

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
NATIONAL IRRIGATION BOARD
FOR THE YEAR ENDED
30 JUNE 2013

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

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**THE FINANCIAL STATEMENTS OF
NATIONAL IRRIGATION BOARD**

**FOR THE YEAR ENDED
30 JUNE 2013**

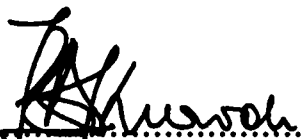
NATIONAL IRRIGATION BOARD

Statement of Boards' Responsibilities


The Irrigation Act requires the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the board as at the end of the financial year and of its operating results for that year. It also requires the Board to ensure the board keeps proper accounting records, which disclose with reasonable accuracy the financial position of the board. They are also responsible for safeguarding the assets of the board.

The Board accepts responsibility for the annual financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirement of the Irrigation Act Cap 347. The Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the board and of its operating results. The Board further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the board will not remain a going concern for at least the next twelve months from the date of this statement.


.....
ENG. D.K. BARASA
GENERAL MANAGER

Date..... 30.9.2013


.....
MR. J. W. MWAURA
BOARD MEMBER

Date..... 30.9.2013

CORPORATE INFORMATION - NATIONAL IRRIGATION BOARD

BOARD OF DIRECTORS

CHAIRMAN Mr. Daniel Mule, CBS		Appointee of the Minister for Water & Irrigation
Mr. Hesbon Mwendwa Aligula)	
Ms. Monica K. Kilonzo)	
Prof. Bernard K. Njoroge)	Provincial Representatives
Mr. Jackson Wambiga Mwaura)	
Permanent Secretary		Ministry of Water & Irrigation or his Representative Eng. R. K. Gaita
Permanent Secretary		Ministry of Agriculture or his Representative Eng. Jasper Nkanya
Permanent Secretary		Office of the Deputy Prime Minister & Ministry of Finance or his representative Mr. Martin Wamwea
Chairman		Water Resources Management Authority
Inspector General (Corporations)		Inspectorate of State Corporations or his representative Mr. Chrisolugus Makokha
Attorney General's Representative		Attorney General Chambers or his representative Mr. Kenneth Gathuma
GENERAL MANAGER		Eng. Daniel K. Barasa
DEPUTY GENERAL MANAGER (A)		Charles C. Koske 'DSM'
DEPUTY GENERAL MANAGER (T)		Francis K. Njoroge
COMPANY SECRETARY		Dennis Banda Aroka
CHIEF ACCOUNTANT		Ms. Mary M. Chomba
SOLICITOR		Attorney General
AUDITORS		Auditor General

REPUBLIC OF KENYA

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NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL IRRIGATION BOARD FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Irrigation Board set out on pages 1 to 16, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

The Board 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 the provisions of Section 15 (2) of the Public Audit Act, 2003, and submit the report in compliance with Article 229 (7) of the Constitution of Kenya. 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

Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Property, Plant and Equipment

- i) As similarly reported in 2011/2012, the property, plant and equipment balance of Kshs.4,845,130,713 as at 30 June 2013 excludes the value of parcels of trust land in seven schemes in respect of which ownership documents have not been obtained. In the circumstances, it has not been possible to confirm the accuracy of property, plant and equipment balance of Kshs.4,845,130,713 as at 30 June 2013.
- ii) The property, plant and equipment balance of Kshs.4,845,130,713 includes an amount of Kshs.3,396,305,865 relating to irrigation works and sewerage. Although the Board is mandated to undertake the projects on behalf of the government, some of the irrigation works are carried out on the community land and the Board does not have legal ownership documents. The Board has not provided a rationale or justification for including the entire irrigation works and sewerage as part of National Irrigation Board assets.

2. Long Term Investments

- i) As disclosed in the Note 3 to the financial statements, the National Irrigation Board holds long term investments in Mwea Rice Mills Ltd (55% of the shares) and Western Kenya Rice Mills Ltd (60% of the shares) which were acquired during the period between 1967 and 1998. Examination of the share certificates revealed that the actual shareholding by the Board in Mwea Rice Mills Ltd comprise 150,000 shares with a par value of Kshs.20 totalling Kshs.3,000,000 and not 137,500 shares valued at Kshs.2,750,000 as reflected in the financial statements.
- ii) Further, both Mwea Rice Mills Ltd and Western Kenya Rice Mills Ltd are registered under the Companies Act, CAP 486 as limited companies and have their own Articles of Association but are controlled and directly managed by the National Irrigation Board's management. In addition, although the two companies are apparently subsidiaries of the Board, no explanation has been provided for failure to consolidate their financial statements with those of the Board.

3. Trade and Other Receivables

- i) Trade and other receivables balance of Kshs.933,411,176 includes an amount of Kshs.38,283,440 receivable from Mwea Rice Mills Ltd. However, records available from Mwea Rice Mills Ltd reflect accounts payable balance of Kshs.18,691,689 resulting to unexplained difference of Kshs.19,591,751.
- ii) The trade and other receivables balance of Kshs.933,411,176 also includes an amount of Kshs.271,229,265 which is not supported with analyses and schedules.
- iii) In addition, staff debtors' balance of Kshs. 15,112,468 disclosed under Note 6 to the financial statements differs with staff debtors' analysis amount of Kshs. 9,239,870 by Kshs. 5,872,599. The difference has not been explained.

In the circumstances, it has not been possible to confirm the validity and collectability of trade and other receivables balance of Kshs.933,411,176 as at 30 June 2013.

4. Cash and Cash Equivalents

The financial statements reflects cash and cash equivalents balance of Kshs.1,993,712,682 out of which an amount of Kshs.539,759,704 is not supported with bank reconciliation statements and certificate of bank balances. In absence of such reconciliations and bank confirmations, it has not been possible to ascertain the accuracy of the cash and cash equivalents balance of Kshs.1,993,712,682 as at 30 June 2013.

5. Development Fund

The statement of financial position as at 30 June 2013 reflects under Development Fund a balance of Kshs.11,695,220. Available information indicates that the fund was set up in 1992 for the purpose of defraying losses in the Board operations and has remained dormant since the year 2002. The Board has not, however, confirmed whether the fund is available as no bank statement or certificate for the stated balance has been provided for audit review.

6. Japanese International Cooperation Agency (JICA) Grants

As disclosed under Note 12 to the financial statements, the Board capitalized a total of Kshs.94,156,125 from JICA grants during the year under review. However, an analysis of the assets capitalized has not been provided for audit review and as such the accuracy of the balance reflected under the JICA Grants of Kshs.47,332,165 as at 30 June 2013 cannot be confirmed.

7. Trade and Other Payables

- i) The trade and other payables balance of Kshs.364,750,840 include an amount of Kshs.5,615,952 payable to Mwea Rice Mills Ltd. However, the financial statements of the Company for the period ended 30 June 2013 reflects nil balance against the Board.

- ii) The trade and other payables balance of Kshs.364,750,840 also includes stock difference of Kshs.144,560,929 and provision for bad debts of Kshs.21,508,816 whose supporting documents have not been provided for audit review.
- iii) In addition, the trade and other payable balances of Kshs.364,750,841 excludes an amount of Kshs.74,780,044 in respect of accumulated bills owed to Water Resources Management Authority while it includes debit balances amounting to Kshs.305,526 which have not been explained.

It has not therefore been possible in the above circumstances to ascertain the validity and accuracy of trade and other payables balances of Kshs.364,750,841 as at 30 June 2013.

8. Long Term Loans

The statement of financial position as at 30 June 2013 has not taken cognizance of long term financial obligation of Kshs.2,573,066,569 reflected in the Government's outstanding loans statement as at 30 June 2013 prepared by the National Treasury.

9. Other Operational Income

The statement of comprehensive income for the year ended 30 June 2013 reflects other operational income of Kshs.361,914,801 which excludes an amount of Kshs.942,501 in respect of accountancy and administration fee due from Mwea Rice Mills Ltd and Western Kenya Rice Mills Ltd. The income, however, includes bank interest of Kshs.267,640,463 for which schedules and supporting documents have not been provided for audit review.

10. Government Grants

The statement of comprehensive income reflects Government grants of Kshs.7,399,754,453 while the schedule of grants received from the Ministry of Water and Irrigation during the year reflects an amount of Kshs.7,533,614,433 resulting to an unexplained difference of Kshs.133,859,980.

Opinion

In my opinion, except for the effect of the matters described in the basis for Qualified Opinion paragraph, the financial statements present fairly, in the all material respects, the financial position of the Board as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Irrigation Act, Cap 347 of the Laws of Kenya.



Edward R. O. Ouko, CBS
AUDITOR- GENERAL

Nairobi

27 May 2014

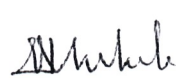
NATIONAL IRRIGATION BOARD
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

	NOTES	2013 KSHS	2012 KSHS
ASSETS			
NON CURRENT ASSETS			
Property plant and equipment	2	4,845,130,713	2,363,298,905
Long term Investments	3	27,950,000	27,950,000
Total non-current assets		4,873,080,713	2,391,248,905
CURRENT ASSETS			
Work in progress	4	-	10,000,000
Inventories	5	198,213,185	212,125,019
Trade and other receivables	6	933,411,176	329,529,716
Cash and cash equivalents	7	1,993,712,682	4,245,039,729
Total current assets		3,125,337,043	4,796,694,464
TOTAL ASSETS		7,998,417,756	7,187,943,369
EQUITIES AND LIABILITIES			
Retained Earnings	9	6,241,054,070	5,271,991,928
Development Fund	10	11,695,220	11,695,220
Capital Fund	11	694,921,649	694,921,649
JICA Grant	12	347,332,165	253,176,040
BADEA Grant	13	392,643,830	392,643,830
KUWAIT Fund	14	147,245,395	147,245,395
Double Crop Grant	15	27,707,439	27,707,439
		7,862,599,768	6,799,381,501
NON CURRENT LIABILITIES			
Long term loan	16	298,686	298,686
CURRENT LIABILITIES			
Inter-scheme accounts	8	(229,231,538)	85,413,055
Trade and other payables	17	364,750,840	302,850,127
Total current liabilities		135,519,302	388,263,182
TOTAL EQUITY & LIABILITIES		7,998,417,756	7,187,943,369

SIGN.....

ENG. D. K. BARASA
GENERAL MANAGER

DATE.....**30.9.2013**

SIGN.....

MR. J. W. MWAURA
BOARD MEMBER

DATE.....**30.9.2013**

**NATIONAL IRRIGATION BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTES	2013 KSHS	2012 KSHS
INCOME:			
Income	18	73,030,351	71,470,148
Other operational income	19	361,914,801	367,738,183
Government Grants	20	7,399,754,453	6,341,000,000
Grants from other Agencies	21		
TOTAL INCOME		7,834,699,605	6,780,208,331
EXPENDITURE			
Administrative expenses	22	483,883,118	363,404,563
Operating expenses	23	3,841,628,048	2,977,121,744
Community project expenses	24	2,524,792,824	682,922,578
Board members expenses	25	13,068,840	11,133,288
Finance cost	26	2,264,637	1,522,487
TOTAL EXPENDITURE		6,865,637,467	4,036,104,660
Surplus/(Deficit) for the year		969,062,138	2,744,103,671

**NATIONAL IRRIGATION BOARD
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013	2012
	KSHS	KSHS
Surplus	969,062,138	2,744,103,671
Adjustment for items not involving movement of funds.		
Adjustment for research expenses	10,000,000	10,000,000
Depreciation	139,832,057	145,994,848
Depreciation adjustment		
(Increase)/decrease in interschemes	(314,644,593)	75,355,298
Adjustment to long term investments		
Restated income/(expences)		
Operating profit before working capital changes	<u>804,249,602</u>	<u>2,975,453,817</u>
Working Capital changes		
(Increase)/decrease in inventories	13,911,834	(57,083,278)
(Increase)/decrease in Receivables	(603,881,460)	221,331,524
Increase/(decrease) in Payables	61,900,718	98,501,092
Net cash from operating activities	<u>(528,068,909)</u>	<u>3,238,203,155</u>
Investing activities		
Purchase of fixed assets	(2,621,663,865.00)	(662,268,931)
Sale of obsolete stocks		
Cash from investing activities	<u>(2,621,663,865)</u>	<u>(662,268,931)</u>
Financing activities		
CAPITAL ACCOUNT		481,000,000
BADEA Grant		9,246,952
KUWAIT Fund		4,580,100
JICA GRANTS	94,156,125	3,734,372
Cash from financing activities	<u>94,156,125</u>	<u>498,561,424</u>
Net increase/(decrease) in cash	(2,251,327,047)	3,074,495,648
Cash and cash equivalent at the beginning of the year	4,245,039,729	1,170,544,081
Cash and cash equivalent at the end of the year	<u><u>1,993,712,682</u></u>	<u><u>4,245,039,729</u></u>

NATIONAL IRRIGATION BOARD

Statement of changes in Equity for the year ended 30 June 2013

	Reserves Kshs.	Development Fund Kshs.	Capital Fund Kshs.	JICA Kshs.	BADEA	KUWAIT FUND	Loan Capital Kshs.	Total Kshs.
As at 1 st July 2011	2,527,888,257	11,695,220	213,921,649	249,441,668	383,396,878	142,665,295	27,707,439	3,556,716,406
Capitalised during the year			481,000,000	3,734,372	9,246,952	4,580,100		498,561,424
Excess Income over expenditure	2,744,103,671							2,744,103,671
As at 30 th June 2012	5,271,991,928	11,695,220	694,921,649	253,176,040	392,643,830	147,245,395	27,707,439	6,799,381,501
As at 1 st July 2012	5,271,991,928	11,695,220	694,921,649	253,176,040	392,643,830	147,245,395	27,707,439	6,799,381,501
Capitalised during the year				94,156,125				94,156,125
Excess Income over expenditure	969,062,142							969,062,142
As at 30 th June 2013	6,241,054,070	11,695,220	694,921,649	347,332,165	392,643,830	147,245,395	27,707,439	7,862,599,768

**NATIONAL IRRIGATION BOARD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2013**

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are as set out below:-

(a) Basis of Preparation

The financial statements are prepared in accordance with International Financial Reporting Standards

(b) Property Plant and Equipment

All items of Property Plant and Equipment are initially measured at cost. After initial recognition they are stated at historical cost less depreciation.

There is no depreciation charged on the sewerage disposal system. Depreciation on the other assets is calculated on straight-line basis using the following rates:-

Irrigation works and sewerage system	None
Freehold land and buildings	2% (buildings)
Buildings at schemes	2%
Plant, machinery and equipment	10%
Tractors & Motor vehicles	20%
ICT Installations	10%

(c) Inventories

Inventories have been valued at lower of cost and estimated net realisable value. Costs comprises of direct materials and where applicable, direct labour costs and those overheads incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of disposal.

(d) Cash and cash equivalents

For the purpose of the cashflow statement, cash and cash equivalents includes bank balances and short term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(e) Pilot Schemes

Until a scheme has become operational, the Board produces only a receipts and payments account and carries forward the net costs as development expenditure.

When the scheme becomes operational, the accumulated costs are fixed assets and the grants received transferred to capital fund.

(f) Government grants

The Government has agreed to provide grants to cover legitimate prior years' deficits on operational schemes and an appropriate adjustment is made to the total deficits carried forward each year in the income and expenditure accounts. In addition, capital grants are provided by the Government.

(g) Interest on loans

Interest on loans to the Board is included as an expense as it accrues and is calculated on the principal amount of the loans outstanding.

(h) Taxation

The National Irrigation Board is exempted from Kenya Income Tax.

(i) Investments

Long term investments are valued at cost. These are investment in Mwea Rice Mills Ltd and Western Kenya Rice Mills Ltd.

NATIONAL IRRIGATION BOARD

FIXED ASSETS MOVEMENT SCHEDULE AS AT 30 JUNE 2013

2

	Irrigation Works & Sewerage		Freehold Land & Buildings		Buildings at Schemes		Plant Machinery & Equipment		Tractors & Motor Vehicles		ICT Installations		Total	
	Kshs		Kshs		Kshs		Kshs		Kshs		Kshs		Kshs	
COST:														
Cost 1 st July 2011	1,197,571,079	30,631,377	97,926,953	476,222,075	758,546,837	20,225,130	2,581,123,451							
Additions	492,755,751	-	3,866,311	64,177,166	99,117,995	2,351,710	662,268,933							
Disposals	-	-	-	-	-	-	-							
Revaluation	-	-	-	-	-	-	-							
30th June 2012	1,690,326,830	30,631,377	101,793,264	540,399,241	853,325,582	22,576,840	3,239,053,134							
DEPRECIATION:														
1 st July 2011	13,747,734	2,833,811	38,239,219	259,186,567	430,417,246	3,421,788	747,846,365							
Charge	-	60,867	1,619,266	34,094,143	107,365,506	2,855,066	145,994,848							
Revaluation	-	-	-	-	-	-	-							
Disposal	-	-	-	-	-	-	-							
30 th June 2012	13,747,734	2,894,678	39,858,485	293,280,710	533,443,502	6,276,854	889,501,963							
N.B. V 30 th June 2012	1,690,326,830	27,736,699	61,934,779	247,118,531	319,882,080	16,299,986	2,363,298,905							
Cost 1 st July 2012	1,690,326,830	30,631,377	101,793,264	540,399,241	853,325,582	22,576,840	3,239,053,134							
Additions	1,719,726,769	787,027,252	3,767,560	45,882,122	38,074,150	27,186,012	2,621,663,865							
Disposals	-	-	-	-	-	-	-							
Revaluation	-	-	-	-	-	-	-							
30th June 2013	3,410,053,599	817,658,629	105,560,824	586,281,363	891,399,732	49,762,852	5,860,716,999							
DEPRECIATION:														
1 st July 2012	-	2,894,678	39,858,485	293,280,710	533,443,502	6,276,854	875,754,229							
Charge	13,747,734	907,833	900,179	25,482,541	96,591,454	2,202,316	139,832,057							
Revaluation	-	-	-	-	-	-	-							
Disposal	-	-	-	-	-	-	-							
30 th June 2013	13,747,734	3,802,511	40,758,664	318,763,251	630,034,956	8,479,170	1,015,586,286							
N.B. V 30 th June 2013	3,396,305,865	813,856,118	64,802,160	267,518,112	261,364,776	41,283,682	4,845,130,713							

7

LONG TERM INVESTMENTS	2013	2012
	KSHS	KSHS
Mwea Rice Mills Ltd. 55% shareholding 137,500 shares of Kshs 20 Par Value	2,750,000	2,750,000
Western Kenya Rice Mills Ltd 60% shareholding 252,000 shares of Kshs 100 Par Value	25,200,000	25,200,000
Perkerra Flower Project		
	<u>27,950,000</u>	<u>27,950,000</u>

The amounts of Mwea Rice Mills Ltd and Western Kenya Rice Mills refers to the Par Values of the shares invested in the two companies as stated above.

The investments of Kshs. 27,950,000 are Government investments in areas under irrigation. This is Government effort to promote the economy of such areas and as such these investments are not of commercial nature.

The equivalent of the various investments is the contribution of Kenya government through National Irrigation Board.

For consistency they are valued at cost until the Government decides to sell them. That is when the actual market value will be attained.

4. WORK IN PROGRESS	2013	2012
	KSHS	KSHS
Balance brought forward	10,000,000	20,000,000
Adjustmnt in the year	(10,000,000)	(10,000,000)
Balance c/f	<u>0</u>	<u>10,000,000</u>

These are research expenses accumulated over the years which were being treated as an asset, now being written off over a period of five years.

5. INVENTORIES	2013	2012
	KSHS	KSHS
Spares	46,472,514	81,446,464
Consumables	63,935,741	18,472,850
Fertilizer seeds and other inputs	50,609,168	80,149,242
Paddy Seed	36,572,502	31,323,564
Paddy Store	-	
Model Farm Produce Store	623,260	732,900
	<u>198,213,185</u>	<u>212,125,019</u>

NATIONAL IRRIGATION BOARD
Notes continued.....

6. TRADE AND OTHER RECEIVABLES

	2013	2012
	KSHS	KSHS
Staff debtors	15,112,468	27,653,773
Prepayments	149,448	1,395,000
Other debtors	<u>918,149,260</u>	<u>334,518,695</u>
Sub-total	933,411,176	363,567,468
less provision for bad debts		(34,037,752)
	<u>933,411,176</u>	<u>329,529,716</u>

7. CASH AND CASH EQUIVALENTS

	2013	2012
	KSHS	KSHS
BANK BALANCES	1,988,643,040	4,241,705,722
CASH ON HAND	5,069,642	3,334,007
	<u>1,993,712,682</u>	<u>4,245,039,729</u>

The bank amount refer to all monies held in all bank accounts of National irrigation Board. The cash on hand amount refers to all monies held in cash form in all cash offices of National irrigation Board

The negative balance in the ESP A/C arose due to cheques posted in the cashbook but the corresponding funds transfer from the main Account posted in July 2011.

8. INTER-SCHEMES

	2013	2012
	KSHS	KSHS
	<u>(229,231,538)</u>	<u>(85,413,055)</u>

The amounts relate to schemes indebtedness. They arise as a result of internal transactions between atleast two schemes where one of the scheme does not recognise income/expense received/paid on behalf of the other.

9. RETAINED EARNINGS

	2013	2012
	KSHS	KSHS
Balance b/ f	5,271,991,928	2,527,888,257
Excess/Deficit for the year	969,062,142	2,744,103,671
Prior year adjustment		
Balance c/f	<u>6,241,054,070</u>	<u>5,271,991,928</u>

10. DEVELOPMENT FUND

Up to 30th June,1992 the price structure for rice sales by the National Irrigation Board to the National Cereals & Produce board set aside an amount of Shs 2.50 per bag of rice towards a development fund. These funds were used where necessary to defray losses. The amount which was received into the fund for purposes of defraying losses as at 30th June 2002, the position which still remains to date are as follows:-

	2013 KSHS	2012 KSHS
MWEA	10,129,501	10,129,501
AHERO	908,490	908,490
BUNYALA	207,916	207,916
WEST KANO	449,313	449,313
	<u>11,695,220</u>	<u>11,695,220</u>

11. CAPITAL FUND

	2013 KSHS	2012 KSHS
Balance brought forward	694,921,649	213,921,649
Capitalised during the year		481,000,000
Balance C/Forward	<u>694,921,649</u>	<u>694,921,649</u>

12. JICA GRANTS

Balance b/f	253,176,040	249,441,668
Capitalised during the year	94,156,125	3,734,372
Balance c/f	<u>347,332,165</u>	<u>253,176,040</u>

The cumulative amounts refer to donations by the Government of Japan in form of capital items and loan to the Kenya government for improvement of Mwea Irrigation Scheme

NATIONAL IRRIGATION BOARD

Notes continued.....

13. BADEA GRANT

	2013	2012
	KSHS	KSHS
Balance brought forward	392,643,830	383,396,878
Capitalised during the year		9,246,952
Balance C/Forward	<u>392,643,830</u>	<u>392,643,830</u>
Kenya Government Loan from BADEA in respect of Tana Irrigation scheme		

14. KUWAIT FUND

	2013	2012
	KSHS	KSHS
Balance brought forward	147,245,395	142,665,295
Capitalised during the year		4,580,100.00
Balance C/Forward	<u>147,245,395</u>	<u>147,245,395</u>

These are grants by the Government of Kuwait to fund the rehabilitation of Bura irrigation scheme

15. DOUBLE CROP GRANT

	2013	2012
	KSHS	KSHS
Kenya Government Grant in respect of Mwea	27707439	27,707,439
	<u>27,707,439</u>	<u>27,707,439</u>

The grant was for the double crop in Mwea Scheme which was irredeemable and interest free hence the amount remains constant.

16. LONG TERM LOAN

	2013	2012
	KSHS	KSHS
Mwea Rice Mills Ltd		
Loan for Tenants housing.	298686	298,686
Repayments.	<u>298,686.00</u>	<u>298,686</u>

The balance above is for tenants housing at Karaba in Mwea which is repayable.

Under the terms of the Irrigation Act, all Government loans are secured by a first charge on the property, assets, revenues and funds of the Board.

7 TRADE AND OTHER PAYABLES

	2013	2012
	KSHS	KSHS
Trade creditors	-	-
Other creditors	364,750,841	302,850,127
	<u>364,750,841</u>	<u>302,850,127</u>

18 INCOME

	2013	2012
	KSHS	KSHS
Land preparation		
Canals Roads & Structures	73,030,351	71,470,148
Accountancy & Administration Fee		
	<u>73,030,351</u>	<u>71,470,148</u>

19. OTHER OPERATIONAL INCOME

	2013	2012
	KSHS	KSHS
Accountancy & Administration fee		3,083,771
Sale of seed	21,343,676	38,499,458
Disposal of B/Materias & Inputs		116,196
Stock gain		10,903,291
Land preparation	265,700	480,850
Disposal of Fuel & Spares	629,414	1,934,197
Sale of Onions		
Mowing and feeder charges		2,663,400
Sale of Melons		3,800
Sale of Maize	9,941,712	4,079,855
Paw Paw Sales	40,650	90,435
Rent and rates -ground rent	24,600	13,000
Sale of rice - Basmati		
Bran meal sales	6,000	17,706
Sale of rice - Basmati Paddy	445,670	5,633,590
Sale of rice - sindano Paddy	4,800	108,000
Sindano rice sales	2,760	73,530
Transport income	685,310	956,920
Workshop income	983,121	641,280
Disposal of Obsolute Items	10,670,937	1,515,481
Bank interest	267,640,463	253,456,403
Miscellaneous income	17,670,719	12,263,681
Guesthouse income	14,172,411	17,801,730

NATIONAL IRRIGATION BOARD
Notes continued.....

Pilot farms produce	3,020,737	2,848,485
Property compensation	9,100	116,250
Hire of equipment	6,477,818	3,336,140
Livestock fine		2,300
House rent	7,601,434	6,919,949
Handling charges		
Electricity charges	257,771	174,737
Milling charges		
Collection/service charge fee	20,000	3,750
	<u>361,914,801</u>	<u>367,738,183</u>

20 GOVERNMENT GRANTS

	2013	2012
	KSHS	KSHS
Development	-	
NRM		
ESP		
Recurrent	257,009,055	341,000,000
Expanded Irr. Project	7,142,745,398	6,000,000,000
Total	<u>7,399,754,453</u>	<u>6,341,000,000</u>

These are GOK grants for Development and recurrent expenditures

21. GRANTS FROM OTHER AGENTS

	2013	2012
	KSHS	KSHS
FAO Grant	-	
	<u>-</u>	<u>-</u>

These are grants being provided by FAO for construction of water storage dam at Perkerra Irrigation scheme.

ADMINISTRATIVE EXPENSES
ADMINISTRATIVE EXPENSES

22 STAFF COST	2013	2012
	KSHS	KSHS
a) Basic salary	311,021,256	167,877,419
b) House allowance		
c) Casual wages	4,922,389	91,605,563
d) Others	29,457,000	15,899,766
	345,400,645	275,382,748
e) Medical Expenses	19,427,353	16,464,747
f) Training Expenses	49,615,265	22,588,983
g) Office Expenses & Insurance	66,144,855	47,468,085
i) Auditors Remuneration	3,295,000	1,500,000
	483,883,118	363,404,563

23(i) OPERATING EXPENSES	2013	2012
	KSHS	KSHS
a) Travelling and Accomodation	79,717,098	93,084,620
b) Research and Training Project	44,617,204	41,916,704
c) Buildings and Irr. works mtce	2,151,789,691	1,199,562,946
d) Diesel, Petrol and Oils	120,620,555	187,718,574
e) Plant and Machinery mtce	63,320,530	56,630,102
f) Motor vehicles mtce	27,319,086	29,271,828
g) Tractors and Equipment mtce	19,844,231	15,955,183
h) Depreciation of Fixed Assets	139,832,057	145,994,848
Sub-Total	2,647,060,452	1,770,134,805

(ii) General Cost

Stock loss	-	7,248,156.00
Research paddy	-	5,553,525
Soya beans & other crops	-	3,493,695
Commercial paddy issues	149,040	214,880
General transport	1,688,754	3,864,829
Packing materials	-	10,960
Milling charges	-	-
Fumigation	396,605	292,060
Store Hire	75,000	210,000
Pumping station electricity bill	13,843,376	19,361,452
Survey expenses	242,309	247,306
Production support	3,578,000	-
Bicycle Allowance	77,602	52,700

NATIONAL IRRIGATION BOARD

Notes continued.....

Hire of Equipment	204,043,838	397,748,904
Land preparation-contractors	2,100,674	15,885,598
Security services	1,559,095	275,000
Stocks and work in progress write off		
MIAD Farm Exp.	3,221,750	20,209,511
Security Services-Hired guards	329,102	1,298,229
Kazi Kwa Vijana	-	5,114,345
Rehabilitation of holdings	386,868,142	228,889,452
Interest to creditors	-	9,426,750
Legal and professional fees	33,066,171	629,037
Advertising	19,054,402	12,746,111
General expences		
Agricultural show	10,570,845	5,422,203
Guest House Expenses	5,578,864	11,778,189
Harvesting Expenses	687,975	2,072,869
Livestock expenses	46,350	13,070
Inputs handling expenses	4,386	600,446
Consumables	274,075	53,193
Consultancy services	495,587,818	434,850,899
ESP Expenses	779,092	13,321,229
Donations	99,294	2,102,502
Licence charges	645,037	90,000
research	10,000,000	
Staff awards	-	3,909,840
Bad debts		
Sub-Total	1,194,567,596	1,206,986,940
TOTAL OPERATING EXPENSES	3,841,628,048	2,977,121,744

24. COMMUNITY PROJECT EXPENSES

	2013	2012
	KSHS	KSHS
Katilu Development Project (KDP)	262,314,694	13,640,827
Rapsu Irrigation Project (RIS)		75,882,156
Mitungu Irrigation Project (MTS)		107,201,223
Kibwezi Irrigation Project (KIS)	2,262,502	110,834,211
Muringa Banana Project (MBM)	3,389,565	123,138,163
Cannan Irrigation Project (CIP)	506,956	12,778,292
Lokubae Irrigation Project (LIS)	223,781,880	4,873,134
Expanded Irrigation Projects (EIP)	1,709,648,133	223,777,620
Elelea Irrigation Project (EIS)	7,468,640	1,550,000
Kieni Irrigation Project (KID)	64,000	9,246,952

NATIONAL IRRIGATION BOARD

Notes continued.....

Ahero research	14,575,507	
ESP	1,400	
RAP	14,248,703	
KGP	12,279,671	
LKI	44,850,576	
MDP	41,543,262	
MIP	579,580	
MTS	22,936,454	
RIS	12,977,996	
SIO	2,371,785	
SISO	75,099,278	
TID	3,031,000	
KCP	1,493,388	
HIP	90,900	
TIP	168,760	
RID	7,555,091	
SID	15,928,267	
LNI	5,339,940	
LSB	30,432,360	
SUP	6,907,279	
UID	2,945,257	
	2,524,792,824	682,922,578

25. BOARD EXPENSES

	2013	2012
	KSHS	KSHS
Sitting allowance	5,315,557.00	4,528,300
Mileage Allowance	593,624.00	505,706
Accommodation Allowance	3,361,361.00	2,863,527
Travel Expenses	1,279,211.00	1,089,755
Honoraria	1,126,898.00	960,000
Lunch Allowance	483,627.00	412,000
Others	908,562.00	774,000
	13,068,840	11,133,288

26. FINANCE COST

	2013	2012
	KSHS	KSHS
	2,264,636	1,522,487
	2,264,636	1,522,487

