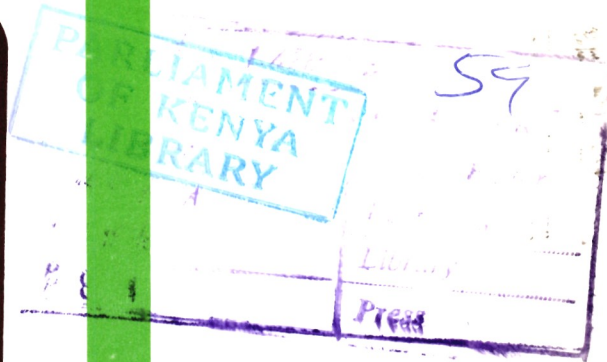


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agricultural development corporation

**GARISSA
IRRIGATION
PROJECT**

**annual report
and statement
and accounts for
the year ended**

31st March, 1997.



AGRICULTURAL DEVELOPMENT CORPORATION

**REPORT OF THE AUDITOR-GENERAL
(CORPORATIONS)
ON THE ACCOUNTS OF
GARISSA IRRIGATION PROJECT
FOR THE YEAR ENDED**

31 MARCH, 1997

KENYA NATIONAL ASSEMBLY
Accession: 10012691

Call No: 657-3 ADC



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*As at 31st March 1997***REPORT OF THE AUDITOR-GENERAL*****REPORT TO THE AUDITOR GENERAL (CORPORATIONS) ON THE
ACCOUNTS OF GARISSA IRRIGATION PROJECT***

I have examined the Accounts of Garissa Irrigation Project for the year ended 31st March, 1997 in accordance with the provision of Section 29 (2) of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanation required for the purpose of the audit. Proper books of account have been kept and the Accounts are in agreement therewith.

In my opinion, and subject to the matter referred to herebelow, the Accounts, when read together with the Notes thereon, give a true and fair view of the state of affairs of the Project as at 31st March, 1997 and of its loss for the year then ended.

OPERATING RESULTS OF THE PROJECT

During the year 1996/1997 the project incurred a loss of KShs. 3,204,567 compared to a loss of KShs. 1,949,132 realized in 1996 thus bringing accumulated losses to KShs. 77,503,020 as at 31st March 1997. The continued poor performance of this Project has had the effect of reducing cumulative Government grant of KShs. 65,798,000 and Agricultural Development Corporation's grant of KShs. 20,342,266 to a balance of only KShs. 8,637,246 as at 31st March, 1997. In the light of the deteriorating financial performance by this Project it is not clear whether ADC and the parent Ministry have re-evaluated the justification for the continued operations of the Project.

S. M. MALUKI**AUDITOR GENERAL (CORPORATIONS)***17 January 2000*

BALANCE SHEET

As at 31st March 1997

	NOTES	1997 KShs.	1996 KShs.
FIXED ASSETS			
	2	6,124,001	5,777,932
CAPITAL WORK IN PROGRESS			
	3	3,411,234	3,411,234
CURRENT ASSETS			
Crops and Cultivation	1	-	178,395
Livestock	1	54,300	37,400
Stores	1	280,265	228,660
Debtors and Prepayments		87,673	175,357
Cash and bank balances		<u>105,938</u>	<u>963,709</u>
		528,176	1,583,521
CURRENT LIABILITIES			
Creditors and accruals		<u>1,426,165</u>	<u>395,248</u>
NET CURRENT ASSETS			
		<u>(897,989)</u>	<u>1,188,273</u>
		<u>8,637,246</u>	<u>10,377,439</u>
FINANCED BY:			
Grants from the Government		65,798,000	65,798,000
Funds provided by ADC		20,342,266	18,853,554
Profit and loss A/C		<u>(77,503,020)</u>	<u>(74,274,115)</u>
		<u>8,637,246</u>	<u>10,377,439</u>

These accounts were approved by the Directors

David Mwandia)
W.K. Kilele) Directors

AGRICULTURAL DEVELOPMENT CORPORATION

As at 31st March 1997

PROFIT AND LOSS ACCOUNT

	NOTES	1997 KShs	1996 KShs
TURN OVER			
	1	<u>1,560,085</u>	<u>2,012,706</u>
LOSS FOR YEAR		<u>(3,204,567)</u>	<u>(1,949,132)</u>
After charging:-			
Depreciation		873,900	637,995
Auditor's remunerations		35,000	35,000
Management fees		240,000	240,000
STATEMENT OF ACCUMULATED LOSS			
LOSS FOR THE YEAR		(3,204,567)	(1,949,132)
ACCUMULATED LOSS BROUGHT FORWARD		<u>(74,298,453)</u>	<u>(72,324,983)</u>
ACCUMULATED LOSS CARRIED FORWARD		<u>(77,503,020)</u>	<u>(74,274,115)</u>

NOTES TO THE ACCOUNTS

31st March, 199.

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention.

DEPRECIATION

Fixed assets are depreciated on the reducing balance basis to write off the cost of the assets over their expected useful lives at the following Rates:-

Buildings	5%	p.a.
Fencing and water supply	10%	p.a.
Farm equipment and machinery	20%	p.a.
Furniture and equipment	20%	p.a.
Motor vehicles and tractors	25%	p.a.
Small tools	50%	p.a.

LIVESTOCK, CROPS AND OTHER STORES

Livestock and crops have been inspected and valued by the Corporation's officials at the lower of cost and net realisable value.

Other stores are stated at the lower of cost and net realisable value.

TURNOVER

Turnover represents sale of crops and livestock.

Notes to the AccountsCont'd

2. **FIXED ASSETS**

	Building	Fencing & Water Supply	Farm Equip & Machinery	Furnitres & Fitting	Motor Vehicles & Tractors	Small Tolls	Totals
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
	'000'	'000'	'000'	'000'	'000'	'000'	'000'
COST							
01.04.1996	1,256	13,903	1652	106	855	36	17,808
Additions	-	-	-	-	1220	-	-
Disposal	-	-	-	-	-	-	-
31.03.1997	<u>1,256</u>	<u>13,903</u>	<u>1,652</u>	<u>106</u>	<u>2075</u>	<u>36</u>	<u>19,028</u>
DEPRECIATION							
10.04.1996	<u>668</u>	<u>8,876</u>	<u>1,564</u>	<u>103</u>	<u>786</u>	<u>33</u>	<u>12,030</u>
Charge for the year	30	502	18	1	322	1	874
Disposal	-	-	-	-	-	-	-
31.03.1997	<u>698</u>	<u>9,378</u>	<u>1,582</u>	<u>104</u>	<u>1,108</u>	<u>34</u>	<u>12,904</u>
NET BOOK VALUE							
31.03.1997	558	4525	70	2	967	2	6,124
31.03.1996	<u>588</u>	<u>5,027</u>	<u>88</u>	<u>3</u>	<u>69</u>	<u>3</u>	<u>5,778</u>

3. **CAPITAL WORK IN PROGRESS**

	1997 KShs	1996 KShs
Water Supply	<u>3,411</u>	<u>3,411</u>

**MANAGEMENT
INFORMATION
SCHEDULE A**

**TRADING AND PROFIT
AND LOSS ACCOUNTS**

As at 31st March 1997

	1997	1996
	KShs.	KShs.
SALE OF CROPS		
Fruits	1,712,340	1,965,046
Seeds	<u>2,710</u>	<u>31,500</u>
	1,715,050	1,996,546
 SALE OF LIVESTOCK AND LIVESTOCK PRODUCT		
Cattle	<u>3,850</u>	600
Milk	-	<u>1,760</u>
	<u>3,850</u>	<u>2,360</u>
 OTHER INCOME		
Miscellaneous	2680	-
 TOTAL TRADING INCOME		
	1,721,580	1,998,906
Increase in stock valuation (Schedule B)	<u>(161,495)</u>	<u>13,800</u>
Decrease in crop valuation	-	-
	<u>1,560,085</u>	<u>2,012,706</u>
 EXPENDITURE (Schedule C)		
Crops & Cultivation	109,795	129,716
Machinery and Power	1,031,536	704,658
Administration	3,605,730	3,104,335
Livestock	17,591	23,129
	<u>4,764,652</u>	<u>3,961,838</u>
 LOSS FOR THE YEAR		
	<u>(3,204,567)</u>	<u>(1,949,132)</u>

**TRADING AND PROFIT
AND LOSS ACCOUNTS**

As at 31st March 1997

**MANAGEMENT
INFORMATION
SCHEDULE B**

	1997	1996
	KShs.	KShs.
CHANGE IN STOCK VALUATION FOR THE YEAR		
Opening valuation	215,795	23,600
Purchases	-	-
Closing valuation	<u>54,300</u>	<u>37,400</u>
Increase in stock valuation	<u>(161,495)</u>	<u>13,800</u>
Depreciation	873,930	637,995
Auditors' remuneration	35,000	35,000
Management fees	<u>240,000</u>	<u>240,000</u>
STATEMENT OF ACCUMULATED LOSSES		
LOSS FOR THE YEAR	(3,204,567)	(1,949,132)
ACCUMULATED LOSSES BROUGHT FORWARD	(74,298,453)	(72,324,983)
ACCUMULATED LOSSES CARRIED FORWARD	<u>(77,503,020)</u>	<u>(74,274,115)</u>

**MANAGEMENT
INFORMATION
SCHEDULE C**

**TRADING AND PROFIT
AND LOSS ACCOUNT**

As at 31st March 1997

	1997 KShs.	1996 KShs.
EXPENDITURE (Schedule A)		
Crops and Cultivation:		
Fertilizers	18,795	31,400
Herbicides	91,000	39,475
Sundries	<u>-</u>	<u>58,841</u>
	<u>109,795</u>	<u>129,716</u>
Machinery and Power:		
Contract Transport		60,600
Electricity and Water	22,423	7,665
Fuel	857,940	512,394
Repairs – Building, fencing & road	5,380	7,495
Repairs – Farm Mach. & Irr. Equip.	2,600	18,039
Repairs – Motor Vehicles & Tractors	<u>143,193</u>	<u>98,465</u>
	<u>1,031,536</u>	<u>704,658</u>
Administration:		
Gratuities	47,598	48,827
A.S.K. Expenses & Advertising	16,274	12,567
Bank Charges and Interest	512	5,082
Depreciation	873,930	637,995
Repairs – Office Equipment	2,500	-
Incidentals	78,958	12,754
Insurance	10,000	37,349
Medical	25,410	4,500
Postage and Telephone	156,424	240,421
Rent and Rates	132,000	-
Salaries and Pension	1,105,409	1,024,153
Stationery	62,518	6,203
Travelling & Entertainment	111,262	42,286
Wages & Uniforms / NSSF	707,935	628,126
Management Fees	240,000	240,000
Bad Debts	-	129,072
Auditors Remuneration	<u>35,000</u>	<u>35,000</u>
	<u>3,605,730</u>	<u>3,104,335</u>
Livestock Expenses:		
Dairy Expenses	-	200
Feeds	2,000	3,498
Dipping AI & Vet exp.	<u>15,591</u>	<u>19,431</u>
	<u>17,591</u>	<u>23,129</u>

