

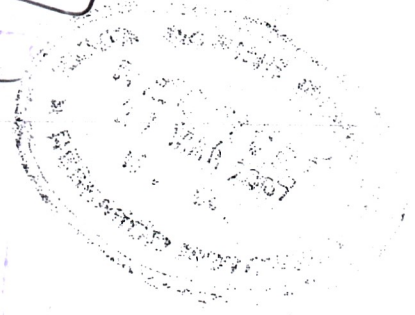
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KENYA NATIONAL AUDIT OFFICE

**REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF
KENYA MARINE AND FISHERIES
RESEARCH INSTITUTE FOR THE YEAR
ENDED 30 JUNE 2006**

**KENYA MARINE AND FISHERIES
RESEARCH INSTITUTE**

FINAL ACCOUNTS

FOR THE YEAR

2005 / 2006

CORPORATE INFORMATION

Board of Management:-

Prof. Shaukat Ali Abdulrazak	Chairman
Dr. Johnson Kazungu	Director/Secretary
Prof. Micheni Ntiba	Member
Prof. Peninah Aloo Obudho	Member
Dr. Charles Ngugi	Member
Dr. Stephen Mbithi	Member
Prof. B.C.C. Wangila	Member
Dr. Simon Hemphil	Member

Parent Ministry & Co-operating Institutions

- Permanent Secretary, Ministry of Livestock & Fisheries Development
- Permanent Secretary, Ministry of Finance
- Inspector-General, Inspectorate of State Corporations
- Director of Fisheries
- Secretary, National Council for Science & Technology

OFFICES:-

- KMFRI HEADQUARTERS,
English Point
P.O. BOX 81651, 80100
MOMBASA

AUDITORS:-

- Controller & Auditor-General – Kenya National Audit Office - Nairobi

MANDATE OF THE INSTITUTE

The mandate of Kenya Marine and Fisheries Research Institute (KMFRI) as defined by the **Science and Technology Act, Cap 250** is to undertake research in “marine and freshwater fisheries, aquaculture, environmental and ecological studies, and marine research including chemical and physical oceanography”, in order to provide scientific data and information for sustainable exploitation, management and conservation of Kenya’s fisheries resources and aquatic environment, and contribute to National strategies towards food security, poverty alleviation and creation of employment. Elaborately, the roles of KMFRI include;

- (a) To conduct multidisciplinary and collaborative research of fish ecology, population dynamics, stock assessment and general aquatic ecology.
- (b) To collect and disseminate scientific information on fisheries and other aquatic resources and related natural products.
- (c) To study and identify suitable species for culture including development, adoption and transfer of rearing technology and procedure.
- (d) To study chemical and physical processes that affect productivity of aquatic ecosystems.
- (e) To monitor water quality and pollution in fresh and marine water environments.
- (f) To carry out socio-economic research on aspects relevant to fisheries, environment and other aquatic resources.
- (g) To establish a marine and freshwater collection for research and training purposes.
- (h) To offer training facilities to aquatic scientists.
- (i) To conduct research on fish quality control, post harvest preservation and value addition technologies.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

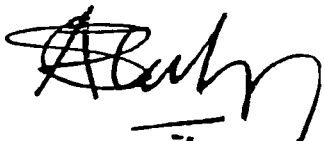
Company Law requires the management to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the income and expenditure of the organization for the period. In preparing those financial statements, the management is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable standards have been followed;
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the corporation will continue in operation.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Corporation and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the organization and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The management is of the opinion that the financial statements give a true and fair view of the state of the organization's financial affairs and of its surplus/deficit. The management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

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



Prof. S.A. Abdulrazak
CHAIRMAN/BOARD OF MANAGEMENT

STATEMENT FROM THE DIRECTOR

During the year under review, Kenya Marine and Fisheries Research Institute (KMFRI) endeavored to undertake its research functions in accordance with its mandate with the aim of addressing the challenges posed in the Government's policy documents namely:- 'Economic Recovery Strategy for Wealth and Employment Creation (2003-2007)', 'National Development Plan (2002-2008)' and 'Kenya Government's Millennium Development Goals'.

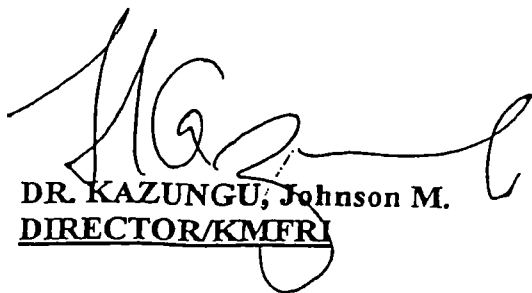
The financing of the Corporation for its Recurrent and Development expenditure is solely from the Government with donor funding being directed to specific projects. The total Recurrent Grants received from the Government in this financial year were Sh. 232, 819, 335.60 whereas in the previous financial year were Sh. 208,819,335.60. The slight increase in funding was entirely utilized in payment of overdue salary arrears to the staff. It is important to note that the Institute had to curtail some of its activities because Government funding was not as envisaged in the year. Funding from the Development Partners totalled Sh. 39,653,299.96, representing a decrease of 46% as compared to the previous financial year. This decrease was occasioned by the winding up of a World Bank funded project (LVEMP) in our Kisumu station. However, in the coming financial year more project donor funding is expected.

The Corporation being a non-trading and non-commercial entity generated a net deficit of Sh. 7,463,288.86 in the year as shown in its Income and Expenditure Account. This deficit compares unfavorably with the surplus generated in the previous year owing to increase of expenses incurred over and above receipts by a similar amount.

Income & Expenditure (Extract)

	2005 / 2006	2004 / 2005
Total Receipts in the Year	275,591,114.81	269,846,951.98
Less: Total Expenditure	283,054,403.47	266,538,867.17
Net Surplus / Deficit in the year	(7,463,288.86)	3,308,084.81

Buildings rehabilitation work at Headquarters was completed in the year by utilization of the Development Grants. Construction of new offices and laboratories for purposes of supporting research work and easing the problem of office space were as well completed. It is expected that these developments will enhance service delivery by the Institute personnel in the short and long-term periods.


DR. KAZUNGU, Johnson M.
DIRECTOR/KMFRI



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA MARINE AND FISHERIES RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE 2006

I have audited the financial statements of Kenya Marine and Fisheries Research Institute for the year ended 30 June 2006 in accordance with the provisions of Section 14 of Public Audit Act, 2003. 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. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Board of Management and the Controller and Auditor General

The Board of Management is responsible for the preparation of financial statements which give a true and fair view of the Institute's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Board of Management, as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

Fixed Assets

The fixed assets balance of Kshs.174,878,757 as at 30 June 2006 was not reconciled to the fixed assets register as the register had not been updated. Consequently it was not possible to verify the physical existence of the assets.

Opinion

Except for the reservation set out in the foregoing paragraph, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the Institute as at 30 June 2006 and of its deficit and cash flows for the year then ended and comply with the Science and Technology Act, Cap 250 of the Laws of Kenya.


P.N. KOMORA
CONTROLLER AND AUDITOR GENERAL

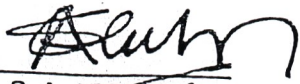
Nairobi

23 February 2007

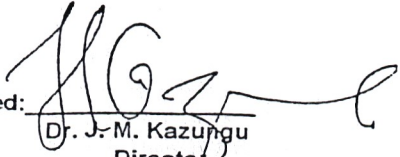
BALANCE SHEET AS AT 30TH JUNE 2006

	Note	2005 / 2006		2004 / 2005	
		Kshs.	Kshs.	Kshs.	Kshs.
ASSETS					
Non Current Assets					
Property, Plant and Machinery	[2]	174,878,757			125,182,694
Work In Progress	[3]	-		11,432,185	
Investment	[4]	170,545,523		155,735,633	
			345,424,280		167,167,818
			345,424,280		292,350,512
Current Assets					
Trade & Other Receivables	[5]	1,633,618		1,364,050	
Cash & Cash Equivalents	[6]	28,491,243		49,065,076	
			30,124,861		50,429,126
Total Assets			375,549,141		342,779,637
EQUITY AND LIABILITIES					
Capital Reserve					
Capital Reserve	[7]	144,559,451		144,559,451	
Donations	[8]	50,586,863		36,037,171	
Revaluations		50,109,983		39,928,283	
General Reserves		170,545,523		155,735,633	
Accumulated Profits / Losses		(56,815,734)		(49,352,445)	
			358,986,086		326,908,093
Non Current Liabilities					
Deferred tax Liability	[9]	3,665,316		3,665,316	
Retirements benefits obligation	[10]	4,656,914		4,656,914	
			8,322,230		8,322,230
Current Liabilities					
Trade & Other Payables	[11]	3,560,633		2,894,983	
Other Liabilities	[12]	4,680,193		4,654,331	
			8,240,826		7,549,314
TOTAL EQUITY AND LIABILITIES			375,549,141		342,779,637

Signed:


Prof. S. A. ABDULRAZAK
Chairman

Signed:


Dr. J.-M. Kazungu
Director

CASH FLOW STATEMENT AS AT 30TH JUNE 2006

PARTICULARS	2005 / 2006		2004 / 2005	
	Kshs.	Kshs.	Kshs.	Kshs.
Cash Flows from Operating Activities:				
Surplus / (Deficit) Adjustments for:				
Depreciation	(7,463,288.86)		3,308,084.81	
Gain / Loss On Exchange	9,365,809.50		6,111,002.66	
Other [Adjustment for Prior Year]	-		(9,914.34)	
			4,164,549.61	
Operating Profit / Loss before Working Capital changes	1,902,520.64		13,573,722.74	
Increase in Debtors	(269,567.95)		123,514.35	
Increase in Creditors	665,651.01		858,633.62	
Decrease / Increase in Other Liabilities	25,861.40		1,970,426.40	
Cash generated from operations		2,324,465.10		16,526,297.11
Cash Flows from Investing Activities:				
Development Grants	-			
Purchase of Fixed Assets	(2,688,893.00)		18,750,000.00	
Work In Progress [Transferred to Buildings]	(20,209,405.00)		(2,161,489.50)	
Net Cash Flow From Investing Activities		(22,898,298.00)	(11,122,004.85)	
Cash Flows from Financing Activities:				
Net increase / (decrease) in cash				5,466,505.65
Cash at the beginning of the period		(20,573,832.90)		21,992,802.76
		49,065,076.09		27,072,273.34
Cash & Cash Equivalents at the end of Period	Kshs.	28,491,243.19	Kshs.	49,065,076.10

TRIAL BALANCE AS AT 30TH JUNE 2006

PARTICULARS	2005 / 2006		2004 / 2005	
	DEBIT	CREDIT	DEBIT	CREDIT
			<u>Kshs</u>	<u>Kshs</u>
Land	40,143,800.00		39,862,100.00	
Buildings	132,239,962.20		84,956,184.00	
Plants & Equipments	7,950,968.80		7,491,223.75	
Motor Vehicles	11,395,446.00		6,779,446.00	
Research Vessels	5,591,751.00		5,591,751.00	
Furniture & Office equipments	6,456,786.30		6,396,331.30	
Loose Tools	175,472.10		173,772.00	
Library Books	33,269,049.80		32,506,638.30	
Computer and Office Equipments	11,886,777.80		6,290,694.20	
Work In Progress	-		11,432,184.75	
Investments :				
Pension fund - KNA	10,508,082.70		15,065,928.40	
Pension fund - ICEA	160,037,440.75		140,669,704.95	
Debtors	10,149,860.60		9,880,292.65	
Bank / Cash KMFRI	14,029,098.00		27,804,519.99	
Bank / Cash Projects	11,977,966.80		17,275,472.20	
Cash In Transit	2,484,179.15		3,985,083.90	
Pension Liabilities		4,656,914.00		4,656,914.00
Creditors		3,560,633.60		2,894,982.63
Other Current Liabilities		4,680,193.00		4,654,331.40
Deferred PAYE		3,665,316.00		3,665,316.00
Capital Reserve [Develop. Grants]		144,559,451.00		144,559,451.00
Income & Expenditure	49,352,445.35		52,660,530.16	
Revaluation of Assets		50,109,983.00		39,928,283.00
Provision for Doubtful debts		8,516,243.00		8,516,243.00
Donations received		50,586,862.80		36,037,171.31
Pension Funds - K N A		10,508,082.70		15,065,928.40
Pension Funds - ICEA		160,037,440.75		140,669,704.95
Recurrent Grants		232,819,335.60		208,819,335.60
Other Incomes		3,118,479.10		3,955,923.70
Grants from Donor - Projects		39,653,299.50		57,071,692.68
Expenditure	273,688,593.75		260,427,864.52	
Assets Depreciation - Current year	9,365,809.75		6,111,002.66	
Accum. Depreciation on : -				
Buildings		20,224,269.00		17,352,071.73
Plants & Equipments		4,884,487.30		4,446,418.53
Motor Vehicles		7,408,107.00		6,078,993.44
Research Vessels		5,372,794.45		5,299,809.60
Furniture & Office Equip.		4,695,515.15		4,443,904.99
Loose Tools		155,992.00		149,498.48
Library Books		25,085,197.30		23,039,234.14
Computer and Office Equip.		6,404,894.60		4,055,516.15
TOTAL	Kshs.	790,703,490.85	790,703,490.85	735,360,724.73
			735,360,724.73	

INCOME AND EXPENDITURE FOR THE YEAR ENDED 30TH JUNE - 2006

P A R T C U L A R S	2005 / 2006	2004 / 2005
	<u>Kshs.</u>	<u>Kshs.</u>
INCOME :		
Exchequer Recurrent Grants	232,819,335.60	208,819,335.60
Other Incomes	3,118,479.25	3,955,923.70
Grants From Donors	39,653,299.76	57,071,692.68
TOTAL INCOME	275,591,114.61	269,846,951.98
EXPENDITURE :		
Basic salaries	109,526,179.55	91,773,049.55
Personal Allowances - Salaries	69,394,407.75	70,372,256.05
Personal Allowances - Reimbursements	606,011.85	1,973,182.80
Employers Pension Contributions	15,680,599.65	13,438,640.30
Utilities,Supplies & Services	2,145,028.60	2,203,472.59
Communication, Supplies & Services	3,155,963.08	3,527,042.58
Domestic Travel & Subsistence	12,640,177.70	14,932,357.75
Foreign Travel & Subsistence	949,680.60	1,039,915.00
Printing, Advertising & Infomation Supplies	722,688.50	1,627,668.39
Rental of Produced Assets	1,300,036.20	945,930.00
Training Expenses	358,680.00	546,415.10
Hospitality Supplies & Services	3,112,444.60	5,888,333.91
Board Expenses	821,532.50	2,981,549.20
Insurance Costs	3,156,340.00	3,811,640.00
Specialised Materials & Supplies	33,950,428.72	24,486,858.24
Office & General Supplies	3,457,888.55	4,851,150.42
Fuel, Oil & Lubricants	667,374.60	-
Other Operating Expenses	3,741,568.43	1,911,458.08
Depreciation charge	9,365,809.73	6,111,002.65
Routine Maintenance - Vehicles	5,371,565.91	10,752,531.27
Routine Maintenance - Other Assets	2,929,996.95	3,364,413.29
TOTAL EXPENDITURE	283,054,403.47	266,538,867.17
SURPLUS / DEFICIT FOR THE YEAR	(7,463,288.86)	3,308,084.81

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDING 30TH JUNE 2006

PERIOD : 2005 / 2006

ITEM	Capital Reserve	Donations	Reval. Reserve	Income & Exp Acc.	General Reserve	TOTAL
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Balance as at 30th June 2005 Adjustment	144,559,451.00	36,037,171.31	39,928,283.00	(49,352,445.35)	155,735,633.35	326,908,093.31
Restated Balance	144,559,451.00	36,037,171.31	39,928,283.00	(49,352,445.35)	155,735,633.35	326,908,093.31
Movement In the Period	-	14,549,691.65	10,181,700.00	-	14,809,890.10	39,541,281.75
Deficit for the Period	-	-	-	(7,463,288.86)	-	(7,463,288.86)
Balance as at 30th June 2006	144,559,451.00	50,586,862.96	50,109,983.00	(56,815,734.21)	170,545,523.45	358,986,086.20

PERIOD : 2004 / 2005

ITEM	Capital Reserve	Donations	Reval. Reserve	Income & Exp Acc.	General Reserve	TOTAL
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Balance as at 30th June 2004 Adjustment	125,809,451.00	35,418,957.00	39,928,283.00	(57,882,379.00)	139,264,279.00	282,538,591.00
Restated Balance	125,809,451.00	35,418,957.00	39,928,283.00	(52,660,530.65)	139,264,279.00	282,538,591.00
Movement In the Period	-	618,214.31	-	-	16,471,354.35	17,089,568.66
Surplus for the Year	-	-	-	3,308,084.80	-	3,308,084.80
Development Grants	18,750,000.00	-	-	-	-	18,750,000.00
Balance as at 30th June 2005	144,559,451.00	36,037,171.31	39,928,283.00	(49,352,445.85)	155,735,633.35	326,908,092.81

ACCUMULATED FUND STATEMENT AS AT 30TH JUNE 2006

DATE	PARTICULARS	2005 / 2006		2004 / 2005	
		AMOUNT	BALANCE	AMOUNT	BALANCE
		Kshs.	Kshs.	Kshs.	Kshs.
01-Jul-05	Surplus / Deficit B / F	(49,352,445.35)		(57,882,378.51)	
	Add:				
	Prior Year Adjustments	-		5,221,848.35	
			(49,352,445.35)		(52,660,530.16)
	Surplus / Deficit for the Year		(7,463,288.86)		3,308,084.80
30-Jun-06	Surplus / [Deficit] C / F [To Bal. Sheet]		(56,815,734.21)		(49,352,445.36)

**M O V E M E N T O F F I X E D A S S E T S S C H E D U L E
FOR THE YEAR ENDED 30TH JUNE 2006**

SER No.	ASSETS	Land 0% Kshs.	Buildings 2.50% Kshs.	Plant & Equip. 12.50% Kshs.	Motor Vehicles 25% Kshs.	Research Vessels 12.50% Kshs.	Furniture & Office Equip. 12.50% Kshs.	Loose Tools 25% Kshs.	Library Books 20% Kshs.	Computers 30% Kshs.	TOTAL Kshs.
[A]	COST										
1	As at 1st July 2005	39,862,100.00	84,956,184.00	7,491,223.75	6,779,446.00	5,591,751.00	6,396,331.30	173,772.00	32,506,638.30	6,290,694.20	190,048,140.55
2	Purchases in the Year	-	31,641,589.55	459,745.00	-	-	60,455.00	1,700.00	-	2,166,992.09	34,330,481.64
3	Donations	-	5,742,188.65	-	4,616,000.00	-	-	-	762,411.50	3,429,091.50	14,549,691.65
4	Disposal	-	-	-	-	-	-	-	-	-	-
5	Revaluation / Adjust.	281,700.00	9,900,000.00	-	-	-	-	-	-	-	10,181,700.00
6	Total as at 30th June, 2006	40,143,800.00	132,239,962.20	7,950,968.75	11,395,446.00	5,591,751.00	6,456,786.30	175,472.00	33,269,049.80	11,886,777.79	249,110,013.84
[B]	DEPRECIATION										
1	As at 1st July, 2005	-	17,352,071.73	4,446,418.53	6,078,993.44	5,299,809.60	4,443,904.99	149,498.48	23,039,234.14	4,055,516.15	64,865,447.06
2	Charge for the Year	-	2,872,197.26	438,068.78	1,329,113.06	72,984.85	251,610.16	6,493.32	2,045,963.13	2,349,378.49	9,365,809.05
3	On Disposal	-	-	-	-	-	-	-	-	-	-
4	Accum. Depr. to Date	-	20,224,268.99	4,884,487.31	7,408,106.50	5,372,794.45	4,695,515.15	155,991.80	25,085,197.27	6,404,894.64	74,231,256.11
[C]	NET BOOK VALUE										
1	As at 30th June, 2005	39,862,100.00	67,604,112.27	3,044,805.22	700,452.56	291,941.40	1,952,426.31	24,273.52	9,467,404.16	2,235,178.05	125,182,693.49
2	As at 30th June, 2006	40,143,800.00	112,015,693.21	3,066,481.44	3,987,339.50	218,956.55	1,761,271.15	19,480.20	8,183,852.53	5,481,883.15	174,878,757.73

EXCHEQUER RECURRENT GRANTS					
RECURRENT GRANTS				PERIOD :	2005 / 2006
DATE	FROM MINISTRY OF	MONTH	M.R No.	CHQ No.	AMOUNT
					Kshs.
16-Aug-05	Livestock	Jul-05	13560	017292	17,401,611.30
01-Sep-05	Livestock	Aug-05	13564	017751	17,401,611.30
03-Oct-05	Livestock	Sep-05	13567	018287	17,401,611.30
07-Nov-05	Livestock	Oct-05	-	019054	17,401,611.30
30-Nov-05	Livestock	Nov-05	13578	019661	17,401,611.30
09-Jan-06	Livestock	Dec-05	13582	020222	17,401,611.30
01-Feb-06	Livestock	Jan-06	13586	020438	17,401,611.30
21-Feb-06	Livestock	Feb-06	13588	021299	17,401,611.30
29-Mar-06	Livestock	Mar-06	13852	013852	17,401,611.30
26-Apr-06	Livestock	Apr-06	13855	022507	17,401,611.30
29-May-06	Livestock	May-06	13859	023277	17,401,611.30
29-May-06	Livestock	Funds	13859	023278	24,000,000.00
24-Jun-06	Livestock	Jun-06	13866	023852	17,401,611.30
TOTAL			Kshs.		232,819,335.60

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2006

Kenya Marine and Fisheries Research Institute is a Corporate Body, constituted according to the rules and regulations of the Science and Technology Act. The Accounts have been compiled and prepared according to **Cap 250 (20)**.

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted remain unchanged from the previous year and are as stated below:-

- (i) The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain properties.
- (ii) Income and expenditure is recognized in the accounts on accrual basis.
- (iii) Development expenditure on buildings is capitalized as per architectural certificates.
- (iv) Transactions during the year are converted into Kenya shillings at the rates ruling on the transaction dates. Assets and liabilities at the balance sheet date are translated into Kenya Shilling at rates ruling at that date. The resulting differences from conversion are dealt within the income statement.
- (v) Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year in compliance with the International Financial Reporting Standards.
- (vi) Property and equipment are stated at cost or as professionally revalued less accumulated depreciation.
- (vii) Depreciation on properties and equipments is made on reducing balance method based on original cost. Full depreciation is charged on assets in the year of purchase and none is made in the year the assets are disposed. Land is not depreciated as it is deemed to have an indefinite life. Depreciation rates are as below:-

a) Land	- Nil
b) Buildings	- 2.5%
c) Plant & Equipment	- 12.5%
d) Motor Vehicles	- 25%
e) Research Vessels	- 25%
f) Furniture & Equipment	- 12.5%
g) Loose Tools	- 25%
h) Library Books	- 20%
i) Computers	- 30%

2. PROPERTY, PLANT AND MACHINERY- KSHS. 174,878,757.21

	2005 / 2006	2004 / 2005
Total Assets in the year	190,048,140.55	252,198,252.56
ADD:		
Additions	34,330,481.64	2,161,489.50
Donations	14,549,691.65	618,214.80
Revaluation	10,181,700.00	(64,369.25)
LESS		
Accum. Depreciation	(74,231,256.79)	(64,865,447.06)
Total Value in the year	174,878,757.21	190,048,140.55

Of the additions of assets in the year, an amount of **Kshs.31,641,589.55** represents capitalization of office construction expenses incurred in Mombasa and Kisumu offices. Kegati station buildings and land were revalued and the resulting value for buildings was **Kshs. 9,900,000.00** and for land was **Kshs. 281,700.00**. An adjustment has been made in respect of the book values of these assets. The valuations were done by independent valuers from the Ministry of Lands.

3. WORK-IN-PROGRESS – Nil

The amounts below are in respect of work- in- progress for construction of buildings in Mombasa and Kisumu and now capitalized.

	2005 / 2006	2004 / 2005
Work-in-progress B/Fwd	11,432,185.00	310,180.00
Work-in-progress in the year	20,209,404.80	11,122,005.00
Total for the Year	31,641,589.80	11,432,185.00
Transfer to Building Account	(31,641,589.80)	-
Balance C / F	Nil	11,432,185.00

Original cost of buildings has been increased by a similar margin of the increases in the year as shown above.

4. PENSION INVESTMENT – KSHS. 170,545,523.00

Out of the amount owing from Kenya National Assurance in the previous year of Kshs. 15,065,928.40, the company made a partial refund of Kshs. 4,557,845.70.

	2005 / 2006	2004 / 2005
Pension Contributions B/Fwd	155,735,633.40	124,198,351.20
Refund from KNA [Pension]	(4,557,845.70)	15,065,928.00
Pension Fund -ICEA	19,367,735.35	16,471,353.75
Total for the Year C / F	170,545,523.00	155,735,633.40

5. TRADE & OTHER RECEIVABLES - KSHS. 1,633,618.00

These are amounts granted to staff for official purposes.

	2005 / 2006	2004 / 2005
Receivables this year	1,633,618.00	1,364,050.00

6. CASH & CASH EQUIVALENTS – KSHS. 28,491,244.53

This represents actual cash held by KMFRI and its Projects.

	2005 / 2006	2004 / 2005
Cash & Cash Equivalents	28,491,244.53	49,065,076.00

7. CAPITAL RESERVE – KSHS. 144,559,451.00

The Institute did not receive Development Funds in the year and therefore the balance remains unchanged.

8. DONATIONS – KSHS. 50,586,863.00

These amounts are in respect of donations received by the Institute from Donor – funded Projects as shown below:-

	2005 / 2006	2004 / 2005
Balance B / F	36,037,171.00	35,418,957.00
Donations of Motor Vehicles	4,616,000.00	-
Plant & Equipment	-	3800.00
Donations of Library Books	762,411.50	614,414.80
Donations of Computers	3,429,091.50	-
Donations of Buildings	5,742,188.65	-
Total for the year	50,586,863.00	36,037,171.00

The book values of the assets have been adjusted accordingly to reflect the above amounts.

9. DEFERRED TAX LIABILITY – KSHS. 3,665,316.00

This liability arose from a tax audit conducted by Kenya Revenue Authority Tax Auditors. KMFRI appealed for a waiver on this amount to which the outcome is still awaited.

	2005 / 2006	2004 / 2005
Deferred Tax liability	3,665,316.00	3,665,316.00

10. RETIREMENT BENEFITS OBLIGATION – KSHS. 4,656,914.00

This amount is owed to KMFRI Pension Fund.

Liability to Pension Fund

2005 / 2006	2004 / 2005
4,656,914.00	4,656,914.00

11. TRADE AND OTHER PAYABLES – KSHS. 3,560,633.64

These are amounts owed to our Suppliers.

Payables to Suppliers.

2005 / 2006	2004 / 2005
3,560,633.64	2,894,983.00

12. OTHER LIABILITIES – KSHS. 4,680,193.00

These are Below - the -Line Recoveries, Payroll Creditors and Outstanding Personal Claims.

Other Liabilities

2005 / 2006	2004 / 2005
4,680,193.00	4,654,331.00