

REPUBLIC OF KENYA



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NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF COAST DEVELOPMENT AUTHORITY FOR
THE YEAR ENDED 30 JUNE 2005

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COAST DEVELOPMENT AUTHORITY

ANNUAL REPORT

&

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2005

COAST DEVELOPMENT AUTHORITY

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COAST DEVELOPMENT AUTHORITY

CORPORATE INFORMATION FOR THE YEAR ENDED 30TH JUNE 2005

DIRECTORS

Mr. Francis Baya	-Chairman	
Prof. J. A. Lugogo	-Managing Director	
Mr. Dennis Rimber	-V/Chairman	-Kilifi District Representative
Prof. A. Naji Said	- Member	- Malindi District
Mr. Micheal Wabungo	- Member	- Kwale District
Mr. Mohammed Dhidha	- Member	- Tana River District
Mrs. Victoria mwafugha	- Member	- Taita / Taveta District
Prof. Mohammed Hyder	- Member	- Mombasa District
Mr. A. Mohammed Fani	- Member	- Lamu District
Mrs. Sophia Abdi	- Member	- Ijara District

Alternate Member	- Provincial Commissioner Coast
Alternate Member	- Inspectorate of State Corporations
Alternate Member	- Ministry of Regional Development Authorities
Alternate Member	- Ministry of Water
Alternate Member	- Ministry of Finance
Alternate Member	- Ministry of Health

PARENT MINISTRY: Ministry of Regional Development Authorities
NSSF Building
P.O. Box 10280 -00100
NAIROBI

AUDITORS: Controller & Auditor General
P.O. Box 30084 -00100
NAIROBI

BANKERS:	National Bank of Kenya Nkrumah Branch P.O. Box 90363 -80100 <u>MOMBASA</u>	Kenya Commercial Bank Ltd. Treasury Square P.O. Box 90254 - 80100 <u>MOMBASA</u>
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National Bank of Kenya Portway House Branch P.O. Box 87770 – 80100 <u>MOMBASA</u>	Kenya Commercial Bank Ltd. Kilifi Branch P.O. Box 528 – 80108 <u>KILIFI</u>
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Registered Office: Coast Development Authority P.O. Box 1322-80100 Mama Ngina Drive Mombasa, Kenya	Kenya Commercial Bank Ltd. Wundanyi Branch P.O. Box 1067 – 80304 <u>WUNDANYI</u>
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COAST DEVELOPMENT AUTHORITY

MANDATE OF THE AUTHORITY

Coast Development Authority was created by an Act of Parliament No. 20 of 1990 (Cap 449) to initiate, plan, coordinate and implement development programmes aimed at providing Socio- economic goods and services to the local community within its area of jurisdiction. The area of jurisdiction includes the whole of Coast Province consisting of Kwale, Malindi, Mombasa, Lamu, Tana River, Kilifi and Taita- Taveta districts and Ijara district of North Eastern Province and the Kenya exclusive economic zone (EEZ). The Authority is a non-profit organization.

COAST DEVELOPMENT AUTHORITY

STATEMENT FROM THE DIRECTOR

INTRODUCTION

I would like to take this opportunity to give brief History of the CDA which was the last to be created among the existing Regional Authorities. The Authority was created by Act of Parliament Cap 449 No.20 of the laws of Kenya 1990 with Primary Objectives of accelerating Development of the Coastal region. As is well known this region is endowed with unique ecological feature and resources.

FUNCTIONS

The Authority is mandated to carry out various functions within the Jurisdiction area of its operations. These includes:- Planning, Coordinating, Monitoring and Evaluation of Development projects of all nature in the region with a view of ensuring relevance in project identification, equitability in planning, effectiveness in presentation and usefulness to the target community.

DEVELOPMENT GOALS

The Authorities set some goals social and economic welfare for the people within the region among which is Food self-sufficiency.

DEVELOPMENT STRATEGIES AND CHALLENGES

Its unfortunate that the Authority came to being at the time when the Donors funding was scarce and most of the conceived major development projects could not attract this source of funding. At the same time the Authority has not been allocated adequate funds to carryout its development Activities. Even the limited allocated Development Funds came in irregularly. The budget allocation for both Development and Recurrent Votes have been consistently reduced and made it extremely difficult for the Authority to achieve even the minimum goals and meet the Primary Statutory Payment such as Staff Pension, Medical Care and other important staff benefits.

At this point I am proud to state that inspite of all these drawbacks, the Authority has continued to enjoy goodwill of the Donors and has been able to achieve some of its most pronounced Development Goals through these Agencies. In particular, I would like to single out the Coastal Micro Enterprise Development Programme (CMDP), which is targeting to empower more than 300 thousand Small Business Enterprises, Training and Financing the enterprises which are considered viable. On the Environment Conservation and Marine Programmes, the Kenya Coastal Marine Project (KCMP) under the Integrated Coastal Area Management Programme (ICAM) has greatly improved the beach operations both along North and South Areas of Mombasa and it is now planning to support the fishermen and groups in those areas through USAID Funding Programmes to venture into deep sea fishing to improve the income of fishermen.

The Management of CDA is recognizing that Government Funding is becoming increasingly scarce and Donors are less willing to finance projects. The Authority is now planning to come up with its own income generating programmes. Among this effort is the revival of the former Trading Company which made an immense contribution to support the Authority during its initial stages when the government Funding was by far too low to meet even the basic minimum requirements to sustain the institution. The collapse of this company due to some logistic and legislative problems was a sad story to the Authority as it denied the Authority vital income at the most critical moment of its needs. The Management is also intending to improve both in terms of acreage and quality of fruit seedlings and other high valued crops like Aloe Vera which we hope will greatly improve financial resources of the Authority and enable it perform and achieve the intended goals in the near future.

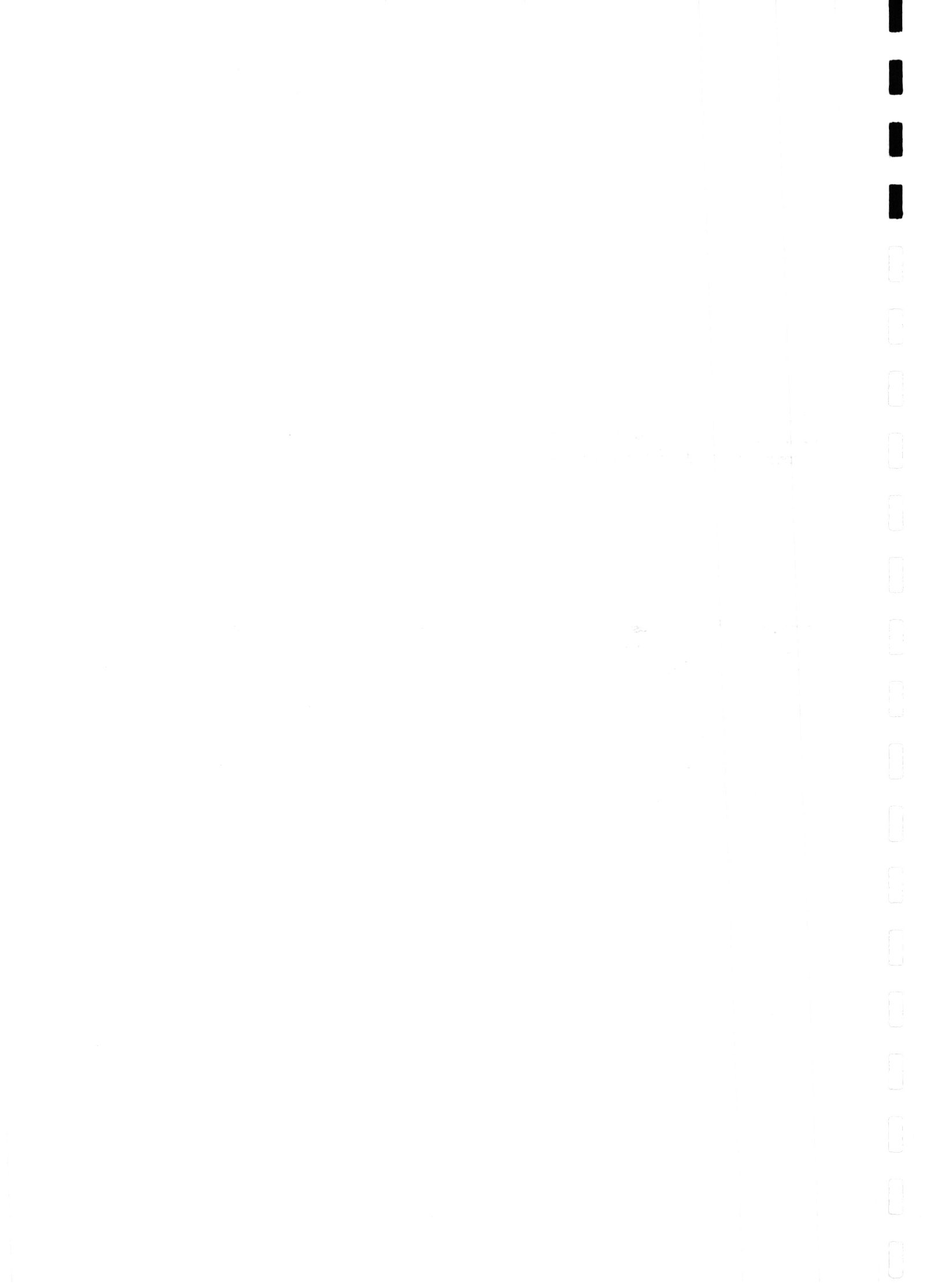
In conclusion, we sincerely believe inspite of all these problems the future of Regional Authorities is bright as the government has recognized the complementary and not the duplicative role of these Institutions in development as previously erroneously believed. The institution has shown potential to be the real engine of development in the rural areas. With this renewed confidence by the government on these Institutions, we look forward to more support from the government and other Development Agencies so that we can serve our people even better in the future.

I would like to take this opportunity again to thank the Management, Board Members and Staff of CDA for their tireless effort and dedication in serving all Coastal people and indeed indirectly all Kenyans.

Thank you.



DIRECTOR /ACTING CHAIRMAN



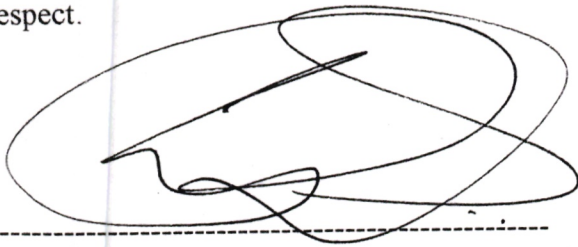
COAST DEVELOPMENT AUTHORITY

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Authority's ACT CAP 449 requires the Directors to prepare Financial Statements for each financial year. It also requires the Directors to ensure that the Authority keeps proper accounting records of its Income, Expenditure, Assets and Liabilities.

The Directors accept responsibility for the Annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards. The Directors are of the opinion that the financial statements give a true and fair view of the financial transaction of the Authority and of the disposition of its Assets and Liabilities. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors certify that to the best of their knowledge and belief the information furnished to the auditors for the purposes of the audit was correct and complete in every respect.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke, positioned above a dashed line.

D.M. RIMBER
Ag. CHAIRMAN/ DIRECTOR.





KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF COAST DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2005

I have audited the financial statements of Coast Development Authority for the year ended 30 June 2005 in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

Respective Responsibilities of the directors and the Controller and Auditor General

As set out in the statement of the directors responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the Authority's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

Comments

1. Financial Position

During the year, the Authority realized a deficit of Kshs.7,484,664 (2003/2004 Kshs.2,589,457) which brought its accumulated deficit to Kshs.82,605,514. The balance sheet also reflects a negative working capital of Kshs.21,899,084 (2004 Kshs.16,427,747). The financial statements have therefore been prepared on the



going concern basis which assumes continued financial support from the Government and creditors.

2. Debtors

As pointed out in the previous years report, included in the debtors figure of Kshs.4,677,793 is an amount of Kshs.368,447 being outstanding imprest due from ex-staff. Although there were efforts to trace the ex-staff members, the recoverability of the debts is doubtful. Further the debtors include a figure of Kshs.1,719,290 invested in the Ukunda showground that has remained dormant as the initial plan of developing the showground has not taken off. Although the Authority is holding title documents as security for the debt, the recoverability of the debt is uncertain. A provision that would have been necessary in relation to these uncertainties has not been incorporated in these financial statements.

3. Prepayments

Included in the prepayments figure of Kshs.286,250 is an amount of Kshs.221,250 in respect to an advance payment for purchase of a computer which was made several years. To date, no computer has been received. Under the circumstances, the recoverability of the amount of Kshs.221,250 or the receipt of the computer appears uncertain.

4. Statutory Deductions – Kshs.7,925,976

The Authority has failed to remit Kshs.7,925,976 included under creditors and described as PAYE to the Kenya Revenue Authority contrary to the provisions of Income Tax Act, Cap 470. The Authority may be liable to heavy penalty and interest for which provisions have not been provided in these financial statements. The Authority's failure to make such provision has the effect of understating the loss for the year and overstating the revenue reserves by an equivalent amount.

5. Pambazuko Development Company Limited

As noted in the previous year's report, the Authority had advanced Kshs.1,018,317 to the above company which according to note 4 to the accounts, is a company related to the Authority. The Company has not been operating and the Authority stand to lose the entire Kshs.1,018,317 advanced to the Company. Provision in relation to this uncertainty has not been incorporated in these financial statements.

Opinion

Except for any adjustments that might be necessary arising from the matters set out in the foregoing paragraphs, in my opinion, proper books of account have

been kept and the financial statements give a true and fair view of the state of the financial affairs of the Authority as at 30 June 2005 and of its deficit and cash flow for the year then ended in accordance with International Financial Reporting Standards and comply with Coast Development Authority Act, Cap 449 of the laws of Kenya.



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

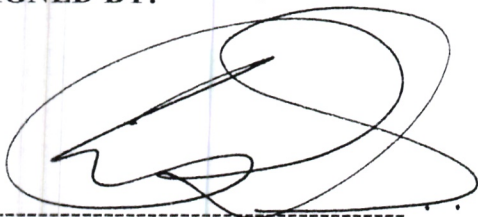
Nairobi

4 May 2006

BALANCE SHEET AS AT 30TH JUNE 2005

	NOTES	2004/2005	2003/2004
NON CURRENT ASSETS	2	52,817,760	46,031,719
CURRENT ASSETS			
DEBTORS	3	4,677,793	4,176,651
PAMBAZUKO	4	1,018,317	1,018,317
PREPAYMENTS	5	286,250	1,412,945
CASH AT BANK & IN HAND	6	<u>2,299,237</u>	<u>6,971,507</u>
		8,281,597	13,579,420
TOTAL ASSETS		<u>61,099,357</u>	<u>59,611,139</u>
FUNDS AND LIABILITIES			
DEVELOPMENT GRANTS	7	77,024,190	68,842,443
REVALUATION RESERVES	8	36,500,000	36,500,000
REVENUE RESERVE	9	(82,605,514)	(75,738,471)
CURRENT LIABILITIES:			
BANK OVERDRAFT	10	12,800	1,742,009
CREDITORS	11	<u>30,167,881</u>	<u>28,265,158</u>
		30,180,681	30,007,167
TOTAL FUNDS AND LIABILITIES		<u>61,099,357</u>	<u>59,611,139</u>

SIGNED BY:



MR. D. MATANO RIMBER
Ag CHAIRMAN



DR. B.A.J. MWANDOTTO
Ag. MANAGING DIRECTOR

COAST DEVELOPMENT AUTHORITY ANNUAL REPORT & FINANCIAL STATEMENTS AS AT 30TH JUNE 2005

CASHFLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2005

	2004/2005	2003/2004
OPERATING ACTIVITIES		
Surplus/Deficit for the year	(7,484,664)	(2,589,457)
	-	-
Income generated from operating activities	(7,48,4664)	(2,589,457)
Adjustment for the items not involving movement of funds		
Depreciation	2,632,680	3,152,446
Appropriation In Aid	-	<u>(3,746,400)</u>
Operating Surplus/deficit before WC changes	(4,851,984)	(3,183,411)
Changes in Working Capital		
Purchase Of Fixed Assets	(5,257,043)	(1,917,756)
Increase/decrease in Non tangible fixed assets	(2,010,976)	
Increase/decrease in debtors	(501,142)	(1,895,318)
Increase/decrease in Development Grants	8,181,747	8,091,745
Increase/decrease in Pambazuko	-	(61,500)
Increase/decrease in Prepayments	1,126,695	(1,191,695)
Increase/decrease in Work in progress	(1,533,081)	750,226
Increase/decrease in creditors	<u>1,902,723</u>	<u>(4,348,438)</u>
Net cash generated from operation	(2,943,061)	(3,756,147)
Net increase/Decrease in Cash & cash equivalents		
Cash and Cash equivalent at the beginning of the period	5,229,498	8,985,645
Cash and Cash equivalent at the end of the period	2,286,437	5,229,498
	=====	=====
NOTE		
Cash and Cash equivalent at the end of the period		
Comprises ;		
Cash at Bank	2,299,237	6,971,507
Bank Overdraft	<u>(12,800)</u>	<u>(1,742,009)</u>
Totals	2,286,437	5,229,498

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 2005**

	Development grants	Revaluation reserves	Revenue reserves	Total
As at 1 July 2002	36,870,385.00	36,500,000.00	(48,088,902.00)	25,281,483.00
Net deficit for the year	-	-	(470,287.00)	(470,287.00)
Net GoK grants for the year	(709,511.00)	-	-	(709,511.00)
As at 30 June 2003	36,160,874.00	36,500,000.00	(48,559,189.00)	24,101,685.00
As at 1 July 2003	36,160,874.00	36,500,000.00	(48,559,189.00)	24,101,685.00
Prior year adjustment	24,589,824.00	-	(24,589,824.00)	-
Net deficit for the year	-	-	(2,589,457.00)	(2,589,457.00)
Net GoK grants for the year	8,091,745.00	-	-	8,091,745.00
As at 30 June 2004	68,842,443.00	36,500,000.00	(75,738,470.00)	29,603,973.00
As at 1 July 2004	68,842,443.00	36,500,000.00	(75,738,470.00)	29,603,973.00
Prior year adjustment	-	-	617,621.00	617,621.00
Net Deficit for the year	-	-	(7,484,664.20)	(7,484,664.00)
Net GOK Grants	8,181,747.00	-	-	8,181,747.00
As at 30 June 2005	77,024,190.00	36,500,000.00	(82,605,513)	30,918,677

INCOME AND EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2005

COAST DEVELOPMENT AUTHORITY ANNUAL REPORT & FINANCIAL STATEMENTS AS AT 30TH JUNE 2005

INCOME	NOTES	2004/2005	2003/2004
RECURRENT GRANTS		42,723,414.10	44,289,415.80
GRANTS FROM DONORS		21,139,262.45	13,610,313.40
OTHER RECEIPTS		484,798.55	4,323,359.11
		64,347,475.10	62,223,088.31
 EXPENDITURE			
SALARIES AND WAGES		32,171,364.25	29,219,997.25
BUSINESS RESOURCE CENTRE		163,057.20	100,542.00
GRATUITY		444,430.25	408,398.50
HONORARIA		155,664.00	262,500.00
OFFICIAL ENTERTAINMENT		124,021.45	408,330.20
STAFF WELFARE			20,000.00
TRAVEL & ACCOMODATION		3,858,885.45	2,278,312.30
TRANSPORT OPERATION		723,530.85	853,168.05
HIRE OF TRANSPORT		159,855.00	176,490.00
POSTAGE		58,763.50	86,653.00
TELEPHONE & FAXES		1,555,739.08	999,159.39
DEVELOPMENT EXPENDITURE			2,148,558.00
ADVERTISING & PUBLICITY		141,380.50	175,142.00
PRINTING & PUBLISHING		78,664.00	94,391.00
STATIONERY		719,778.80	751,756.60
MEDICAL EXPENSES		1,873,285.75	288,241.05
MOTOR VEHICLE MAINTENANCE			572,138.80
BUILDING MAINTENANCE		355,903.30	164,169.30
OFFICE EQUIPMENT MAINTENANCE		143,490.00	48,789.00
BOARD EXPENSES	12	2,181,479.35	2,927,155.40
ELECTRICITY & WATER		555,064.70	408,291.36
SHOW EXPENSE		106,159.00	104,940.00
RENT & RATES			758,037.00
LEGAL EXPENSE			1,296,318.00
PROFESSIONAL FEE		299,811.50	267,181.00
AUDIT FEE PROVISION		100,000.00	200,000.00
TRAINING		405,912.30	498,267.50
COMMUNITY PARTICIPATORY			357,020.50
FARM EXPENSES		125,420.00	144,106.00
SMALL SCALE ENTERPRIZE			79,968.00
WAGES ACCOUNT			63,280.00
BANK CHARGES		286,643.40	161,952.90
SUBSCRIPTION			14,500.00
SANITARY			20,000.00
SECURITY SERVICE/INSURANCE			250,093.00
DEPRECIATION		2,632,679.84	3,152,446.88
COMPUTER MAINTENANCE		70,474.00	98,500.00
MISCELLANEOUS EXPENSE		1,508,452.74	275,317.00
MOTOR VEHICLE INSURANCE			205,299.00

COAST DEVELOPMENT AUTHORITY ANNUAL REPORT & FINANCIAL STATEMENTS AS AT 30TH JUNE 2005

GROUPLIFE INSURANCE		637,155.00	551,355.00
CONFERENCE & HONORARIUM			537,602.56
PENSION TRUSTEE			56,058.00
INSURANCE CLAIM			92,000.00
PENSION AUDIT			195,517.25
MARIAKANI MILK SCHEME			196,507.45
Kenya Coastal Management Program.	13a	9,029,943.21	6,587,181.97
FARMERS FIELD SCHOOL	13b	3,352,001.87	3,742,188.10
TREE CROP PROJECT	13c	94,554.00	96,347.00
HORTICULTURAL MARKET SURVEY	13c	192,812.00	
WATER PROJECT	13d	7,408.55	333,907.80
Kenya Business Delivery Service project.	13e	575,896.00	2,084,469.62
Coastal Micro-enterprise Program.	13f	6,942,458.46	-
		71,832,139.30	64,812,544.73
EXCESS OF EXPENDITURE OVER INCOME		(7,484,664.20)	(2,589,457.00)

2: FIXED ASSET SCHEDULE AS AT 30TH JUNE, 2005

COST/ VALUATION	LEASEHOLD	COMPUTER/ PHOTOCOPIER	FURNITURE & FITTINGS	PLANT EQUIPMENT	M/VEHICLE	TRACTORS	TOTAL(KSHS)
BAL.1.7.2004	40,750,474.00	5,339,438.00	5,361,487.60	2,270,009.50	15,104,799.00	2,367,400.00	71,193,608.10
PRIOR YEAR							-
ADJUSTMENT			- 686,286.00				- 686,286.00
ADDITIONS	686,286.00	1,815,503.70	734,002.10	324,147.35	2,383,390.00		5,943,329.15
BAL.30.6.2005	41,436,760.00	7,154,941.70	5,409,203.70	2,594,156.85	17,488,189.00	2,367,400.00	76,450,651.25
DEPRECIATION							-
BAL.1.7.2004	850,663.59	4,377,475.00	4,418,845.00	1,805,797.40	11,650,724.03	2,367,400.00	25,470,905.02
PRIOR YEAR							-
ADJUSTMENT	68,659.00		- 686,286.00				- 617,627.00
CHARGE FOR THE YEAR	117,734.20	833,240.00	123,794.50	98,544.90	1,459,366.24		2,632,679.84
BAL.30.6.2005	1,037,056.79	5,210,715.00	3,856,353.50	1,904,342.30	13,110,090.27	2,367,400.00	27,485,957.86
30.6.2005	40,399,703.21	1,944,226.70	1,552,850.20	689,814.55	4,378,098.73	-	48,964,693.39
NBV AS AT							-
30.6.2004	39,899,810.41	961,963.00	942,642.63	464,212.60	3,454,074.97		45,722,703.61

NOTES TO THE ACCOUNTS

2004/2005

2003/2004

1. ACCOUNTING POLICIES

(a) Accounting Convention

Accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets

(b) Fixed Assets and Depreciation

Fixed assets are depreciated on a straight line basis commencing in the month of purchase at annual rates estimated to write off assets over the term of useful useful life.

The rates of depreciation are:-

TRACTOR	37.5%	37.5%
COMPUTER/PHOTOCOPIER	30.0%	30.0%
MOTOR VEHICLE	25.0%	25.0%
FURNITURE & FITTINGS	12.5%	12.5%
PLANT & EQUIPMENT	12.5%	12.5%
LAND & BUILDINGS	1.0%	1.0%

Leasehold land and buildings are amortized over the period of the leases.

(c) Income

The Recurrent Grants when received are recognized as INCOME in the Income & Expenditure statement . Whereas Development Grants are credited to Development Grants in the Balance Sheet

NOTE .2

FIXED ASSETS

The Schedule of Fixed Assets as at 30th June 2005 is attached to the Accounts .

WORK IN PROGRESS

Kilifi Building (Foundation Stage)	309,015.00	309,015.00
Guruguru borehole	1,533,072.15	
	1,842,087.15	309,015.00

NON TANGIBLE FIXED ASSETS

Encompasses development projects not leading to creation of capital assets.

Development expenditure	1,135,888.20	
Mineral exploration	522,658.00	
Minor irrigation	11,570.00	
Water project	188,723.00	
Micro enterprise	152,140.00	

2,010,979.20

TOTAL ASSETS

52,817,760.40

46,031,719.00

COAST DEVELOPMENT AUTHORITY ANNUAL REPORT & FINANCIAL STATEMENTS AS AT 30TH JUNE 2005

NOTE. 3

DEBTORS

The following balance amounting to kshs.4,677,793.00.comprise of non-trade debtors as follows

Imprests outstanding		1,261,420.20	1,052,322.20
Ex-staff imprests		368,446.70	368,446.70
Pledges		6,132.00	6,132.00
Staff telephone		28,997.80	37,242.00
Ukunda Showground		1,719,290.00	1,719,290.00
Debtors (Egerton University)	10,970.00		
(Abdalla Ngozi)	3,870.00		
(CMC)	20,000.00	34,840.00	57,410.00
Staff Advance		373,830.70	177,882.10
FFS Advance		29,000.00	
KCMP Advance		97,909.60	
Malindi plot (Expenditure Incurred in acquiring plot)		757,926.00	757,926.00
Totals		4,677,793.00	4,176,651.00

NOTE. 4

PAMBAZUKO DEVELOPMENT COMPANY

Pambazuko Dev. Co. is a related company of CDA and the balance Kshs.1,018,317. represents an advance by the Authority.

1,018,317.00 1,018,317.00

NOTE .5

PREPAYMENTS

Computer		221,250.00	221,250.00
Motor Vehicle			1,191,695.00
Kenya Power deposit		65,000.00	
		286,250.00	1,412,945.00

NOTE .6

CASH AT BANK & IN HAND

CDA MAIN at NBK Nkrumah		33,412.15	
Development A/c at NBK Nkrumah		518,473.95	5,068,700.00
Farms a/c at KCB Treasury Square			25,577.85
WATER PROJECT BANK at NBK Nkrumah		96,367.00	1,533.05
Farmers Field Schools a/c at NBK Portway		315,703.25	97,526.70
Tree Crops a/c at NBK Portway		160,263.70	41,605.70
TREECROPS BANK at KCB Malindi			13,347.60
TREECROPS kwale at KCB Kwale		6,450.30	6,450.30
ICAM / Kenya Coastal Management Program bank at NBK Nkrumah		30,459.20	3,431.35
KILIFI (Trecrops & FFS) at KCB Kilifi		555,054.95	628,432.00
WUNDANYI (Treecrops & FFS) at KCB Wundanyi		494,959.10	1,015,289.00
Kenya Business Delivery Services at NBK Portway		9,100.45	69,613.00
CDA MAIN Cash in Hand		75,565.95	
CMDP Cash in Hand		3,427.40	
		2,299,237.40	6,971,506.55

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NOTE 7

DEVELOPMENT GRANTS

During the year , an amount of kshs 8,181,746.50 was received.

77,024,190.00 68,842,443.00

NOTE. 8

CAPITAL RESERVE

Land and Buildings was valued at Kshs.36,500,000 by a professional valuer.
(Wyco Valuers Co. Ltd.)This amount is credited to a capital reserve.

36,500,000.00 36,500,000.00

NOTE. 9

REVENUE RESERVE KSHS(82,605,514.20)

The above amounts represents total cumulative deficit which includes deficit for the year of kshs (7,484,664.20) and prior year adjustment of Kshs 617,621.The adjustment is in respect of fully depreciated assets.

Balance B/f	(75,738,471.00)	(48,559,190.00)
Prior year adjustment	617,621.00	(24,589,824.00)
Current Year Deficit	(7,484,664.20)	(2,589,457.00)
	(82,605,514.20)	(75,738,471.00)

NOTE. 10

BANK OVERDRAFT

Farms Account
Malindi Tree Crops Account
Coastal Micro-enterprise Development Program
Main a/c

11,804.95
80.00
916.20
1,742,008.85
12,800.15 **1,742,008.85**

NOTE. 11

Creditors comprise of:

Other Creditors	11,544,198.98	10,803,487.35
University Loan	20,951.00	
DPM Dues	232,322.20	186,116.00
P.A.Y.E.	7,925,976.25	7,858,123.00
L.A.S.C.	164,300.00	164,300.00
Pension 5 %	103,889.85	
Pension 15 %	7,817,177.09	7,921,069.10
Service Gratuity	732,643.90	732,643.90
N.S.S.F.	800.10	800.10
Kenya National Audit office	100,000.00	200,000.00
Staff Claims	185,059.75	149,874.00
Accrued Wages	2,001.25	10,422.35
VAT	1,250,452.32	238,322.00
Farmers Revolving Fund	88,110.00	
	30,167,882.69	28,265,157.80

NOTE .12

BOARD EXPENSES

These include board sitting allowances, accommodation expenses, mileage allowances and transport (air tickets) costs

NOTE. 13

DONOR FUNDED PROJECTS

13a. Kenya Coastal Management Program (KCMP)

The program deals with activities aimed at improving natural coastal resources management in targeted bio-diverse areas.

13b. Farmers field schools.(FFS)

The project promotes the use of on the farm training concept as a means to capacity build farmers and the community in general with improved farming skills for increased food Production

13c. Tree crops project

The project deals with promotion of growing of coastal tree crops in the region e.g. cashewnuts, coconuts etc.

13d. Water project

Involves provision of expertise/financing support in the construction of water tanks for school and the local community in order increase water access.

13e. Kenya business development services (KBDS)

Promotes use of agricultural private extension services by mango farmers in Lamu and Tana

13f. Coastal micro-enterprise development program (CMDP)

The program aims at supporting community based organizations in fishing, cashewnut processing and handicraft sub-sectors with the objective of increasing household incomes.

NOTE .14

CURRENCY

The accounts have been prepared in Kenya shillings .

ADDITIONAL NOTES TO THE ACCOUNTS

1. EXPENDITURE

a) External Travel

External Travel has been merged with Traveling & Accommodation as follows:

	<u>2004/05</u>		<u>2003/2004</u>
	Ksh.	Ksh.	K.shs
External Travel	432,245.00		
Traveling & Accommodation	<u>3,426,640.45</u>	3,858,885.45	2,278,312

b)

i) Motor Vehicle Maintenance.

Motor vehicle maintenance account had been removed from the budget estimates for the period. Its expenses have therefore been charged to Transport Operating expenses.

ii) Rent & Rates

Though there was a budget allocation of kshs. 200,000/= Rent & Rates were not paid throughout the financial period, hence a nil expenditure on the account.

iii) Security Services / Insurance .

Security services allocation has been removed from the budget estimates for the period. Its expenditure has therefore been charged to miscellaneous and other charges.

iv) Motor Vehicle Insurance.

Vehicle insurance and road tax allocation has also been removed from the budget allocation for the period. Its expenditure has therefore been charged to motor vehicle operation.