

# TEA RESEARCH FOUNDATION OF KENYA

*Laid by the  
Leader of Majority Party  
Hon. A. Buale  
19.2.15*



## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2013

*22*

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENT OF**

**TEA RESEARCH FOUNDATION OF KENYA**

**FOR THE YEAR ENDED**

**30 JUNE 2013**

22

# TEA RESEARCH FOUNDATION OF KENYA

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR

2012/2013

<b>CONTENTS</b>	<b>PAGE</b>
Company Information	1-2
Report of the Directors	3
Statement of Director's Responsibilities	4
Report of the Independent Auditor	5-6
Statement of Financial Position	7
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flow	9
Notes to the Accounts	10-14

# THE TEA RESEARCH FOUNDATION OF KENYA (TRFK)

## COMPANY INFORMATION FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013

### Board of Directors

In accordance with Article 30, the Board of Directors consists of:

**a) Chairman, Tea Board of Kenya.**

**Chairman of the Kenya Tea Development Agency (KTDA)**

Mr. Lerionka Tiampati Alt. Mr. Alfred Njagi.

**Permanent Secretary, Ministry of Agriculture**

Dr. Romano Kiome Alt. Mr. Humphrey Mwangi.

**Agriculture Secretary, Ministry of Agriculture**

Dr. Wilson Songa Alt. Mr. Grenville Melly.

**Director, Kenya Agriculture of Research Institute**

Dr. Ephraim Mukhisira Alt. Dr. Joseph Ochieng

**The Managing Director/ CEO, Tea Research Foundation of Kenya (TRFK)**

Dr. Eliud Kireger

**b) Three persons nominated by the ministry of Agriculture.**

Mr. Sammy Chepkwony (Chairman of the Board of Directors) up to 31<sup>st</sup> August 2012.

Mr. Nicholas Kirui (Chairman of the Board of Directors) from February 2013.

Mr. Alfred Tarus up to September 2012.

Mr. Mark Muendo up to September 2012.

**One person nominated by the Kenya Tea Growers Association (KTGA)**

Mr. Samuel Thumbi

**One Person nominated by the Kenya Tea Development Agency (KTDA)**

Mrs. Ogla Karani up to September 2012

The Directors listed under (a) are liable to retire by rotation but those listed under (b) shall retire at the end of a 3 year term from the year of their appointments, but shall be eligible for re-nomination.

**Company Secretary:**

Dr. Eliud Kireger.

**Registered Office:**

Tea Research Foundation of Kenya (HQS)

L.R. 15335

Off Kericho- Nakuru Highway

P.O Box 820-20200,

Kericho

**Independent Auditor**

Auditor General  
Kenya National Audit Office  
P.O Box 30084-00100  
Nairobi.

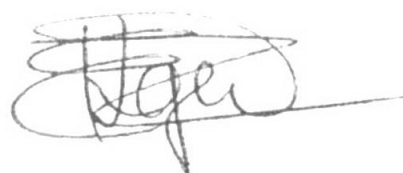
**Principal Bankers**

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

**Legal Advisors**

Bett & Co Advocates  
Isan Archade Building  
1<sup>st</sup> Floor, Temple Road  
P.O Box 1434-20200,  
Kericho.

**BY ORDER OF THE BOARD**



**DR. ELIUD K. KIREGER**  
**MANAGING DIRECTOR AND SECRETARY TO THE BOARD**  
**TRFK**  
**DATE: 11/12/2013**

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013

The directors submit their report together with the audited financial statements for the year ended 30<sup>th</sup> June 2013, which disclose the state of affairs of the tea company (Cap 157 (1))

### **Incorporation**

The tea research foundation of Kenya TRFK is incorporated as a company limited by guarantee and is domiciled in Kenya under the Kenyan Companies Act (Cap 486) of the laws of Kenya.

### **Principal activities**

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

### **Summary of financial results**

The directors have transferred the surplus for the year kshs 209619764/= to the accumulated fund in accordance with the powers conferred on them by the memorandum and articles of association of TRFK

### **General**

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

TRFK is incorporated as a company limited by guarantee under the Companies Act (Cap 486) of the laws of Kenya. The foundation is also a state corporate (parastal) as per the state corporations act cap 446 section 2b (v). the foundation's activities were funded 71 % by the tyea cess levy ad valorem through the tea board of Kenya and the difference 29% of the revenue is internally generated by the foundation from its own tea estate sale of planting material advisory analytical services and sale of publications and GOK grant

The research director is the chief executive officer as provided for by the foundation's memorandum and articles of association 1980 and the state corporations Act cap 446. The foundation has four technical programs (TPVA, CIM, SEMC and EFACC) and operates from its headquarters at Timbilil estate 215 ha in Kericho and also has an 8 ha sub- station at Kangaita in Kerugoya, Kirinyaga district.

### **Vision**

To be a global leader in research on tea.

### **Mission Statement**

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

# TEA RESEARCH FOUNDATION OF KENYA

## STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2013

The State Corporations Act (Cap 446) and the companies Act (Cap 486) requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the foundation as at the end of each financial year and its profit or loss for that year. It also requires that directors ensure the Foundation maintains proper accounting records that disclose with reasonable accuracy the financial position of the foundation.

The directors accept the responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibilities for:

- i. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements,
- ii. Selecting and applying appropriate accounting policies and,
- iii. Making accounting estimates and judgments that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Foundation as at 30<sup>th</sup> June 2013 and its profit and loss and cash flows for the year ended 30<sup>th</sup> June 2013 and in accordance with the international Financial Reporting Standards and the requirements of the Kenyan Companies Act (Cap 486).

Nothing has come to the attention of the directors to indicate that the Foundation will remain a going concern for at least twelve months from the date of this statement.

Approved by the Board of Directors and signed on its behalf by:



MR. NICHOLAS KIRUI  
CHAIRMAN OF THE BOD



DR. ELIUD K. KIREGER  
MANAGING DIRECTOR

DATE: 10/12/2013

DATE: 11/12/2013

# REPUBLIC OF KENYA

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 Website: www.kenao.go.ke



P.O Box 30084-00100  
 NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR GENERAL ON TEA RESEARCH FOUNDATION OF KENYA FOR THE YEAR ENDED 30 JUNE 2013

#### REPORT ON THE FININCIAL STATEMENTS

I have audited the accompanying financial statements of Tea Research Foundation set out on pages 8 to 17 which comprises 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, 2013,. 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.

#### **Board of Directors Responsibilities for the Financial Statements.**

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

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

#### **Responsibility of Auditor General**

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the provisions of section 15 (2) of the Public Audit Act, 2013. 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 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 foundations internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by directors as well as evaluating the overall presentation of the financial statements.

## **Basis for Qualified Opinion Property, Plant and Equipment**

As reported in previous years, the property, plant and equipment balance of Kshs. 1,162,548,842 as at 30 June 2013 excludes twenty (20) acres of unvalued land at Kangaita Research Station in Kirinyaga County, for which the foundation has no ownership documents. Although the land is developed with investment in tea and buildings with a net value of Kshs. 11,239,330, available information indicate that the land is in the Kenya Forest Service gazette forest land and the Foundation was granted a special use license of ten (10) years in an agreement signed on 19<sup>th</sup> April 2011. The land therefore remains at the expiry of the lease renewal by the Kenya Forest Service will continue to be granted. In the circumstance, it has not been possible to confirm that the carrying value of the property, plant and equipment balance of Kshs.1,162,548,842 as at 30 June 2013 is fairly stated.


### **Qualified Opinion.**

In my opinion, the except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the foundation as at 30 June 2013, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards and comply with the Kenya Companies Act, Cap 486 of the Laws of Kenya.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by the Kenya Companies Act, I report based on the Audit, that:

- i. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit.
- ii. In my opinion, proper books of account have been kept by the company so far as appears from my examination of the books; and
- iii. The company's statement of financial position is in agreement with the books of account.




**Edward. RO. Ouko, CBS**  
**AUDITOR GENERAL**


**Nairobi**

**22<sup>nd</sup> August 2014**

## STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

	Notes	2012/2013 Ksh.	2011/2012 Ksh.
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	2	1,162,548,842	1,132,791,299
		<u>1,162,548,842</u>	<u>1,132,791,299</u>
<b>CURRENT ASSETS</b>			
Inventories	3	13,765,066	8,370,334
Receivables & Prepayments	4	33,465,945	9,854,965
Bank & Cash balance	5	103,969,165	70,646,585
Investments	6	127,448,300	14,694,000
		<u>278,648,475</u>	<u>103,565,884</u>
<b>CURRENT LIABILITIES</b>			
Payables & Accruals	7	15,989,925	9,435,071
Bank overdraft		-	-
		<u>15,989,925</u>	<u>9,435,071</u>
<b>NET CURRENT ASSETS</b>		262,658,550	94,130,813
<b>TOTAL NET ASSETS</b>		<u>1,425,207,392</u>	<u>1,226,922,112</u>
<b>EQUITY:</b>			
Accumulated Fund	8	296,780,592	99,095,312
Revaluation Reserve	9	1,128,426,800	1,127,826,800
		<u>1,425,207,392</u>	<u>1,226,922,112</u>

  
 MR. NICHOLAS KIRUI  
 CHAIRMAN OF THE BOD -TRFK

  
 DR. ELIUD K. KIREGER  
 MANAGING DIRECTOR -TRFK

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2013

	Notes	2012/2013 Ksh.	2011/2012 Ksh.
<b>INCOME</b>			
Remittances from TBK	10	360,115,253	114,190,796
Tea Farm Income	11	91,805,916	97,549,514
Other Operating Income	12	22,987,315	16,382,344
GOK Grants	13	41,472,000	64,000,000
<b>TOTAL</b>		<u>516,380,484</u>	<u>292,122,654</u>
<b>EXPENDITURE</b>			
Board Expenses	14	5,214,823	6,328,882
Administrative expenses	15	115,584,515	86,663,919
Research and Development expenses	16	78,553,428	40,923,270
Tea Farm expenses	17	71,183,821	57,188,720
Other Operating expenses	18	26,975,655	19,263,336
<b>TOTAL</b>		<u>297,512,243</u>	<u>210,368,127</u>
Depreciation of Fixed Assets		19,640,345	4,294,731
<b>Grand Total</b>		317,152,588	214,662,858
<b>SURPLUS (DEFICIT)</b>	19	<u>199,227,896</u>	<u>77,459,796</u>
<b>TRANSFERRED TO ACCUMULATED FUND</b>		<u>199,227,896</u>	<u>77,459,796</u>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2013

	Revaluation Reserves	Accumulated Fund	Total
	Ksh	Ksh	Ksh
Balance as at 30th July 2011	476,023,513	21,035,516	497,059,029
Prior year adjustments	-	1,200,000	1,200,000
Revaluation reserve	651,803,287	-	651,803,287
Revaluation surplus on assets	-	-	-
Revaluation on Disposed assets	-	(600,000)	(600,000)
Transfers to Reserves	-	77,459,796	77,459,796
<b>Balance as at 30th June 2012</b>	<b>1,127,826,800</b>	<b>99,095,312</b>	<b>1,226,922,112</b>
<b>Balance as at 1st July 2012</b>	<b>1,127,826,800</b>	<b>99,095,312</b>	<b>1,226,922,112</b>
Reinstated assets	600,000	-	600,000
Accumulated Fund	-	(1,542,615)	(1,542,615)
Transfers to Reserves	-	199,227,896	199,227,896
<b>Balance as at 30th June 2013</b>	<b>1,128,426,800</b>	<b>296,780,592</b>	<b>1,425,207,392</b>

The Foundation being a company Limited by guarantee by the Government of Kenya (GoK) does not have equity shares

## STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2013

	2012/2013	2011/2012
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	<b>KSHS</b>	<b>KSHS</b>
<b>SURPLUS (DEFICIT)</b>	<b>199,227,896</b>	<b>77,459,796</b>
Adjustments for:		
Depreciation	19,640,345	4,294,731
Proceeds from sale of fixed assets	(19,450)	(601,900)
Restated Asset/Prior year adjustment	-	1,200,000
Investment income	(6,801,393)	(114,330)
Interest expense	-	-
<b>Operating surplus before working capital changes</b>	<b>212,047,399</b>	<b>82,238,297</b>
(Increase) decrease in stocks	(5,394,732)	(1,987,179)
(Increase) decrease in receivables	(23,610,980)	(4,057,100)
Increase (decrease) in payables	6,554,854	(1,191,714)
<b>Cash generated from operations</b>	<b>189,596,541</b>	<b>75,002,304</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Interest received	6,801,393	114,330
Investment in GOK Treasury Bills	(127,448,300)	(14,694,000)
Purchase of fixed assets	(35,646,503)	(25,335,978)
Proceeds from sale of Fixed assets	19,450	601,900
<b>Net cash used in investing activities</b>	<b>33,322,580</b>	<b>35,688,556</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
<b>Net increase (Decrease) in cash and cash equivalents</b>	<b>33,322,580</b>	<b>35,688,556</b>
Cash and cash equivalents at the beginning of the period	70,646,585	34,958,029
Cash and cash equivalents at the end of the period	103,969,165	70,646,585
<b>Net increase (Decrease) in cash and cash equivalents</b>	<b>33,322,580</b>	<b>35,688,556</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting Policies

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

- a) **Basis of preparation**  
The financial statements are prepared under the historical cost convention as modified to include revaluation of assets.
- b) **Revenue Recognition.**  
Income is recognized on the accrual basis of accounting.
- c) **Retirement Benefits.**  
The foundation maintained a contributory pension scheme from July 2012 where the employer pays up to 20% and 10% employee contribution for the non-union sable staff and a contributory scheme at 10% for the union sable staff. The foundation contributed to a defined benefit scheme up to December 2012 and thereafter to a defined contribution scheme for the non-union sable staff and a provident fund for the union sable staff.
- d) **Inventories Valuation.**  
Inventories are valued at actual cost or net realizable value whichever is lower.
- e) **Cash flow Statement.**  
The cash flow statement is prepared to report cash flow during the period the period in accordance with the requirements of IAS 7.
- f) **Investments**  
The Foundation takes cognizance of the fact that currently it does not legally own the land that the investments in Kangaita are in .It therefore did not recognize the value of the land as part of its assets.
- g) **Comparatives**  
Comparatives figures have been provided to conform to the changes in presentation as required by the IAS 20.
- h) **Government Grants**  
Government grant is treated as revenue in keeping with the provision of IAS 20.
- i) **Reporting Currency.**  
The reporting currency of the Institution is Kenya Shillings.
- j) **Provision for the bad and doubtful debts.**  
Provision for bad and doubtful debt is reviewed at each balance sheet date and adjusted to reflect the best current estimates.
- k) **Contingent Asset**  
A case pending in court in respect of Dr. Patrisio Njiru Njeru who deserted the services of the Foundation immediately after completion of PHD studies. The Foundation and Dr. Patrisio Njiru Njeru executed a bond to serve the Foundation for at least 3 years after completion or pays Kshs. 5,040,000.
- l) **Adjustment to the Accumulated Fund**  
VP tea plants in Kangaita were classified as noncurrent and therefore depreciable assets in the previous year. This has been corrected with appropriate reversal together with two other dormant accounts.
- j) **Tractors**  
Tractors were restated with Kshs 600,000 that had been under stated in the Previous year effectively increasing the revaluation reserve.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. PROPERTY, PLANT &amp; EQUIPMENT.

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

Buildings	2.5%
Furniture & Equipment	10%
Motor Vehicles	25%
Computers and Electronics	33.30%
Black Shade Nursery Net	20%

	Freehold Land and Buildings <u>Kshs.</u>	Machinery and Work in Progress Equipment (FACTORY) <u>Kshs.</u>	<u>Kshs.</u>	Motor Vehicles <u>Kshs.</u>	Computers and Electronics <u>Kshs.</u>	Total <u>Kshs.</u>
<b>COST/VALUATION</b>						
As at 1st July 2012	<b>1,066,546,042</b>	<b>35,098,460</b>	<b>9,869,000</b>	<b>22,604,478</b>	<b>2,968,050</b>	<b>1,137,086,030</b>
Additions	307,750	27,199,755	4,799,401	13,361,829	4,962,370	50,631,105
Restatement/(Disposal)	-	(69,500)	-	600,000	(115,500)	415,000
Dispos: Transfers	(1,874,820)	-	-	-	-	(1,874,820)
As at 30th June 2013	<b>1,064,978,972</b>	<b>62,228,715</b>	<b>14,668,401</b>	<b>36,566,307</b>	<b>7,814,920</b>	<b>1,186,257,315</b>
<b>DEPRECIATION</b>						
As at 1st July 2012	<b>2,200,252</b>	<b>964,383</b>	<b>-</b>	<b>966,853</b>	<b>163,243</b>	<b>4,294,731</b>
Disposal/Revaluation	(219,093)	(1,158)	-	-	(6,353)	(226,604)
Charge for the year	4,905,668	5,140,756	-	6,991,554	2,602,368	19,640,346
As at 30 June 2013	<b>6,886,827</b>	<b>6,103,981</b>	<b>-</b>	<b>7,958,407</b>	<b>2,759,258</b>	<b>23,708,473</b>
<b>NET BOOK VALUE</b>						
30th June 2013	<b>1,058,092,145</b>	<b>56,124,734</b>	<b>14,668,401</b>	<b>28,607,900</b>	<b>5,055,662</b>	<b>1,162,548,842</b>
30th June 2012	<b>1,064,345,790</b>	<b>34,134,077</b>	<b>9,869,000</b>	<b>21,637,625</b>	<b>2,804,807</b>	<b>1,132,791,299</b>

The Foundation has 11 Motor vehicles, 5 Tractors, 8 Trailors and 4 Motor cycles. However, 1 three ton truck paid for in June 2013 was yet to be delivered

NOTES TO THE FINANCIAL STATEMENTS

3 INVENTORIES

The composition of Stock is as follows

- Printing & Stationery
- Estate Fuel Stock
- Estate Adm Stock
- Timbithi Estate Stock
- Timbithi Estate Stock P Materials
- Kangaria Stock P materials

	2012/2013	2011/2012
	310,718	221,402
	872,905	604,589
	6,406,558	6,127,875
	2,248,955	1,416,468
	3,307,770	-
	618,160	-
	<b>13,765,066</b>	<b>8,370,334</b>

4 Receivables and prepayments in the year is made up as follows:

- Staff and Trade receivables
- Other Receivables

	2012/2013	2011/2012
	6,150,477	1,309,647
	28,911,576	8,955,942
	(1,596,108)	(410,624)
	<b>33,465,945</b>	<b>9,854,965</b>

Provision for bad and doubtful debts has been provided at +5% of total-receivables and prepayments as at close

5 BANK AND CASH BALANCES

The Foundation maintains Bank accounts both in Kericho (HQs) and Kerugoya (Kangaria Sub-station)

BANK & CASH BALANCE-KERICHO

BANK

CO-OP -Current Account (Main)

CO-OP -Timbithi Co-op A.C

CO-OP -Co-op Bank Project A.C

SUB-TOTAL

-Current Account (Main)

-Timbithi Cash control

-Estate Petty cash

-Petty cash - (Research)

-M C B Cash control

BANK AND CASH BALANCE-KANGARIA

BANK

CO-OP -Current Account

CO-OP -Petty Cash

SUB-TOTAL

GRAND TOTAL

INVESTMENTS

GENERAL BANK OF KENYA

BANK

CBK

SUB-TOTAL

-Treasury Bills

A/C NO. 0930211746

2012/2013

127,448,300

14,694,000

127,448,300

14,694,000

A/C NO. 0113677810002

2012/2013

1,377,798

301,253

2,364

80,176

1,380,161

381,529

103,969,165

70,646,585

2012/2013

102,589,003

70,265,056

13,308

22,654

29,110

277

748

6,280

12,700

600

25,339,733

23,175,057

5,712,435

18,469,303

71,480,969

28,590,885

2012/2013

2011/2012

## NOTES TO THE FINANCIAL STATEMENTS

**7 PAYABLES AND ACCRUALS**

Payables &amp; Accruals for the year is made up as follows:

	2012/2013	2011/2012
- Trade creditors and accruals	14,414,200	4,227,687
- Other payables	1,575,725	5,207,384
<b>Total</b>	<b>15,989,925</b>	<b>9,435,071</b>

**8 ACCUMULATED FUND**

	2012/2013	2011/2012
1st July 2012	99,095,312	21,035,516
Prior Year Adjustment	(1,542,615)	-
Gain on Disposal of asset	-	600,000.00
Revaluation Surplus	-	-
Surplus/Deficit from revenue account	199,227,896	77,459,796
30th June	<b>296,780,592</b>	<b>99,095,312</b>

**9 REVALUATION RESERVES**

The assets of the Foundation were revalued in the year 2011/2012 yielding a revaluation reserve of Ksh 651,803,287/=

No valuation was done in the year 2012/2013.

	2012/2013	2011/2012
1st July	1,127,826,800	476,023,513
Revaluation on assets	600,000	-
Revaluation of assets	-	651,803,287
30th June	<b>1,128,426,800</b>	<b>1,127,826,800</b>

**10 REMITTANCE FROM THE TEA BOARD OF KENYA**

Remittances were received on a monthly basis from Tea Board of Kenya

	2012/2013	2011/2012
	360,115,253	114,190,796

**11 TEA FARM INCOME**

	2012/2013	2011/2012
Timbilil Estate revenue	86,772,163	93,155,093
Sale of Green Leaf - Kangaita	1,356,616	1,318,910
Sale of Planting Materials - Kangaita	3,395,787	2,943,546
Miscellaneous revenue - Kangaita	281,350	131,965
	<b>91,805,916</b>	<b>97,549,514</b>

**12 OTHER OPERATING INCOME**

	2012/2013	2011/2012
Sale of Publications	263,365	87,065
Laboratory Tests	1,138,875	990,875
Interest received & receivable	6,801,393	114,330
Miscellaneous Income	1,394,904	4,574,584
Training Centre	2,998,994	2,744,227
Donor Funding	8,727,934	5,819,363
Economic Rent	1,642,400	1,450,000
Disposal of Assets	19,450	601,900
	<b>22,987,315</b>	<b>16,382,344</b>

**13 GOK GRANTS**

Grants were received in the year regularly from the Government of Kenya.

	2012/2013	2011/2012
	41,472,000	64,000,000

**TOTAL INCOME**

	<b>516,380,484</b>	<b>292,122,654</b>
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## NOTES TO THE FINANCIAL STATEMENTS

	2012/2013	2011/2012
<b>14 BOARD EXPENSES</b>		
Sitting allowances	1,962,000	2,150,000
Travelling and Accommodation	1,451,000	1,971,500
Telephone	49,000	84,000
Mileage	850,823	1,403,382
Honoraria	580,000	720,000
Medical	322,000	-
	<b>5,214,823</b>	<b>6,328,882</b>
<b>15 ADMINISTRATIVE EXPENSES</b>	<b>2012/2013</b>	<b>2011/2012</b>
• Administration (Administration)	14,290,906	10,791,404
Audit Fees (Administration)	330,000	250,000
Loss on Disposal (Administration)	158,039	-
Bad debt exp (Provision) (Administration)	1,185,484	410,624
Emoluments- Senior Staff	49,124,629	32,770,578
Emoluments- Junior Staff	17,846,590	19,585,856
Retirement Benefits (SS)	12,170,820	7,726,780
Retirement Benefits (JS)	1,722,535	1,533,845
House Allowance	10,939,008	9,897,436
Passages paid-Local Leave	1,980,015	732,731
Medical	5,836,489	2,964,665
	<b>115,584,515</b>	<b>86,663,919</b>
<b>16 RESEARCH AND DEVELOPMENT EXPENSES</b>	<b>2012/2013</b>	<b>2011/2012</b>
Travelling (Duty)	11,389,737	7,179,773
Travelling - Acc/Subsistence	11,299,161	5,280,452
Training and Conference	8,108,787	3,908,865
Experiments	40,740,342	24,554,180
Project Expences	7,015,401	-
	<b>78,553,428</b>	<b>40,923,270</b>
NB 1 This expense item combines both local and international training		
NB 2 This item brings together research departments of BOTANY, CHEMISTRY, PLANT PROTECTION, CROP ENVIRONMENT, FIELD ADVISORY SERVICES AND KANGAITA expenses		
NB 3 This is the usage of donor funds for various funded research projects		
<b>17 TEA FARM EXPENSES</b>	<b>2012/2013</b>	<b>2011/2012</b>
Salaries and Wages	37,932,021	29,263,552
Green leaf transport	4,212,428	4,825,899
Farm Management Expenses	22,322,042	17,630,540
Maintenance Expenses	5,991,331	4,302,285
Administrative Expenses	725,999	1,166,444
	<b>71,183,821</b>	<b>57,188,720</b>
<b>18 OTHER OPERATING EXPENSES</b>	<b>2012/2013</b>	<b>2011/2012</b>
Property upkeep	9,632,588	5,094,188
Elect Water and Conservancy	12,720,566	9,350,208
Library	240,615	450,755
Publication	2,133,780	566,162
Primary School	397,309	412,315
Insurance	1,850,797	3,389,708
	<b>26,975,655</b>	<b>19,263,336</b>
<b>GRAND TOTAL</b>	<b>297,512,243</b>	<b>210,368,127</b>
<b>19 OPERATING SURPLUS BEFORE TAXATION</b>	<b>2012/2013</b>	<b>2011/2012</b>
The operating Surplus deficit is arrived at after charging:		
Audit Fees	330,000	250,000
Director's Fees	629,000	804,000
Depreciation of Property, Plant and Equipment	19,640,345	4,294,731
And after crediting:		
Interest Received & Receivable	6,801,393	114,330
<b>20 TAXATION</b>		
The Foundation is only liable to income Tax on dividends and interest receivable These items are usually taxed at source		



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