

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

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By Hon. A.O. Mutho
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REPORT

OF

THE AUDITOR-GENERAL

ON

FINANCIAL STATEMENTS OF
TEA RESEARCH FOUNDATION

FOR THE YEAR ENDED

30 JUNE 2014



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TEA RESEARCH FOUNDATION OF KENYA (TRFK)



ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014**

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Tea Research Foundation of Kenya was formed in 1980 to replace the former Tea Research Institute of East Africa (TRIEA) after the collapse of the former East African Community. It was established as a company limited by government guarantee (Company's Act Cap 486 Laws of Kenya) and a state corporation as per the state corporations Act Cap 446At cabinet level, the Tea Research Foundation of Kenya is represented by the Cabinet Secretary for Agriculture Fisheries and Livestock who is responsible for the general policy and strategic direction of the Tea Research Foundation of Kenya.

Tea Research Foundation of Kenya Vision

To be a global leader in research on tea

Mission Statement

Generate and disseminate technologies and knowledge through innovative research for improved productivity, Processing, value addition and marketing of Kenyan tea while conserving the environment.

(b) Principal Activities

The principal activity/mission of the Tea Research Foundation of Kenya (TRFK), as was established in 1980 to replace the former Tea Research Institute of East Africa (TRIEA) with the objects **"to generate and disseminate sustainable technologies and knowledge, through innovative research, for improved productivity (yield), processing, value addition and marketing of the Kenyan tea while conserving the environment.**

(c) Key Management

The Tea Research Foundation of Kenya's day-to-day management is under the following key organs:

- Principal Secretary;
- Ministry of Agriculture, Livestock and Fisheries;
- and
- Board of Directors

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal Secretary	-Mrs Sicily K Kariuki
2.	Deputy Secretary	- Mr. Philip Makheti
3.	Chairman BoD	-Mr Nicholas K Kirui
4.	Managing Director	-Dr Eliud K Kireger

(e) Fiduciary Oversight Arrangements

There are three standing committees of the TRFK Board. The committees of the Board operate under delegated responsibilities and subject to the direction and guidance by the Board. The members to the committees are nominated by the full board and given terms of reference for their operations.

The committees and their memberships are as follows:

STAFF AND FINANCE COMMITTEE

- | | |
|-----------------------------|------------------------------------|
| 1. Mr. Philip Ng'etich | -Chairman |
| 2. Dr. Joseph Ochieng | -Member |
| 3. Mr. Philip Makheti | -Member |
| 4. Dr Eliud Kiplimo Kireger | -Managing Director TRFK-Secretary. |

RESEARCH COMMITTEE

- | | |
|-----------------------------|--|
| 1. Mr. Alfred Njagi | -Chairman. |
| 2. Mr. Samuel Thumbi | -Representing KTGA |
| 3. Mr. Grenville Melli | -Member. |
| 4. Dr Eliud Kiplimo Kireger | -Managing Director TRFK-Secretary. |
| 5. Mr. Edward Mudibo | -EATTA |
| 6. Mr. Gabriel Tuwei | -Unilever |
| 7. Mr. Jacob Katah | -Eastern Produce Ltd |
| 8. Richard Mose | -James Finlays |
| 9. Mr. Sameul Ogola | -Tea Board of Kenya |
| 10. Managing Director | -Nyayo Tea Zones Development Corporation |
| 11. DVC , Research | -Egerton University |

AUDIT COMMITTEE

- | | |
|------------------------------|------------------------------|
| 1. Mr. Samuel Thumbi | -Chairman |
| 2. Mr. Grenville Melli | -Member |
| 3. Mr. Martin S.O. Gumo, HSC | -Member |
| 4. Mr Francis K Lang'at | -Chief Internal Auditor TRFK |

(f) Entity Headquarters

Tea Research Foundation of Kenya,
L.R. 15335
Off Kericho - Nakuru Highway,
P.O Box 820 – 20200,
Kericho, Kenya.

(g) Entity Contacts

Tel.: +254-52-20598, 20599, +254-722-209915
Fax: +254-52-20575-Kericho
Email: info@tearesearch.or.ke
Website: www.tearesearch.or.ke

(h) Entity Bankers

Co-operative Bank of Kenya
Kericho Branch
P.O. Box 1742
Kericho 20200
Kericho, Kenya

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser



Betty & Co Advocates
Temple Road, Isan Arcade Building, 1st Floor
P.O. Box 1434-20200
Telephone 052-30524, 052-30342
Kericho

E-Mail: bettwakili@yahoo.com

II. THE BOARD OF DIRECTORS

Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
1. Nicholas K Kirui; Chairman	MSc, Dipl. Ed. Date of Birth 21/11/1954
2. Principal Secretary; Mini. Of Agriculture Livestock and Fisheries.- Mr. Philip Makheti	
3. Agriculture Secretary; Mini. of Agriculture livestock and Fisheries- Mr. Grenville Melli	
4. Chairman; Tea Board of Kenya- Mr. Samuel Ogola	
5. Chairman; KTDA- Mr. Philip Ng'etich	
6. Managing Director; KARI- Dr. Joseph Ochieng	
7. Managing Director; KTDA- Mr. Alfred Njagi	
8. Representative; KTGA- Mr. Samuel Thumbi	
9. Managing Director; Tea Research Foundation of Kenya- Currently-Dr Eliud Kiplimo Kireger; PhD	

III. MANAGEMENT TEAM

Insert each key manager's passport-size photo and name, and key profession/academic qualifications	Indicate the main area of responsibility – without details
<p>1.  Dr Eliud Kiplimo Kireger</p> <p>He is the Managing Director/CEO of the Tea Research Foundation of Kenya. He joined in September 2012 from Moi University.</p> <p>Dr Kireger attained his PhD in Plant Eco-physiology from the University Wales, (UK), MSc in Genetics and Tree breeding from University of Toronto, (Canada) and a BSc in Forestry from Moi University (Kenya). He has also undertaken training in several professional courses including Conflict Management and Resolution, Strategic Leadership, Company Directorship, Change Management etc. He is also an Appointed Member of the Board of Management of Kenya Agricultural Research Institute (KARI) where he chairs the Audit Committee.</p>	<p>Managing Director</p>
<p>2.  Dr John K Bore</p> <p>As a Horticulturist at TRFK, John has initiated many field trials on tea management and physiological responses. He has published widely and has attended a number of workshops on crop management. He holds a Diploma, Horticulture (Egerton); BSc, Agric. (Dalhousie, Canada); MSc, Hort. (Egerton) and PhD, Hort. (Jomo Kenyatta University of Agriculture and Technology, Kenya).</p>	<p>Deputy Managing Director</p>



3. Dr John K Wanyoko

He joined the former Tea Research Institute of East Africa (TRIEA) in 1975 as an Assistant Chemist and has risen through the ranks to the position of a Chief Research Officer and Head Chemist. He served as acting Director for a stint of six months in 2009.

His area of specialization include: plant nutrition management, soil/water management, soil and analytical chemistry, biochemistry of tea (value addition), field experimentation and advanced statistics. He has over 30 years' experience in fertilizer research in tea and has done consultancies in the areas of fertilizer formulation and utilization for the tea plant.

John obtained his first and second degrees at the University of Nairobi and a D. Phil in soil/plant nutrition at Moi University. He has published widely and has attended a number of workshops in soil science and tea product diversification.

Programm
Leader- TPVA
Tea Processing
and Value
Addition





4. Dr David M Kamau

He joined TRFK as a Soil Chemist in June 1997. Previously he was a Soil Scientist with the Kenya Forestry Research Institute (KEFRI), Muguga where he was the Head, Soil Science Division.

David has over 22 years of experience in agricultural and forestry research specializing in Soil fertility, Plant Nutrition and Fertilizer use. David's current areas of interests include; productivity and resource use of ageing of tea gardens, chemistry of acid soils, fertilizer use and soil amendments.

He has published widely and participated in several training workshops and presented in many international conferences. He has also supervised graduate and post-graduate students. He holds a BSc in Chemistry (University of Nairobi), MSc in Forest Science specializing in Soil Fertility (University of Melbourne, Australia) and a PhD in Production Ecology and Resource Conservation (Wageningen University, Netherlands).

Programm
Leader-SEMC
Sustainable
Ecosystem
Management &
Conservation

<p>5. Mr David C Kikwai</p> <p>He joined Tea Research Foundation in 2000. Before then, he had worked at the district Treasury of Kiambu as an accountant II for two years, from 1991 to 1992, before moving to Bomet District Treasury where he worked as Accountant II, Deputy District Accountant and District Accountant until 1999 then moved to join the Foundation as an Accountant. He is currently serving as a Finance Manager.</p> <p>He graduated from University of Nairobi in 1990 with a Bachelor of Commerce Degree, then MBA from Kenya Methodist University in 2013, CPA(K), CPS(K)</p>		<p>Programm Leader-SSM Support Services Management</p>
<p>6. Dr Samson M Kamunya</p> <p>He joined TRFK as Plant Breeder in January 2003. Having previously worked at the JKIA majoring on the improvement of the floral beauty of the airport, at the Centre for Agriculture Biosciences International (CABI), Africa Regional Office, on biocontrol of conifer aphids and integrated control of Leucaena psyllid</p> <p>He holds BSc (Forestry) and M.Phil. (Forest Genetics), Moi University. He has submitted a thesis on D.Phil. (Plant Breeding), Egerton University, upon successful completion of thesis research on Quantitative Genetic Parameters and Quantitative Trait Loci Mapping in Tea, <i>Camellia sinensis</i> (L.) O. Kuntze.</p> <p>He has published widely and participated in many workshops and conferences. He is an active member of the Plant Breeders Association of Kenya (PBAK) and East, Central and Southern Africa Pest Management Network.</p>		<p>Programm Leader-CIM Crop Improvement Management</p>



7. Dr Paul Kiprono

He joined TRFK as a Socio-Economist in September 2008 and was previously with World Vision (Kenya) where he worked as a Program Manager in a food security project and Prior to that, he worked with Kenya Tea Development Agency (KTDA), Field extension department

He has more than 13-years' experience in tea science and 4 years in socio-economic surveys and management of community based projects towards poverty alleviation through use of available resources. He holds a BSc and an MSc in Agriculture and Rural development from Kenya Methodist University (KEMU). He has also recently has attained a PhD in Socioeconomic from Moi University

He has published extensively, participated in several training workshops and conferences and mentored high school and graduate students.

Programm
Leader-EFACC
Economics,
Field Advisory
& Corporate
Communication

Note: The MD/CEO who is also the Company Secretary features in both the 'Board' and 'Management'.

IV. CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2014

The Directors submit their report together with the audited financial statements for the year ended 30th June 2014, which disclose the state of affairs of the company (Cap 157 (1))

Incorporation

The Tea Research Foundation of Kenya (TRFK) is incorporated as a company limited by guarantee and is domiciled in Kenya under the Kenyan Companies Act (Cap 486) of the laws of Kenya. The report of the registered office is set out on page 1.

Principal activities

The Foundation's mandate is "to promote research and investigate problems related to tea and such other crops and systems of husbandry as are associated with tea throughout Kenya including the productivity (yield), quality and suitability of land in relation to tea planting, and matters ancillary thereto".

Summary of Financial Results

The directors have transferred the surplus for the year Kshs. 91,324,359/= to the Accumulated Fund in accordance with the powers conferred on them by the Memorandum and Articles of Association of the TRFK.

General

The Tea Research Foundation of Kenya (TRFK) was established in 1980 to replace the former Tea Research Institute of East Africa (TRIEA). Research focuses mainly on development of improved clones, appropriate technologies for improvement of yield (quantity of green tea leaf/unit area) and the quality of tea products. This is done through development of appropriate practices for tea production including breeding, clonal selection, correct and sustainable plant nutrition, optimal crop husbandry methods, crop physiological studies, management of major pests and diseases, tea manufacture, marketing and utilization of finished products.

TRFK is incorporated as a Company limited by guarantee under the Companies Act (Cap 486) of the laws of Kenya. The Foundation is also a State Corporation (parastatal) as per the State Corporations Act (Cap 446 section 2b (v)). The Foundation's activities were funded 71% by ad valorem tea levy through the Tea Board of Kenya on sales of Kenyan tea made tea. The difference 25% of the revenue is internally generated by the Foundation from its own tea estate, sale of planting material, advisory analytical services, sale of Publications and Government of Kenya grant (4%)

The Research Director is the Chief Executive Officer as provided for by the Foundation's Memorandum and Articles of Association (1980) and the State Corporations Act (Cap 446). Following the reorganization of the Foundation's management from departments to programs; the Foundation has five programs i.e. Support Services Management (SSM), Crop Improvement Management (CIM), Tea Processing and Value Addition (TPVA), Sustainable Ecosystem Management and Conservation (SEMC), Economics, Field Advisory and Corporate Communications (EFACC). Operations are mainly from the headquarters at Timbilil Estate (215 hactres) in Kericho and also the sub-station's 8Hactres at Kangaita in Kerugoya, Kirinyaga District.

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

General

Research activities at the Tea Research Foundation of Kenya (TRFK) continued during the year under review. The scheduled meetings of the Foundation's Board of Directors and those of its committees for the year were held on time. The Annual Technical Conference was held, where all the Scientists presented their findings and progress on research activities carried out during the previous year. The Research Advisory Committee (RAC) meetings were held, where the Scientists presented their technical progress reports. All the other activities both at the Foundation Headquarters, Kericho and at the Kangaita Sub-station continued as planned.

In 2013 the Foundation continued to build and strengthen the capacity of its scientific and technical staff as well as that of its administrators. During the year, the staff attended several training courses, seminars, workshops and conferences. The Foundation staff also attended several in-house and in-country seminars to strengthen and improve on their skills. These seminars have proved to be very useful and cost-effective.

The senior staff also continued to participate in research programs and capacity building at the national level by supervising graduate research activities at various universities.

During the year, a large number of stakeholders in the tea industry visited the Foundation's headquarters and Kangaita Sub-station to familiarize themselves with the activities of the organization. These included farmers, tea managers of the small-holder (KTDA) and large estate sub-sectors (KTGA), students and traders.

The Foundation, as in the previous years, was involved in the preparation and participation of the Nairobi International Trade Fair under the Tea Board of Kenya stand. The stand show-cased the Foundation's developed technologies, generated information and the on-going research for development activities.

The Foundation supplied farmers with high quality tea plants and cuttings from both Kericho and Kangaita stations.

Crop Improvement

The overall goal of the tea improvement programme is to manage and use existing and introduced tea genetic resources, to develop better cultivars for enhanced and sustainable tea production in Kenya. Tea improvement is achieved through breeding and selection for cultivars that are highly tolerant to biotic and abiotic stresses, which are high yielding and with acceptable cup quality of the diversified tea products. The selected cultivars, however, have to be evaluated in different tea growing regions of the country in order to ascertain their adaptability and stability outside the breeding sites before they are released for commercial utilization.

The tea improvement programme in Kenya goes through four major phases namely; creation of genetic variability (base populations), testing of the base populations through progeny testing (PT), selection of genotypes with desirable traits and comparative tests to demonstrate the superiority of the selected genotypes (clones) through clonal field trials (CFTs). The fourth phase entails participatory evaluation of promising clones/varieties in multiple sites, usually under farmers' conditions in order to determine their adaptability and stability for the desired traits before they are released for commercial use. Although previously tests for Distinctness, Uniformity and Stability (DUS) used to be synchronised with clonal adaptability trials (CATs), the Foundation set aside a site for DUS tests for all new clones being developed in the tea industry for and on behalf the Kenya Plant Health Inspectorate Service (KEPHIS). A DUS test that was established in 2009 underwent due maintenance in 2013/14. In 2013/14, 19 PTs with over 15,000 genotypes, 14 CFTs with over 950 new clones, 11 CATs and 6 genetic (BOT/GENET) trials were maintained and some evaluated at various stages of development. Six new CATs involving over 40 new clones were established at Meru, Trans Nzoia, Nakuru, Nandi and Elgeyo Marakwet Counties with full participation of our stakeholders. Another notable milestone is the emergence of high yielding clones in current CFTs. As it will be noticed in individual CFTs, a number of test clones performed significantly better than high yielding commercial clones and even surpassed the 4000 Kg mt/ha mark.

In a nutshell, the following trials had outstanding clones: TRFK/CIM/EPK/CFT/2004 with five, TRFK/CIM/CFT/2005/3 with one and TRFK/CIM/CFT/2006/1 with one. It is worth noting that Majority of these good performers are full intraspecific hybrids. One of these hybrids, TRFK 480/405, exhibited outstanding performance in replanted sites in Kericho

Considering the long time it takes to develop elite varieties of tea, integration of biotechnological tools with conventional breeding will definitely shorten this period and ensure new novel varieties are availed to growers in a relatively shorter period. Reported in the Genetic studies sections are some of the achievements in characterization of drought tolerance genes through studies that involved collaborations with international research institutes.

The divisional staff continued to offer services to the industry which included providing information on suitable tea cultivars, assessment of land for tea cultivation upon requests and training farmers and educational groups, who called on the Foundation to acquire knowledge on tea improvement, molecular investigations and propagation as well as conducting advisory visits to tea nurseries and farms mainly in the smallholder sector.

In addition to normal research work, the Plant Protection Department continued to offer advisory services on pests and diseases of tea. The department advised the industry on pest and disease problems occurring in farmers' fields and gave remedies based on appropriate integrated pest management approaches, through visits, diagnosis of diseases in plant materials and identification of pest problems in materials sent by tea growers to the Foundation's laboratories. Pests and diseases research focused on host-plant resistance particularly for mites and weevils, tea nutrition to determine nitrogen threshold level that deter mosquito bug attack, production of antagonistic fungi and evaluation of pesticides for their efficacy prior registration by Pest Control Products Board.

Sustainable Ecosystem Management and Conservation (SEMC) Programme

The SEMC Programme Envisions "A Sustainable Tea Cultivation Culture in Harmony with the Ecology". The Programme's Mission is "To Contribute to Increased and Sustained Tea Productivity and Quality Ecosystems through Generation and Promotion of Knowledge and Technologies while Conserving the Environment". This implies that the focus is not only limited to effective management of the tea ecosystem, but one that is sustainable for the future of the Kenyan tea industry. Therefore, all the technologies that are generated aim at improving productivity, processing and value addition of Kenyan tea, and should be done while conserving the environment. The programme has three sections, namely,

- (i) Soil Fertility, Plant Nutrition and Fertilizer use
- (ii) Agronomy and Horticulture, and
- (iii) Environmental Conservation and Management

VI. (i) Soil Fertility, Plant Nutrition and Fertilizer Use Section

The Section's objective is to improve and sustain productivity and quality of tea by developing appropriate plant and soil management technologies and optimizing on fertilizer use. Tea crop productivity, i.e. yield per unit area, should take into account three major areas: Genotype (i.e. genetic material), Environment (i.e. soils, rainfall, temperatures), and Management (i.e. fertilizer types, rates, frequency of application, year of prune). Most of the experiments under this section were set up to investigate these factors on tea yields and land sustainability.

Laboratory analytical services in soil, leaf tissue and fertilizer also continued to be offered by the section as well as sampling of soils and leaf. The Soil Chemist also continued to represent the tea industry at the KEBS fertilizer and Soil Conditioners Technical Committee. In addition, the Soil Chemist participated in the Fertilizer Blends Experts Committee meetings coordinated by KEBS where training materials on fertilizer blends were compiled prior to rolling out of trainings to stakeholders in line with Kenya Vision 2030.

Tea Processing and Value Addition (TPVA) programme

The TPVA Programme envisions being a "National leader in research on tea processing, product diversification and health benefits of tea". The Mission of the programme is to "Generate sustainable and improved tea processing, product diversification technologies for better health and knowledge through innovative research on Kenyan tea". The focus of the programme to enhance and sustain tea quality, product

diversification and value addition in line with the Vision 2030. This has been informed by over reliance of the Kenyan tea industry on black CTC tea which has proven to be non-profitable in the recent past. In addition to diversification and value addition, the programme has embarked on a serious mission to study the health benefits of Kenyan tea by collaborating with other health research institutions and establishing a Tea and Health section within its Programme. The Programme has three sections namely:

- (i) Biochemistry section
- (ii) Product Development and Value addition section
- (iii) Tea and Health

(i) Biochemistry Section

The objective of this section is to generate technologies for product branding and diversification through profiling the teas for their biochemical components i.e. catechins, anthocyanins, theaflavins, thearubigins, theanine, GABA, caffeine, theobromine, and total polyphenols. Despite the Kenyan teas having high quality attributes due to the high polyphenol content, Kenyan tea loses its identity in the world market and the Section aims at developing technologies for branding the teas. Laboratory services continue to be offered in the section by use of the state of the art HPLC and UV-VIS spectrophotometer.

(ii) Product Development and Value addition section

The main objective of this section is to develop high value products that have tea as its base ingredient. Several research projects have been initiated as part of value addition strategies for new products. In addition the tea products are tested through clinical studies to validate their usefulness as well as human safety upon consumption. The shelf lives of the products are also determined. This is a fairly new section and validation of the small scale research into large scale is expected to take off once the Research Factory is completed. Some of the research projects are development of tea alcoholic beverages, yoghurts, confectioneries, biscuits, cookies and juices. The section also aims at developing technologies for specialty teas like green tea, spiced teas and flavoured teas. Ost of the products are being evaluated finally for release to the industry

iii) Tea and Health Section

The objective of this section is to carry out research on the health benefits of tea consumption. A large body of scientific evidence indicates the benefits of tea drinking for its wide range of medicinal properties. Even though the section is a new area of research, it has carried out fairly good number of research studies, both *in vivo* and *in vitro*, to validate the health benefits of various tea products that have been profiled for their various biochemical properties e.g. anthocyanins, catechins, theaflavins, theanine, GABA, caffeine and total polyphenols. The section also works hand in hand with biochemistry, product development and value addition sections in developing technologies for product development e.g. pharmaceutical products from tea products.

Field Advisory services

The Field Advisory and Socio-Economics department continued to discharge its duties of technology transfer to the clients in the tea industry while collecting feedback. One of the major concerns is how to effectively meet the demands of the stakeholders considering their viewpoint

A detailed tea consumer needs survey was carried out during the year with the main objective of identifying factors determining consumer choice and the availability of diversified products in the market. The survey helped to identify opportunities for tea product diversification and value addition strategies.

Socio economic studies

A social economic survey among various market segments ranging from factory door sales to both KTDA managed and multinational outlets, local markets, supermarkets in the urban centres and market segments away from the tea growing region was carried out. The survey aimed at assessing and analysing the consumption trend and establishing intervention strategies to increase the current tea consumption from current 4% to a reasonable level. Further, it was to establish awareness of the current promotion campaigns across the tea value chain.


for Managing Director

VII. CORPORATE GOVERNANCE STATEMENT

TEA RESEARCH FOUNDATION OF KENYA (TRFK) BOARD

The Chairman of TRFK Board is appointed by the Minister of Agriculture. The other members of the Board are nominated in accordance with the Memorandum and Articles of Association.

Statement of Compliance

Tea Research Foundation of Kenya (TRFK) as a responsible corporate citizen is alive to the tenets of the Constitution of Kenya and is fully compliant with the provisions of relevant Laws of Kenya which include but not limited to the Public Finance Management Act, Employment Act, Occupational Safety & Health Act and Public Procurement & Disposal Act. Further, to enhance best practices and benchmarks, the Company remains certified on ISO 9001:2008 Quality Management System.

Board Composition

In accordance with the Articles of Association of the Foundation, the Board consists of Nine (9) members made up of a non-executive and independent Chairman, one executive Managing Director & CEO, Principal Secretary –Ministry Of Agriculture Livestock and Fisheries, Agriculture Secretary - Ministry of Agriculture livestock and Fisheries, Chairman- Tea Board of Kenya, Chairman - KTDA, Managing Director- KARI, Managing Director -KTDA, Representative from KTGA.

Board Skills

Given different backgrounds of the Board members, their combination offer a depth and breadth of insight perspective and experience.

Board Members' remuneration

Board members, who are not government officials, receive fees for the services they render to the TRFK in accordance with the relevant Rates as determined by National Treasury and approved by the Minister of Agriculture, Livestock and Fisheries. Members of the Audit and Risk Committee are remunerated in accordance with an agreed Rates set by the Board. Detailed information on fees, emoluments, bonuses and Subsistence and Travel claims paid to Board Members, Audit and Risk Committee members and executive members, as required per Public Accounts Standard Board, is provided in note ___ of the notes to the Annual Financial Statements.

Board Members' interests in contracts

None of the Board Members are involved in / have any interest in contracts entered into in the year under review.

Public Finance Management Act

The Board is fully committed to comply with the provisions of the Public Finance Management Act (PFMA). The internal and external auditors continue to provide the Board with assurance on the degree of compliance with the PFMA.

Going Concern

The Board confirms that the Company has adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements. The new KALRO –ACT2012 when implemented will come up with new structures of governance and composition of their members.

Board Operations

Separation of Powers & Duties of the Chairman and Managing Director & CEO

The Board's oversight role is secured through separation of the functions of the Chairman and the Managing Director & CEO. This independence of the Board from the Company's corporate management provides a distinction between the non-executive and executive roles. A clear definition of their responsibilities enables the Foundation achieve requisite balance of power, increased accountability and improved decision making.

Responsibilities of the Board

The responsibilities of the Board are: To be the Accounting Authority; approval of the research projects, strategic plan and the policies of the TRFK; and setting of performance targets for the Foundation. The Board is responsible inter alia for preparing the Annual Financial Statements that accurately reflect the TRFK's financial position and results at the end of the financial year, which is set at 30 June each year.

The Office of the Auditor-General - Kenya National Audit office (KENAO) is responsible for reporting on the Annual Financial Statements of the TRFK. In the year under review, applicable accounting standards were adhered to and adequate accounting records and an effective system of internal control were maintained.

Appropriate accounting policies, supported by reasonable and prudent judgments and estimates were applied on a consistent basis. Detailed delegations as required by the PFMA were in place.

Governance structures

In order to comply with these principles, the Board has and continues to design and implement appropriate governance structures across the Foundation. The Board acknowledges that, for it to set up an effective governance framework, robust governance structures need to be in place. The following Board Committees operate as at 30 June 2014 together with their respective terms of reference.

1. Staff and Finance Committee

During the Year, Three (3) meetings was held

Members

Mr. Philip Ngetich – Chairman SFC
Dr. Joseph Ochieng – Rep Director KARI
Mr. Humphrey Mwangi – Rep. PS. MoALF
Dr. Eliud K Kireger – M.D. TRFK

2. Audit and Assurance Committee

During the year, four (4) meetings was held

Members

Mr. Samwel Thumbi – Chairman

Mr. Grenville Melli – Member MoALF

Mr. Martin Gumo – Rep. PS Treasury

3. Research Advisory Committee

1. Mr. Alfred Njagi – Chairman RAC
2. Dr. Eliud Kireger – Managing Director TRFK
3. Mr. Gabriel Tuwei – Member, Unilever Kenya
4. Mr. Jacob Katah – Member, Eastern Produce Kenya Ltd
5. Ms Maureen Morogo – Member, Agricultural manager, KTDA
6. Dr. Joseph Ochieng – Member, KARI
7. Mr. Edward K Mudibo – Member, MD EATTA
8. Mr. Samuel Ogolla – Member, Tea Board of Kenya
9. Mr. Grenville Meli – Member, Ministry of Agriculture
10. Mr. Richard Mose – Member, James Finlays (K) Ltd
11. Mr. Samuel N Thumbi – Member, Williamson Tea Kenya

Responsibilities of the Board members

The responsibilities of members of the Board are spelt out in both the Articles of Association of the Foundation and in accordance with principles of good corporate governance. Execution of the mandate of the Board requires each member to observe a code of conduct aligned to their duties and responsibilities to the Foundation and stakeholders.

Each member therefore:

- Undertakes to act in good faith, with care and prudence in the best interest of the Foundation while exercising their power and executing their duties.
- Subscribes to uphold and promote effective and responsible use of Foundation resources.
- Commits that, while taking into account the financial impact of their decisions, they shall consider the consequences for sustainable research development, effect on relations with stakeholders and interest of the society in general.
- Fully aware that they are individually and collectively responsible for deciding the Foundation's vision, mission and values, its strategic objectives, ensuring establishment of the organisational structure, putting in place policies to achieve the objectives as well as ensuring effective control over the Foundation and accounting to stakeholders.
- Shall familiarise themselves with the relevant regulations and statutes, the Memorandum and Articles of Association of the Foundation, the Board's operating norms and procedures, and any other issues necessary for the discharge of their duties.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Corporate Social Responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, communities and other stakeholders, as well as the environment. It is a voluntary undertaking that further steps in to improve the quality life for employees and their families, the local community and society at large, without necessarily benefiting out of it. This is an obligation that an Institution extends beyond the statutory obligations.

Social Responsibility is on an equal footing with our values of *Integrity* – which speaks to the fairness, and honesty with which we conduct our business and the trust granted us by the public – and *Respect*, which is our concern for the well-being of our employees and players, and our relationships with service partners and suppliers.

Strategically, the Corporate Social Responsibility (CSR) activity through its activities aims at enhancing TRFK's service Charter and supports the implementation of the organization's activities to build a sustainable business. The Foundation's operational role includes developing and executing the Foundations mandate by implementing best practices and solution oriented research.

Through its annual plans TRFK continued building upon its commitment to be a socially responsible Foundation with a long term objective of incorporating corporate social responsibility into every touch-point as it strived to be a leader in corporate social responsibility through leadership in responsible research, community outreach and environmental management efforts.

TRFK continued to be responsible for the conduct and management of tea research in Kenya. As a corporate Institution, as we are also charged with protecting *the greatest place on earth*, by which we have a vested interest in the sustainability of its economy, its environment and its people.

As we worked to optimize gains to our stakeholders and provide winning experiences to Kenyan tea farmers, our CSR initiatives were focused in three areas: Environmental, Economic and Social. Corporate Social Responsibility being the business of every TRFK employee. Each individual has an important role to play in defining CSR at TRFK through their day-to-day work and in inspiring and challenging the Foundation to do more.

Social and A strong community contributor:

The Foundation continued supporting the education sector through the sponsorship of Utafiti Primary school. This is a public primary school located on Timbilil at the TRFK Head Quarters by partnering with parents to pay ECDE PTA appointed teachers. The school has been one of the leading lights in the County. Sponsoring the TRFK choir by facilitating the 25member choir to participate in local and national musical and Cultural festivals: TRFK continued to make it possible for the TRFK football team to participate in sporting competitions although they could not progress beyond the County.

An excellent employer

The TRFK continued to adhere to good employment ethics and practices. While the rewards may not have been to the expectation of every staff, the staff turnover was quite low. Only one staff left during the year upon obtaining a study scholarship from an international sponsor to carry on his PhD studies in Germany. The TRFK continued to provide opportunities to staff to continue with improving skills. As at 30th June 2014, 23 Staff were undertaking various trainings at different levels.

IX. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the Tea Research Foundation of Kenya's affairs.

Principal activities

The Foundation's mandate is "to promote research and investigate problems related to tea and such other crops and systems of husbandry as are associated with tea throughout Kenya including the productivity (yield), quality and suitability of land in relation to tea planting, and matters ancillary thereto".

Results

The results of the Tea Research Foundation of Kenya for the year ended June 30, 2014 are set out on page 1 to 5

Directors

The members of the Board of Directors who served during the year are shown on page III. However, the Board of Directors had been dissolved at the closure of the year.

By Order of the Board



Dr Eliud K Kireger
Corporate Secretary
Tea Research Foundation of Kenya

Date: 20/4/15

X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 15 of the State Corporations Act, require the Directors to prepare financial statements in respect of Tea Research Foundation of Kenya, which give a true and fair view of the state of affairs of the Tea Research Foundation of Kenya at the end of the financial year/period and the operating results of the Tea Research Foundation of Kenya for that year/period. The Directors are also required to ensure that the Tea Research Foundation of Kenya keeps proper accounting records which disclose with reasonable accuracy the financial position of the Tea Research Foundation of Kenya. The Directors are also responsible for safeguarding the assets of the Tea Research Foundation of Kenya.

The Directors are responsible for the preparation and presentation of the Tea Research Foundation of Kenya's financial statements, which give a true and fair view of the state of affairs of the Tea Research Foundation of Kenya for and as at the end of the financial year (period) ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Tea Research Foundation of Kenya; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Tea Research Foundation of Kenya's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Tea Research Foundation of Kenya's financial statements give a true and fair view of the state of Tea Research Foundation of Kenya's transactions during the financial year ended June 30, 2013, and of the Tea Research Foundation of Kenya's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Tea Research Foundation of Kenya, which have been relied upon in the preparation of the Tea Research Foundation of Kenya's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Tea Research Foundation of Kenya will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Tea Research Foundation of Kenya's financial statements were approved by the Board on _____ 2014 and signed on its behalf by:


Managing Director

Date: 20th April 2015


Chairman of the Board

Date: 20/4/15

I. REPORT OF THE INDEPENDENT AUDITORS ON THE *TEA RESEARCH FOUNDATION OF KENYA*

We have audited the accompanying financial statements of Tea Research Foundation of Kenya's for the year ended June 30, 2014, which comprise: (i) a statement of financial performance; (ii) a statement of financial position; (iii) a statement of changes in net assets; (iv) a statement of cash flows; (v) a statement of comparison of budget and actual amounts and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Tea Research Foundation of Kenya's Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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 auditors' 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 control relevant to the Tea Research Foundation of Kenya'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2014, and its financial performance as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Auditor General

Date



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON TEA RESEARCH FOUNDATION OF KENYA FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Tea Research Foundation of Kenya (TRFK) set out on pages 1 to 21, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with Section 15(2) of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether 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 judgment, 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 control 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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Property, Plant and Equipment

As similarly reported in the previous periods, the Property, Plant and Equipment balance of Kshs.1,227,017,000 as at 30 June 2014 excludes twenty (20) acres of unvalued land at Kangaita Research Station in Kirinyaga County, for which the Foundation has no ownership documents. Although the land is developed with investment in tea and buildings with a net value of Kshs.9,834,982, available information indicates that the land is in the Kenya Forest Service gazetted forest land and the Foundation was granted a special use licence for ten (10) years with effect from 19 April 2011. The land, therefore, remains the property of Kenya Forest Service and it is not clear whether at the expiry of the lease, renewal by Kenya Forest Service will be granted. Under the circumstances, it has not been possible to confirm that the carrying value of the Property, Plant and Equipment balance of Kshs.1,227,017,000 has been fairly stated.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Foundation as at 30 June 2014, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Companies Act, Cap 486 of the Laws of Kenya.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act Cap 486, I report based on the audit, that:

- (i) 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,
- (ii) In my opinion, proper books of account have been kept by the Foundation, so far as appears from my examination of these books; and
- (iii) The Foundation's statement of financial position is in agreement with the books of account.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

03 September 2015

XII. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2014

	Note	2013-2014 Kshs '000	2012-2013 Kshs '000
Revenue from non-exchange transactions			
Public contributions and donations	3	353,614	410,315
		353,614	410,315
Revenue from exchange transactions			
Tea Farm Revenue	4	85,229	91,806
Finance income - external investments	5	13,180	6,801
Other income	6	9,998	7,458
		108,407	106,065
Total revenue		462,021	516,380
Expenses			
Employee costs	7	137,003	109,687
Remuneration of Directors (BoD Expenses)	8	4,377	5,215
Depreciation and amortization expense	9	24,503	19,640
Repairs and maintenance	10	23,425	25,586
Tea Farm Expenses	11	74,518	71,183
Research Expenses	12	64,359	47,755
General expenses	13	42,324	37,943
Finance costs	14	188	144
Total expenses		370,697	317,153
Surplus before tax		91,324	199,227
Surplus for the period		91,324	199,227
Attributable to:			
Surplus attributable to owners of the controlling entity		91,324	199,227
		91,324	199,227

The notes set out on pages 6 to 22 form an integral part of the Financial Statements

XII. STATEMENT OF FINANCIAL POSITION

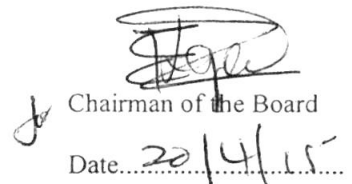
As at 30 June 2014

	Note	2013-2014 Kshs '000	2012-2013 Kshs '000
A			
Current assets			
Cash and cash equivalents	15	244,655	231,417
Receivables from exchange transactions	16	30,701	33,466
Current portion of long-term receivables from exchange transactions	16	2,529	-
Inventories	17	9,925	13,765
		287,810	278,648
Non-current assets			
Property, plant and equipment	18	1,227,017	1,162,459
Intangible assets	19	10,751	90
		1,237,768	1,162,549
Total assets		1,525,578	1,441,197
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	7,237	13,252
Refundable deposits from customers	20	1,810	2,738
Total liabilities		9,047	15,990
Net assets		1,516,531	1,425,207
Reserves		1,128,427	1,128,427
Accumulated surplus		388,104	296,780
Total net assets and liabilities		1,516,531	1,425,207

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


Managing Director

20th April 2015


Chairman of the Board
Date... 20/4/15

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

Attributable to the owners of the controlling entity

	Revaluation Reserves	Accumulated surplus	Total
	Kshs '000	Kshs '000	Kshs '000
Balance as at 30 JUNE 2012	1,127,827	99,095	1,226,922
Reinstated assets	600	-	600
Prior Year Adjustment	-	(1,543)	(1,543)
Surplus/(deficit) for the period	-	-	-
Transfers to/from accumulated surplus	-	199,228	199,228
Balance as at 30 JUNE 2013	1,128,427	296,780	1,425,207
Surplus for the period	-	91,324	91,324
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 JUNE 2014	1,128,427	388,104	1,516,531

XIV. STATEMENT OF CASH FLOWS

Note

2013-2014
Kshs '000

2012-2013
Kshs '000

Cash flows from operating activities

Receipts

Public contributions and donations	3	353,614	410,315
Tea Farm Revenue	4	85,229	91,806
Finance income	5	13,180	6,801
Other income, rentals and agency fees	6	9,998	7,458

462,021 **516,380**

Payments

Employees' Costs	7	137,003	109,687
Goods and services(Research Farm Expenses)	11	74,518	71,183
Finance cost	14	188	144
Research Expenses	12	64,358	47,755
Other payments		70,126	68,744

346,193 **297,513**

Net cash flows from operating activities

115,828 **218,867**

Cash flows from investing activities

Purchase of property, plant, equipment and intangible assets	18 & 19	(99,723)	(35,647)
Proceeds from sale of property, plant and equipment		-	19
Decrease in non-current receivables		(2,529)	=

Net cash flows used in investing activities

(102,252) **(35,628)**

Cash flows from financing activities

Increase (decrease) in deposits		(339)	(22,468)
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Net cash flows used in financing activities

(339) **(22,468)**

Net increase/(decrease) in cash and cash equivalents

13,237 **160,771**

13,237 160,771

Cash and cash equivalents at 1 JULY

15 **231,418** **70,647**

Cash and cash equivalents at 30 JUNE 2014

244,655 231,418

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Revenue					
Public contributions and donations	255,000	-	255,000	334,313	79,313
Government Grants -Recurrent	46,080	-	46,080	18,300	(27,700)
Rendering of services	6,285	-	6,285	10,999	4,714
Sale of goods	97,129	-	97,129	85,229	(11,900)
Finance Income	1,500	-	1,500	13,180	11,680
Gain on asset Disposal	500	(500)	-	-	-
Total income	406,494	(500)	405,994	462,021	56,107
Expenses					
Compensation of employees	126,359	-	126,359	124,923	1,436
Board of Directors Expenses	7,200	-	7,200	4,377	2,823
Goods and services	209,483	-	209,483	193,281	16,202
Finance cost	180	-	180	188	(8)
Rent paid	-	-	-	-	-
Taxation paid	-	-	-	-	-
Other payments	24,600	-	24,600	23,425	1,175
Depreciation	10,000	-	10,000	24,503	(14,503)
Grants and subsidies paid	-	-	-	-	-
Total expenditure	377,822		377,822	370,697	7,125
Surplus for the period	28,672	(500)	28,172	91,324	63,232

The comparisons are as per the approved budget before aligning the items

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The Tea Research Foundation of Kenya's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Tea Research Foundation of Kenya's and all values are rounded to the nearest thousand (Kshs 000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

The Tea Research Foundation of Kenya recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Tea Research Foundation of Kenya and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The Tea Research Foundation of Kenya recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Tea Research Foundation of Kenya.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue. The Foundation did not have any leases during the year.

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Tea Research Foundation of Kenya. As a result of the adoption of the accrual basis for budgeting purposes, the differences that would require reconciliation between the actual comparable amounts are presented as a separate additional financial statement in the statement of comparison of budget and actual amounts and explained thus:

1. The public contributions and donations include the major source of income; Advalorem levy. This levy is based on the market sales of tea. The positive difference was due to market performance in 2013/2014.
2. GoK recurrent grants received were lower than the approved allocations for the year 2013/2014.
3. The increased activity in laboratory analysis and staff training centre proceeds resulted into positive variances.
4. Investment of project funds that was not immediately required in the on-going Research Factory in GoK treasury Bills made positive returns as shown in the budget statement.
5. No assets were disposed during the year as the activity was suspended due to the MoA State corporations reorganisation that was going on.
6. Research Farm income reduced due to low productivity from the farm and lower green leaf prices during the year 2013/2014.
7. The staff compensation variance was due to a positive 1.14% due to deferred confirmation of some staff.
8. The BOD allocation remained not fully utilised as the Board of Management's term expired during the year without immediate replacement.
9. Depreciation projection for the year was understated as with additional assets the provision increased above budget by the variance shown in the statement.

c) Taxes – IAS 12

The Foundation is only liable to income tax payable on interest and dividends received which are payable at source.

d) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

During the financial year 2013/2014 the Foundation did not have any Investment Properties

e) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Tea Research Foundation of Kenya recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases – IPSAS 13

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Tea Research Foundation of Kenya. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Tea Research Foundation of Kenya also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Tea Research Foundation of Kenya will obtain ownership of the asset

by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Tea Research Foundation of Kenya. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. During the financial year 2013/2014 the Foundation did not have any leases

g) Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

The assets held as at the end of the year 2013/2014 is estimated to have an indefinite useful life.

i) Research and development costs

The Tea Research Foundation of Kenya expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Tea Research Foundation of Kenya can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments – IPSAS 29

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Tea Research Foundation of Kenya determines the classification of its financial assets at initial recognition. No assets of this nature were held during the year.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit. The Tea Research Foundation of Kenya did not have any loans.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Tea Research Foundation of Kenya has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit. The Foundation did not have assets of this nature during the year 2013/2014.

Impairment of financial assets

The Tea Research Foundation of Kenya assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Tea Research Foundation of Kenya determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

IPSAS 29.65

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Tea Research Foundation of Kenya.

j) Provisions – IPSAS 19

Provisions are recognized when the Tea Research Foundation of Kenya has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Tea Research Foundation of Kenya expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Tea Research Foundation of Kenya does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Tea Research Foundation of Kenya does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Tea Research Foundation of Kenya in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs. No assets of this nature were held by the Foundation as at 30th June 2014.

k) Nature and purpose of reserves

The Tea Research Foundation of Kenya creates and maintains reserves in terms of specific requirements.

The Foundation holds two types of reserves i.e. Accumulated Fund and Revaluation Reserves.

i. Accumulated Fund.

This represents the accumulated surpluses of the Foundation as realised over the years out of the normal exchange transactions.

ii. Revaluation Reserves

This reserve represents the excess of the assets held and the actual historical cost as held in the Foundations books at the date of revaluation. The Foundation periodically revalue its assets to determine its fair value, thus creating the reserve. The latest revaluation was done in February 2012.

l) Changes in accounting policies and estimates – IPSAS 3

The Tea Research Foundation of Kenya recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits – IPSAS 25

Retirement benefit plans

The Tea Research Foundation of Kenya provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to

employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Foundation runs two retirement benefit plans for its staff;

i. Defined Contribution plan (D C)

The Foundation runs for its management staff a DC scheme where the Foundation contributes 20% of each staff's basic pay equivalent and the staffs contribute 10% of the basic pay. The Foundation does not have further obligation to the staff beyond this arrangement.

ii. Provident Fund (PF)

The Foundation runs for its non-management staff a PF scheme where the Foundation contributes 10% of each staff's basic pay equivalent and the staffs contribute 10% of the basic pay. The Foundation does not have further obligation to the staff beyond this arrangement.

iii. NSSF

This is a statutory requirement where the Foundation contributes the equivalent of 2% to a maximum of Kshs 200/= per month for each staff while the staff contributes a similar amount and the total remitted to NSSF. The Foundation contributes for its entire staff.

p) Related parties – IPSAS 20

The Tea Research Foundation of Kenya regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Tea Research Foundation of Kenya, or vice versa. Members of key management are regarded as related parties and comprise senior managers. No related party contracts or dealings were exchanged during the year except for earnings as employees. Further, the key management do not hold any specific interests as Tea Research Foundation of Kenya is a company limited by guarantee, with no share capital. Allowances to members of the Board of Directors are as shown (see Note 8), while the six key management emoluments for the year were Kshs 22,480,162.00 This is included in the employee costs.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

s) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

t) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Tea Research Foundation of Kenya's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported

amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

- Property, plant and equipment are stated at cost/valuation less accumulated depreciation.
- Depreciation is calculated on straight-line basis to write-off the cost in equal instalments over the anticipated useful life of the assets.

The depreciation rates currently in use are as follows:-

Buildings	2.5%
Furniture & Equipment	10%
Motor Vehicles, Tractors, Motorcycles and Trailers	25%
Computers, Printers and Software	33.30%
Black Shade Nursery Net	20%

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Tea Research Foundation of Kenya
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 2 (t).

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

u) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

3. Public contributions and donations

	2014	2013
	Shs 000	Shs 000
Advalorem Tea Levy	329,264	360,115
Project Donations	6,050	8,728
Operational grant	18,300	41,472
Total transfers and sponsorships	353,614	410,315
	2014	2013
	Shs 000	Shs 000
Reconciliation of public contributions and donations		
Balance unspent at beginning of year	0	0
Current year receipts	353,614	410,315
Conditions met - transferred to revenue	(353,614)	(410,315)
	0	0

4. Tea Farm Revenue

	2014	2013
	Shs 000	Shs 000
Sales- Timbilil Tea Farm	79,047	86,772
Sales- Kangaita tea Experimental Field	6,182	5,034
Total revenue from the sale of goods	85,229	91,806

5. Finance income - external investments

	2014	2013
	Shs 000	Shs 000
Cash investments and fixed deposits	13,180	6,801
Total finance income – external investments	13,180	6,801

6. Other income

	2014	2013
	Shs 000	Shs 000
Laboratory Tests	3,168	1,139
Economic Rent	1,786	1,643
Other income	1,232	1,658
Asset Disposal	0	19
Staff Training Centre	3,812	2,999
Total other income	9,998	7,458

	2014	2013
	Shs 000	Shs 000
7. Employee costs		
Employee related costs - salaries and wages	85,217	66,971
Employee related costs - contributions to pensions and medical aids	23,042	18,498
Travel, motor car, accommodation, subsistence and other allowances	14,469	13,279
Housing benefits and allowances	14,275	10,939
Total Employee costs	137,003	109,687

8. Board Expenses

Sitting allowances	1,459	1,962
Travelling and Accommodation	1,083	1,451
Telephone	84	49
Mileage	791	851
Honoraria	960	580
Medical	-	322
Total Board Expenses	4,377	5,215

9. Depreciation and amortization expense

	2014	2013
	Shs 000	Shs 000
Property, plant and equipment	24,286	19,297
Intangible assets	217	343
Total depreciation and amortization	24,503	19,640

10. Repairs and maintenance

	2014	2013
	Shs 000	Shs 000
Property	11,237	14,196
Vehicles	12,188	11,390
Total Repairs and maintenance	23,425	25,586

11. Tea Farm Expenses

	2014	2013
	Shs 000	Shs 000
Tea Farm Wages	40,676	37,932
Green Leaf Transport	6,289	4,212
Farm Management expenses	23,425	22,322
Farm maintenance	3,450	5,991
Farm Administrative costs	678	726
Total Tea Farm Expenses	74,518	71,183

	2014	2013
	Shs 000	Shs 000
12. Research Expenses		
Experiments	58,772	40,740
Experiment project Expenses	5,587	7,015
Total Research Expenses	64,359	47,755

13. General expenses

The following are included in general expenses:

	2014	2013
	Shs 000	Shs 000
Advertising	1,217	2,193
Audit fees	290	330
Conferences and delegations	775	162
Electricity	1,892	1,627
Insurance	3,756	1,851
Legal expenses	118	29
Licenses and permits	93	40
Water purification cost	1,459	1,143
Postage	411	107
Printing and stationery	466	500
Security costs	6,168	4,980
Sewage treatment costs	45	407
Skills development levies	378	366
Telecommunication	2,663	2506
Training	8,625	8,109
Other	13,968	13,593
Total general expenses	42,324	37,943

14. Finance costs

	2014	2013
	Shs 000	Shs 000
Bank Charges	188	144
Total finance costs	188	144

15. Cash and cash equivalents

	2014	2013
	Shs 000	Shs 000
Bank	28,335	103,911
Cash-on-hand and in transit	415	58
Short-term deposits	215,905	127,448
Total cash and cash equivalents	244,655	231,417

16. Receivables from exchange transactions

	2014	2013
	Shs 000	Shs 000
Current receivables		
Other exchange debtors	32,163	35,062
Less: impairment allowance	(1,462)	(1,596)
Total current receivables	30,701	33,466
Non-current receivables		
Staff Car Loans	3,484	-
Less: impairment allowance	(121)	-
	3,363	-
Current portion transferred to current receivables	(834)	-
Total non-current receivables	2,529	-
Total receivables	33,230	33,466

17. Inventories

	2014	2013
	Shs 000	Shs 000
Consumable stores	6,680	9,839
Planting Materials	3,245	3,926
Total inventories at the lower of cost and net realizable value	9,925	13,765

18. Property, plant and equipment

Cost	Land and Buildings		Machinery & Equipment		Work In Progress		Motor Vehicles & Printers		Computers & Printers		Total
	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	
At 1 July 2012	1,066,546	35,099	9,869	22,605	2,968	1,137,086					
Additions	308	27,200	4,799	13,362	4,962	50,631					
(Disposals)/Restatement	-	(70)	-	600	(115)	415					
Transfers/adjustments	(1,875)	-	-	-	-	(1,875)					
At 30 June 2013	1,064,979	62,229	14,668	36,566	7,815	1,186,257					
Additions	1,158	26,487	51,480	8,619	1,663	89,407					
Disposals	-	-	-	-	-	-					
Transfer/adjustments	-	-	-	(405)	(650)	(1,055)					
At 30 June 2014	1,066,137	88,716	66,148	44,780	8,828	1,273,609					
Depreciation and impairment											
At 1 July 2012	2,200	964	-	967	163	4,294					
Depreciation	3,283	5,140	-	6,991	2,253	17,667					
Impairment	1,404	-	-	-	-	1,404					
At 30 June 2013	6,887	6,104	-	7,958	2,416	23,365					
Depreciation	3,501	7,640	-	9,237	2,504	22,882					
Disposals	-	-	-	-	-	-					
Impairment	1,404	-	-	-	-	1,404					
Transfer/adjustment	-	-	-	(59)	-	(59)					
At 30 June 2014	11,792	13,744	-	17,136	4,920	47,592					
Net book values											
At 30 June 2014	1,054,345	74,972	66,148	27,644	3,908	1,227,017					
At 30 June 2013	1,058,092	56,125	14,668	28,608	4,966	1,162,459					

19. Intangible assets - software	
Cost	Shs 000
At 1 July 2012 (Transfers)	650
At 30 June 2013	650
Additions – internal development	10,661
At 30 June 2014	11,311
Amortization and impairment	
At 1 July 2012	-
Amortization	(343)
At 30 June 2013	(343)
Amortization	(217)
Impairment loss	-
At 30 June 2014	(560)
Net book values	
At 30 June 2014	10,751
At 30 June 2013	90

20. Trade and other payables from exchange transactions

	2014	2013
	Shs 000	Shs 000
Trade payables	2,602	13,252
Payments received in advance(estate &)	1,810	2,738
Employee advances	0	0
Third-party payments	0	0
Other payables	4,635	0
Total trade and other payables	9,047	15,990

21. Commitments and contingencies

A case is pending in court for a former employee Dr Patrisio Njiru Njeru who deserted Foundation service immediately after completion of his PHD studies. He had executed a bond with the Foundation for a sum of Kshs. 5, 040,000. Dr Patrisio Njeru owes the Foundation Ksh.5, 040,000, the value of the bond.

22. Cash generated from operations

	2014	2013
	Shs 000	Shs 000
Surplus for the year before tax	91,324	199,228
Adjusted for:		
Depreciation	24,503	19,640
Gains and losses on disposal of assets	-	(19)
Contribution to provisions	(13)	1,185
Finance income	(13,180)	(6,801)
Finance cost	188	144
Working capital adjustments:		
Increase in inventory	3,841	(5,395)
Increase in receivables	236	(23,611)
Increase in payables	(6,020)	6,557
Increase in payments received in advance	(922)	(1,330)
Net cash flows from operating activities	99,957	189,596

23. Events after the reporting period

Under the Government parastatals reforms, The Tea Research Foundation has with effect from 1st of July 2014 been affected as follows;

1. The name shall be Tea Research Institute (TRI).
2. TRI is now a constituent Institute under the umbrella body- Kenya Agricultural & Livestock Research Organization (KALRO).

XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Property Plant and Equipment Built on Forest land of a 10year lease at Kangaita –Kirinyaga county	The properties are being amortized at a rate to clear within the lease period. Further, effort being made to obtain title for ownership	D C Kikwai – Finance and Admin Manager	Partially resolved with amortization	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.


for Managing Director

Date... 20th April 2015


Chairman of the Board

Date... 20/4/15

CONSTITUENCIES DEVELOPMENT FUND – HAMISI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs')

	without arms	1	CDC/167/FF/059	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/060	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/061	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/062	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/063	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/064	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/065	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/066	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/067	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/068	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/069	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/070	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/071	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/072	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/073	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
27	Boardroom Chairs Catalina with arms	1	CDC/167/FF/074	N/A	Wooden	N/A	3,800	2010	Shamakhokho CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/075	N/A	Wooden	N/A	3,800	2010	Hamisi CDF Office	GOOD	SERVICEABLE
		1	CDC/167/FF/076	N/A	Wooden	N/A	3,800	2010	Hamisi CDF Office	GOOD	SERVICEABLE
28	Scanner	1	N/A	hp scanjet 5590	L1911B	1 YR	22,000	2013	Shamakhokho CDF Office	GOOD	SERVICEABLE