

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



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

**ON**

**THE FINANCIAL STATEMENTS OF  
THE KENYA INVESTMENT  
AUTHORITY FOR THE YEAR ENDED  
30 JUNE 2009**

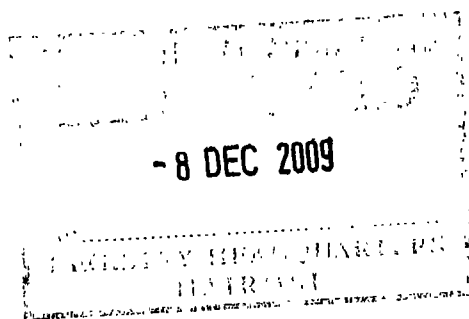


# **KENYA INVESTMENT AUTHORITY**

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**ANNUAL ACCOUNTS 2008/2009**

**FINANCIAL YEAR**



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**2008/2009 FINANCIAL YEAR ACCOUNTS**

**Report of the Managing Director**

With the absence of a Board, the Managing Director of KenInvest submitted this report together with the audited financial statements for the financial year ended 30<sup>th</sup> June, 2009 which show the state of the Authority's affairs.

**1. Incorporation**

Kenya Investment Authority (KenInvest) is a State Corporation established under the Investment Promotion Act 2004.

**2. Principal Activities**

The activities of the Authority include Policy Advocacy, Investment Promotion, and Investment Facilitation.

**Vision Statement**

“To be a world class agency in marketing Kenya as the first choice investment destination.”

**Mission Statement**

To provide exceptional services to attract, facilitate, retain and expand investments in Kenya.

**3. Results**

The Financial results are on page 4

**4. Auditors**

The Controller and Auditor General as provided for by the Public Audit Act 2003 (CAP 12) audit KenInvest accounts.

**5. Bankers**

1. Co-operative Bank of Kenya for the Head Office
2. National Bank of Kenya for the Eldoret Office

**6. Contact Details**

Kenya Investment Authority (Headquarters)

Kenya Railways Block D 3<sup>rd</sup> Floor

P. O. Box 55704 Nairobi, 00200 City Square,

Tel: (254) (020) 2221401-4

Office Mobile: 0722-205424, 0722-209901, 0733-601184

Fax: 22243862

Email: [info@investmentkenya.com](mailto:info@investmentkenya.com)

Website: [www.investmentkenya.com](http://www.investmentkenya.com)

**7. Branches**

1. Jomo Kenyatta International Airport (JKIA) Liaison Office, Nairobi
2. Eldoret Office
3. Kisumu Office
4. Mombasa Office
5. Moi International Airport Office, Mombasa



Susan Kikwai, OGW

**Managing Director**

**STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES**

The Public Audit Act 2003 requires the Board to prepare financial statement for each financial year, which includes a balance sheet showing in details the assets and liabilities of the Authority, a statement of income and expenditure, and such other statements that the Board may deem necessary. The State Corporation Act (Cap 446) requires the Board to ensure that proper books are kept recording all the property, undertakings, funds, activities, contracts, transactions and other business of the Board. The Board is also responsible for safeguarding the assets of the Authority.

The Board members accept the 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 generally accepted accounting practice and in the manner required by the State Corporations Act. The Board members are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Authority and of its operating results. The Board members further accept responsibility for the maintenance of accounting records which 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 Board members to indicate that the Authority will not remain as a going concern for at least the next 12 months from the date of this statement.

Managing Director

Susan Kikwai, OGW

  
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Signature

8/12/09  
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Date



## **KENYA NATIONAL AUDIT OFFICE**

### **REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS FOR THE KENYA INVESTMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2009**

I have audited the financial statements for the Kenya Investment Authority set out at pages 6 to 13 which comprise the Statement of Financial Position as at 30 June 2009, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, together with a summary of significant accounting policies and other explanatory notes in accordance with the provisions of Section 14 of the 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 Board's Responsibility for the Financial Statements**

The Board is responsible for the preparation of financial statements which give a true and fair view of the Authority's state of affairs and its operating results in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Responsibility of the Controller and Auditor General**

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those Standards require compliance with ethical requirements and 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 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 Authority's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

### **Opinion**

In my opinion, proper books of account have been kept and the accompanying financial statements give a true and fair view of the state of financial affairs of the Authority as at 30 June 2009 and of its surplus and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Investment Promotion Act, 2004.



**A.S.M. Gatumbu**

**CONTROLLER AND AUDITOR GENERAL**

**Nairobi**

**21 December 2009**

**KENYA INVESTMENT AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE, 2009**



		2008/2009	2007/2008
	Notes	KShs	KShs
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	13	38,981,429	12,134,915
Work In Progress		14,571,290	
		<b>53,552,719</b>	<b>12,134,915</b>
<b>RECEIVABLES AND PREPAYMENTS</b>			
Sundry Debtors	14	124,063,837	179,777
Prepayments		1,753,136	-
Deposits		560,000	40,000
Cash and Bank Balances	15	20,376,146	7,473,694
		<b>146,753,119</b>	<b>7,693,471</b>
<b>PAYABLES AND ACCRUALS</b>			
Creditors	16	29,960,142	1,358,436
		<b>29,960,142</b>	<b>1,358,436</b>
<b>WORKING CAPITAL</b>		<b>116,792,977</b>	<b>6,335,034</b>
<b>CAPITAL EMPLOYED</b>		<b>170,345,696</b>	<b>18,469,949</b>
<b>FINANCED BY:</b>			
GENERAL FUND:	17	170,345,359	18,469,948
<b>CAPITAL EMPLOYED</b>		<b>170,345,359</b>	<b>18,469,948</b>

**Susan Kikwal,OGW**  
 Managing Director

8/12/09

Date

**Wycliffe Wasike**  
 General Manager, Finance &  
 Administration

8/12/09

Date

## KENYA INVESTMENT AUTHORITY

## STATEMENT OF COMPREHENSIVE INCOME



FOR THE YEAR ENDED 30TH JUNE, 2009

	Note	2008/2009	2007/2008
		KSHS	KSHS
<b>INCOME</b>			
GOK GRANTS - RECURRENT		223,583,000	103,562,198
GOK GRANTS - DEVELOPMENT		231,928,000	1,500,000
COMMISSIONS		17,617	24,550
DISPOSAL OF OFFICE PARTITIONS	2	1,500,000	-
DISPOSAL OF MOTOR VEHICLE	3	29,250	84,236
MISCELLANEOUS RECEIPTS		881,200	220,000
<b>TOTAL INCOME</b>		<b>457,919,067</b>	<b>105,390,984</b>
<b>RECURRENT EXPENDITURE</b>			
HOSPITALITY SUPPLIES & SERVICES		2,304,086	1,588,094
BOARD EXPENSES		4,259,970	8,371,701
STAFF SALARIES, BENEFITS & TRAINING	4	141,739,822	68,990,478
OFFICE & GENERAL EXPENSES		2,544,687	1,413,002
COMMUNICATION SUPPLIES & SERVICES		3,566,246	3,537,840
PRINTING ADVERTISING & INFORMATION		2,243,344	2,009,166
TRANSPORT & TRAVEL EXPENSES	5	7,901,673	5,136,909
RENT EXPENSES		32,666,465	9,231,881
INSURANCE COSTS		1,175,525	10,045
STAFF UNIFORMS		554,950	125,422
OTHER OPERATING EXPENSES	6	966,927	568,105
ROUTINE MAINTAINANCE OF ASSETS	7	586,631	648,519
ICT DEVELOPMENT	8	7,278,344	-
RESEARCH AND POLICY ADVOCACY PROGRAMME	9	31,929,310	1,183,272
INVESTOR TRACKING AND AFTERCARE PROGRAMME	10	14,403,518	-
INVESTMENT PROMOTION PROJECTS	11	12,692,870	-
REPAIR OF BUILDING	12	31,503,654	-
DEPRECIATION CHARGES	13	7,727,636	1,740,645
<b>TOTAL EXPENDITURE</b>		<b>308,043,656</b>	<b>104,555,079</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>151,875,411</b>	<b>835,905</b>

KENYA INVESTMENT AUTHORITY  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE, 2009



	KShs
As at 1st July 2007	3,292,714
Surplus/(Deficit) for the year	835,905
Refurbishment of Buildings Fund*	7,000,000
Accrued Pension Fund*	7,341,329
<b>As at 30th June 2008</b>	<b>18,469,948</b>
<hr/>	
As at 1st July 2008	18,469,948
Surplus/(Deficit) for the year	151,875,411
<b>As at 30th June 2009</b>	<b>170,345,359</b>

\* KShs 7,000,000 and KShs 7,341,329 are prior year adjustments being funds received as grants from the government and not contributions as equity.

**KENYA INVESTMENT AUTHORITY**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30TH JUNE, 2009**



	Note	2008/2009	2007/2008
		KSHS	KSHS
<b><u>Cash flow From Operating Activities:</u></b>			
Net (Deficit)/ Surplus from Operations		151,875,411	835,905
<b>Adjustments:</b>			
Profit on disposal of Office partitions	2	(1,500,000)	-
Profit on disposal of Motor Vehicle	3	(29,250)	(84,236)
Depreciation	13	7,727,636	1,740,645
<b>Operating (Deficit)/Surplus Before working capital changes</b>		<b>158,073,797</b>	<b>2,492,314</b>
Decrease/(Increase) in Sundry Debtors	14	(123,884,060)	1,138,228
Decrease/(Increase) in Prepayments		(1,753,136)	-
Decrease/(Increase) in Deposits		(715,430)	25,096
(Decrease)/ Increase in Creditors	16	27,101,706	(14,566,170)
<b>Net Cash flow from Operating Activities</b>		<b>58,822,877</b>	<b>- 10,910,532</b>
<b><u>Investing Activities:</u></b>			
Sale of Motor Vehicles	3	108,000	370,000
Fixtures & Fittings		-	(4,516,536)
Purchase of Fixed Assets	13	(34,658,900)	(835,000)
Work in Progress		(11,369,525)	-
<b>Net Cash flow from Investing Activities</b>		<b>(45,920,425)</b>	<b>(4,981,536)</b>
<b><u>Financing Activities:</u></b>			
Accrued Pension Fund		-	7,341,329
Refurbishment of Buildings Fund		-	7,000,000
		-	14,341,329
<b>Net (Decrease)/ Increase in Cash &amp; Cash equivalents</b>		<b>12,902,452</b>	<b>(1,558,916)</b>
<b>Cash &amp; Cash Equivalents at the beginning of the Period</b>		<b>7,473,694</b>	<b>9,032,610</b>
<b>Cash &amp; Cash Equivalents at the end of the Period</b>		<b>20,376,146</b>	<b>7,473,694</b>

**KENYA INVESTMENT AUTHORITY**  
**Notes to the 2008/2009 yr Final Accounts**



**1 Significant Accounting Policies**

**(a) Basis of Accounting**

The Financial statements are prepared in accordance with and comply with International Financial Reporting Standards and International Accounting Standard 1

The Accounts have been prepared under the historical cost convention

**(b) Property, Plant & Equipment**

Property & Equipment are stated at cost or valuation less accumulated Depreciation.

Depreciation is calculated on the cost of the fixed assets on a reducing balance at annual rates estimated to write off these assets over the expected useful life.

The Depreciation rates used are as follows:

Motor vehicle	25%
Furniture & Fitting	10%
Computers & office accessories	30%

**(c) Retirement Benefits**

Kenya Investment Authority (KenInvest) operates a defined benefit pension scheme for all its employees. The scheme is administered by an insurance company and is funded from contributions by KenInvest

KenInvest also contributes to a statutory defined contribution plan, National Social Security Fund. Contributions are determined by Local statute and are currently limited to a maximum of KShs 200 per employee per month.

**(d) Cash and cash equivalents**

For the purposes of the cash flow statements ,cash and cash equivalents comprise cash on hand & current account bank balances

	2008/2009 KShs	2007/2008 KShs
<b>2. Disposal of Office Partitions</b>		
Cost/ Valuation of Office Partitions	2,090,000	900,000
Accumulated Depreciation	(2,090,000)	(574,236)
Estimated Value	-	325,764
Amount Received	1,500,000	410,000
<b>Profit / (Loss) on Disposal</b>	<b>1,500,000</b>	<b>84,236</b>
<b>3 Disposal of Motor Vehicles</b>		
Cost/ Valuation of Motor Vehicles	300,000	900,000
Accumulated Depreciation	(221,250)	(574,236)
Estimated Value	78,750	325,764
Amount Received	108,000	410,000
<b>Profit / (Loss) on Disposal</b>	<b>29,250</b>	<b>84,236</b>
<b>4 Staff Salaries &amp; Benefits</b>		
Basic Salaries	56,849,897	27,311,077
House Allowance	21,496,903	19,851,032
Other Personal Emoluments	18,881,420	3,672,754
Leave Allowance	1,822,968	1,295,239
Transfer Allowances	841,365	813,281
Salary for Temporary Staff	1,859,293	-
Retrenchment costs	12,981,000	-
Pension Contribution	13,637,528	9,417,701
Medical	6,194,387	5,437,611
Training & Capacity Building	7,175,062	1,191,783
	<b>141,739,822</b>	<b>68,990,478</b>

	2008/2009 KShs	2007/2008 KShs
<b>5 Transport &amp; Travel Expenses</b>		
Fuel oils and Lubricants	1,222,133	763,009
Travel-Local	3,615,360	1,860,106
Travel-International	3,064,180	2,513,794
	<u>7,901,673</u>	<u>5,136,909</u>
<b>6 Other Operating Expenses</b>		
Bank Charges & Commissions	163,573	99,705
Professional fees	803,354	468,400
	<u>966,927</u>	<u>568,105</u>
<b>7 Routine Maintenance Of Assets</b>		
Repair and Maintenance of Office Equipment	256,513	268,200
Repair and Maintenance of Motor Vehicles	330,118	380,319
	<u>586,631</u>	<u>648,519</u>
<b>8 ICT Development</b>		
This relates to costs incurred to redesign KenInvest's website and the development of an ICT Strategy.		
<b>9 Research and Policy Advocacy programmes</b>		
Research & feasibility studies	22,726,552	1,183,272
Investment Research & Development	9,202,758	-
	<u>31,929,310</u>	<u>1,183,272</u>
<b>10 Investor Tracking and Aftercare programmes</b>		
Regional Investment programmes	14,213,274	-
Establishment of regional Offices	190,244	-
	<u>14,403,518</u>	<u>-</u>
<b>11 Investment Promotion projects</b>		
Branding of KenInvest	2,900,000	-
International Marketing	9,792,870	-
	<u>12,692,870</u>	<u>-</u>
<b>12 Repair of Building</b>		
This involved flooring, sanding and painting of KenInvest's Headquarters offices and consultancy services on the repairs and on Furniture and Fittings.		

## 3 Asset Movement Schedule

	<u>Motor Vehicles</u> KShs	<u>Computers</u> KShs	<u>Furniture &amp; Fittings</u> KShs	<u>Total</u> KShs
<i>Cost or Valuation:</i>				
<b>As at 1st July, 2008</b>	<b>300,000</b>	<b>5,671,925</b>	<b>12,047,406</b>	<b>18,019,331</b>
Additions during the year	29,629,900	5,029,000	-	34,658,900
Disposals during the year	(300,000)	-	(2,090,000)	(2,390,000)
<b>As at 30th June 2009</b>	<b>29,629,900</b>	<b>10,700,925</b>	<b>9,957,406</b>	<b>50,288,231</b>
<i>Depreciation:</i>				
<b>As at 1st July, 2008</b>	<b>221,250</b>	<b>3,167,953</b>	<b>2,501,213</b>	<b>5,890,416</b>
Accumulated Depreciation on Disposal	(221,250)	-	(2,090,000)	(2,311,250)
Charge for the Year	4,722,125	2,259,892	745,619	7,727,636
<b>As at 30th June, 2009</b>	<b>4,722,125</b>	<b>5,427,845</b>	<b>1,156,832</b>	<b>11,306,802</b>
<i>Net Book Value:</i>				
<b>As at 30th, June 2009</b>	<b>24,907,775</b>	<b>5,273,080</b>	<b>8,800,574</b>	<b>38,981,429</b>
<b>As at 30th, June 2008</b>	<b>78,750</b>	<b>2,504,972</b>	<b>9,546,193</b>	<b>12,134,915</b>

	2008/2009	2007/2008
	KShs	KShs
<b>14 Sundry Debtors</b>		
Staff advances	-	8,890
Staff Imprests	1,679,588	130,887
Sale of Motor Vehicle	48,999	40,000
GOK Grants	122,335,250	-
	<u>124,063,837</u>	<u>179,777</u>
<b>15 Cash and Bank Balance</b>		
Petty Cash -HQS	125,364	30
Petty Cash-JKIA Office	2,951	66
Petty Cash-Eldoret Office	4,260	25,000
Petty Cash-Kisumu Office	22,855	-
Co-operative Bank - HQS	20,185,907	7,346,288
National Bank of Kenya (Eldoret office)	34,809	102,311
	<u>20,376,146</u>	<u>7,448,598</u>
<b>16 Creditors</b>		
Suppliers Invoices	19,401,070	673,784
Fixtures and Fittings	9,600,940	-
Medical	673,806	371,238
Auditors	250,000	200,000
Other staff claims	34,326	33,414
Board expenses	-	80,000
	<u>29,960,142</u>	<u>1,358,436</u>
<b>17 General Fund</b>		
Balance B/F	18,469,948	3,292,714
Refurbishment of Buildings Fund	-	7,000,000
Accrued Pension Fund	-	7,341,329
Surplus/(Deficit) for the year	151,875,411	835,905
Balance C/F	<u>170,345,359</u>	<u>18,469,948</u>

These Accounts are presented in Kenya Shillings (KShs)