

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
EWASO NG'IRO SOUTH RIVER BASIN  
DEVELOPMENT AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE 2015**



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**EWASO NGIRO SOUTH RIVER BASIN DEVELOPMENT AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2015**

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

13 SEP 2015

I.	KEY ENTITY INFORMATION AND MANAGEMENT .....	1
II.	THE BOARD OF DIRECTORS .....	3
III.	MANAGEMENT TEAM.....	4
IV.	CHAIRMAN'S STATEMENT .....	5
V.	REPORT OF THE CHIEF EXECUTIVE OFFICER.....	6
VI.	CORPORATE GOVERNANCE STATEMENT.....	8
VII.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT .....	9
VIII.	REPORT OF THE DIRECTORS.....	10
IX.	STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	11
X.	STATEMENT OF FINANCIAL PERFORMANCE.....	12
XII.	STATEMENT OF FINANCIAL POSITION.....	13
XIII.	STATEMENT OF CHANGES IN NET ASSETS.....	14
XIV.	STATEMENT OF CASHFLOWS .....	15
XV.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30 <sup>TH</sup> JUNE 2015 16	
XVI.	NOTES TO THE FINANCIAL STATEMENTS .....	19
XVII.	PERFORMAMNCE RESULTS FOR THE FINANCIAL YEAR 2014/2015 .....	32

## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

Ewaso Ngiro South River Basin Development Authority was formed on 1989 by an Act of Parliament CAP 447 of the Laws of Kenya. At Cabinet level, Ewaso Ngiro South River Basin Development Authority is represented by the Cabinet Secretary for Ministry of Environment, Water and Natural Resources. The Cabinet Secretary is responsible for the general policy and strategic direction of the Authority.

### (b) Principal Activities

The principal activity of Ewaso Ngiro South River Basin Development Authority is to plan, coordinate and implement development projects within its area of jurisdiction

### (c) Key Management

Ewaso Ngiro South River Basin Development Authority day-to-day management is under the following key organs:

- Board of Directors
- Managing Director and
- Chief Managers

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	- Mr. Charles T. Sunkuli
2.	Chief Finance Manager	- Ms. Mary K. Omwoyo
3.	Chief Manager Human Resources & Administration	- Mr. Daniel L. Saruni
4.	Chief Manager Planning, Research & Development	- Mr. Sammy L. Naporos
5.	Chief Manager Technical Services & Operations	- Eng. Isaac Kiiru

### (e) Fiduciary Oversight Arrangements

The Authority established the following key committees that were responsible for oversight on the Authority's operation, conformity to legal requirements and delivery of key mandates.

- The Board Development Committee
- The Board Finance and Establishment Committee
- The Board Audit Committee

**(f) ENSDA Headquarters**

ENSDA Building  
Off Narok- Bomet Rd. Opposite Maasai Mara University  
P.O. BOX 213- 20500  
Narok.

**(g) Entity Contacts**

Telephone: 050-22290/22291  
E-mail: ensda.go.ke, md.ensda@gmail.com  
Website: www.ensda.go.ke

**(h) Entity Bankers**

- i) National Bank of Kenya,  
Narok Branch,  
P.O. Box 248,  
Narok.
- ii) Co-operative Bank of Kenya,  
Kisii Branch,  
P.O. Box 2469,  
Kisii.
- iii) Kenya Commercial Bank  
Narok Branch,  
P.O Box 406,  
Narok.

**(i) Independent Auditors**

Kenya National Audit Office  
PC's Office- 1<sup>st</sup> Floor  
Block B Room 14  
P.O Box 1050  
Nakuru.

**(j) Principal Legal Adviser**

C.G Waithima and Co. Advocates  
Kenya Re-Insurance Plaza  
1<sup>st</sup>Floor,Rm 4 Taifa Road.  
P.O Box 22976-00100  
Nairobi.  
TEL:020-2176526,020-2316697,0720779780  
Email:cwaithima@gmail.com

## VI. CORPORATE GOVERNANCE STATEMENT

The Board and Management of Ewaso Ngiro South River Basin Development Authority is committed to maintaining the highest standards of corporate governance. This statement describes Ewaso Ngiro South River Basin Development Authority's governance principles and practices.

The Board of ENSDA is collectively responsible for the long term success of the Authority. Its role is essentially to provide leadership, to oversee management and to ensure that the Authority provides its stakeholders with a balanced and understandable assessment of the Authority's current financial position and future prospects.

Within the Board, delegation of some responsibilities has been given to three sub-committees: Development, Finance and Establishment and the Audit committee. The committees deliberate on delegated roles and table their recommendations to the full board for approval or respective appropriate decisions.

The Development Committee sets the Authority's development agenda, evaluates and approves projects for implementation and monitor their progress. The Finance and Establishment committee oversees staffing of the Authority, budgeting and utilization of Authority's resources whereas the audit committee checks on compliance and internal control systems in place to safeguard the interests of the Authority.

The Authority holds its Board meetings atleast four times in every financial year. The meetings are convened by the Board chair person and not more than four months shall elapse between the date of one meeting and the date of the next meeting.

The Chair Person or in his absence the Vice Chair Person may at any time convene a special meeting of the Authority, and shall do so within fourteen days of receipt by him a written requisition signed by at least three members.

The quorum for the conduct of business at a meeting of the Authority shall be not less than two-thirds of the total number of members of the Authority, inclusive of the person presiding and all acts, matters or things Authorized or required to be done by the Authority shall be effected by a resolution passed by majority of the members present and voting at a meeting at which a quorum is present.

The Board's leadership responsibilities involve working with management to set corporate targets and to develop strategy, including taking measures that will minimize expected risks in pursuing of the Authority's strategic objectives.

The Board has delegated responsibility for the day to day management of the Authority to the Chief Executive Officer and his management team. The Chief Executive instils the Authority's culture and standards, which include appropriate corporate governance, throughout the Authority.

## **VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

As a government institution we acknowledge our responsibility to the environment and to our local communities with whom we work in implementing development projects. The Authority actively recognizes its corporate social responsibilities and participates in community functions and events. In the financial year 2014/2015, the Authority supported and participated in the following community events and functions;

### **Protection of the Natural Environment**

The Authority participated in the Mara day together with other stakeholders in promotion of conservation of the Mau Complex.

### **Community events**

The Authority participated and made financial donations towards hosting of; Education days, Safe motherhood initiative and the International literacy day.

## VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of Ewaso Ngiro South River Basin Development Authority affairs.

### Principal activities

The principal activities of the entity are to:

1. To formulate Integrated Basin Development Plans and prepare and update resource maps in consultation with stakeholders
2. To promote management of River Basin natural resources and environmental protection
3. To improve livelihoods of the communities in the basin by enhancing resource based investments
4. To promote community participation in development while ensuring equitable benefit sharing from the economic exploitation of resources within the basin
5. To enhance the coordination, monitoring and evaluation of projects in the basin.

### Results

The results of the entity for the year ended June 30, 2015 were as set out on page 31.

### Directors

The members of the Board of Directors who served during the year are shown on page 3 in line with the Authority's establishing Act of Parliament CAP 447.

### Auditors

The Auditor General is responsible for the statutory audit of Ewaso Ngiro South River Basin Development Authority in accordance with the Public Finance Management (PFM) Act, 2012 which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board



Corporate Secretary

Date: 30/9/15

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## IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Public Finance Management Act, 2012 and the State Corporations Act, require the Directors to prepare financial statements in respect of Ewaso Ngiro South River Basin Development Authority which give a true and fair view of the state of affairs of the Authority at the end of the financial year and its operating results for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy its financial position. The Directors are also responsible for safeguarding the assets of the Authority.

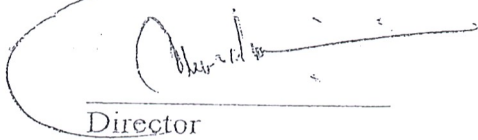
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2015. This responsibility includes: maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, maintaining proper accounting records, which disclose with reasonable accuracy any time the financial position of the entity, designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring they are free from material misstatements, whether due to error or fraud, safeguarding the assets of the Authority, selecting and applying appropriate accounting policies; and making accurate estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority'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 Authority's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2015, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained on the Authority, which have been relied upon in the preparation of the entity'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 Authority 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 Authority's financial statements were approved by the Board on 30<sup>th</sup> June 2015 and signed on behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Managing Director



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO SOUTH RIVER BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2015

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Ewaso Ng'iro South River Basin Development Authority set out on pages 12 to 31, which comprise the statement of financial position as at June 30, 2015 and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year ended 30 June 2015, 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

The Board of Directors 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 controls as management determines is necessary to enable the preparation of 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 audit report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, 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 Authority'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**

#### **1.0 Cash and Cash Equivalents**

The statement of financial position reported a balance of cash and cash equivalents of Kshs.28,841,129 as at 30 June 2015. The amount was in respect of eleven (11) bank accounts maintained by the Authority. However, the bank reconciliation statements and bank confirmation certificate for Comiform A/c No. 01003042125600 and Kilgoris Co-op Bank A/c No. 01141018229500 holding Kshs.41,876.00 and Kshs.688,256.55 respectively were not availed for audit.

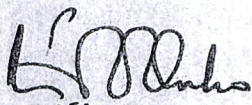
Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.28,841,129 as at 30 June 2015 could not be confirmed.

#### **2.0 Fuel and Lubricants**

The statement of financial performance reflects a balance of Kshs.15,122,442 in respect of administrative expenses. Included in the balance is an expenditure on fuel and lubricants amounting to Kshs.4,006,345. However, fuel register and work tickets for various vehicles that drew fuel were not provided for audit verification. As a result, the propriety of the fuel and lubricants expenditure of Kshs.4,006,345 charged to administrative expenses for the year ended 30 June 2015 could not be confirmed.

### **Qualified 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 all material respects, the financial position of Ewaso Ng'iro South River Basin Development Authority as at 30 June 2015, and of 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 Ewaso Ng'iro South River Basin Development Authority Act, Cap 447.



**FCPA Edward R.O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**14 November 2016**

**X. STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30 June 2015**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>Revenue from non-exchange transactions</b>			
Government Grants- Development	3(a)	227,400,000	189,568,191
- Recurrent	(b)	56,012,471	44,011,429
- Small Dams & Pans	(c)	56,291,136	271,600,000
		<b>339,703,607</b>	<b>505,179,620</b>
<b>Revenue from exchange transactions</b>			
Appropriations in Aid (A.in.A)	4	<b>3,998,924</b>	<b>4,454,933</b>
<b>Total revenue</b>		<b>343,702,531</b>	<b>509,634,553</b>
<b>Expenses</b>			
Staff costs	5	44,599,746	46,554,533
Administrative Expenses	6	15,122,442	5,121,647
Board Expenses	7	13,622,160	14,620,880
Small Dams and Pans Expenses	8	66,624,846	262,015,173
Depreciation and amortization expense	9	9,644,125	7,505,772
Development Expenses	10	147,671,151	137,520,742
<b>Total expenses</b>		<b>297,284,470</b>	<b>473,338,747</b>
<b>Surplus/Deficit for the period</b>		<b>46,418,061</b>	<b>36,295,806</b>

**XII. STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2015**

	Note	2014-2015 Kshs	2013-2014 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	28,841,129	70,637,525
Receivables from non-exchange transactions	12	1,076,500	103,420,014
Prepayments	13	1,997,412	2,716,480
Inventories	14	10,315,212	2,171,696
		42,230,253	191,924,914
<b>Non-current assets</b>			
Work in Progress (W.I.P)	15	58,926,203	12,979,199
Property, plant and equipment	16	74,662,886	67,149,862
Biological Assets	17	22,523,671	22,523,671
		156,112,760	89,673,533
<b>Total assets</b>		198,343,013	281,598,447
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	34,171,250	163,844,745
<b>Non-current liabilities</b>			
<b>Total liabilities</b>		34,171,250	163,844,745
<b>Net assets</b>			
Capital Reserves		164,171,763	117,753,782
Accumulated Development Fund	19	4,122,300	4,122,300
Accumulated Deficit	20	175,815,416	158,658,266
Revaluation Reserve	21	(38,239,624)	(67,550,535)
	22	22,523,671	22,523,671
<b>Total net assets and liabilities</b>		164,171,763	117,753,702

The Financial Statements set out on pages 1 to 9 were signed on behalf of the Board of Directors by:

The Managing Director

Signature:  Date: 30/9/15

Chairman of the Board

Signature:  Date: 30/9/15

**XIII. STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended 30 June 2015**

	Revaluation surplus	Accumulated Development Fund	Accumulated Surplus/Deficit	Capital Reserves	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 30 July 2013	<u>22,523,671</u>	<u>135,603,966</u>	<u>(80,792,041)</u>	<u>4,122,300</u>	<u>81,457,896</u>
Revaluation Surplus/(deficit) for the period	-	-	-	-	-
Transfers to/from accumulated surplus	-	23,054,300	13,241,506	-	36,295,806
Balance as at 30 JUNE 2014	<u>22,523,671</u>	<u>158,658,266</u>	<u>(67,550,535)</u>	<u>4,122,300</u>	<u>117,753,702</u>
Revaluation Surplus for the period	-	-	-	-	-
Transfers to/from accumulated surplus	-	17,157,150	29,260,911	-	46,418,061
Balance as at 30 JUNE 2015	<u>22,523,671</u>	<u>175,815,416</u>	<u>(38,289,624)</u>	<u>4,122,300</u>	<u>164,171,763</u>

#### XIV. STATEMENT OF CASHFLOWS

	2014-2015	2013-2014
	Kshs	Kshs
Cash flows from operating activities	46,418,061	36,295,806
Adjusted for;		
Depreciation	9,644,125	7,505,772
	56,062,186	43,801,578
<b>Changes in Working Capital</b>		
Decrease/Increase In trade & Other receivables	102,343,514	(102,641,714)
Decrease/Increase In Inventory	(8,143,516)	(1,058,816)
Increase/Decrease in prepayments	719,068	704,383
Increase/Decrease in Trade and other payables	(129,673,495)	140,562,911
	(34,752,429)	37,566,764
<b>Cash flows from investing activities</b>		
Acquisition of assets	(17,157,150)	(23,054,300)
Work in progress (WIP)	(45,947,004)	(12,979,199)
Net cash flows used in investing activities	(63,104,154)	(36,033,499)
<b>Net increase/(decrease)in cash and cash equivalents</b>	(41,796,396)	45,334,843
Cash and cash equivalents at 1 JULY, 2014	70,637,525	25,302,682
Cash and cash equivalents at 30 JUNE, 2015	28,841,129	70,637,525

IV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30<sup>TH</sup> JUNE 2015

	Original budget 2014-2015 Kshs	Adjustments 2014-2015 Kshs	Final budget 2014-2015 Kshs	Actual on comparable basis 2014-2015 Kshs	Performance differenc 2014-20 Kshs
Revenue					
Government Grants- Development	227,400,000	-	227,400,000	227,400,000	
- Recurrent	56,012,471	-	56,012,471	56,012,471	
-Small dams & pans	56,291,136	-	56,291,136	56,291,136	
Appropriations in Aid	5,000,000	-	5,000,000	3,998,924	(1,001,076)
Total income					
Expenses					
Basic Salary	29,421,282	(700,000)	28,721,282	24,696,311	4,024,971
Casual Labour	812,000	-	812,000	248,159	563,841
House Allowance	5,562,800	-	5,562,800	4,808,300	754,500
Gratuity	3,095,125	-	3,095,125	3,552,246	(457,121)
Chairman's Honoraria	1,044,000	-	1,044,000	1,044,000	
Medical Allowance	1,016,000	-	1,016,000	769,500	246,500
Other Allowances	600,000	-	600,000	1,053,700	(453,700)
Acting Allowance	114,804	-	114,804	66,971	47,833
Commuter Allowance	4,844,000	-	4,844,000	4,072,000	772,000
Leave expenses	600,000	-	600,000	492,792	107,208
Telephone Allowance	1,356,000	-	1,356,000	1,469,300	(113,300)
Contribution to NSSF	712,800	-	712,800	126,200	586,600
	4,776,640	-	4,776,640	3,244,067	1,532,573
Employer contribution to pension scheme					
Electricity	-	500,000	500,000	491,721	8,279
Water and Sewerage services	-	100,000	100,000	11,475	88,525

Courier and postal services	-	100,000	100,000	75,319	24,681
Travel and accommodation	2,000,000	-	2,000,000	792,150	1,207,850
Publishing & Printing services	1,200,000	(400,000)	800,000	-	800,000
Subscription to magazines & periodicals	-	200,000	200,000	142,711	57,289
Purchase of uniforms & clothing	400,000	-	400,000	-	400,000
Bank services, commissions & charges	-	200,000	200,000	186,344	13,656
General Office Supplies	3,000,000	2,000,000	5,000,000	5,896,078	(896,078)
Fuel & Lubricants	5,000,000	-	5,000,000	4,006,345	993,655
Provision of Audit fees	600,000	-	600,000	325,635	274,365
Maintenance of Building	-	-	-	39,200	(39,200)
Sanitary and cleaning materials	1,000,000	-	1,000,000	48,564	951,436

**DEVELOPMENT EXPENDITURE**

**RIVER BASIN PLANNING**

Performance contract	2,500,000	269,680	2,769,680	3,530,570	(496,650)
Research & Development	1,500,000	(700,000)	800,000	751,200	48,800
Establishment of GIS & Engineering Lab	2,500,000	(2,500,000)	0	0	-
Monitoring & Evaluation	2,000,000	1,020,000	3,020,000	3,698,224	(678,224)
ICT Development	2,450,000	360,000	2,810,000	3,086,621	(276,621)
Staff salaries	6,550,000	-	6,550,000	6,550,000	-

**COMMUNITY EMPOWERMENT AND LIVELIHOOD PROGRAMME**

Integrated tea development project	14,350,000	(4,400,000)	9,950,000	7,372,535	2,577,465
Integrated livestock development project	13,400,000	1,500,000	14,900,000	14,918,416	(18,416)
Tannery	50,000,000	-	50,000,000	47,430,871	2,569,129

	19,450,000		19,450,000	19,450,000	19,450,000
Staff salaries	19,450,000				19,450,000
<b>PROTECTION OF WATER BODIES, RIVERBANK AND CATCHMENT CONSERVATION</b>					
Environmental Conservation & River banks protection	8,200,000	(2,200,000)	6,000,000	5,704,846	295,154
Water projects designs & Development	5,000,000	2,000,000	7,000,000	6,571,568	428,432
Staff Salaries	3,700,000	0	3,700,000	3,700,000	
<b>INTEGRATED BASIN BASED PROJECTS</b>					
Regional coordination	18,200,000	(10,000,000)	8,200,000	8,048,445	151,555
<b>INSTITUTIONAL DEVELOPMENT</b>					
Resource mobilization	7,000,000	7,000,000	14,000,000	13,554,538	445,462
ISO Certification	2,500,000	2,450,000	4,950,000	5,723,549	(773,549)
Competency Development	8,000,000	(200,000)	7,800,000	7,133,992	666,008
Publicity	3,500,000	1,000,000	4,500,000	5,293,650	(793,650)
Team Building	1,500,000	1,000,000	2,500,000	2,845,480	(345,480)
Finance & Stewardship	4,300,000	2,000,000	6,300,000	6,418,746	(118,746)
Baseline Survey	3,000,000	4,500,000	7,500,000	7,889,056	(389,056)
Medical cover	12,000,000	(900,000)	11,100,000	11,017,131	(82,869)
Building & property insurance	4,000,000	(1,000,000)	3,000,000	3,106,900	(106,900)
Board Meetings	12,000,000	-	12,000,000	13,622,160	(1,622,160)
Project Administrative costs	8,400,000	1,150,320	9,550,320	10,344,900	(463,580)
<b>TOTAL AMOUNTS - DEVELOPMENT</b>	<b>227,400,000</b>			<b>217,763,398</b>	<b>9,636,602</b>
Small Dams & Pans	56,291,136	-	56,291,136	66,624,846	(9,049,470)

1. Statement of Compliance and Basis of preparation – IPSAS 1

Ewaso Ngiro South River Basin Development Authority financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. 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 accrual 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

*Government grants, Donor funds and Appropriation in Aid*

The entity recognizes revenues from government grants, donor funds and Appropriations in aid 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 entity and can be measured reliably.

*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 entity.

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 entity. As a result of the adoption of the accrual basis for budgeting purposes, there is no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) 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.

#### **d) Property, Plant and Equipment – IPSAS 17**

All Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on reducing balance method. Depreciation relating to assets acquired during the year is tabulated on pro-rata basis. The annual depreciation rates used were;

Motor vehicle	25%
Furniture, fitting and Equipment	12.5%
Buildings Permanent Non Residential	2%
Buildings Semi Permanent Non Residential	12.5%
Buildings Permanent Residential	2%
Computers and related accessories	30%
Loose Tools	33%

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 entity 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) Biological Assets – IPSAS 27**

The Biological Assets (Tea Bushes) are valued at fair value over economic life duration of lease of the land under tea bushes in line with IPSAS 27.

#### **g) Work in Progress –IPSAS 11**

This relates to construction of long term assets. Construction Work in Progress is recorded at the accumulated costs incurred until the asset is placed into service. Costs are recognised in proportion to the stage of completion of contract activity.

#### **h) Leases – IPSAS 13**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 Entity 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 Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

#### **i) 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.

#### **j) Research and Development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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.

#### **k) Financial instruments – IPSAS 29**

##### *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 Entity determines the classification of its financial assets at initial recognition.

##### *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.

##### *Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity 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.

##### *Impairment of financial assets*

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a 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 a 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)

#### ***l) 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 Entity 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.

#### **m) 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 Entity.

#### **n) Provisions – IPSAS 19**

Provisions are recognized when the Entity 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 Entity 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 Entity 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 Entity 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 Entity 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.

#### **o) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

Entity maintains the following reserves:

1. Land
2. Capital Reserves

#### **p) Changes in accounting policies and estimates – IPSAS 3**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

#### **q) Employee benefits – IPSAS 25**

##### **Retirement benefit plans**

The Entity 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.

#### **r) Borrowing costs – IPSAS 5**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

#### **s) Related parties – IPSAS 20**

The Entity 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the Board, the Managing Director and senior managers.

#### **t) 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. For the purposes of

these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

#### **u) Comparative figures**

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

#### **v) Significant judgments and sources of estimation uncertainty – IPSAS 1**

The preparation of the Entity'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.

Judgements, estimates and assumptions made in preparing these financial statements are:

##### *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

##### *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 Entity
- 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

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.

Provision is made for audit fee to be incurred on auditing the financial statements. The provision is based on the advice of the Kenya National Audit Office.

The annual increase in the provision for depreciation on plant, property and equipment due to passage wear and tear is recognized as an expense in the statement of financial performance.

#### **w) 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, 2015.

### 3. Government grants

	2014-2015	2013-2014
	Kshs.	Kshs.
Development	227,400,000	189,568,191
Small dams and pans	56,291,136	271,600,000
Recurrent	56,012,471	44,011,429
<b>Total government grants revenue</b>	<b><u>339,703,607</u></b>	<b><u>505,179,620</u></b>

There was a decline of 33.% in total funds received by the Authority in the FY 2014/2015 as compared to FY 2013/2014

### 4. Revenue from exchange transactions

	2014-2015	2013-2014
	Kshs.	Kshs.
Sale of horticultural products	720,830	771,550
Sale of green tea leaves	2,084,052	2,721,749
Sale of tree seedlings	680,535	215,055
A.I services	44,530	26,200
Sale of hay	0	151,450
Sale of Water	7,000	0
Tractor transport services	341,977	421,929
Sale of tenders	120,000	147,000
<b>Total</b>	<b><u>3,998,924</u></b>	<b><u>4,454,933</u></b>

### 5. Staff costs

	2014-2015	2013-2014
	Kshs.	Kshs.
Basic Salary	24,696,311	25,193,143
House Allowance	4,808,300	4,987,800
Medical Allowance	769,500	804,500
Other Allowances	1,053,700.00	2,196,510
Acting Allowance	66,971	114,807
Commuter Allowance	4,072,000	4,056,000
Leave expenses	492,792	272,000
Benefits ( Airtime)	1,469,500	1,614,200
Employer contribution to pension scheme	3,244,067	3,296,106
NSSF Employer Contribution	126,200	130,800
Gratuity	3,552,246	3,604,047
Casual Labour	248,159	284,620
<b>Total Staff Costs</b>	<b><u>44,599,746</u></b>	<b><u>46,554,533</u></b>

## 6. Administrative cost

Electricity	491,721	319,264
Water & sewerage services	11,475	7,950
Telephone & Fax Expenses	0	0.00
Courier & Postal services	75,319	147,180
Subscription to newspapers	142,711	96,850
Travel & Accommodation	792,150	334,500
Publishing & printing	0	52,935
General office supplies	5,896,078	3,365,009
Provision for audit fees	325,635	325,635
Legal fees	0	227,049
Maintenance of building	39,200	35,600
Maintenance of office furniture & Equipment	0	0.00
Sanitary and cleaning materials	48,564	65,029
Group personal Insurance	781,495	0.00
Building Insurance	108,599	0.00
Board Insurance	0	0.00
Motor vehicle insurance	1,746,061	0.00
Workmen's compensation	470,745	0.00
Fuel & Lubricants	4,006,345	0.00
Travel costs	0	0.00
Bank charges	186,344	144,646
<b>Total administrative costs</b>	<b><u>15,122,442</u></b>	<b><u>5,121,647</u></b>

## 7. Board Expenses

Honoraria	1,044,000	1,044,000
Night out Allowance	4,493,200	5,556,500
Lunch Allowance	556,000	617,200
Mileage Allowance	1,280,500	1,287,226
Sitting Allowance	5,766,000	5,058,000
Extraneous Allowance	0	36,000
Insurance Cover	0	163,959
Administrative costs (Board Training)	482,460	857,995
	<b><u>13,622,160</u></b>	<b><u>14,620,880</u></b>

## 8. Small dams & Pans Expenses

Water projects identification& mapping	0	2,081,700
Survey and Designs	0	12,637,095
Assets Acquisition	0	6,398,900
Monitoring, Supervision & Evaluation	3,813,307	6,603,732
General Administration and Operation	0	1,763,430
Community Mobilisation	1,235,132	1,149,609
Construction of Small dams & Water pans	61,576,407	231,380,707
<b>Total Amount</b>	<b><u>66,624,846</u></b>	<b><u>262,015,173</u></b>

## 9. Depreciation & Amortization expenses

	2014-2015	2013-2014
	Kshs.	Kshs.
Motor vehicle	5,807,084	5,020,556.00
Furniture fittings & Equipment	1,534,218.41	644,346.00
Buildings Permanent (NRS)	565,032.12	169,522.57
Buildings Semi-Permanent (NRS)	615,707.11	703,665.25
Buildings Permanent (RS)	4,093.87	4,177.41
Computers & Related Accessories	1,114,481.01	958,244.30
Loose tools	3,508.46	5,260.07
<b>Total Depreciation and Amortization Expenses</b>	<b><u>9,644,124.98</u></b>	<b><u>7,505,771.60</u></b>

## 10. Development Expenses

	Kshs.	Kshs.
ENSDA Integrated Master plan	0	2,420,214
Performance contract	3,530,570	3,257,637
Feasibility/pre-feasibility studies	0	1,903,311
Research & Development	751,200	467,135
Monitoring & Evaluation	3,698,224	861,680
ICT Development	3,086,621	2,288,658
Establishment of GIS Lab	0	2,542,673
Integrated tea development project	7,372,535	17,248,389
Water projects designs & Development	6,571,568	3,380,734
Integrated livestock development project-Shartuka	1,783,926	2,505,900
Integrated Horticulture Farming - Greenhouse	575,836	0
Integrated Tannery	2,430,871	10,223,616
Environmental Conservation & River banks protection	5,704,846	4,466,490
<b>Institutional Development</b>		
Regional coordination and Development	8,048,445	7,922,592
Publicity	5,293,650	5,009,500
Medical Scheme	11,017,131	0
Team Building	2,845,480	2,945,600
Finance & Stewardship	6,418,746	3,211,780
Job Evaluation and Analysis	4,287,700	0
Baseline Survey	3,601,356	2,974,506
Building & Property Insurance	0	2,808,495
Resource mobilization	13,554,538	8,361,350
ISO Certification	5,723,549	2,014,285
Competency Development	7,133,992	3,952,921
Project Staff Salaries	33,895,467	31,439,475
Project Administrative costs	10,344,900	13,852,801
COMIFORM Expenses	0	1,461,000
<b>Total Development Expenses</b>	<b><u>147,671,151</u></b>	<b><u>137,520,742</u></b>

### 11. Cash & Cash Equivalents

	2014-2015	2013-2014
	Kshs.	Kshs.
Cash in hand	0.00	0.00
Rec a/c No. 01003041548100 - NBK Narok	2,301,483.30	3,452,980.65
Dev a/c No. 01003041548101 NBK - Narok	22,206,878.85	13,496,376.75
Farm a/c No. 01003041548102 NBK - Narok	2,938,819.10	10,218.00
ESP a/c No. 01003041548104 NBK - Narok	203,162.25	46,747,005.25
Dev a/c No. 01003041548105 NBK - Nakuru	16,813.50	61,223.50
COMIFORM a/c 01003042125600	41,876.00	2,885,126.00
Kilgoris Co-op a/c 01141018229500	688,256.55	3,471,378.25
Kilgoris Co-op a/c 01141018229501	281,744.10	8,008.40
Loitokitok KCB a/c 1132205514	39,550.00	259,080.00
Olkalau Co-op a/c 01141018229503	111,767.75	143,167.75
Kajiado Co-op a/c 01141018229502	10,777.30	102,960.00
<b>Total Amount</b>	<b><u>28,841,129</u></b>	<b><u>70,637,524.55</u></b>

### 12. Receivables from non-exchange Transactions

Imprest outstanding	517,100	179,000
Un received GOK Grants- Recurrent	0	4,001,039
Small dams & Pans	0	98,955,575
Toyota East Africa Limited	284,400	284,400.00
Sales Debtors (Bamboo Seedlings)	275,000	0
<b>Total</b>	<b><u>1,076,500</u></b>	<b><u>103,420,014.00</u></b>

### 13. Prepayments

Power deposit	38,000	38,000
CIC Insurance	1,268,966	1,125,147
Leasehold Land	408,000	453,333
Total Kenya	282,446	1,100,000
<b>Total</b>	<b><u>1,997,412</u></b>	<b><u>2,716,480</u></b>

**14. Inventories**

Tree seedlings (Bamboo)	1,223,000	1,435,720
Tree seedlings	142,212	224,326.00
Stores & inventory	0	511,650
Tea Seedlings	8,950,000	0
<b>Total Inventories</b>	<b><u>10,315,212</u></b>	<b><u>2,171,696</u></b>

**15. Work in Progress (WIP)**

Office Block construction	0	4,972,500
Milk cooling plant construction	13,926,203	8,006,699
Tannery Construction	45,000,000	0
<b>Total WIP</b>	<b><u>58,926,203</u></b>	<b><u>12,979,199</u></b>

16. Property, Plant & Equipment – ASSET MOVEMENT SCHEDULE FOR YEAR ENDED 30<sup>TH</sup> JUNE 2015

	LAND	M/V	FURNITURE, FITTING & EQUIP.	BUILDINGS PERMANENT NRS	BUILDINGS SEMI PERM. NRS	BUILDING PERM. RESIDENTIAL	COMPUTERS & RELATED ACCESSORIES	LOOSE TOOLS	TOTAL KSH.
	KSHS.	KSHS. \	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
TOTAL ASSET COST (1)	11,697,500.00	44,255,237.00	12,674,509.00	21,474,080.00	16,512,723.00	270,952.00	10,246,124.00	1,176,395.00	118,307,520.00
ADDITIONS 2014/2015			6,639,150.00	9,945,000.00			573,000.00		17,157,150.00
T. ASSETS AS AT 30/6/2015	11,697,500.00	44,255,237.00	19,313,659.00	31,419,080.00	16,512,723.00	270,952.00	10,819,124.00	1,176,395.00	135,464,670.00
DEPRECIATION B/F	0.00	21,026,901.00	7,039,911.69	3,167,474.24	11,587,066.13	66,258.74	7,104,187.30	1,165,859.07	51,157,658.17
DEP ON DISPOSAL									
DEPREC. FOR THE YEAR	0.00	5,807,084.00	1,534,218.41	565,032.12	615,707.11	4,093.87	1,114,481.01	3,508.46	9,644,124.98
TOTAL DEPRECIATION (2)	0.00	26,833,985.00	8,574,130.10	3,732,506.36	12,202,773.24	70,352.61	8,218,668.01	1,169,367.53	60,801,783.14
N.B.V. 2014/2015	11,697,500.00	17,421,252.00	10,739,528.90	27,686,573.64	4,309,949.76	200,599.39	2,600,455.69	7,027.47	74,662,886.85
N.B.V. 2013/2014	11,697,500.00	23,228,336.00	5,634,597.31	18,306,605.76	4,925,656.87	204,693.26	3,141,936.70	10,535.93	67,149,862

**17. Biological Assets**

	2014-2015 Kshs.	2013-2014 Kshs.
Tea Bushes		
Keyian	14,935,000	14,935,000
Shankoe	7,588,671	7,588,671
<b>Total Amount</b>	<b><u>22,523,670</u></b>	<b><u>22,523,670</u></b>

**18. Trade & Other payables from exchange Transactions**

Development Creditors	13,065,944	17,987,378
Small Dams & Pans Creditors	21,105,306	145,857,367
<b>Total Amount</b>	<b><u>34,171,250</u></b>	<b><u>163,844,745</u></b>

**19. Capital Reserve**

This amount represents the amount of land and furniture donated to the Authority by the government.

Land	4,097,500	4,097,500
Furniture	24,800	24,800
<b>Total Amount</b>	<b><u>4,122,300</u></b>	<b><u>4,122,300</u></b>

**20. Accumulated Development Funds**

This is an accumulated amount since inception of the Authority. The amount was used to finance some of the Authority's assets.

175,815,416	158,658,266
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**21. Accumulated Deficit**

This is the accumulated excess of expenditure over income since the inception of the Authority to 30<sup>th</sup> June 2015

(38,289,624)	(67,550,535)
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**22. Revaluation Reserve**

The value of tea bushes at the Authority demonstration farm at Keyian and Shankoe stands at Ksh. **22,523,671** as at 30<sup>th</sup> June 2015.

Keyian Tea bushes	14,935,000	14,935,000
Shankoe Tea bushes	7,588,671	7,588,671
<b>Asset Valuation</b>	<b><u>22,523,671</u></b>	<b><u>22,523,671</u></b>

## XVII. PERFORMAMNCE RESULTS FOR THE FINANCIAL YEAR 2014/2015

The key mandate of the Authority is to implement and promote livelihood programmes to improve socio-economic status of community within the Ewaso Ngiro South River Basin. The Authority realizes this through initiating, planning, implementing and coordinating integrated, sustainable and equitable socio-economic development projects within the River Basin. The projects undertaken in Financial Year 2014/15 were as highlighted below;

### 1. Lower Ewaso Ngiro Multi- Purpose Dam

This is a Vision 2030 project located in EwasoNg'iro River within Narok and Kajiado counties. The project entails construction of 3 cascaded dams to generate hydro power, enhance food security, supply water and promote environment conservation and eco- tourism.

The project on completion will have great impact as indicated below;

- **Employment Creation:** More than 1, 000 direct and 6,000 indirect jobs.
- **Food Security:** Irrigate 4,500 ha and promote fish farming
- **Environmental conservation:** Reduced reliance on wood fuel & conservation of approximately 3,000 acres.
- **Water Supply scheme:** Water Supply Scheme to 578,101 inhabitants and over 100,000 LU.
- **Chain Effect/ Linkages:** Supply of raw material, power supply to industrial enterprise and development of distribution network for commodities

In the financial year 2014/15, the Authority achieved the following;

- Completed detail designs
- Reviewed implementation roadmap
- Developed Resettlement action plan
- Prioritized the project to be included in Government PPP framework

### 2. Tannery and Leather factory

The project is located at Ewaso Ngiro Centre in Narok County, with main objective of improving living standards of the community. It entails establishment of a Tannery and Leather Factory to process 2,000 tons of hides and skins annually. This project once operational will cushion community from negative climate change impact, through creation of alternative source of livelihood.

Authority has acquired 30 acres of land for the project and change of user approved by Narok County. Designs and EIA report already completed and approval by NEMA at advanced stage.

The project impact includes;

- **Conflict resolution:** Conflict along the boundary controlled as the income of both communities improves through sales of green leave and employment creation.
- **Employment Creation:** More than 3, 000 jobs created
- **Wealth creation:** More than 300 acres of tea farm developed through the Authority assistance, estimated to produce 1,000 tons of green leaves, generating over Ksh 2.0m
- **Environmental conservation:** Environment conserved through established permanent crop cover. This has improved water infiltration and base flow thus increased water in the springs and streams.

### 3. Nkorienito Integrated Dairy Project

The project aimed at improving productivity of the dairy farmers in the area through breeds improvement and marketing of the milk. It also targeted youth and women who are entitled to only benefit from the livestock products, as the animals belong to men.

The components include;

- **Artificial Insemination:** Located in Transmara of Narok County with objective of upgrading cattle genetic traits to increase productivity. Over 40 calves delivered to date.
- **Fodder demonstration:** Capacity built community on improved animal husbandry through demonstration.

- **Milk hygiene and marketing:** Constructed milk collection and cooling plant in Shartuka of Narok county

- Cooperative formed with current membership of 600 dairy farmers

The impacts of the project is

- Improved access to steady milk market result to price improvement from Ksh 15 to Ksh 36 per litre
- Increased milk production from 700 litres to 4,000 litres per day
- Environmental conservation: Reduced reliance on charcoal burning for income generation thus conserving environment and reducing human wildlife conflict
- Employment Creation: More than 1, 000 jobs created for farmers and transporters, mostly being women and youth.

#### 4. Integrated Tea Development Project

The project is located in Transmara sub County of Narok County with objective of creating conflict resolution between Maasai and Kisii community along their boundaries. The project entails promotion of establishment of tea farms along the boundaries as an alternative livelihood enterprise to livestock and maize farming.

The project impact includes;

- **Conflict resolution:** Conflict along the boundary controlled as the income of both communities improves through sales of green leave and employment creation.
- **Employment Creation:** More than 3, 000 jobs created
- **Wealth creation:** More than 300 acres of tea farm developed through the Authority assistance, estimated to produce 1,000 tons of green leaves, generating over Ksh 2.0m
- **Environmental conservation:** Environment conserved through established permanent crop cover. This has improved water infiltration and base flow thus increased water in the springs and streams.

#### 5. Improved clean water accessibility by the community

The objective of the projects is to improve clean water accessibility to the community, promote irrigation to enhance food security, mitigate floods and promote environmental conservation. The Authority carried out field study in December 2014 to identify areas experiencing water scarcity to benefit from the program. The exercise identified 109 water pans and 22 small dams' sites. Implementation of phase I comprised of construction of 14 water pans and Design of 10 small dams, which has been completed. The Phase II comprised of construction of 43 water pans, which is in progress.

This was achieved through the following projects

##### (i) Uhuru community water project

The project outputs are;

- Installation of 2.5 km-90mm Dia pipeline completed
- Construction of 2No- 50m<sup>3</sup> masonry tanks completed
- Bore hole pumped serviced.

The project impacts are;

Improved accessibility of clean water to 1,500 persons and 500 livestock

#### 6. Provision of clean environment through catchment conservation and protection

This was achieved through the following projects

##### (i) Bamboo commercialization

Bamboo commercialization project consists of seedlings propagation, bamboo farming and processing. Bamboo propagation is in progress started in financial year 2014/15. Promotion of woodlot mainly

target unutilized areas as a result of degradation, steep slopes and land with underlying rocks and not suitable for agriculture. The mapping of the areas is in progress. The green school programmes is ongoing throughout the basin, targeting primary and secondary schools. The Authority supported 14 schools and institutions in planting over 100,000 trees.

The project involved propagation and planting of bamboo for commercial purpose.

Project outputs are;

- Propagated and planted over 200,000 seedlings in partnership Kitili farm

Project impacts

- Improved accessibility of bamboo seedlings
- Increased environmental conservation

The propagation of the Bamboo seedlings has attracted huge demand in the basin and outside the basin. Among client purchasing the seedlings were KVDA.

Therefore the Authority

- Plans to intensify bamboo propagation by use of seeds from either India or Thailand recommended by Kenya Forest Research Institute (KFRI).
- Open satellite nurseries in all sub basins to intensify propagation and planting of the bamboo in the basin.

#### (ii) River bank and other water bodies protection and conservation

Project involved propagation and planting of tree seedlings for agro forestry, fodder, ornamental and conservation purpose.

Project outputs are;

- Propagated and planted over 600,000 seedlings in partnership with CBOs and schools

Project impacts

- Improved accessibility to variety of tree seedlings
- Increased environmental conservation

The Authority has attracted huge demand in the basin as it is the only reliable source of tree seedlings. Therefore the Authority Plans to intensify propagation by

- Opening satellite nurseries in all sub basins to intensify propagation and planting of the bamboo in the basin.
- Training and supporting youth group along the basin major rivers of Narok, Ewaso Ngiro, Njoro and Malewa to start tree nurseries
- Support schools develop tree nurseries.

### 7. Feasibility studies, survey and Design of the projects

As the Authority align its functions to the COK 2010, its major contribution development is planning and coordination of major programmes /projects of National importance. Hence it was able to develop concept papers to address climate change, food security, floods control and sustainable management of the shared water resources. The following concept papers were submitted to various institutions for resource mobilisation in developing project papers and subsequent implementation.

- Climate change adaptation programme
- Food security
- Environmental protection and conservation
- Narok floods management plan