

REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**



*Paper Laid  
Hon. K. Ole Mepko  
Opposition Party Whip  
Wed. 18.11.2015 (PM)  
Mw...*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
COAST DEVELOPMENT AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE 2014**





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**COAST DEVELOPMENT AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The Authority was created by an Act of Parliament Cap 449 No. 20 of the laws of Kenya in 1990 The Act, which created the Authority, mandated it to initiate, plan and coordinate the implementation of development projects in whole of the Coast Province and the Exclusive Economic Zone (EEZ) and for connected purposes.

#### **Vision**

To Be The Best Authority Globally In Implementing Integrated Development By 2030.

#### **Mission**

To Spur Socio-Economic Development, Promote Value Addition And Environmental Sustainability.

#### **Strategic Objectives**

- To Contribute to Poverty Reduction and Improvement of Socio-Economic Well Being of the Communities in CDA's Area of Jurisdiction.
- Enhance Capacity Building for Environmental and Water Resources Management, Basin - Based Development.
- Formulate, Promote and Implement Integrated Regional Development Plans, Programs and Projects
- To Conserve and Manage the Natural Resources for Sustainable Development in the Region.
- To Strengthen CDA's Financial Base.

#### **Role of Coast Development Authority**

- a) Formulating of integrated regional development plans in consultation with other stakeholders. In this role, the CDA will be charged with drawing up the integrated regional development master plan, ensuring that the plan is owned by the whole region and prudently drawing on the resources of all the major partners in the region.
- b) Conducting comprehensive resource mapping, establishment of resources data banks and identifying resources based investment opportunities in the region.
- c) Promoting of resources based investment and conservation of resources in the region.
- d) Acting as a clearing house for resource based integrated investments in the region. In this role CDA will vet and approve all resource based multi-sectoral and inter regional investments in the region in order to ensure that such investments meet the priority needs of the region and that mechanisms for community participation in the investments have been established.

- e) Monitoring and documenting the levels of development in the region and disseminating the information to various stakeholders.
- f) Initiating, planning, coordinating, marketing and implementing multi-sectoral development programs/projects.
- g) Establishing mechanisms and instruments for empowering local communities to participate in regional development activities.
- h) Establishing mechanism for ensuring equitable compensation and benefit sharing for the local communities arising from the economic exploitation of resources in the region.
- i) Establishing mechanisms for coordinating the implementation of national and sectoral policy programs within the region.
- j) Establishing an enabling investment climate in the region.

### **Functions of the Authority**

Based on the general functions as outlined in section (8) of the CDA ACT CAP.449, the functions of the authority are:-

1. Plan for the development of the Area and initiate project activities identified from such planning in the development and through the Government generally ;
2. Develop an up to date long range development plan for the Area;
3. Initiate such studies, and carry out surveys of the Area as may be considered necessary by the Government or the Authority and to assess alternative demands within the Area on the natural resources thereof, and initiate, operate, or implement such projects as maybe necessary to exploit those natural resources including Agriculture ( both irrigated and rain fed) ,forestry, wildlife and tourism industries, electric power generation, mining and fishing, and to recommend economic priorities;
4. Coordinate the various studies of schemes within the Area such that human, water, animal, land and other resources are utilized to the best advantage and to monitor the design and execution of planned projects within the Area;
5. Effect a programme of both monitoring and evaluating the performance projects within the Area so as to improve such performance and establish responsibility thereof, and to improve future planning;
6. Coordinate the present abstraction and use of natural resources, especially water , within the Area and to set up effective monitoring of the abstraction and usage;
7. Cause and effect the construction of any works deemed necessary for the protection and utilization of the water and soils of the Area including hydro-power development for the multipurpose utilization of water resources;
8. Ensure landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area;

9. Identify, collect, collate and correlate all such data related to the use of water and other resources and also economic and related activities within the Area as maybe necessary for the efficient forward planning of the Area;
10. Maintain a liaison between the Government, the private sector and other interested agencies in the matter of the development of the Area with a view to limiting the duplication of effort and ensuring the best use of the available technical resources
11. Examine the hydrological effects and the subsequent ecological changes on the development programmes and evaluate how they affect the economic activities of the persons dependent on river environment;
12. Implement development projects and programmes whose primary objective is to promote socio-economic development of the Coast Province in particular and Kenya in general;
13. Plan and liaise with the relevant authorities as necessary in exploration and development of the extensive fishing and marine activities in Kenya especially in the exclusive economic zone.

## **II. CORE FUNCTIONS OF THE AUTHORITY**

BASED ON THE GENERAL FUNCTIONS AS OUTLINED IN SECTION (8) OF THE CDA ACT CAP.449, THE CORE FUNCTIONS OF THE AUTHORITY ARE:-

14. Regional data identification collection, collation and correlation for integrated regional planning purposes.
15. Conducting comprehensive resource mapping, establishment of resource data bank and identifying resource based opportunities in the region.
16. Integrated regional planning for sustainable utilization and management of coastal resources, based on environmental carrying capacity.
17. Development of local capacities to sustain the continuation and maintenance of integrated communal project through sensitization and training.
18. Initiation, harmonization and coordination of sectoral and community interest in the implementation of regional social economic development projects.
19. Exploration, promotion, and conservation (including surveillance) marine resources within the exclusive economic zone and other coastal resources for sustainable development.
20. Act as a clearing house for resource based integrated investments in the region.
21. Sourcing for innovations and research findings for implementation of pilot/demonstration projects for the purpose of dissemination of the technology.
22. Promotion of public- private partnership (PPP) in commercial activities and community development within its area of jurisdiction.

23. Establishing mechanisms and instruments of empowering local communities to participate in regional development activities.
24. Monitoring, evaluating and documenting regional development projects and programs for effective achievement of the set objectives.

CDA's ultimate aim from the above core functions is to bring about a more equitable regional development and poverty reduction given the existing regional development imbalances.

### **Areas of Jurisdiction**

“Development area” means that part of the coast region within Lamu, Mombasa, Kilifi, Tana-River, Kwale, and Taita-Taveta Counties including the Southern half of Garissa County and the Exclusive Economic Zone.

“Exclusive Economic Zone” means the exclusive economic zone of Kenya established and delimited by section 4 of the Maritime Zones Act, 1989.

CDA's area of jurisdiction covers Coast Region with an estimated area of 83,681km<sup>2</sup> spanning 6 counties listed below.

Kilifi	4,816 km <sup>2</sup>
Malindi	8,197 km <sup>2</sup>
Kwale	8,322 km <sup>2</sup>
Taita -Taveta	16,556 km <sup>2</sup>
Mombasa	282 km <sup>2</sup>
Tana-River	38,694 km <sup>2</sup>
Lamu	6,814 km <sup>2</sup>
Ijara Town	19,465 km <sup>2</sup>
Kenya's Exclusive Economic Zone (EEZ)	

### **(b) Key Management**

The day-to-day management is under the following:

- Managing Director
- Board of Directors

### **(c) Entity Headquarters**

Mama Ngina Drive,  
Next to Uhuru na Kazi Building  
Mombasa , KENYA

### **(d) Entity Contacts**

P.O.Box 1322-80100  
Mombasa  
Telephone :( 254) 020 8009196  
E-mail: [cda@cda.go.ke](mailto:cda@cda.go.ke)  
Website: [www.cda.go.ke](http://www.cda.go.ke)

## I. THE BOARD OF DIRECTORS



Chairman (Newly appointed 17<sup>th</sup> April 2015 Gazette Notice no 2852)

Mr Suleiman Mwaronga Kamolleh

Date of Birth: 1.4.1952

**Education:**

M.S.C IN Economics, Augsburg University

B.COM (Hons) University of Nairobi, American University(Cairo)

Diploma in International Banking, Bordeaux University, France

**Work Experience:**

Deputy General Manager and PA to CEO, Kenya Commercial Bank

Manager Marketing and Administration, Kenya Commercial Bank

Manager Private Banking, Commercial Bank of Africa

Manager Credit Department, Citibank Munich/Athens

Banking Officer –Credit Rating, Federal Bank of Germany (Munich and Frankfurt)

**Other Experiences:**

Member of Parliament Matuga Constituency, Kwale District (Member of Public Accounts

Committee and Anticorruption) Member of Africa Parliamentarian Network Against Corruption)

Executive Director Engineering and Utility Management Company Limited

Director/Chairman Eastern and Southern Africa Trade and Development Bank



Mr. Martin Tsuma

Board Chairman

Board member since 2009

(Appointment revoked on 17<sup>th</sup> April 2015  
Gazette Notice no 2852)

Date of Birth:23.3.1948

**Education**

Post Graduate Diploma Population  
Development

B.A Philosophy(Economics),

BA (Economics)

**Work Experience**

Retired as Chief Economist

Head of Central Planning Unit - Ministry of  
Transport and Communication, Head of Rural  
Planning Department, Ministry of Planning

Mr. Shadrack Thomas Duda

Board member since 2012

Date of Birth: 20.10.1953

**Education:**

BSc Hospitality Management

Certificate in Motivation and Leadership

Certificate in Instructional Techniques

**Work Experience:**

Principal International Hotel and Tourism Institute

**Achievements:**

Kenya Association of Tour Operators Certificate of  
Merit Outstanding Service to Travelling Public

International Association of Hotel School Directors

,Certificate of Appreciation for meritorious

contribution towards their Congress

Board Member Coast Development Authority.

**(e) Entity Bankers**

National Bank of Kenya  
Nkrumah Road Branch  
P.O. Box 90363 – 80100  
**MOMBASA**

National Bank of Kenya  
Portway House Branch  
P.O. Box 87770 – 80100  
**MOMBASA**

Kenya Commercial Bank  
Wundanyi Branch  
P.O. Box 1067 – 80304  
**WUNDANYI**

Equity Bank  
P.O.Box 381-80108  
**KILIFI**

Kenya Commercial Bank  
Treasury Square  
P.O. Box 90254 – 80100  
**MOMBASA**

Kenya Commercial Bank  
Kilifi Branch  
P.O. Box 528 – 80108  
**KILIFI**

Barclays Bank  
Kilifi Branch  
**KILIFI**

**(f) Independent Auditors**

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

**(g) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

and National Department Provincial Planning Officer, Coast Province and North Eastern

Mr Abdi Hassan Shide  
Board member since 2009

Date of Birth:1953

**Education**

Diploma

**Work Experience**

Businessman

**Achievements**

Board Member Coast Development Authority



Mr. Mike Mure  
Vice Chairman  
Board member since 2009

Mr. Khamis Ahmed Juma  
Board member since 2009  
Date of Birth:6.3.1961

**Education**

PHD Ongoing

Msc. Environmental Planning and Management

Bsc. Agriculture.

**Work Experience:**

Kenyatta University(Mombasa Campus) Part Time Lecturer: School of Environmental Studies

Utunzi Rahimtulla Trust Lead Consultant: Socio Economics Challenges Facing Youth in Kenya Kilifi and Taita District

Board Member Coast Development Authority(Chairman Research ,Planning and Development Committee)

Agriculture Business Development Project



Mrs. Constance Kalela  
Board member since 2011 to date  
Date of Birth: 9.11.1960

**Education**

B.A Economics, Delhi University India

Certificate in Marketing, University of Bristol,UK

**Work Experience**

Director Tokeo Consultant Agency

Project Manager Kwetu Training Centre

Project Manager Bombolulu Workshop for the Handicapped Mombasa

Sales Representative, Africa Safaris/Budget Rent a Car, American Airlines

**Activities:**

Corporate Governance Training for Directors

Market Readiness –New York

Marketing Tools for Micro Enterprises, Haifa Israel.

Marketing and Management of Exports to Europe,

Rotterdam Netherlands

<p>Royal Danish Embassy  Activist and Board Member –MUHURI  Muslims for Human Rights</p>	
 <p>Mr. James K.Mangi  Managing Director  Board Secretary  Date of Birth :12.1.1965</p> <p><b>Education</b>  PHD BA Strategic Management Ongoing  JKUAT  MBA Strategic Management, University of  Nairobi  BSC, Geology, Maths and Physics, University  of Nairobi  Advanced Supervisory Management, New  Media University College  Project Management, New Media University  College</p> <p><b>Employment Record</b>  Managing Director Coast Development  Authority  Assistant Director- Standards &amp; Numbering  Manager/, Numbering ,Assistant Manager/  Numbering ,Communications Commission of  Kenya  Ag. Commercial Manager in charge of  Malindi Region, Telecommunications  Controller , Assistant Telecommunications  Controller , Assistant Telecommunications  Controller Trainee, Kenya Posts and  Telecommunication</p>	 <p>Mr. Kennedy Nyachiro  Date of Birth: 16.12.1965  Education:  M.A International Studies, University of Nairobi  M.A Economics, University of Dar Es Salaam  B.Phil. Economics, University of Nairobi  B.A Economics, University of Poona India.  Alternate Director  The National Treasury  Career Economist, Resource Mobilization  Department, World Bank Division and Policy Unit</p>
<p>Mr Samuel Kilele  The National Government Coordinator-Coast  Region</p>	<p>Mr Timothy Ogwang  Alternate Director  Ministry Of Agriculture, Livestock And Fisheries</p>



Dr. Esther Getambu  
Alternate Director  
Ministry Of Health



Ms Lillian Ayimba  
Alternate Director  
Ministry of East Africa Affairs  
Commerce and Tourism

Mr. Dedan Nderitu  
Alternate Director  
Ministry of Environment, Water and Natural  
Resources

## NEW BOARD OF DIRECTORS

New Board Appointments via Gazette Notice No 2927 Dated 17<sup>th</sup> April 2015



Ibrahim Khamis Mutwafy  
Date of Birth: 28.6.1968  
Education:  
MBA Strategic Management JKUAT, Nairobi  
BA Political Science and Languages, Nairobi University  
Diploma in Clearing and Forwarding  
Work Experience:  
Career Banker rising to Head of Inland Banking, Habib Bank Limited  
Chairman Mvita CDF  
Chairman, Board of Governors K.P Secondary School  
Chairman, Shimo Old Boys Association  
Senior Vice Chairman, Kenya Football Federation Mombasa Sub Branch  
Patron Football Section, Mombasa Sports Club  
Chairman, Education Committee, Imam Shafy Muslim School





Charles Mwemba Mwaiseghe  
Date of Birth: 1<sup>st</sup> April 1953  
Education:  
P1 Teacher, Shanzu Teachers Training College  
East Africa Certificate of Education (EACE)  
Kenya Junior Secondary Education (KJSE)  
Certificate of Primary Education  
Work Experience:  
Candidate 2013 Mwatate Parliamentary Seat (URP)  
Secretary, Mwatate CDF  
Career Teacher rising to Senior Approved Teacher  
Chairman Taita Taveta Sacco  
Branch Vice Secretary KNUT, Taita Taveta Branch



Mwanasaid Ntembe Makoti  
Date of Birth: 16.6.1955  
Education:  
PHD in progress, Kenyatta University  
M.Ed, Kenyatta University  
HDHRM-Higher Diploma in Human Resources Management  
B.Ed (Early Childhood) Kenyatta University  
Primary Teacher Certificate  
Work Experience

Hirsi Sheikh Dulow  
Date of Birth: 15.12.1955  
Education:  
NYS Basic Course, Gilg  
Basic Police Training, Administration Police Training College, Nairobi  
Security Leaders Training, Mbaraki Police Mombasa  
Work Experience:  
Senior Commandant Administration Police

<p>(SACAP)  Provincial Commander  Candidate, Bura Constituency Parliamentary Seat  Police Store  Verification, Dubai, Hongkong, China, Korea, Thailand</p>	<p>Part time Lecturer, Kenyatta University, Mombasa Campus  Commissioner Teachers Service Commission  Curriculum Developer, Kenya Institute of Education  Programme Officer, wale Education Office  Divisional Assistant Primary Schools Inspectors  District Staffing Officer</p>
<p>Abudi Omar Mohamed  Date of Birth: 1963  Education:  PI Certificate, Meru Teachers College  Work Experience:  Manager, Gatewise and Island View Academy,  Sheikh Zayed Children Centre  Teacher, Tudor Academy  TSC Teacher</p>	 <p>Joash Ogonyo Akuma  Alternate Director  Ministry of Environment, Water and Natural  Date of Birth: 16.8.1970  Education  M.Economics, University of Nairobi  B. Sc (Mathematics, Statistics)  Resources  Directorate of Regional Development  Assistant Director, Ministry of Regional Development  Economist/Statistician several Ministries</p>
<p>Esther Kache Ziro  Date of Birth: 15.7.1970  Education:  Diploma in Community Development, Pwani University  Diploma in Business Management, Pwani University  Certificate in World Town Planning  Certificate in Risk Management  Certificate in Capacity Building</p>	 <p>Ali Korane  Date of Birth:  Education:  MA International Studies and Diplomacy  BA International Studies and Diplomacy  MSc in Police Leadership  MBA Strategic Management  Graduate National Defence College  Work Experience:  Chairman Refugee Affairs Advisory</p>

<p>Women Leadership Training  Work Experience:  Business Lady, Kilifi  Chairperson (Town Planning Committee, Audit Committee, Education Committee, HIV/AIDS Committee)  Elected Councillor</p>	<p>Committee  Kenya's Special Envoy, Horn of Africa Mediation Initiative between the Government of Ethiopia and Ogaden National Liberation Front Rebel Group.  Permanent Secretary in Ministries of Tourism, Information, Home Affairs and Heritage Gender and Sports. District Commissioner  Businessman (Schools, Real Estate, Construction, Energy and Consultancy)</p>
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**IV. MANAGEMENT TEAM**



Mr. James K. Mangi  
 Managing Director  
 Board Secretary

Date of Birth :12.1.1965

**Education**

PHD BA Strategic Management Ongoing  
 ,JKUAT  
 MBA Strategic Management, University of  
 Nairobi  
 BSC, Geology, Maths and Physics, University of  
 Nairobi  
 Advanced Supervisory Management, New Media  
 University College  
 Project Management, New Media University  
 College

**Employment Record**

Managing Director Coast Development Authority  
 Assistant Director- Standards & Numbering  
 Manager/,Numbering ,Assistant Manager/  
 Numbering ,Communications Commission of  
 Kenya  
 Ag. Commercial Manager in charge of Malindi  
 Region, Telecommunications Controller ,  
 Assistant Telecommunications Controller ,  
 Assistant Telecommunications Controller  
 Trainee, Kenya Posts and Telecommunication

**Function:**

Responsible for execution of the policy of the Authority and for control and management of its day to day business.

Control and supervise acts of all officers and servants of the Authority in the matters of executive administration and in all matters concerning the accounts and records of the Authority

Dispose of all questions relating to the service of the officers and servants of the Authority and their pay and privileges.



Mrs. Josephine M.Rondo,HSC  
Chief Manager Research Planning And Technical  
Date of Birth:1957

Education:

Ongoing Phd Business Administration-Strategic  
Management,JKUAT

M.Economics,University of  
Calgary,Alberta,Canada

B.A Economics, University of Nairobi

Certificate Organization and Management of  
Income Generating Projects, District Focus  
Strategy for Rural Development

Work Experience:

Chief Manager,Research,Planning and Technical  
Services-,Planning and Development Manager,  
Senior Economist/Senior Planner,Tender  
Committee Chairperson Coast Development  
Authority

Trustee Staff Retirement Scheme

Part Time Lecturer Moi University Coast  
Campus

Kilifi District Programme Officer-Ministry of  
Planning and National Development

Provincial Planning Assistant, Coast Provincial  
Planning Office

Planning Officer/Economist ,Ministry of  
Environment and Natural Resources

Received Head of State Commendation for  
Coordinating the Malindi Integrated Social  
Health Development Programme-Project funded  
by the Italian Government

Function:

Plan, direct and coordinate product research and  
development activities, designs and develops new  
or existing projects/products  
Suggest process improvements



Mr. Fentus Mng'ong'o

Ag. Chief Manager, Business  
Development/Marketing

Date of Birth: 4.1.1958

Education:

Msc. Agricultural Economics

Postgraduate Diploma Agricultural Development

BA (Hons)

Work Experience:

Agricultural Economic Specialist on agrarian  
agricultural development in Developing countries

Ag. Chief Manager, Business Development &  
Investment Promotion, Manager Natural ,

Technical Manager, Acting Deputy Managing  
Director, Planning Officer , Coast Development  
Authority

Research Associate – Egerton University

Planning Officer, Ministry of Agriculture

Freight Marketing Assistant: Mitchells Cotts  
(Shipping Division) Kenya Limited

Secretary to the Palm Products Working Group  
(PPWG)

Alternate Director, Ministry of Regional  
Development Authorities at the Board of  
Directors Kenya Coconut Development  
Authority

Vice Chairman ,Coast Sisal Development  
Stakeholders Forum

Chairman – Palm Products Working Group  
(CBO)

Function:

Identify business opportunities, prepares  
development plans, develop and implement new  
products and services.



Ms.Mary Salama Dindi  
Ag.Chief Manager,Finance And Accounting  
Date of Birth:14.8.1983  
Education:  
MBA, Strategic Management ongoing  
B.Com Accounting, Kenyatta University Nairobi  
ACCA Part 11  
Work Experience:  
Served in various capacities within the Authority  
Currently Ag.Chief Manager Finance and  
Accounts  
Member Tender Committee  
Senior Accountant-Management Accounting  
KCDP Project Accountant(World Bank Project)  
Project Cordinator,Coral Block  
Accountant 11  
Management Trainee

Develop and maintain book of accounts, propose and implements in accounting and reporting, prepare budgets, supervise payments and sales revenue, credit control.

Mr.Taiwa Sombey  
Chief Manager Human Resource Services  
Date of Birth:7.9.1963  
Education:  
B.A Hons,University of Nairobi  
Higher Diploma in HRM  
Diploma in Professional Management and Industrial Relations  
Work Experience:  
Chief Manager Human Resources, Coast Development Authority  
Human Resources Manager,Milly Fruit Processing Co.Ltd  
Systems Development Facilitator ,Nuba Relief, Rehabilitation and Development Organization  
Management Advisor, New Sudan Women Federation  
Human Resources and Administration Manager, National Aids Control Council  
Has also worked for Kenya Cooperative

Develop and manage comprehensive HR system, optimal organization structure, encourage a positive and team focussed working environment



Ms. Edel Fuchaka  
Manager, Legal Services  
Date of Birth: 1.7.1975  
Education:  
B.LLB Hons, Moi University  
Post Graduate Diploma, Kenya School of Law  
Work Experience:  
Legal Manager, Coast Development Authority  
Sichale And Co Advocates, E.Fuchaka and Co  
Advocates

Prepare legal opinions and advice on general issues, receive summons, review relevant files, prepare suitable instructions to external lawyers  
Custodian of statutory documents



Ms. Edel Fuchaka  
Manager, Legal Services  
Date of Birth: 1.7.1975

Education:  
B.LLB Hons, Moi University  
Post Graduate Diploma, Kenya School of Law  
Work Experience:  
Legal Manager, Coast Development Authority  
Sichale And Co Advocates, E.Fuchaka and Co  
Advocates

Prepare legal opinions and advice on general issues, receive summons, review relevant files, prepare suitable instructions to external lawyers  
Custodian of statutory documents

## V. CHAIRMAN'S STATEMENT

### **Introduction**

I would like to take this opportunity to give a brief history of the CDA. The Authority was created by an Act of Parliament Cap 449 No. 20 of the laws of Kenya in 1990 with primary objectives of accelerating development of the coastal region. As is well known, this region is endowed with unique and other ecological features and resources.

### **Functions**

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

### **Authority's Performance and Achievements**

The Authority was recognized as Best Regional Authority during the Annual Performance Contracts Awards Ceremony.

### **Debt Servicing**

The Authority is committed to settling the debt.

### **Self-Sustainability**

Since its inception the Authority has strived towards the goal of self-sustainability. This has been achieved by adequate policy guidelines, time frame and financial support to enabling the Authority take off and start income generating activities.

Further, priority has been given to the completion of ongoing projects. Specifically the Authority will give emphasis to projects that will enhance food and portable water security such as the Lake Challa Integrated Water Project whose feasibility study and detailed designs are complete, the Mwache Multipurpose Dam whose feasibility study is in the final stages and which is expected to among other outputs produce approximately 130,000m<sup>3</sup> of water per day for domestic use. The Authority has also achieved the completion of the Integrated Coast Region Master Plan that is meant to provide investors with a one-stop relevant investment reference to enhance the effective exploitation of natural resources in the coast region.

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

### **Personal Thanks**

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

Mr. Suleiman Kamolleh  
**CHAIRMAN**



## VI. REPORT OF THE CHIEF EXECUTIVE OFFICER

Our focus was on delivering improved service delivery to the community in the Coast Region and increase financial base for the Authority.

### **Clear strategy**

In 2013/014, we continued with the implementation of 2013 -2017 Strategic Plan whose programmes and projects are anchored on Vision 2030 and Medium Term Plan II. Resource mobilisation and diversification of our revenue streams, was a particular focus in this financial year.

This is in line with our Integrated Coast Region Master Plan developed in 2011 that identified all the resources of the region. Several concept papers were developed and resource mobilisation is underway both from Government, Development Partners and under Public Private Partnership Framework.

We are focused on four key areas:

#### **1. Regional Development Planning**

Objective: To prepare resource maps, formulate and implement regional development plans

Outcome: Integrated Coast Region Master Plan and Resource Mapping and Regional DataBank

#### **2. Development of River banks, Water bodies and Catchment areas**

Objective: To enhance natural resources and environmental management and conservation.

Outcome: Water Catchments and River banks Rehabilitation and Conservation by planting of trees and digging of water pans.

#### **3. Integrated Basin-Based Development**

Objective: To improve livelihoods of the communities in the region by enhancing resources based investments

Outcome: Mwache Dam Multipurpose Development, Sabaki / Galana River Integrated Development and Lake Challa

#### **4. Community Empowerment**

Objective: To support community initiatives and efforts in development and facilitate establishment of mechanisms to empower them to effectively participate in development activities while ensuring equitable compensation and benefit sharing arising from economic exploitation of resources in the region.

Outcome: Integrated Social Health Development Programme, Community Livestock Development, Community Agri-based Development, Integrated Community Water Supply, Integrated Coastal & Marine Management, Integrated community Enterprise Development , Free Trade Port development, Fish Port Development

The above areas result to the achievement of the following strategic objectives

- i) To contribute to food sufficiency in the region
- ii) To contribute to poverty reduction and improvement of socio-economic well-being of the communities
- iii) To contribute to the reduction of unemployment in the region
- iv) To conserve the environment and manage the natural resources for sustainable development
- v) To strengthen CDA's financial base

### **Performance Contracting**

The Authority is on performance contracting and now in 10th cycle. In this Financial year under review, the Authority achieved a score of 2.183 in the very good category.



### **Human Resources Development**

In our endeavour to meet our customer expectations as well as our objectives, the Board has continually developed the competencies and skill of employees through short term and medium term professional courses and seminars.

### **Information Communication Technology**

We continue to emphasize on ICT application. Hence the our services can be procured online for instance buying of CDA products. Advertising of tenders is also done through the website.

### **Challenges**

Despite our success the Board has continually faced challenges in its delivery services endeavour mainly due to underfunding. In order to mitigate on this several concept papers were developed that encompass sustainability and resource mobilisation is ongoing.

### **Outlook**

Our goal for 2014/2015 is to be the best regional development authority and attract funding for major projects such as free trade port, Lake Challa Water resources Development Project that would increase financial base of the Authority hence reduce reliance on the Exchequer.

### **Appreciation**

I want to thank the Board and their good counsel, timely guidance and decision making that enabled us to achieve these results. I also wish to thank our Stakeholders for their support which was instrumental in the achievement of the results

**Mr. James Kahindi Mangi**  
**Managing Director**



## **VII. CORPORATE GOVERNANCE STATEMENT**

Corporate Governance is the process by which companies are directed, controlled and held to account. The **Coast Development Authority Board of Directors** is responsible for the overall management and the governance of the Authority and is accountable to the Government for ensuring that the Company complies with the law and the highest standards of best practice in corporate governance and business and operations of the Authority with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good governance.

### **Board of Directors**

The Directors are given appropriate information so that they can be able to maintain full and effective control over strategic, financial ,operational and compliance issues except for direction issues and guidance on general policy, the board has delegated authority for conduct of day to day business to the Managing Director. The board nonetheless retains responsibility for establishing and maintaining the Authority's overall Internal Control of financial operational and compliance issues as well as implementing strategies for long term success of the Authority.

All Board members except the Managing Director are non executive including the Chairman of the Board. The Chairman is appointed by the President whereas the other non executive members are appointed by the Cabinet Secretary and relevant line Ministries.

The Directors have wide range of skills and experience and each contributes independent judgment and knowledge to the Boards discussion.

### **Code of Ethics**

The Authority is committed to the highest standards of integrity in dealing with all stake holders. All employees of the Authority are expected to avoid activities that amount to conflict of interest.

### **Communication with the Government**

The Authority provides quarterly, half yearly and annual returns on its activities, financial statements and operations parameters to the Parent Ministry.

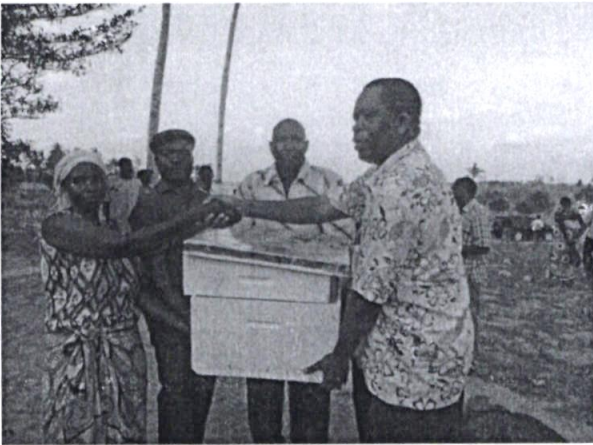
### **Directors Emoluments**

The Chairman is paid monthly honoraria and like other directors he is entitled to sitting allowance, accommodation allowance, lunch allowance and transport allowance when on official duty only.

## VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Our commitment to our stakeholders and improving quality of life of communities around our area of jurisdiction is central to our corporate identity. During the year under review, The Authority has embarked on a food security project to alleviate poverty levels in rural parts of the Coast region. The project which will be implemented and replicated in all the six counties is expected to improve farmer's income to be above a dollar (Ksh 85) a day. The project is aimed at complimenting the government's efforts of ensuring that residents do not rely on relief food. CDA intends to empower local community to be independent and not dependent on external aid. To contribute to the attainment of food security, increased income and wealth creation project also create employment opportunities through agricultural production.

Farmers were trained on the best practices and provided with 5 hens and a cock that costs Ksh. 3,000/= 100 casuarina trees, a beehive at Ksh. 4,500 and several drought resistant sweet potato seedlings for planting during that season. From sales of their products which CDA have a ready market for the farmers will be earning cash and be able to save for their school going children and household use.



**One of the farmers receiving a beehive from Mr. James Kahindi Mangi the Managing Director**

Poultry keeping, tree planting, beekeeping and sweet potato cropping components of the project would enable farmers earn on monthly basis. To grow the project to reach many farmers in the region, CDA shall take 8 chicks from the farmers that benefited in the first round of the supply after 3 months.

The Managing Director, Mr. James Kahindi Mangi said that the farmers will be monitored closely by CDA technical officers so that the project intentions are met. During the launch Rabai Member of Parliament William Kamoti urged his constituents to take Agri- business seriously to bridge the food insecurity gap .



**Children who participated in tree planting were given CDA Best Mango juice.**

CDA also provided the casuarinas trees seedlings which both the community and school children together with the CDA staff involved in the tree planting for conservation and environmental even in the long run for the commercial purposes, that Mr. Kamoti said the tree planting initiative project will be supported by the Constituency Development Fund (CDF) and the major beneficiary will be primary school pupils, youth and women groups.

The farmers were advised by CDA Head of Agriculture Mr. Mcharo Mwalugha to diversify their crops and plant those that have a comparative advantage. He added that it's not a must to grow maize, so they were urged to plant alternative crops that can do well. Poultry is an asset that can be transformed to cash any time. He said the farmers who were trained on how to grow sweet potatoes for food security. The project is expected to help the community become self reliant and to be able to alleviate their living standards.

The overall focus of CDA remains to deliver to the expectation of the society development in the region for community empowerment, socio-economic well-being and improvement of livelihoods of the people in our area of jurisdiction in line with our vision and mission through sustainable exploitation and management of the spectacular and unique natural resources in efforts to contribute immensely towards achieving the national vision of making Kenya a middle-income country with a good quality life by 2030.



**Supervising school children during the planting of casuarina seedlings tree at Rabai, Kilifi County.**



**Dances entertaining guest during Rabai event.**



**Farmers receiving Hens a cock from CDA Managing Director Mr. James Kahindi Mangi and MP William Kamoti during the Rabai event.**

MISHDP is a programme financed by Italian Government through the Coast Development Authority at a funding level of Ksh.240,000,000/= (Euros 2,607461.5) given as a grant to the Kenya Government to assist in social and economic development of Malindi and Magarini sub-counties. The main goal is to uplift the living standard of the residents of Malindi and Magarini sub-counties and specific objectives being improves the educational facilities in Malindi and Magarini sub-counties, improve health facilities and access in the county, improves roads, energy and water facilities and access in the sub county, Develop the fisheries sector for income generation, Strengthen local, county and regional capacity for sustainable programme management. In collaboration with the relevant departments in the stakeholder Ministries namely Environment; Water and Natural Resources; Education, Health, Agriculture; Livestock and Fisheries; office of the Presidency; Transport and Infrastructure.

The current status of all the projects funded by MSHDP are all completed the last one being Ngomeni sea wall as shown below which the community were having challenges of still being affected by the ocean tides hence the CDA support of the extension of the sea wall.



CDA Managing Director Mr. James Kahindi Mangi and Project Coordinator Mrs. Josephine M.

Rondo inspecting the Ngomeni Sea wall with the area community.

The Authority further constructed water pan in arid areas in Buguta and Samburu and thus helped herders with the much needed water for their cattle. However much could have been done had it not been due to financial constraints.

## **IX. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the Authority affairs.

### **Principal activities**

The principal activities of the entity continue to be

- Mwache Multipurpose Dam Development Project
- Lake Challa Water Resources Project
- Integrated Water and Coastal Management Project (Adaptation to climate change)
- Integrated Community Water Supply (Water pans, dams and boreholes)
- Kenya Coastal Development Programme
- Integrated Fruit Processing Plant Project
- CDA Honey Refinery Plant Project
- Integrated Community Development Projects (Slates Value Addition Project, Coral Blocks Cutting, Ballast Promotion)
- Wundanyi Milk Planning Project
- Dry Port
- Integrated Livestock improvement
- Boji Irrigation Scheme
- Malindi Integrated Social Health Development Programme

### **Results**

The results of the entity for the year ended June 30, 2014 are set out on page 1-3

### **Directors**

The members of the Board of Directors who served during the year are shown on page vi-ix

In accordance with Cap 449 sub section 4:2-3 the non-official members shall hold office for a period of three years from dates of their respective appointments. A retiring member shall be eligible for appointment. During the year no board member's term expired.

### **Committees of the Board**

The Board has three standing committees,

a) **Audit Committee**

The Audit committee is comprised of 7 members. The committee responsibility includes review of financial statements, compliance with accounting standards and maintain oversight on internal controls. The Authority's internal auditor attend all meetings of the committee.

b) **Finance and Establishment Committee**

The Finance and Establishment comprises of 7 members who met twice during the year. The committee is responsible for reviewing of financial statements, compliance with accounting standards, approval of Budgets/Work plans, procurement plans and its adherence to set out budgetary levels. The committee also monitors and appraises the performance of senior management staff.

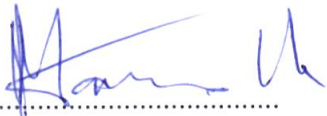
c) Research and Planning Committee

The Research and Planning committee comprises of 7 members who met twice during the year. The mandate of the committee includes review of the Strategic Plan, Annual Development Budget, monitoring of projects under implementation and operation strategies.

**Auditors**

The Auditor General is responsible for the statutory audit of the Coast Development Authority in accordance with the Section 84 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

On behalf of the Board



.....  
**Chairman of the Board**

Date: 27/7/2015

## X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 8 of the Public Finance Management Act, 2012 and section 15 (2) of the State Corporations Act, 2012 require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

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

The Directors accept responsibility for the Authority 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 –Accrual (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Authority financial statements give a true and fair view of the Authority transactions during the financial year ended June 30, 2014, and of the Authority financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority 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 financial statements were approved by the Board on \_\_\_\_\_ 2014 and signed on its behalf by:



\_\_\_\_\_  
Chairman, Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON COAST DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Coast Development Authority set out on pages 1 to 24, and which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with 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 of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 management, as well as evaluating the overall presentation of the financial statements.

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

## **Basis for Adverse Opinion**

### **1.0 Financial Performance**

As reported in the previous year, the Authority reported a deficit of Kshs.135,713,619 for the year ended 30 June 2014 (Kshs.191,532,553 in 2012/2013) resulting to an accumulated deficit of Kshs.504,807,593 as at 30 June 2014. In addition, included in the deficit of Kshs.135,713,619 is a loss of Kshs.25,462,961 (Kshs.35,915,251 in 2012/2013) realized under the Coral Block Project as compared with a profit of Kshs.28,102,029 in 2011/2012 financial year. No explanation was provided for the huge loss. If strategies are not put in place to reverse the loss making trend the Authority may face financial challenges.

### **2.0 Non-Compliance with the Law**

As reported in 2012/2013 financial year, although the mandate and operating framework for the Authority is provided under CDA Act Cap 449, the Authority has undertaken activities that are in contravention of the Act and outside its mandate. The Authority though not in the business of lending monies, advanced to a private company an amount of Kshs.1,018,317 with no clear lending and repayment terms. The private entity is no longer in operation.

In addition, the Authority advanced Kshs.1,756,135 to a defunct Local Authority for construction of a stadium without any proper documentation on the terms and conditions of the advance. In addition, the Authority is unlawfully holding an uncharged title to public land as security for the advance to the defunct Local Authority. The Local Authority is no longer in existence as it ceased on 4 March 2013 rendering the recovery of the amount doubtful.

Under the circumstances, the Authority applied public and donor funds on activities that are not within its mandate and in contravention of Coast Development Authority Act Cap 449 and the recoverability of the amounts of Kshs.2,774,452 could not be confirmed for the year ended 30 June 2014.

### **3.0 Non Compliance with Statutory Requirements**

**3.1** As reported in the 2012/2013 financial year, the Authority is registered for VAT and is supposed to make monthly returns to the Kenya Revenue Authority on all input and output tax incurred or charged by the Authority. The Authority consistently charge VAT on most of its sales and is also charged VAT on most of the purchases/expenditure but there is no evidence that VAT returns have been filed as required by the law. No provision to cover unpaid principal VAT amount and the possible penalties that may be levied by Kenya Revenue Authority have been incorporated in these financial statements.

**3.2** In addition, included in the employee benefit obligation of Kshs.81,866,239 as at 30 June 2014 is Pay As You Earn (PAYE) tax owing to Kenya Revenue Authority amounting to Kshs.48,802,829. The audit revealed that the Authority did not remit P.A.Y.E deduction during the year under review. The possible penalties that may be levied by Kenya Revenue Authority have been incorporated in these financial statements.

**3.3** Also, included in the balance of employee benefits obligation of Kshs.81,866,239 as at 30 June 2014 under note 26 to the financial statement is unremitted staff pension contribution amounting to Kshs.22,567,319. Similarly, possible penalties for non-compliance have not been accrued in these financial statements. In the circumstances, the management is in breach of the law.

#### **4.0 Property Plant and Equipment**

As reported in the previous years, property plant and equipment balance of Kshs.193,042,100 as at 30 June 2014 exclude the value of four (4) parcels of land located in Kwale, Kilifi, and Tana River counties. The land is yet to be surveyed as the Authority is yet to settle the necessary survey fees. Further the Authority does not have in its possession any documentation as a proof of ownerships. Also, the rates payable on the land have neither been determined nor has it been provided for in the financial statements.

Consequently the carrying values of property plant and equipment as stated in the financial statements as at 30 June 2014 could not be confirmed.

#### **5.0 Receivables from Non-exchange transactions**

**5.1** Included in the receivables from non-exchange transactions balance of Kshs.46,313,044 includes an amount of Kshs.35,507,001 (Kshs.27,656,483 in 2012/2013) in respect of outstanding imprest due from employees out of which Kshs.6,329,840 (Kshs.7,006,888 in 2012/2013) is imprest owed to the Authority by former staff. In addition, an amount of Kshs.260,256 due from former staff has been outstanding for several years. Any provision that would have been necessary in relation to these uncertainties has not been incorporated in these financial statements.

**5.2** Also, included in the balance of outstanding imprest of Kshs.35,507,001 is multiple imprests held by nine (9) staff amounting to Kshs.22,816,171. The audit revealed that the imprests were issued before surrender of the previously imprest. It is not clear why the imprest were issued before the previous imprests were surrendered contrary to the Government Financial Regulations and Procedures.

In the circumstance, the regularity and propriety of outstanding imprest of Kshs.22,816,171 as at 30 June 2014 could not be confirmed.

**5.3** Also, as reported in the 2012/2013 financial year, receivables from non-exchange transactions include an amount of Kshs.123,734 advanced to other Regional Development Authorities which has been outstanding for more than three years.

There was no documentary evidence availed for audit in support of how the lending was done, and the terms and conditions for the lending.

Under the circumstance the accuracy and validity of the receivables from non- exchange balance of Kshs.46,313,044 as at 30 June 2014 could not be confirmed.

## 6.0 Trade and Other Payables

As reported in 2012/2013 audit report, trade and other payables balance of Kshs.39,768,796 as at 30 June 2014 includes creditors amounting to Kshs.27,693,217 (2012/2013: Kshs.26,203,533) which have been outstanding for more than a year. It is not clear why the Authority is unable to pay the creditors as and when they fall due.

## 7.0 Service Deposits

As reported previous years, included receivables from exchange transactions of Kshs.6,266,367 as at 30 June 2014 is a service deposit of Kshs.3,087,332 which includes an amount of Kshs.221,250 being an advance payment for purchase of computers in the year 2009/2010. The computers have not been received to date. Available information indicates that the supplier has since closed down business.

In the circumstance, the recoverability of the amount of Kshs.221,250 or receipt of the computers is uncertain.

## 8.0 Cash and Bank Balance

As reported in 2012/2013 audit report, included in the cash and equivalent balance of Kshs.55,972,964 (2012/2013: Kshs.40,013,806) is an amount of Kshs.1,120,127 (2012/2013: Kshs.2,626,114) in respect of cash in hand at the coral block sales office whose cash count certificate and supporting documentation were not availed for audit. Further, records availed for audit review indicated that opening balance for cash and cash equivalent was at variance with the 2012/2013 audited figures with a total variance of Kshs.199,776 as summarized below:

Details	Balance as per 2012/2013 audited financial statement (Kshs)	Opening Balance used in these Financial statement (Kshs)	Variance
Petty Cash	180	99,580	99,400
Barclays Coral Block	573,288	673,664	100,376
<b>Total</b>	<b>573,468</b>	<b>773,244</b>	<b>199,776</b>

The differences have not been explained or reconciled. Consequently, the accuracy and completeness of cash and cash equivalent balance of Kshs.55,972,964 as at 30 June 2014 could not be ascertained.

## **Adverse Opinion**

In my opinion, because of the significance of matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of the Authority as at 30 June 2014, 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 does not comply with the Coast Development Authority Act, Cap 449 of the Laws of Kenya.



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

**Nairobi**

**29 September 2015**

**XII. STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2014**

<b>INCOME</b>		<b>2013/2014</b>	<b>2012/2013</b>
	<b>NOTES</b>	Ksh	Ksh
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	3	10,148,667	10,468,131
Transfers from other governments – gifts and services-in-kind	4	55,942,456	53,113,918
		<b>66,091,123</b>	<b>63,582,049</b>
<b>Revenue from exchange transactions</b>			
Finance income - external investments	5	293,156	828,317.00
Other income	6	41,946,323	58,578,567.00
		<b>42,239,479</b>	<b>59,406,884</b>
<b>Total Revenue</b>		<b>108,330,602</b>	<b>122,988,933</b>
<b>Expenses</b>			
Employee costs	7	128,637,577	145,429,733.60
Depreciation and amortization expense	8	22,964,691	23,304,008
Board Expenses	9	3,424,066	5,705,738
Project Expenses	10	65,337,532	76,939,054
Repairs and maintenance	11	1,768,643	625,460
Grants and subsidies	13	13,757,655	57,760,455
General expenses	12	7,973,397	4,435,158
Finance costs	14	180,660	321,880
<b>Total expenses</b>		<b>244,044,221</b>	<b>314,521,486</b>
<b>Other gains/(losses)</b>			
<b>Deficit before tax</b>		<b>(135,713,619)</b>	<b>(191,532,553)</b>
Taxation		-	-
<b>Deficit for the period</b>		<b>(135,713,619)</b>	<b>(191,532,553)</b>
Attributable to:			
Deficit attributable to minority interest		-	-
Deficit attributable to owners of the controlling entity		<b>(135,713,619)</b>	<b>(191,532,553)</b>
		<b>(135,713,619)</b>	<b>(191,532,553)</b>

The notes set out on pages 6 to 20 form an integral part of the Financial Statements

**XIII. STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

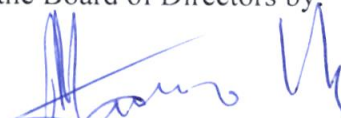
	NOTES	2013/14	2012/13
Current Assets		<b>Ksh</b>	<b>Ksh</b>
Cash and cash equivalents	15	55,972,964	40,013,806
Receivables from exchange transactions	17	6,266,367	3,224,583
Receivables from non-exchange transactions	18	46,313,044	32,642,720
Current portion of long-term receivables from exchange transactions		0	0
Community Projects	20	445,796,213	372,774,729
Inventories	19	4,003,845	836,215
Investments		0	0
		<b>558,352,432</b>	<b>449,492,053</b>
Non Current Assets			
Property, plant and equipment	23	193,042,100	205,156,009
Biological Assets	22	1,526,300	1,463,300
Investments	21	8,195,988	8,186,828
		<b>202,764,388</b>	<b>214,806,137</b>
<b>Total Assets</b>		<b>761,116,820</b>	<b>664,298,190</b>
Liabilities			
Trade and other payables from exchange transactions	24	22,320,816	23,880,320
Trade and other payables from Non exchange transactions	25	17,447,980	18,872,697
Refundable deposits from customers		0	0
Employee benefit obligation	26	81,866,239	50,627,583
Taxation			
		<b>121,635,035</b>	<b>93,380,601</b>
Non Current Liabilities			
Non-current employee benefit obligation	27	3,195,928	1,785,428
Non-current provisions	28	3,957,998	3,171,893
Negative Cash Balances	16	4,787,570	5,711,497
		<b>11,941,495</b>	<b>10,668,818</b>
<b>Total Liabilities</b>		<b>133,576,530</b>	<b>104,049,418</b>
<b>Net Assets</b>		<b>627,540,290</b>	<b>560,248,772</b>
Development Grants		1,030,825,570	826,502,470.92
Reserves		101,522,314	102,840,314.00
Accumulated Surplus		(504,807,593)	(369,094,013.)
Minority Interest			
<b>Total Net Assets and Liabilities</b>		<b>761,116,820</b>	<b>664,298,190</b>

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



Managing Director

Date... 27/7/2015



Chairman of the Board

Date... 27/7/2015

**XIV. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2014**

**Attributable to the owners of the controlling entity**

	<b>Development Grants</b>	<b>Revaluation Reserves</b>	<b>Accumulated Deficit</b>	<b>Total</b>
	Ksh	Ksh	Ksh	Ksh
<b>As at 30 June 2012</b>	<b>699,125,113</b>	<b>102,840,314</b>	<b>(177,561,460)</b>	<b>624,403,967</b>
Net Deficit For The year	-	-	(191,532,553)	(191,532,553)
Net GoK grants	185,169,833	-	-	185,169,833
Completed Community Projects	(57,792,475)	-	-	(57,792,475)
<b>Balance as at 30th June 2013</b>	<b>826,502,471</b>	<b>102,840,314</b>	<b>(369,094,013)</b>	<b>560,248,772</b>
Net Deficit for the period	-	-	(135,713,619)	(135,713,619)
Transfers to/from Accumulated Deficit	-	(1,318,000)	39	(1,317,961)
Net GoK grants	204,323,099	-	-	204,323,099
<b>Balance as at 30 June 2014</b>	<b>1,030,825,570</b>	<b>101,522,314</b>	<b>(504,807,593)</b>	<b>627,540,290</b>

## XV. STATEMENT OF CASHFLOWS AS AT JUNE 2014

	Notes	2013/14	2012/13
Deficit for the year		(135,713,619)	(191,532,553)
<b>Adjustment for</b>			
Depreciation	23	22,964,692	23,304,008
Other Receipts		38	(767,424)
Increase in provision for Bad Debts		0	0
Decrease in Reserves		0	0
<b>Cash flow from operating activities before working capital changes</b>		<b>(112,748,889)</b>	<b>(168,995,969)</b>
Increase in Inventory	19	(3,167,630)	(836,215)
Increase in Debtors Receivable Exchange	17	(3,041,784)	(20,898,038)
Increase in Debtors Non Exchange	18	(13,670,324)	
Increase in Prepayments		0	(164,080)
Increase in Creditors	24	2,196,604	38,036,113
Increase in Trade Payable	25	(2,984,221)	0
Increase in Employee Obligations	26	31,238,656	0
<b>Net cash flow from operating activities</b>		<b>(102,177,587)</b>	<b>(152,858,189)</b>
<b>Cash flow from Investment Activities</b>			
Increase /Decrease in Tangible Fixed Assets			
Purchase of Fixed Assets	23	(12,168,783)	(44,008,238)
Purchase of Biological Assets	22	(63,000)	
Increase/decrease in Work in Progress	20	(73,021,484)	(44,285,678)
Increase in Investments& Deposits	21	(9,160)	(788,219)
<b>Net cash flow from investing activities</b>		<b>(85,262,427)</b>	<b>(89,082,134)</b>
<b>Cash flow from financing Activities</b>			
Development Grants		204,323,099	185,169,833
<b>Net cash flow from financing activities</b>		<b>204,323,099</b>	<b>185,169,833</b>
<b>Cash and cash equivalent generated in the year</b>		<b>16,883,085</b>	<b>(56,770,490)</b>
<b>Cash and cash equivalent at the beginning of the year</b>		<b>34,302,309</b>	<b>91,072,799</b>
<b>Cash and cash equivalent at the end of the year</b>		<b>51,185,394</b>	<b>34,302,309</b>

**XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

	Original budget	Adjustment s	Final budget	Actual on comparable basis	Performan ce difference
	2013-2014	2013-2014	2013- 2014	2013-2014	2013-2014
<b>Revenue</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>
Property taxes	0	0	0	0	0
Public contributions and donations	767,000	-767,000	0	10148	-10148
Government grants and subsidies	20,127,346	-19,884,404	242,942	260,266	-17324
Sale of goods	0	50,000	50,000	41,946	8,054
Finance Income	0	0	0	293	-293
<b>Total income</b>	<b>20,894,346</b>	<b>-20,601,404</b>	<b>292,942</b>	<b>312,653</b>	<b>-19,711</b>
<b>Expenses</b>					
Compensation of employees	395,103	-332,409	62694	128,637	-65,943
Goods and services	20,498,877	-20,268,629	230248	319,550	-89,302
Finance cost	366	-366	0	180	-180
Rent paid	0	0	0	0	0
Taxation paid	0	0	0	0	0
Other payments	0	0	0	0	0
Grants and subsidies paid	0	0	0	0	0
<b>Total expenditure</b>	<b>20,894,346</b>	<b>-20,601,404</b>	<b>292,942</b>	<b>443,669</b>	<b>-155,425</b>
<b>Deficit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-135,714</b>	<b>135,714</b>

**XVII. NOTES TO THE FINANCIAL STATEMENTS****1. Statement of compliance and basis of preparation – IPSAS 1**

(i) The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. Previously the financial statements had been prepared in accordance with International Financial Reporting Standards (IFRS)

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

**2. Summary of significant accounting policies****a) Revenue recognition****i) Revenue from non-exchange transactions – IPSAS 23****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.

**ii) Revenue from exchange transactions – IPSAS 9****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.

**Interest income**

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

**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 are 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.

**Sales tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**e) Property, plant and equipment – IPSAS 17**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

**g) Intangible assets–IPSAS 31**

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

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

**h) 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.

**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.

**i) Inventories – IPSAS 12**

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

Costs incurred in bringing each product to its present location and condition 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. 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.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**j) 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.

**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.

The entity has an ongoing legal suit in court pending judgement. HCCC401 /2008 Kithimba and Associates Consulting Engineers VS CDA and Attorney General. Dispute Amount Ksh 6,759,000.

**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.

Coast Development Authority owns a piece of land (LR No 10841, 29.78HA) in Malindi town which was invaded by squatters. The matter is pending in court. (HCC 2076/2011)

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

The entity has not made any reserve in the current financial year.

**l) 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.

**m) 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.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

The Authority operates a defined contribution retirement benefit scheme for its employees. The assets of the scheme are held in separate trustee administered fund, which is funded by contributions from both the Authority and employees. The Authority contributes 15% and employees 7.5% to the scheme.

Scheme Administrator:

Liaison Insurance Brokers Company Limited

Fund Manager:

Insurance Company of East Africa Ltd.

The Authority and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

Total number of Staff as at 30<sup>th</sup> June 2014 was 152

**p) 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 senior managers and board members.

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

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

The preparation of the 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.

State all judgements, estimates and assumptions made:

There were no material judgements, estimates and assumptions in the current financial year.

**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 Note 25.

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

**u) Subsequent events – IPSAS 14**

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

**3. Public contributions and donations**

	2013/14 Ksh	2012/13 Ksh
KCDP	10,148,667	10,468,131
Other	-	-
<b>Total transfers and sponsorships</b>	<b>10,148,667</b>	<b>10,468,131</b>

**Reconciliation of public contributions and donations**

	2013/14 Ksh	2012/13 Ksh
<b>Balance unspent at beginning of year</b>	4,784,677	3,624,062
Current year receipts	10,148,667	10,468,131
Conditions met-transferred to revenue	(9,170,903)	(9,307,516)
<b>Conditions to be met-remain liabilities</b>	<b>5,762,440</b>	<b>4,784,677</b>

Public contributions and donations represent those funds received for specific projects undertaken funded by the World Bank. The activities are to enhance livelihoods of Coastal communities. These funds were received on the basis of the project budgets submitted. Accordingly, the entity is contractually bound to spend these funds only in connection with the projects.

Furthermore, the contract stipulates that the funds received for the project may only be applied to the costs incurred for the project.

**4. Transfers from other governments—gifts and services-in-kind**

	2013/14 Ksh	2012/13 Ksh
<b>Unconditional grants</b>		
Operational grant	55,942,456	53,113,918
Other	-	-
	<b>55,942,456</b>	<b>53,113,918</b>
<b>Conditional grants</b>	-	-
<b>Total government grants and subsidies</b>	<b>55,942,456</b>	<b>53,118,918</b>

**5. Finance income-external investments**

	2013/14	2012/13
	Ksh	Ksh
Cash investments and fixed deposits	293,156	828,317
<b>Total finance income—external investments</b>	<b>293,156</b>	<b>828,317</b>

**6. Other income**

	2013/14	2012/13
	Ksh	Ksh
Appropriation in Aid (AIA)	1,544,513	2,621,174
Wananchi Cottages	7,267,843	8,065,005
Coral Block	28,280,676	35,915,963
Magalana /Slates	1,161,813	0
Fruit Processing	1,013,208	0
Cultural Village	2,546,170	0
Water Boozer	132,100	0
Rent Income	0	95,000
Uncategorised income	0	10,470,617
Production	0	0
Decrease in provision for Bad Debts	0	1,410,808
<b>Total other income</b>	<b>41,946,323</b>	<b>58,578,567</b>

**7. Employee costs**

	2013/14	2012/13
	Ksh	Ksh
Employee related costs-salaries and wages	122,467,893	130,702,405
Employee related costs-contributions to pensions and medical aids	6,166,684	12,210,086
Travel, motorcar,accommodation,subsistence and other allowances	3,000	119,395
Housing benefits and allowances	0	1,397,848
Over time payments	0	0
Performance and other bonuses	0	1,000,000
Contribution-long service awards	0	0
Expenditure recharged to capital projects	0	0
<b>Employee costs</b>	<b>128,637,577</b>	<b>145,429,734</b>

**8. Depreciation and amortization expense**

	2013/14	2012/13
	Ksh	Ksh
Property, plant and equipment	22,964,691	23,304,008
<b>Total depreciation and amortization</b>	<b>22,964,691</b>	<b>23,304,008</b>

<b>9.Board Expenses</b>	<b>2013/14</b>	<b>2012/13</b>
Board Expenses	3,424,066	5,705,738
<b>Total Board Expenses</b>	<b>3,424,066</b>	<b>5,705,738</b>

**10.Project Expenses**

Magalana Restaurant	1,921,477	313,873
Cultural Village	3,244,364	779,016
Wananchi Cottages	6,169,954	4,851,165
Slates	677,115	-
Coral Block	53,743,637	71,831,214
Fishing/EEZ	122,298	-
Integrated Fruit	232,527	-
Production	(773,841)	-
<b>Total Project Expenses</b>	<b>65,337,532</b>	<b>76,939,054</b>

**11.Repairs and Maintenance**

Equipment	127,748	195,633
Vehicles	1,573,871	418,800
Building	67,024	11,027
<b>Total repairs and maintenance</b>	<b>1,768,643</b>	<b>625,460</b>

**12.General Expenses**

Administration Costs	701,847	441,617
Advertising and Publicity	80,100	212,091
Audit Fees	216,000	216,000
Telephone Expenses	1,068,500	-
BRC Expenses	-	8,120
Electricity and Water	63,028	175,698
Entertainment	112,035	341,533
Transport	2,807,290	633,463
Insurance	2,154,007	113,589
Internet	363,360	825,918
Online Purchase	-	53,125
Legal and Professional	407,230	-
<b>Total General Expenses</b>	<b>7,973,397</b>	<b>4,435,158</b>

**13. Grants and Subsidies**

	2013/14	2012/13
FAO FFS	118,921	187,466
Kazi Kwa Vijana	456,000	490,206
Kenya Coastal Devpt Programme(KCDP)	9,347,700	6,642,119
AIV	-	5,000
FFS	22,392	1,000
MASMA	301,314	-
Malindi Integrated Project (Mishdp)	3,305,842	50,426,664
Water Project	45,936	500
PPS	-	-
Wetland Lagoon	159,550	7,500
<b>Total Grant and Subsidies</b>	<b>13,757,655</b>	<b>57,760,455</b>

**14. Finance Costs**

	2013/14	2012/13
Bank Charges	180,660	321,880
<b>Total Finance Costs</b>	<b>180,660</b>	<b>321,880</b>

**15. Cash and Cash Equivalents**

	2013/14	2012/13
	Ksh	Ksh
Barclays Coral Block	77,643	0
Barclays Coral Block B	5,242	0
Barclays Wananchi Cottages	515,849	2,292,163
Equity Kilifi	442,410	135,536
Fixed Deposit A/C	0	9,967,910
KCB Kilifi	0	3,650
KCB Try Sq Farms	1,965,389	0
KCB Wundanyi	0	3,652
NBK FFS	155,123	74,646
NBK –FFS RH	26,042,520	1,023,623
NBK Kazi Kwa Vijana	33,530	33,530
NBK Main Account	0	1,629,798
NBK Masma Ksh	0	300,341
NBK-Malindi Integrated Project	19,809,345	17,015,485
Standard Chartered KCDP	5,762,441	4,784,677
Cash A/C Fruit Processing Plant	9,500	0
Cash A/C Magalana Restaurant	2,585	0
Cash Account Main	0	2,452
Cash Account Coral B	0	0
Cash Account Coral Block	1,120,127	2,626,114
Cash Account Coral Block HQ	0	-
Cash Account Development	0	3,094
Cash Account Slates Project	2,290	0

Cash Account-Wananchi Cottages	28,790	6,352
Petty Cash	180	99,580
Un Banked Receipts	0	11,205
<b>Total Cash and Cash Equivalents</b>	<b>55,972,964</b>	<b>40,013,806</b>

**16.Negative Cash Books**

	2013/14	2012/13
	Ksh	Ksh
Barclays Coral Block	0	673,664
KCB Treasury Square Farms	0	3,241,554
NBK Borstal	10,500	10,500
NBK Development	2,863,458	1,778,773
NBK Wetland Lagoon	10,806	7,006
NBK Main Account	1,864,118	0
NBK Masma Ksh	973	0
Un Banked Receipts	37,715	0
<b>Total Negative Cash Books</b>	<b>4,787,570</b>	<b>5,711,497</b>

**17.Receivables from Exchange contracts**

	2013/14	2012/13
	Ksh	Ksh
Surcharge	167,220	171,920
Staff Advances	1,148,440	569,646
Staff Telephone	193,985	15,485
Service Deposits	3,087,332	1,297,332
Payroll	1,669,390	1,170,200
<b>Total receivables from Exchange Contracts</b>	<b>6,266,367</b>	<b>3,224,583</b>

**18.Receivables from Non Exchange transactions**

	2013/14	2012/13
Imprests Outstanding	35,507,001	27,656,483
Ex-staff Imprest	260,256	260,256
Pledges	6,132	6,132
Advance to Other RDA's	123,734	123,734
Advance to MORDA (Ministry)	238,112	238,112
Claims	5,302,888	644,107
MISHDP	1,319,442	920,107
Pambazuko Dev Co	1,018,317	1,018,317
Ukunda Showground	1,756,136	1,756,136
Other Advances	781,025	19,336
<b>Total Receivables</b>	<b>46,313,043</b>	<b>32,642,720</b>

**19.Inventories**

	2013/14 Ksh	2012/13 Ksh
Consumable stores	1,682,476	-
Spare parts and meters	-	-
Water for distribution	-	-
Other goods held for resale	2,321,369	836,215
<b>Total inventories at the lower of cost and net realizable value</b>	<b>4,003.845</b>	<b>836,215</b>

**20. Community Projects/Work in Progress**

	2013/14 Ksh	2012/13 Ksh
Community Projects/Work in Progress	372,774,729	430,567,204
Additions during the year	73,021,484	
Completed Projects handed over		(57,792,475)
<b>Total Community Projects</b>	<b>445,796,213</b>	<b>372,774,729</b>

**21. Investments**

	2013/14 Ksh	2012/13 Ksh
Mariakani Milk Dairy	8,195,988	8,186,828
<b>Total Investment</b>	<b>8,195,988</b>	<b>8,186,828</b>

<b>22. Biological Assets</b>	<b>2013/14</b>	<b>2012/13</b>
	<b>Ksh</b>	<b>Ksh</b>
27 Cows at Chakama/66 Samburu Ranch	1,463,300	1,463,300
Sheep	63,000	-
<b>Total Biological Assets</b>	<b>1,526,300</b>	<b>1,463,300</b>

**23.Property,Plant and Equipment**  
 As at 30 June 2014

COST /VALUATION	LAND	BUILDING	COMPUTER/ PHOTOPIER	FURNITURE & FITTINGS	PLANT EQUIPMENT	MOTOR VEHICLE	TOTAL
	1%	2%	30%	12.50%	12.50%	25%	
<b>BAL.1.7.2013</b>	<b>69,180,000</b>	<b>65,920,770</b>	<b>4,064,152</b>	<b>12,568,785</b>	<b>75,736,052</b>	<b>36,509,530</b>	<b>263,979,289</b>
ADJUSTMENT/W OFF	-	(1,000,000)	(454,700)	-	(269,003)	-	(1,723,703)
ADDITIONS	3,500,000	-	123,620	-	1,845,163	7,700,000	13,168,783
<b>BAL.30.6.2014</b>	<b>72,680,000</b>	<b>64,920,770</b>	<b>3,733,072</b>	<b>12,568,785</b>	<b>77,312,211</b>	<b>44,209,530</b>	<b>275,424,368</b>
<b>DEPRECIATION</b>							
<b>BAL.1.7.2013</b>	<b>3,773,202</b>	<b>4,681,243</b>	<b>2,888,004</b>	<b>2,911,195</b>	<b>24,085,575</b>	<b>20,484,061</b>	<b>58,823,280</b>
ADJUSTMENT/W OFF			(454,700)		(269,003)		(723,703)
CHARGE FOR THE YEAR-REVALUED ASSETS	550,000	768,000					1,318,000
CHARGE FOR THE YEAR	176,800	530,415	883,127	1,571,098	9,670,281	10,132,970	22,964,692
<b>BAL.30.6.2014</b>	<b>4,500,002</b>	<b>5,999,659</b>	<b>3,316,431</b>	<b>4,482,292</b>	<b>33,486,854</b>	<b>30,617,030</b>	<b>82,382,268</b>
<b>NBV AS AT</b>							
<b>30.6.2014</b>	<b>68,179,998</b>	<b>58,941,112</b>	<b>416,641</b>	<b>8,086,492</b>	<b>43,825,358</b>	<b>13,592,500</b>	<b>193,042,100</b>
<b>30.6.2013</b>	<b>65,406,798</b>	<b>61,239,527</b>	<b>1,176,148</b>	<b>9,657,590</b>	<b>51,650,477</b>	<b>16,025,469</b>	<b>205,156,009</b>

**24. Trade and other payables from exchange transactions**

	2013/14	2012/13
	Ksh	Ksh
Trade Payables	22,320,816	23,880,320
<b>Total Trade and other payables from exchange transactions</b>	<b>22,320,816</b>	<b>23,880,320</b>

**25. Trade and Other Payables from Non Exchange**

	2013/14	2012/13
Claims	1,006,565	458,888
Imprest	1,020,925	
Farmers Revolving Fund	105,310	105,310
MISHDP Liability	3,414,965	6,408,285
VAT	9,421,722	9,421,722
Wetland	2,478,492	2,478,492
<b>Total</b>	<b>17,447,980</b>	<b>18,872,697</b>

**26. Employee Benefit Obligation**

	2013/14	2012/13
Opening Balance	50,627,583	8,023,374
Movement during the year	31,238,656	42,604,20
<b>Total</b>	<b>81,866,239</b>	<b>50,627,583</b>

**27. Non Current Employee Benefit Obligation**

	2013/14	2012/13
Service Gratuity	3,195,928	1,785,428
<b>Total</b>	<b>3,195,928</b>	<b>1,785,428</b>

**28. Current provisions**

	Land Balance rehabilitation Ksh	Leave benefits Ksh	Performance bonuses Ksh
Balance at the beginning of the year	3,171,893	-	-
Additional provisions raised	786,105	-	
Provision utilized	(-)	(-)	(-)
Change in provision due to change in			

Discount factor and time value of money	(-)	(-)	(-)
Transferred from non-current provisions	-	-	-
<b>Balance as at 30 June 2014</b>	<b>3,957,998</b>	-	-

### 29. Related party disclosures

The Authority paid a total of Ksh 960,000 as Chairman's Allowance during the year to Mr Martin Tsuma.

### 30. Commitments and contingencies

No commitment for the financial year.

### 31. Cash generated from operations

Deficit for the year		(135,713,619)	(191,532,553)
<b>Adjustment for</b>			
Depreciation	23	22,964,692	23,304,008
Other Receipts		38	(767,424)
Increase in provision for Bad Debts		0	0
Decrease in Reserves		0	0
<b>Cash flow from operating activities before working capital changes</b>		<b>(112,748,889)</b>	<b>(168,995,969)</b>
Increase in Inventory	29	(3,167,630)	(836,215)
Increase in Debtors Receivable Exchange	17	(3,041,784)	(20,898,038)
Increase in Debtors Non Exchange	18	(13,670,324)	
Increase in Prepayments		0	(164,080)
Increase in Creditors	24	2,196,604	38,036,113
Increase in Trade Payable	25	(2,984,221)	0
Increase in Employee Obligations	26	31,238,656	0
<b>Net cash flow from operating activities</b>		<b>(102,177,587)</b>	<b>(152,858,189)</b>
<b>Cash flow from Investment Activities</b>			
Increase /Decrease in Tangible Fixed Assets			
Purchase of Fixed Assets	23	(12,168,783)	(44,008,238)
Purchase of Biological Assets	22	(63,000)	
Increase/decrease in Work in Progress	20	(73,021,484)	(44,285,678)
Increase in Investments& Deposits	21	(9,160)	(788,219)
<b>Net cash flow from investing activities</b>		<b>(85,262,427)</b>	<b>(89,082,134)</b>
<b>Cash flow from financing Activities</b>			
Development Grants		204,323,099	185,169,833
<b>Net cash flow from financing activities</b>		<b>204,323,099</b>	<b>185,169,833</b>
<b>Cash and cash equivalent generated in the year</b>		<b>16,883,085</b>	<b>(56,770,490)</b>
<b>Cash and cash equivalent at the beginning of the year</b>		<b>34,302,309</b>	<b>91,072,799</b>
<b>Cash and cash equivalent at the end of the year</b>		<b>51,185,394</b>	<b>34,302,309</b>

**32. Events after the reporting period**

There are no material non-adjusting events after the reporting date.

**KVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Going Concern	The Authority source of funding is mainly through moneys as may from time to time provided by Parliament as prescribed in the Coast Development Authority Act Cap 449 (Revised 1992) Part 1V – Financial Resources and Control. The accumulation of underfunding mainly on recurrent has resulted in build-up of pending bills. Management has adopted measures to improve performance of income generating projects through efficiency and wider customer base. There are also measures put in place to strengthen the internal controls and seal any possible loopholes.	Mr. Fentus Mng'ong'o Ag. Business Development Manager	Not Resolved	30 <sup>th</sup> June 2016
2	Compliance with the Law	The CDA Act Cap 44 of the laws of Kenya revised in 1992 Part 2 (3c) Establishment and Powers of Authority allows the Authority to lend money. The Authority will engage a debt collector for the recovery of the money. The terms and conditions for	Ms. Edel Fuchaka, Manager Legal Services	Not Resolved	30 <sup>th</sup> June 2016

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		lending were specified in the agreement signed between The Authority and the former Kwale County Council whose successors are the Kwale County.			
3	Non Compliance with Value Tax Act	The Authority is keen on obtaining a Tax Compliance Certificate from KRA. The Authority is a KRA Agent for collection of VAT and ETR machines are used in all the sites to ensure all taxes are captured accordingly	Ms.Mary Salama Dindi Chief Manager, Finance and Accounts	Not Resolved	30 <sup>th</sup> September 2015
4	Inappropriate Payment of Bonus	The reward was based on performance of 2010/11 .The Authority was ranked first in the Regional Development Authority and 7 <sup>th</sup> nationally in Performance Contract with a composite score of 2.3 in the Very Good category. In the same year the Authority raised revenue of Ksh 68,679,837 as compared to Ksh 15,682,448 in the previous year a growth of 77% in revenue generation. The withdrawal of Ksh 300,000 was for 6 directors who were paid later as they were not available to pick their bonus when the rest of the directors were being paid.		Resolved	
5	Property Plant and Equipment	i) The four parcels of land have been surveyed but the Authority is yet to receive the survey	Ms.Edel Fuchaka Manager, Legal Services	Not Resolved	31 <sup>st</sup> Dec 2015

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>reports</p> <p>ii) All four parcels have sales agreements and the Masalani land has an allotment letter</p> <p>iii) The rates payable are yet to be determined but will be settled once the transfer process is completed.</p>			
6	Trade and other Receivables	<p>i) Letters have been sent to all former staff advising on status of outstanding and requesting immediate settlement/surrender of the same failure to which the Authority will pursue the same through their employers. The former staffs are still within the Public Service and have not completed the clearing process with the Authority.</p> <p>ii) The Authority is following up with the respective RDA's to recover the amount</p> <p>iii) The Authority will engage a debt collector for recovery of the money. The terms and conditions for lending were specified in the agreement between CDA and the former County Council whose successors are the Kwale County.</p> <p>iv) The Authority will initiate the winding up</p>	<p>Ms. Edel Fuchaka Manager, Legal Services</p> <p>Ms.Mary Salama Dindi Chief Manager, Finance and Accounts</p>	Not Resolved	30 <sup>th</sup> June 2016


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		of Pambazuko			
7	Trade and Other Payables	The reduction of VAT by Ksh 7,823,474 was largely due to write of VAT approved by Treasury and the Donor the Italian Government. The Malindi project is Tax exempt.DA1 forms approving the write off attached. The balance of Kes 2,455,342 was reclassified to MISHDP liabilities as it relates to W/Tax for the same project		Resolved	
8	Prepayments	The Authority has instituted process for recovery of the amount through a debt collector	Ms. Edel Fuchaka Manager, Legal Services	Not Resolved	30 <sup>th</sup> June 2016
9	Cash and Bank Balances	The Coral cash has now reduced to Ksh 1,120127. The balance was reduced by posting out cash expenses incurred at the site which had not been accounted for.	Ms. Mary Salama Dindi, Chief Manager, Finance and Accounts	Not Resolved	31 <sup>st</sup> July 2015

Managing Director



Date... 27/7/2015

Chairman of the Board



Date... 20 27/7/2015