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REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA DAIRY BOARD FOR THE YEAR ENDED 30 JUNE 2000

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**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE  
ACCOUNTS OF THE KENYA DAIRY BOARD FOR THE YEAR ENDED  
30 JUNE 2000**

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I have examined the Accounts of the Kenya Dairy Board for the year ended 30 June 2000 in accordance with the provisions of Section 29 (2) of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations necessary for the purpose of the audit. Proper books of account have been kept by the Board and the Accounts are in agreement therewith.

Except for the matters referred to herebelow, the Accounts, when read together with the notes thereon, present fairly the Board's financial state of affairs as at 30 June 2000 and of its deficit and cash flow for the year then ended.

**1. FINANCIAL POSITION**

During the year 1999/2000, the Board incurred a deficit of Kshs.1,729,396 as at 30 June 2000 which reduced its Accumulated Fund to a mere balance of Kshs.602,388 as at the same date. The Accounts for 1999/2000 reflect negative working capital of Kshs.8,571,027 as at 30 June 2000 while the Board was also unable to settle its liabilities, particularly statutory deductions totalling Kshs.5,367,270 as and when the same fell due. Evidently, therefore, the Board was facing serious financial problems and its continued operation is dependent on the support of Government and its creditors.

**2. LAND**

The Board does not hold either a Letter of Allotment or even a Certificate of Lease in respect of a land property located in Narok town. Furthermore, the value of the said property has not been included in the Accounts of the Board for the year 1999/2000 and as a result, the Board's ownership of this property could not be established. Under the circumstances, therefore, it has not been possible to confirm the correctness of the Land and Buildings balance of Kshs.31,278,665 reflected on the Balance Sheet as at 30 June 2000.

**3. DEBTORS AND PREPAYMENTS**

The Balance Sheet Debtors and Prepayments figure of Kshs.3,700,414 as at 30 June 2000 includes staff debtors totalling Kshs.3,126,180 in form of imprests, advances and other unspecified balances amounting to Kshs.769,028 which have been outstanding for over three years. Although most of the related members of staff have since left the services of the Board, no indication has been provided by the Board as to how these debts are to be recovered from the ex-staff.

#### 4. UNSUPPORTED CLAIMS

During the year under review the Board paid Kshs.575,075, being claims made by its various officers but without supporting documents. Consequently, the propriety of the expenditure cannot be confirmed.


  
S. M. MALUKI  
AUDITOR GENERAL (CORPORATIONS)

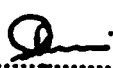
07 May 2002

# KENYA DAIRY BOARD

## BALANCE SHEET AS AT 30TH JUNE 2000

	NOTES:	2000 <u>KSHS</u>	1999 <u>KSHS</u>
<b><u>FIXED ASSETS:-</u></b>			
Land & Buildings 2b(b)		24,595,444.00	6,795,444.00
Work in progress building 2b (a)		5,017,287.00	5,017,287.00
Motor vehicles		-	-
Furniture & Fittings		1,665,934.00	1,944,734.00
		<u>31,278,665.00</u>	<u>13,757,465.00</u>
<b><u>CURRENT ASSETS:-</u></b>			
Debtors & Pre-payments (3)		3,700,414.00	4,315,629.00
Cash & Bank balances (4)		2,990,299.00	1,315,677.00
		<u>6,690,713.00</u>	<u>5,631,306.00</u>
<b><u>CURRENT LIABILITIES</u></b>			
Creditors & accruals (5)		13,912,333.00	12,114,240.00
Bank overdraft 4(b)		1,349,407.00	692,633.00
		<u>15,261,740.00</u>	<u>12,806,873.00</u>
Net current Assets/liabilities	-	8,571,027.00	- 7,175,567.00
<b>TOTAL NET ASSETS</b>		<b><u>22,707,638.00</u></b>	<b><u>6,581,898.00</u></b>
<b><u>FINANCE BY:-</u></b>			
Accumulated fund (6)		602,388.00	2,276,648.00
Capital reserves(7)		22,105,250.00	4,305,250.00
		<u>22,707,638.00</u>	<u>6,581,898.00</u>

MANAGING DIRECTOR.......... Sign

CHAIRMAN.......... Sign

**INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2000**

	<b><u>2000</u></b>	<b><u>1999</u></b>
<b><u>INCOME</u></b>	<b><u>KSHS</u></b>	<b><u>KSHS</u></b>
Ghee Licence	3,000.00	-
Retail Licence	536,200.00	554,000.00
Dairy Managers Lic	1,000.00	6,000.00
Producer Licence	495,850.00	325,100.00
Cess receipts	4,008,883.00	2,953,004.00
Permit Licence	222,800.00	145,850.00
Miscellaneous revenue	115,043.00	28,038.00
G.O.K - Grants	27,200,000.00	27,199,999.00
Interest received	56,321.00	38,092.00
Assurance fee	18,000.00	18,000.00
Processors licence	180,000.00	185,000.00
Milk bar Licence	821,800.00	947,200.00
Application fees	185,900.00	195,850.00
Cottage Industry	12,000.00	24,000.00
Mini-Dairies	160,000.00	105,000.00
Import Licence	1,037,097.00	-
<b>TOTAL INCOME</b>	<b><u>35,053,894.00</u></b>	<b><u>32,725,133.00</u></b>
<b><u>EXPENSES:-</u></b>		
Telephone, postage & teleg	438,907.00	1,230,303.00
Maint. Of stations	329,998.00	574,181.00
Trav. Accom & Subs.	2,429,968.00	1,217,198.00
M/Vehicle expenses	3,323,149.00	3,364,996.00
Education & training	267,270.00	190,470.00
Stationery & Printing	740,268.00	850,751.00
Advertising expenses	70,458.00	137,746.00
Board members Allow.	102,410.00	150,518.00
Entertainment & Misc Exp.	388,542.00	311,790.00
Donations	183,150.00	143,000.00
Medical Expenses	3,347,093.00	3,320,920.00
Rent & Rates	3,999,186.00	3,141,409.00
Show Expenses	100,000.00	277,185.00
Salaries & Wages	17,152,519.00	15,685,368.00
Laboratory & Sundry Exp.	-	19,500.00
Insurance General	327,076.00	697,754.00
Gratuity & Pension	1,165,942.00	979,013.00
Audit fees	120,000.00	120,000.00
N.S.S.F employers contr.	146,720.00	149,520.00
Bank charges	299,426.00	399,553.00
Fees, Coom & Honorarium	733,885.00	515,246.00
Leave passage allow.	204,376.00	178,592.00
Electricity & conservancy	292,712.00	144,491.00
Maint. Of Plant & Equip.	189,015.00	293,398.00
Uniform & Protect. clothing	59,420.00	132,600.00
Depreciation	371,800.00	1,205,316.00
Assurance life cover	-	162,460.00
<b>TOTAL EXPENDITURE</b>	<b><u>36,783,290.00</u></b>	<b><u>35,593,278.00</u></b>
<b>SURPLUS/DEFICIT</b>	<b><u>- 1,729,396.00</u></b>	<b><u>- 2,868,145.00</u></b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30TH 2000

### CASH FLOW FROM OPERATING ACTIVITIES:-

	2000 KShs	1999 KShs
Net surplus/(Deficit) for the year	- 1,729,396.00 -	- 2,868,145.00
Add:- Adjustment for:-		
Prior Year Adjustment	55,136.00	250,274.00
Interest paid	-	-
Depreciation	371,800.00	1,205,316.00
Operating surplus(loss) before working capital changes	- 1,302,460.00 -	1,412,555.00
(Increase)/Decrease in debtors	615,215.00 -	1,174,193.00
Increase/(Decrease) in creditors	1,798,093.00	1,335,479.00
Net cash from operating activities	1,110,848.00 -	1,251,269.00
Interest paid	-	-
 <b><u>CASH FLOW FROM SERVICING FINANCE:-</u></b>		
Purchase of fixed assets	- 93,000.00 -	289,380.00
Proceeds from sale of fixed assets	-	-
Cash flow from Investing activities	- 93,000.00 -	289,380.00
Changes in cash and cash equivalent	1,017,848.00 -	1,540,649.00
Cash & Cash equivalent at the beginning of period.	623,044.00	2,163,693.00
Cash and cash equivalent at the end of period.	1,640,892.00	623,044.00

**KENYA DAIRY BOARD**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED**  
**30TH JUNE 2000**

**1. ACCOUNTING POLICIES**

- (a) The Board's accounts have been prepared on historical basis of accounting.
- (b) The Fixed Assets have been depreciated on the straight-line method designed to write-off the assets during their estimated useful life on the following rates:-

Motor Vehicles -	25%
Furniture -	10%

- (c) Revenue and Expenditure are recognised and matched with the period to which they accrue.

**2 FIXED ASSETS**

	Land & Buildings	Motor Vehicles	Furniture & Fittings	TOTAL
<b><u>FIXED ASSETS</u></b>	<b><u>KSHS</u></b>	<b><u>KSHS</u></b>	<b><u>KSHS</u></b>	<b><u>KSHS</u></b>
Balance B/F	11,812,731.00	3,360,000.00	4,377,778.00	19,550,509.00
Additions	17,800,000.00	-	93,000.00	17,893,000.00
Disposals	-	-	-	
	<b>29,612,731.00</b>	<b>3,360,000.00</b>	<b>4,470,778.00</b>	<b>37,443,509.00</b>
<b><u>DEPRECIATION</u></b>				
Balance B/F	-	3,360,000.00	2,433,044.00	5,793,044.00
Add:- Charge for the year	-	-	371,800.00	371,800.00
Disposal	-	-	-	
		<b>3,360,000.00</b>	<b>2,804,844.00</b>	<b>6,164,844.00</b>
<b><u>NET BOOK VALUE</u></b>				
Bal 30/6/2000	<b>29,612,731.00</b>	-	<b>1,665,934.00</b>	<b>31,278,665.00</b>
Bal 30/06/1999	<b>11,812,731.00</b>	-	<b>1,944,734.00</b>	<b>13,757,465.00</b>

) The land and Building cost KShs. 29,612,731.00 includes  
(a) KShs. 5,017,287.00 being work in progress on the on-going construction  
of the Board's headquarters in Nairobi south 'C'

(b) Land for lower Kabele plot was revalued upwards by KShs. 17,800,000.00  
during the year under review.

**DEBTOR & PREPAYMENTS**

	<u>2000</u> <u>KSHS</u>	<u>1999</u> <u>KSHS</u>
West Wood Construction	317,133.00	317,133.00
K.N.A.C M/Vehicle claim	318,250.00	318,250.00
Fuel Deposits	173,814.00	173,814.00
Water Deposits	2,000.00	2,000.00
K.P.L.C Deposit	10,500.00	10,500.00
Rent Deposit	136,000.00	136,000.00
Car Loan Control	422,714.00	491,175.00
Rent Prepayments	13,200.00	-
Fridge loan Control	39,715.00	46,663.00
Staff Debtors	769,028.00	821,114.00
KDB-Haarrambee Contribution	3,400.00	6,950.00
INS. Compensation K.N.A.C	44,500.00	44,500.00
Staff Imprests Control	1,677,776.00	2,157,178.00
Staff Advances Control	216,948.00	231,790.00
N.B.K. Suspence	-	3,000.00
A.L.C.O B.Ngali	-	126.00
	<u>4,144,978.00</u>	<u>4,760,193.00</u>
Less:-		
Prov For Bad Debts.	(444,564.00)	(444,564.00)
<b>NET DEBTORS</b>	<u><b>3,700,414.00</b></u>	<u><b>4,315,629.00</b></u>

**4). CASH AND BANK BALANCES**

	2000 KShs	1999 KShs
(a) Savings Bank Account	2,841,267.00	1,057,099.00
Current Bank Account	-	-
NBK Car Loan Account	149,032.00	258,578.00
Petty Cash Account	-	-
	<u>2,990,299.00</u>	<u>1,315,677.00</u>
<b>(b) OVERDRAFTS</b>		
Current Bank Account	<u>1,349,407.00</u>	<u>692,633.00</u>

**5 CREDITORS & ACCRUALS**

	2000 KSHS	1999 KSHS
Provision for Audit fees	880,000.00	760,000.00
KDB cost./Retention money	501,729.00	501,729.00
KNAC staff pension	2,937,115.00	2,937,115.00
Accrued expenses	2,914,294.00	3,220,043.00
Accrued rent	1,230,138.00	426,114.00
Staff claims. Imp/Adv.	40,382.00	39,829.00
Staff pension K.N.A.C	39,947.00	39,947.00
N.H.I.F	1,041,400.00	807,580.00
ALICO - B. Ngali	284.00	-
Harambee SACCO	900.00	900.00
S.F.T account	220.00	220.00
Ukullma SACCO	706,833.00	587,277.00
Staff pension KNAC	266,302.00	266,302.00
P.A.Y.E	235,241.00	203,788.00
N.S.S.F	61,852.00	137,132.00
M/Vehicle surcharge	15,365.00	10,689.00
N.H.C - sarah Ochar	2,576.00	464.00
A.G Chambers - W. Njoroge	10,392.00	10,392.00
Staff Welfare	850.00	350.00
Jaribu traders	22,885.00	22,884.00
Account payable - B. Saidimu	1,141.00	1,141.00
ALICO -Staff pension	2,585,612.00	1,752,029.00
Ins. Policy - N. Wanjohi	296.00	296.00
Jubilee Ins. Claims	171,600.00	171,600.00
ALICO Ins. Claims	31,749.00	31,749.00
L. A. Service charge	213,230.00	169,670.00
Bank Loan - S. Gimona	-	15,000.00
<b>TOTAL</b>	<u>13,912,333.00</u>	<u>12,114,240.00</u>

**ACCUMULATED FUND**

	2000 kshs	1999 kshs
Balance B/F	2,276,648.00	4,894,521.00
Prior year Adjustments	55,136.00	250,272.00
Surplus (deficit) for the year	(1,729,396.00)	(2,868,145.00)
<b>Balance C/F 30/6/2000</b>	<b><u>602,388.00</u></b>	<b><u>2,276,648.00</u></b>

**CAPITAL RESERVES**

	2000 kshs	1999 kshs
Balance B/F	4,305,250.00	305,250.00
Gain on Revaluation	17,800,000.00	4,000,000.00
<b>Balance C/F 30/6/2000</b>	<b><u>22,105,250.00</u></b>	<b><u>4,305,250.00</u></b>
Gain on Revaluation	17,800,000.00	4,000,000.00
<b>Balance C/F 30/6/2000</b>	<b><u>17,800,000.00</u></b>	<b><u>8,305,250.00</u></b>