a team during the annual team building retreat.

Mombasa members and stakeholders follow the proceedings of the Kenya Revenue Authority (KRA) sensitization workshop. The workshop was held jointly by KRA and SCEA.

Business editors and journalist engage with the SCEA Secretariat during a media breakfast organized to keep the media abreast with ongoing developments in the industry.

SCEA members follow the proceedings of the 2013 AGM.

News

The Northern Corridor infrastructure summit held in Kigali

The 9th Northern Corridor infrastructure summit was held in March and graced by the presidents of Rwanda, Uganda, Kenya with Tanzania, Burundi and South Sudan presidents as observers. The foreign minister of Ethiopia was also in attendance. The summit was used to measure the ongoing integration efforts and infrastructure projects by individual EAC member states. This was preceded by the handing over the EAC chairmanship to Tanzania in February 2015.

Hosted in Kigali, the discussions focused on the progress integration efforts such as the Single Customs Territory (SCT) and infrastructure developments such as the Standard Gauge Railway (SGR), Lappset, among others. Financing and syndicating either through direct investment or through Public Private Partnerships (PPPs) was another area of interest. The region has continued to experience infrastructure expansion through PPPs. EAC governments are adopting this model to fund roads, railways and port development for trade. In addition, private sector capacity to handle and finance these projects has also increased.

National electronic single window launched

The Kenya Tradenet System also known as the National Electronic Single Window System (NESWS) was launched on May 2, 2014 in Nairobi and witnessed by three East African heads of state: Presidents Uhuru Kenyatta of Kenya, Yoweri Museveni of Uganda and Paul Kagame of Rwanda.

NESWS, as an online platform allows traders to lodge import and export trade documents electronically, will allow for faster and more accurate processing in supply chains. The system also allows for electronic payments of taxes and other levies through digital channels such as bank transfers and mobile money.

A build up to the official launch was marked with numerous stakeholder sensitization workshops that was jointly facilitated by KENTRADE, which is the government's arm entrusted with the implementation of NESWS, and International Finance Corporation (IFC) throughout the country.

Self regulatory charter on vehicle load control

A charter to encourage voluntary compliance to axle load limits in Kenya was signed at Mariakani weighbridge by 14 stakeholders in the heavy commercial transport sub sector in October 2014.

The idea of the charter was coined by stakeholders in the sub sector to help transporters to self-regulate and check overloading on the 1,900km Northern Corridor and in the process improve efficiency at the Mariakani and other weighbridges in Gilgil, Webuye and Mlolongo. When fully implemented, it is expected to maximize confidence in responsible vehicle overload control and is expected to provide a level playing field for operators, and maintain high standards of road transport infrastructure.

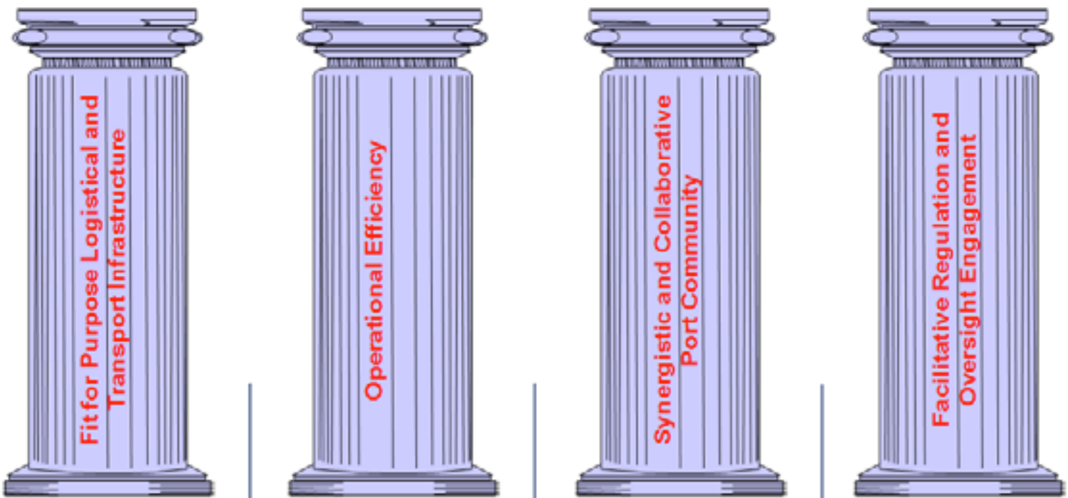
It was signed by the Shippers Council of Eastern Africa (SCEA), Container Freight Station Association (CFSA), Kenya International Freight and Warehousing Association (KIFWA), Kenya Transporters Association (KTA), Kenya Long Distance Truck Drivers Union (KLDTDU), Kenya Ports Authority (KPA), Kenya Revenue Authority (KRA), Kenya National Highways Authority (KeNHA), Kenya Pipeline Company (KPC), Kenya Maritime Authority (KMA), Kenya National Police Service (KNPS), the National Transport and Safety Authority (NTSA), the Ministry of Transport and Infrastructure (MOTI), and the Northern Corridor Transit Transport Coordination Authority (NC-TTCA) as special interest partners, who will also monitor the charter's implementation to ensure it stays on track.

Port of Mombasa Corridor Charter launched

The Port Charter was launched by President Uhuru Kenyatta on 30th June 2014 and spells out specific targets and delivery time lines for the 25 port community members under the Charter.

Among the achievements so far include reduced transit time from the port of Mombasa to the hinterland, which has dropped from an average 8 days to 4 days.
Under the Port Charter, each agency pledged on specific action within six months effective June 2014, as contribution to the port reform, which is part of the regional Heads of State stated agenda.

The pillars of the Charter and the respective objectives are as illustrated below:



- Transform Mombasa port into a High-Performance Landlord Port
- Proportionately grow the capacity of Hinterland Channels

- Actualize paper less processing through the single window system
- Reduce Cycle-times through Speed and 24/7 Work Economy

- Drive Planned Initiatives Through Stakeholders' Executive Leadership
- Ethical and Professional Business Practice

- Streamline regulatory & oversight bodies' roles all-through the corridor
- Review, alignment and enactment of enabling legislation

SCEA Undertakes Logistics Audit

The Council launched an initiative to gauge the efficiency levels of the logistics processes of members with the aim of assisting them to save costs and reduce multiple charges arising out of delays and other inefficiencies.

The audits involve the review of existing processes, systems and benchmarking them against the best practices, resulting in the establishment of a baseline of current costs and service levels and identification of performance improvement areas at the end of the audit process.

The goal of a logistic audit is to objectively examine a company's existing logistics and transportation operations and flows, assess the efficiency of the systems and processes in place and to provide the organization with recommendations and guidelines on its supply chain and freight management. It therefore identifies areas of inefficiency, cost leakage and unnecessary processes in a well documented and orderly process.

It has been demonstrated that overall an audit can produce potential savings of between 10 and 20 percent of total logistics costs local circumstances notwithstanding. In specific areas and under certain circumstances, the potential savings can be even higher.

The Single Customs Territory takes shape

The East African Community launched Single Customs Territory (SCT) in early 2014. The SCT is a customs system that allows for goods arriving at the port to be declared in the country of final destination and taxes paid before goods are allowed out. The physical verification of goods, when required, is done by officers from the country of destination stationed at the port. One of the benefits is that multiple declarations of goods at each border has been eliminated as the driver only presents a release order and exit note and proceeds after joint verification with neighbouring country officers.

Some other benefits include timely collection of revenue, reduced cases of dumping of goods destined for Uganda and Rwanda, use of a single regional bond that offers high cost savings to importers as compared to multiple guarantee bonds, and reduced costs of physical escorts.

Since the rollout of the SCT in February 2014 and results indicate a surge in importation of fuel, cement and clinker, wheat, used clothes and beverages. The average turnaround time spent on clearing and transporting cargo has also reduced from about 18 days to 4 days.

Maritime organization requirement for container weight verification

The Maritime Safety Committee (MSC) of the International Maritime Organization (IMO) at its 93rd session held in May 2014, approved changes to the Safety of Life at Sea (SOLAS) convention regarding a mandatory container weight verification requirement on shippers. The dangerous goods, solid cargo and containers (DSC) sub-committee approved changes to the SOLAS convention that will require verification of container weights before loaded containers are placed aboard ships. The DSC report was approved by the MSC in May 2014 and adopted in November 2014. The requirement making container weight verification a condition for vessel loading will become legally binding on July 1, 2016.

This is an effort World Shippers Council (WSC) has been advocating for many years.

Introduction of transshipment bonds

The Kenya Revenue Authority introduced a transshipment bond to manage cargo diversion risks but became a barrier to growth of transshipment traffic without necessarily addressing the targeted risk. The policy was administratively rescinded but a token bond had to be executed for Simba process flow.

Independent Auditors Report

The Council submit their report together with the audited financial statements for the year ended 31st December 2014, 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 advocate for an improved policy and trade environment,

Educate shippers on their rights and obligations in import and export trade,

Provide a platform for sharing experiences through networking forums, and training and awareness workshops.

Results and dividends

The net surplus for the year of Shs 3,482,113/= (2013 deficitof Shs 64,440/=) has been charged/added to retained surplus.

Council Members

The directors 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

.... Date ...12/5/2015........ 2015

Chief Executive officer

~~Secretary to the board~~

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 2014 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 ......18/5/2015........ 2015 and signed on its behalf by:

.... Chief Executive Officer

.... Director

Independent Auditors' Report *(continued)*

Report on the financial statements

We have audited the accounciling financial statements of Shippers Council of Eastern Africa, set out on pages 5 to 24, which comprise the balance sheet as at 31st December 2014, 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 Decenber 2014 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

Kimani and Associates

Certified Public Accountants

Nairobi

……………………26.05……… 2015

BALANCE SHEET

	Note	2014 Shs	2013 Shs
EQUITY			
Fund Balance	5	20,631,546	17,149,433
Total Shareholders Fund		20,631,546	17,149,433
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	6	1,523,885	1,841,898
Current assets			
Trade and other receivables	7	-	884,280
Cash and cash Equivalent	8	19,107,661	15,724,588
		19,107,661	16,608,868
Current liabilities			
Trade and other payables	9	-	1,301,332
		-	1,301,332
Net current assets/(liabilities)		19,107,661	15,307,536
NET ASSETS		20,631,546	17,149,434

The financial statements on pages 5 to 9 were authorised for issue by the board of directors on............18/5/2015............2015 and were signed on its behalf by:

....

Chief Executive Officer **Director**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2014 Kshs	2013 Kshs
7.	Trade and other Receivables		
	Trade and other Receivables	-	884,280
8.	Cash and cash equivalent		
	For the purpose of the cash flow statement, cash and cash equivalents comprise the following:		
	Barclays Bank kshs Account	177,652.00	1,606,475.45
	Barclays Bank USD Account	29,340.00	29,099.75
	Co-operative Bank kshs Account	310,053.00	2,514,439.40
	Co-operative Bank USD Account	75,420.00	75,007.40
	N. I.C Bank kshs Account	7,067,072.00	321,775.00
	N.I.C Bank USD Account	204,480.00	12,260.40
	Co-operative Bank kshs Account FDA	5,243,644	5,165,530
	N. I.C Bank kshs Account FDA	6,000,000.00	6,000,000.00
	Total Cash at bank and in hand	19,107,661	15,724,588
9.	**Trade and other payables**		
	Trade and Other Payables	-	

INCOME AND EXPENDITURE STATEMENT

		2014 Kshs	2013 Kshs
Income	1	36,729,207	26,662,436
Adminstrative Costs	2	20,409,604	19,321,771
Project Costs	3	12,760,799	7,354,722
Finance Costs	4	76,692	50,383
Total Expenditure		33,247,094	26,726,876
surplus/(Deficit) for the year		3,482,113	(64,440)

NOTES (CONTINUED)

		2014 Kshs	2013 Kshs
1.	**RECEIPTS**		
	Grant Received	31,650,878	22,393,771
	Entrance Fee	1,055,000	150,000
	Annual Subscription fee	1,855,000	1,993,750
	Fees from trainings and Workshop	67,500	-
	Sponsorship of Events	200,000	450,000
	Sale and advertising of SCEA Directory	334,280	323,903
	Gain on foreign Exchange and Interest	825,644	1,351,012
	Advertising in Spotlight magazi	174,000	-
	Interest Earned	496,905	-
	TTLC Income	70,000	
	Total Income	36,729,207	26,662,436
2.	**Administrative Costs**		
	Staff Salaries	13,265,080	13,712,468
	Staff Benefits(Insurance and Allowances)	1,248,069	984,775
	Office Rent	1,200,824	1,200,475
	AGM Expenses(Conference and Publications)	423,597	336,000
	Audit Fees	197,200	192,270
	Legal Fees	146,490	384,800
	Board Meeting Expenses	185,503	37,520
	Depreciation	422,541	541,866
	Postage and Stationary	142,509	200,659
	Office Utilities (Water and Electricity)	52,003	116,538
	Repair and License Renewals	219,506	71,428
	Telephone Expenses	30,360	
	Operational Expenses(Taxi and Kitchen)	1,898,612	342,554
	Insurance (Motor Vehicle and Equipments)	171,510	124,315
	Subscription fee to other Organisation	277,000	185,000
	Staff Team Building	183,200	184,800
	Internet and Web Hosting Costs	366,100	654,930
	Withholding Taxes	9,860	19,888
	Loss on Disposal of Office Desk	-	1,125
	20,409,604	19,321,771	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)	Notes	2014 Kshs	2013 Kshs
3. Project Costs			
Research and Consultancy		-	1,153,408
Conference Facilities		-	889,900
Travel and Accommodation		-	1,097,405
Advertising and Publications		-	401,600
Purchase of Equipments		-	498,516
Public Relation and Communication Strategy		-	1,831,135
Research Data Clerks (Interns)		-	90,000
Staff Training and Developments		-	352,160
Automation of MIS System		-	753,698
Annual Shippers Day		235,000	286,900
AEO Programe		1,192,550	-
Capacity Building Workshops		565,065	-
Capacity enhancement for SCEAS		1,264,314 -	
Consultancy for audit logistics		1,720,000	-
ICT Conference Expenses		1,478,631	-
Logistics performance Index		1,379,802	-
Logistic Spotlight Magazine		793,165	-
Media Interactive Workshops		174,316	-
Policy Research		2,594,366	-
Port Stakeholders Meeting		605,035	-
Presidntial and Governor's rou			170,435
Publication of directory		588,120	-
		12,760,799	7,354,722
4. Finance Costs			
Bank Charges		76,692	50,383
5. Fund Balances			
Balance at 1.01.2014		17,149,433	17,213,873
Surplus/(Deficit) for the year		3,482,113	(64,440)
Balance at 31.12.2014		20,631,546	17,149,433

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Property, plant and equipment	Motor Vehicle Shs	Furniture & Fitting Shs	Equipments Shs	Total Shs
At 1st January 2013				
Cost or valuation	2,500,000	179,132	65,000	2,744,132
Accumulated depreciation	625,000	22,392	53,539	700,931
Net carrying amount	1,875,000	156,740	11,461	2,043,201
Year ended 31st December 2013				
Opening carrying amount	1,875,000	179,132	11,461	2,065,593
Additions	-	(8,910)	336,504	327,594
Depreciation charge	468,750	18,739	43,495	530,984
Disposal	-	(2,087)	-	(2,087)
Closing carrying amount	1,406,250	131,178	304,470	1,860,116
At 31st December 2013				
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
Depreciation Disposal	-	-	-	
Net carrying amount	1,406,250	158,827	304,470	1,841,898
Year ended 31st December 2014				
Opening carrying amount	1,406,250	158,827	304,470	1,869,547
Additions	-	46,098	58,429	104,527
Depreciation charge	351,563	25,616	45,362	422,541
Closing carrying amount	1,054,688	179,309	317,537	1,551,534
At 31st December 2014				
Cost or valuation	2,500,000	216,320	459,933	3,176,253
Accumulated depreciation	1,445,313	64,660	142,396	1,652,369
Net carrying amount	1,054,688	151,660	317,537	1,523,885

	Note	2014 Shs	2013 Shs
Cash flows from operating activities			
Profit for the year		3,482,113	(64,440)
Adjustments for:			
Depreciation of property, plant and equipment	6	422,542	530,984
Depreciation of property, plant and equipment(DisposaL)		-	(2,087)
Finance cost	4	76,692	50,383
Operating profit/(loss) before working capital changes		3,981,346	514,840
Decrease/(increase) in:			
Trade and other receivables	7	884,280	8,445
Increase/(decrease) in:			
Trade and other payables	9	(1,301,332)	876,358
Cash generated from operations		3,564,294	1,399,643
Net cash generated from/(used in) operating activities		3,564,294	1,399,643
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(104,527)	(327,594)
Net cash generated from/(used in) investing activities		(104,527)	(327,594)
Cash flows from financing activities			
Interest Paid	4	(76,692)	(50,383)
Net cash generated from/(used in) financing activities		(76,692)	(50,383)
Net (decrease)/increase in cash and cash equivalents		3,383,075	1,021,666
Cash and cash equivalents at 1st January 2014		15,724,588	14,702,922
Cash and cash equivalents at 31st December 2014	8	19,107,663	15,724,588

STATEMENT OF COMPREHENSIVE INCOME

	Note	2014 Shs	2013 Shs
(Deficit)/Surplus for the year		3,482,113	(64,440)
Other comprehensive income:		-	-
Surplus/(deficit) on revaluation of property, plant and equipment		-	-
Change in fair value of available-for-sale financial assets		-	-
Reclassification adjustment: gain on disposal of available-for sale financial assets included in the profit and loss account		-	-
Deferred income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of the company		3,482,113	(64,440)

Accomplishments

a. **CFS release charge:** SCEA intervened to have shipping lines remove the CFS release charge of between USD 10 and 20

b. **Refunds:** Assisted a shipper (Carton Manufacturers) to get a refund of USD 7,500 for demurrages accrued on a dispute of last sling with a CFS.

c. Assisted a shipper to have their Consignment transferred to their chosen CFSs when the same had been transferred erroneously to CFSs that they had not nominated.

d. **KPA Minor Tariff Review -** The proposed tariff review was not effected following petitions from SCEA and other stakeholders. However, KPA has not availed an official position on the stay.

e. **Shore handling:** The Council intervened for members who had been overcharged by CFSs for shore handling by between USD 20-40 for KPA nominated cargo contrary to the KPA tariff. These fees were consequently overturned.

f. **KRA Seminar -** In our continual endeavor to develop capacity and sensitize shippers and trade facilitation service providers, the Council jointly with Kenya Revenue Authority undertook two awareness workshops in Mombasa and Nairobi in August that focused on the authorized economic operator, single customs territory, HS code classification, new export procedures and the KRA Tribunal and arbitration process.

g. **Training on navigating risk in logistics -** In May, the Shippers Council in collaboration with Aon Kenya Insurance Brokers held a training workshop on how shippers and their service providers can minimize and manage the risks associated with transporting goods. Goods face risks of damage or loss due to pilferage, natural calamities, man-made accidents, or even poorly negotiated sales contracts. The workshop focused on the role of insurance in freight logistics covering such topics as appropriate use of Incoterms while procuring freight insurance and contracting, the insurance products available for goods in transit locally and internationally, and the procedures of procuring insurance and filing claims.

Challenges

Challenges

a. **Institutional**
   Minimal up take of value- add services by members affected the operations of the Council despite the availability of the various options to chose from.

b. **Operational**

Refunds from CFSs:

Shippers continue to experience challenges with arbitrary demurrage charges that are imposed on them by the CFSs. Unfortunately even when KPA directs that the CFSs make the refunds, the shippers are not availed the refunds within the 7 days as stipulated in the service level agreement.

24/7 Operating Hours

This is being implemented albeit with Challenges. Shippers and their clearing agents are being accused of not utilizing the 24/7 operations.

Delays in Payments Reflections

Delays in reflection of RTGS payments in the KRA's SIMBA system leading to costly delays in cargo clearance.

Electronic linkage of weighbridges - There were costly delays associated with double weighing arising from lack of information exchange among the weighbridge stations.
The contract with the World Bank was awarded and is expected to overhaul the system

Cargo Uptake after Customs Release:

Cargo continued to stay in the port by an average of 20 hours after customs release, beyond the allowable 24-hour period. This was attributed to among other factors, late arrival by transporters to pick up cargo, poor exit infrastructure, congestion at the gate, traffic jam at the Changamwe round about, poor port planning and low supply of loading equipment.

Container interchange receipt (report)

Shippers failure to secure the container interchange receipt from KPA, shipping lines and the CFSs has seen them paying for repairs of containers which were otherwise in bad condition. A container interchange receipt gives a detailed description of the outward condition of a container when the container transfers from one responsible holder to another. By preparing an interchange report for each transfer, it can be established when damage to a container has occurred and the party who during that period had the container in his possession can be held responsible

Removal of terminal handling charge (THC) - this issue is not yet resolved but discussions are on going. THC has been removed from Dar-es-Salaam and Sri-lanka ports

According to the shipping lines the purpose of levying this charge is to recover third party costs which they incur on the cargo at the destination port. The cargo owners however claim that it is a double payment as importers pay the freight charges to the lines, and THC to KPA. On the other hand, THC is not charged in some ports, including the Port of Dar Es Salaam. This charge therefore makes the Port of Mombasa relatively more expensive.

Delivery order fee (Mombasa US$ 60-90) is charged in exchange (documentation fee) for the negotiable bill of lading. At that rate the cargo owners claim that the charge is high and unjustifiable because the exchange of the documents is done for the safeguard of the shipping line. The levy varies from one shipping line to another.
Verification Charges:- The case between CFSs association and KPA is still in court. Shippers concern is that while the services should be paid for KPA should compensate the CFSs as per the service level agreement

Container Cleaning Fee - All shipping lines collect cleaning fee in advance, whether the container is dirty or not. This charge may only be justified if the container is returned in a dirty state. In addition, cargo owners feel that it should apply only to wet cargo.

Looking Ahead

The Council anticipates a lot of developments in 2015 as a result of the full implementation of the single window system, the standard gauge railway, the Lappset Corridor and other infrastructural developments. SCEA will also be rolling out a training program to empower the import/ export fraternity with the best practices in supply chain and logistics.

That coupled with the logistics audit programme for members, the enforcement of the port charter and the continued professionalization of business associations is sure to turn around the fortunes of not only the SCEA members but the industry as a whole.

Annex 1 - 2014 Membership List

1 Acceler Global Logistics Ltd
2 Airflo Limited
3 Allpack Industries Ltd
4 Aon Kenya Insurance Brokers Limited
5 ARM Cement Ltd
6 Bahari Forwarders Ltd
7 Bamburi Cement Ltd
8 Bash Hauliers Ltd
9 Bayer East Africa Limited
10 Bidco Africa Ltd
11 Bollore Africa Logistics
12 Brookside Dairy Ltd`
13 Cadbury Kenya Ltd,
14 Cargill Kenya Ltd
15 Cargo World Logistics Ltd.,
16 Chai Trading Co. Ltd.,
17 Cooper K Brands Ltd
18 Corrugated Sheets Ltd
19 Cotecna Inspection SA
20 CPCS Transcom Kenya Ltd
21 DAMCO Logistics (K) Ltd.
22 Danki Ventures Limited
23 DHL Global Forwarding (K) Ltd
24 Dodhia Packaging Limited
25 East African Online Transport Agency Ltd
26 East African Packaging Ltd
27 East African Sea Food
28 East African Tea Trade Association
29 Equity Bank
30 Eveready E.A. Ltd
31 Foam Mattress Ltd
32 Freight Forwarders (K) Ltd
33 Freight in Time Group
34 Fresh Produce Exporters Association of Kenya
35 Frigoken Ltd
36 General Cargo Services Ltd
37 General Printers Ltd
38 GlaxoSmithKline Ltd
39 Grain Bulk Handlers
40 Great Lakes Ports Ltd
41 Haco Tigerbrands E.A. Ltd
42 Hi - Tech Impex Ltd
43 Intertek International Ltd
44 Jumbo Foam Mattresses Industries Ltd
45 Kapa Oil Refineries Ltd
46 Kenafric Industries Ltd
47 Kenya Groupage Cargo Handling Association
48 Kenya Ports Authority
49 KenTrade
50 Kibos Sugar & Allied Industries Ltd.
51 Kim-Fay E.A.Ltd
52 Linton Park Plc
53 Logistics Link Ltd
54 Louis Dreyfus
55 Mabati Rolling Mills Ltd
56 Makupa Transit Shade Ltd (CFS)
57 Manuchar Kenya Ltd
58 Master Mind Tobacco K Ltd
59 Meridian Shipping (EA) Logistics Ltd
60 Mombasa Container Terminals
61 Mombasa Maize Millers
62 Muriithi & Ndonye Advocates
63 Nampak Kenya Ltd
64 Nation Media Group Ltd
65 Naushad Trading Company
66 Nestle Kenya Ltd
67 New Kenya Cooperative Creameries Ltd
68 NIC Bank K Ltd
69 Orbit Chemical Industries Ltd
70 Pan Africa Logistics Ltd
71 Panal Freighters Ltd
72 Power Technics East Africa Ltd
73 Rai Plywoods (K) Ltd
74 Rongai Workshop & Transport Ltd
75 Safaricom Limited
76 Sameer Africa Ltd
77 Schenker Ltd
78 Seacon Kenya Ltd
79 SGS Kenya Ltd
80 Siginon Group
81 Spedag Interfreight K Ltd
82 Speedex Logistics Ltd
83 Sunripe (1976) K Ltd
84 Synresins Limited
85 Tata Chemicals Magadi Ltd
86 The Wrigley Company E.A Ltd.
87 TNT Express Worldwide (K) Ltd
88 Transnational Bank
89 Twiga Stationers & Printers Ltd
90 Unga Limited
91 Unilever Kenya Ltd
92 Union Logistics Ltd
93 United Nations World Food Programme
94 Vivo Energy Limited
95 Wigglesworth Exporters Limited

New in 2015

1. Grain Industries Limited
2. Hotpoint Appliances Ltd
3. Multiple Hauliers (EA) Ltd
4. Multiple ICD (K) Ltd
5. Multiple Solutions Ltd
6. Rift Valley Railways

Annex 2 - Axle Load Limits

Permissible Maximum Axle Load Limits

Axle Type	No. of tyres on the axle	Type of tyre	Permissible limit (metric tonnes)
Single	2	Conventional	8
Single	4	Conventional	10
Tandem	8	Conventional	18
Tandem	4	Super Single	16
Tridem	12	Conventional	24
Tridem	6	Super Single	22.5
Liftable single	4	Conventional	10
Liftable single	2	Super Single	8.5

Source: EAC Vehicle Load Control Bill, 2012

1. A tolerance of 5% of the permissible maximum axle load limit shall be allowed on the axle load limits.

   Any vehicle established to be overloaded on the axle or axle group but is within the prescribed gross vehicle weight as per the axle configuration shall be allowed to redistribute its cargo to within tolerance before being re-weighed and allowed to proceed with its journey. Such vehicles will not be charged.

   Any vehicle which is overloaded on the axle and axle group and cannot redistribute its cargo to within allowable tolerance shall be charged.

   To harmonize with EAC Vehicle Load Bill, Kenya enacted the Traffic (Amendment) Rules, 2013, which grant an allowance of 5% on the legal axle and axle group weights limits to take care of possible movement of cargo while on transit as indicated in the Table 4 below.

   Allowable Tolerance on Permissible Maximum Axle Load Limits

No	Axle Type	Legal Weight (Kg)	5% Tolerance (Kg)	Allowable Weight (Kg)
1	Single Steering Axle	8,000	400	8,400
2	Single axle with four wheels fitted with conventional tyes	10,000	500	10500
3	Single axle with two wheels fitted with Super Single tyres	8,500	425	8,925
4	Double steering axle having two wheels fitted with conventional tyres	12,000	600	12,600
5	Double steering having four wheels fitted with conventional tyres	16,000	800	16,800
6	Tandem axle group having two wheels fitted with Super Single tyres	16,000	800	16,800
7	Tandem axle group having four wheels fitted with conventional tyres	18,000	900	18,900
8	Triple axle group each having two wheels fitted with Super Single tyres	22,500	1,125	23,625
9	Triple axle group having four wheels fitted with conventional tyres	24,000	1,200	25,200

2. A vehicle with liftable axles shall be fitted with the manufacturer's certified dead man's switch and must have an automatic drop-down mechanism when loaded.

3. No axle in the tandem or tridem axle group shall exceed the permissible maximum single axle load limits.

4. The maximum number of axles in any axle groups shall be limited to three (3) axles.

5. The conventional tyres and inflation pressures that match the recommended axle load limits shall be the following:

   (a) A 1100 × 20, which is an 11-inch (280 mm) wide cross-ply tyre, fitted to a 20-inch diameter wheel rim and inflated at a pressure of 750 kPa (7.5 bars); or,
   (b) A 12 R 22.5, which is a 12-inch (305 mm) wide radial-ply tyre on a 22.5-inch diameter wheel rim and inflated at a pressure of 800 kPa (8.0 bars); or,

   (c) A 315/80R22.5, which is a 315 mm wide tyre inflated at a pressure of 800kPa or 8.0 bars.

   The super single tyre shall be of size 385/65R22.5, but will be progressively replaced with wide-base single tyres such as 455/55R22

(a) Gross Vehicle Weight Limits

The permissible maximum Gross Vehicle Weight shall be 56 metric tonnes, subject to the following conditions:

1. The vehicle shall have a maximum of seven (7) axles.

2. The GVW shall be limited in relation to the vehicle spatial axle load distribution of using the bridge formula.

(b) Vehicle Dimensions, Axle Load Configurations and Vehicle Combinations

Table 4: Dimensions, Configurations and Combinations

Standard /Provision	**Type of tyre**	**Proposed EAC Standard/Provision**
Maximum overall length of Vehicles (m)	Rigid Vehicle Articulated Vehicle Combination vehicles	12.5 17.4 22
Maximum overall width of Vehicles (m)	All categories	2.65
Maximum overall height of Vehicles (m)	All categories	4.3
Projecting load limits - front and rear (m)	All categories	1.25
Projecting load limits - sides (m)	All categories	0.15

Source: EAC Vehicle Load Control Bill, 2012

Additional Requirements for Bulk Liquid Tank

The Weights and Measures Act (Cap. 513) in Kenya, requires bulk liquid tanks to:

1. Have an identification plate affixed and containing information on name of manufacturer, year of manufacture of the measure, serial number, registration number of the vehicle, for measure mounted on a vehicle and the nominal capacity of the measure.

2. All tankers must be calibrated by an officer of the Department of Weights and Measures.

Notes