



KENYA INVESTMENT AUTHORITY

2007/2008 FINANCIAL YEAR ACCOUNTS

Report of Board Members

Board Members submitted their report together with the audited financial statements for the financial year ended 30th June, 2008 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 and retain investments in Kenya.

3. Results

The Financial results are on page 4

4. KenInvest Board Members during the year 2007/2008

1. Prof. Henry Bwisa -Chairman
2. Amb. Green H.O Josiah - Member
3. Mr. Allan N. Ngugi - Member
4. Mrs. Betty Mwenesi - Member
5. Mr. Michael O. Ndeda – Member
6. Mr. William Sitati - Member (Joined 1st January, 2008)
7. Mrs. Margery Ndwiga – Member (Joined 1st January, 2008)
8. Chief Executive, Export Promotion Council - (Mr. Matanda Wabuyele))
9. Export Promotion Zones Authority - (Mr. John Onyonka B. Akara)
10. Permanent Secretary, Ministry of Industrialization - (Alternate Member, Mrs. Elmaryta A. M Khaoya)
11. Permanent Secretary, Ministry of Finance – (Alternate Member, Mr. Mwambia Wanyambura)
12. Permanent Secretary, Ministry of State for Planning , National Development and Vision 2030 - (Alternate Member, Mr. Stephen Wainaina)

13. Permanent Secretary, Secretary to the Cabinet & Head of Public Service - (Alternate Member, Mr. William K. Mahinda)
14. Permanent Secretary, Ministry of Agriculture - (Alternate Member, Mr. Wellington Lubira)
15. Permanent Secretary, Ministry of Local Government – (Alternate Member, Mr. Peter. K. Ng'ang'a)
16. Permanent Secretary, Ministry of Lands - (Alternate Member, Mr. Ntonjira Mwingirwa) – Replaced Ephantus Murage on 2nd April, 2008
17. Permanent Secretary, Ministry of Lands - (Alternate Member Mr. Ephantus M. Murage) – Replaced by Ntonjira Mwingirwa on 2nd April, 2008
18. Susan Kikwai – Managing Director

5. Auditors

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

6. Bankers

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

7. Contact Details

Kenya Investment Authority (Headquarters)
Kenya Railways Block D 3rd 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
Website: www.investmentkenya.com

8. 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

Signature

Date

Chairman
Prof Henry Bwisa

Signature

Date



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA INVESTMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2008

I have audited the financial statements of Kenya Investment Authority for the year ended 30 June 2008 set out on pages 4 to 11 which comprise the statement of financial position as at 30 June 2008, and the statement of comprehensive income, statement of changes in general fund and cash flow statement 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 financial position of the Authority as at 30 June 2008 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.



P. N. KOMORA, CBS.
CONTROLLER AND AUDITOR GENERAL

Nairobi

3 January 2009

KENYA INVESTMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE, 2008



	Notes	2008 KShs	2007 KShs
NON CURRENT ASSETS	17	12,134,915	8,809,786
CURRENT ASSETS			
Sundry Debtors	19	179,777	1,318,005
Fuel Deposits	20	40,000	40,000
Bank Balances	21	7,448,598	9,016,762
Cash in hand	22	25,096	15,849
		7,693,470	10,390,616
CURRENT LIABILITIES			
Creditors	23	1,358,436	15,907,688
		1,358,436	15,907,688
WORKING CAPITAL		6,335,034	(5,517,072)
CAPITAL EMPLOYED		18,469,949	3,292,714
FINANCED BY:			
GENERAL FUND:			
Surplus/ (Deficit) For the Year	23	835,905	1,457,240
Balance B/f		3,292,714	1,835,474
Accrued Pension Fund	24	7,341,329	-
Refurbishment of Buildings Fund	25	7,000,000	-
		18,469,948	3,292,714
CAPITAL EMPLOYED		18,469,948	3,292,714

Susan Kikwai, OGW
Managing Director

24/11/08
Date

Wycliffe Wasike

24/11/08
Date

General Manager, Finance & Administration

KENYA INVESTMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE, 2008



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Susan Kikwai,OGW
Managing Director

Date

Wycliffe Wasike

Date

General Manager, Finance & Administration

KENYA INVESTMENT AUTHORITY
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDING 30TH JUNE, 2008



	Note	2007/2008	2006/2007
		KSHS	KSHS
INCOME			
GOK GRANTS		105,062,198	93,062,198
COMMISSIONS	2	24,550	23,464
PROFIT ON DISPOSAL	3	84,236	
MISCELLANEOUS RECEIPTS		220,000	508,000
TOTAL INCOME		105,390,984	93,593,662
RECURRENT EXPENDITURE			
HOSPITALITY SUPPLIES & SERVICES	4	1,588,094	1,204,267
BOARD EXPENSES	5	8,371,701	4,721,690
STAFF SALARIES, BENEFITS & TRAINING	6	68,990,478	58,971,977
OFFICE & GENERAL EXPENSES	7	1,413,002	1,228,640
COMMUNICATION SUPPLIES & SERVICES	8	3,537,840	4,200,915
PRINTING ADVERTISING & INFORMATION	9	2,009,166	1,267,400
TRANSPORT & TRAVEL EXPENSES	10	5,136,909	6,113,783
RENT EXPENSES	11	9,231,881	3,626,131
INSURANCE COSTS	12	10,045	171,770
SPECIALIZED MATERIALS	13	125,422	-
OTHER OPERATING EXPENSES	14	568,105	1,321,523
ROUTINE MAINTAINANCE OF ASSETS	15	648,519	475,188
DEVELOPMENT EXPENSES	16	1,183,272	2,119,608
DEPRECIATION CHARGES	17	1,740,645	1,984,717
ACCRUED PENSION INTEREST	18	-	4,728,814
TOTAL EXPENDITURE		104,555,079	92,136,422
SURPLUS/(DEFICIT) FOR THE YEAR		835,905	1,457,240

KENYA INVESTMENT AUTHORITY

STATEMENT OF CHANGES IN GENERAL FUND



FOR THE YEAR ENDED 30TH JUNE, 2008

	Accumulated Surplus / (Deficit) KShs	Accrued Pension Fund KShs	Refurbishment of Buildings fund KShs	Total KShs
Balance as at 1/1/07	3,292,714	-	-	3,292,714
Surplus / (Deficit) for the year	830,181	-	-	830,181
Accrued Pension fund	-	7,341,329	-	7,341,329
Refurbishment of Buildings fund	-	-	7,000,000	7,000,000
Balance as at 30/6/08	4,122,895	7,341,329	7,000,000	18,464,224

KENYA INVESTMENT AUTHORITY



STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30TH JUNE, 2008

	Note	2007/2008	2006/2007
		KSHS	KSHS
Cash flow From Operating Activities:			
Net (Deficit)/ Surplus from Operations		830,181	1,457,240
Adjustments:			
Profit on disposal	3	(84,236)	
Depreciation	17	1,738,192	1,984,717
Operating (Deficit)/Surplus Before working capital changes		2,484,137	3,441,957
Decrease/(increase) in Debtors	19	1,138,228	72,077
Decrease/(increase) in Prepayments/Cash	22	25,096	(15,000)
(Decrease)/ Increase in Creditors	23	(14,566,170)	5,478,826
Net Cash flow from Operating Activities		(10,918,709)	8,977,860
Investing Activities:			
Bank Overdraft 2005/2006		0	261,350
Sale of Motor Vehicles	3	370,000	0
Purchase of Fixed Assets	17	(835,000)	(27,262)
Refurbishment of Buildings	26	(4,516,536)	0
Net Cash flow from Investing Activities		(4,981,536)	234,088
Financing Activities:			
Accrued Pension Fund	25	7,341,329	0
Refurbishment of Buildings	26	7,000,000	0
Net Cash flow from Financing Activities		14,341,329	0
Net (Decrease)/ Increase in Cash & Cash equivalents		(1,558,916)	9,211,948
Cash & Cash Equivalents at the beginning of the Period		9,032,610	(179,338)
Cash & Cash Equivalents at the end of the Period	21	7,473,694	9,032,610

KENYA INVESTMENT AUTHORITY
Notes to the 2007/2008 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 & Equipment and Depreciation

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%
Office Equipment	12.50%
	12.50%

(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.

	2007/2008 KShs	2006/2007 KShs
2. Commission Income		
Commission	24,550	23,464
	<u>24,550</u>	<u>23,464</u>
3. Profit on Disposal		
Cost/ Valuation of Motor Vehicles	900,000	-
Accumulated Depreciation	(574,236)	-
Estimated Value	325,764	-
Amount Received	410,000	-
Profit / (Loss) on Disposal	<u>84,236</u>	<u>-</u>
1. Hospitality Supplies and Services		
Hospitality expenses	1,588,094	1,204,267
	<u>1,588,094</u>	<u>1,204,267</u>
i. Board Expenses		
Board Fees	8,371,701	4,721,690
	<u>8,371,701</u>	<u>4,721,690</u>

	2007/2008 KShs	2006/2007 KShs
6. Staff Salaries & Benefits		
Basic Salaries	27,311,077	22,672,514
Pension Contribution	9,417,701	7,985,074
House Allowance	19,851,032	19,655,000
Other Personal Emoluments	2,427,754	1,786,206
Training & Capacity Building	1,191,783	303,113
Leave Allowance	1,295,239	1,344,819
Medical	5,437,611	5,225,252
Salary Increase Arrears	1,245,000	-
Transfer Allowances	813,281	-
	<u>68,990,478</u>	<u>58,971,977</u>
7. Office & General Expenses		
Stationery & other Office Supplies	1,413,002	1,228,640
	<u>1,413,002</u>	<u>1,228,640</u>
8. Communication Supplies & Services		
Telephone, Fax & Others	3,537,840	4,200,915
	<u>3,537,840</u>	<u>4,200,915</u>
9. Printing, Advertising & Information Services		
Printing, advertising & Others	2,009,166	1,267,400
	<u>2,009,166</u>	<u>1,267,400</u>
10. Transport & Travel Expenses		
Fuel oils and Lubricants	763,009	928,020
Travel-Local	1,860,106	1,346,147
Travel-International	2,513,794	3,839,615
	<u>5,136,909</u>	<u>6,113,782</u>
11. Rent Expenses		
Rent & Rates-Non Residential	9,231,881	3,626,131
	<u>9,231,881</u>	<u>3,626,131</u>
12. Insurance costs		
Motor Vehicle Insurance	10,045	171,770
	<u>10,045</u>	<u>171,770</u>
13. Specialized Materials		
Staff Uniforms	125,422	-
	<u>125,422</u>	<u>-</u>
14. Other Operating Expenses		
Bank Charges & Commissions	99,705	142,347
Professional fees	468,400	1,179,176
	<u>568,105</u>	<u>1,321,523</u>
15. Routine Maintenance Of Assets		
Maintenance of Office Equipment	268,200	268,994
Repair Motor Vehicles	380,319	206,194
	<u>648,519</u>	<u>475,188</u>
6. Development Expenses		
Research & feasibility studies	1,183,272	2,119,608
	<u>1,183,272</u>	<u>2,119,608</u>

17 Non - Current Assets

Fixed Asset Movement Schedule

	Motor Vehicles	Computers	Furniture & Fittings	Total
Rates of Depreciation	25%	30%	10%	
	KShs	KShs	KShs	KShs
<u>Cost or Valuation:</u>				
As at 1st July,2007	1,200,000	4,881,225	7,427,494	13,508,719
Additions During the year	0	790,700	4,619,912	5,410,612
Disposals During the year	(900,000)	0	0	0
As at 30th June 2008	300,000	5,671,925	12,047,406	18,019,331
<u>Depreciation</u>				
As at 1st July, 2007	693,750	2,094,430	1,938,015	4,726,195
Accumulated Depreciation on Disposal	(574,235)	0	0	0
Charge for the Year	101,745	1,073,249	563,198	1,740,643
As at 30th June,2008	221,250	3,167,679	2,501,213	6,466,838
<u>Net Book Value:</u>				
As at 30th, June 2008	78,750	2,504,247	9,546,193	12,129,190
As at 30th, June 2007	506,250	2,814,057	5,489,479	8,809,786

18 Accrued Pension interest

Accrued Pension interest related to unremitted pension for the period 1998-2002

	2007/2008 KShs	2006/2007 KShs
19 Sundry Debtors & prepayments		
Staff advances	8,890	1,031,406
Staff imprests	130,887	286,599
Sale of Motor Vehicle	40,000	-
	<u>179,777</u>	<u>1,318,005</u>
20 Fuel Deposit		
Fuel Deposit	40,000.00	40,000.00
	<u>40,000.00</u>	<u>40,000.00</u>
21 Bank Balance		
Co-operative Bank	7,346,288	8,890,243
National Bank of Kenya (Eldoret office)	102,311	126,519
	<u>7,448,598</u>	<u>9,016,762</u>
22 Cash in Hand		
HQ Office	30	91
JKIA Office	66	20
Eldoret Office	25,000	15,738
	<u>25,096</u>	<u>15,849</u>
23 Creditors		
Suppliers Invoices	673,784	430,587
Medical	371,238	-
Auditors	200,000	145,000
Gratuity & Pension	-	14,587,796
Other staff claims	33,414	744,305
Board expenses	80,000	-
	<u>1,358,436</u>	<u>15,907,688</u>
24 General Fund		
Balance B/F	3,292,714	1,835,474
Surplus/ (deficit) for the year	835,905	1,457,240
Accrued Pension Fund	7,341,329	-
Refurbishment of Buildings Fund	7,000,000	-
Balance C/F	<u>18,469,948</u>	<u>3,292,714</u>

25 Accrued Pension Fund

KShs 7,341,329 was remitted directly to CFC life towards the principal amount of Accrued Pension for 1998 - 2002 from the Ministry of Trade and Industry

26 Refurbishment of Buildings Fund

KShs 7,000,000 was received from the Government Of Kenya for Refurbishment of Buildings and KShs 4,516,536 was used during the 2007/2008 financial year

These Accounts are presented in Kenya Shillings (KShs)