



KENYA COCONUT DEVELOPMENT AUTHORITY
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013



KENYA COCONUT DEVELOPMENT AUTHORITY



Kenya Coconut Development Authority
Annual Report and Financial Statements for the year ended 30 June 2013

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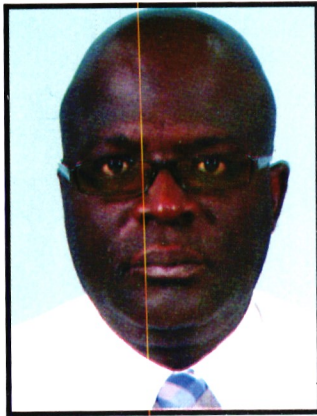
THE BOARD OF DIRECTORS

The directors who held office during the year ended 30th June 201

| Name | Title | Date of Appointment |
|------------------------|---|----------------------------|
| Dr. Titus T. Kadere | Chairman | 22 October, 2010 |
| Mr. George Mazuri | Director | 15 October, 2010 |
| Mr. Edward Kingi | Director | 15 October, 2010 |
| Ms. Mwanaisha Chidzuga | Director | 15 October, 2010 |
| Ms. Maria Nyariki | Alternate to PS – Ministry of Agriculture, Livestock & Fisheries | |
| Mr. Godfrey Busolo | Alternate to PS – National Treasury | |
| Mr. Fentus Mng'ong'o | Alternate to PS – Ministry of Planning & Devolution | |
| Ms. Emily Gatuguta | Alternate to PS – Ministry of Industrialization and Enterprise Development | |
| Dr. Francis K. Fondo | Managing Director | 5 January, 2011 |



KCDA BOARD OF DIRECTORS



Dr. Titus T. Kadere
Chairman



Mr. George Mazuri
Director



Mr. Edward Kingi
Director



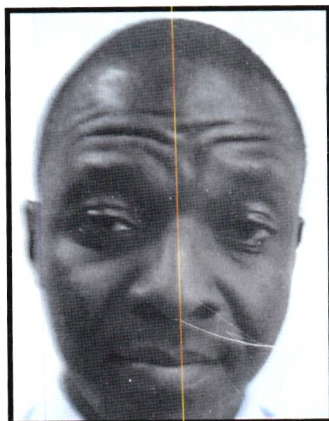
Ms. Mwanaisha Chidzuga
Director



Ms. Emily Gatuguta
Alternate to PS
Ministry of Industrialization
and Enterprise Development



Ms. Maria Nyariki
Alternate to PS
Ministry of Agriculture,
Livestock & Fisheries



Mr. Godfrey Busolo
Alternate to PS
National Treasury



Mr. Fentus Mng'ong'o
Alternate to PS
Ministry of Planning & Devolution



Dr. Francis K. Fondo
Managing Director



DIRECTORS' REPORT

The Directors submit their report for the year ended 30 June 2013, which discloses the financial state of affairs of the Authority.

VISION

To be the leading agent in the development of a competitive coconut industry in Africa.

MISSION STATEMENT

To provide a framework for enhanced services and earnings to our customers through the development promotion and regulation of the coconut industry in Kenya.

MANDATE AND CORE FUNCTIONS

The primary mandate of the Authority is promote and regulate the coconut industry in Kenya. To achieve this, the Authority is expected to:

- Advising the Government and the industry on matters related to coconut for planning purposes
- Maintaining a database and monitoring all players in the industry
- Enhancing agri-business in the industry by facilitating processing, packaging and distribution of coconut products.
- Arbitrating on disputes arising between the growers and any of the players in the industry
- Reducing conflicts by vetting and witnessing contracts entered into between the growers and any other players in the industry
- Appointing agents for the implementation or performance of any function of the Authority under the legal Order creating the Authority
- Monitoring imports and exports of coconut produce and by-products for efficient management of the coconut industry



HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

6th Floor, NSSF Building

Nkrumah Road

P.O. Box 84351 – 80100

Mombasa

Telephone: +254 (041) 2319617/6

Email: info@kcda.go.ke

BANKERS

Kenya Commercial Bank Ltd.

Treasury Square Branch,

Nkrumah Road,

P.O. Box 90254 – 80100,

Mombasa.

Co-operative Bank of Kenya Ltd.

Nkrumah Road Branch,

Nkrumah Road,

P.O. Box 87771 – 80100,

Mombasa.

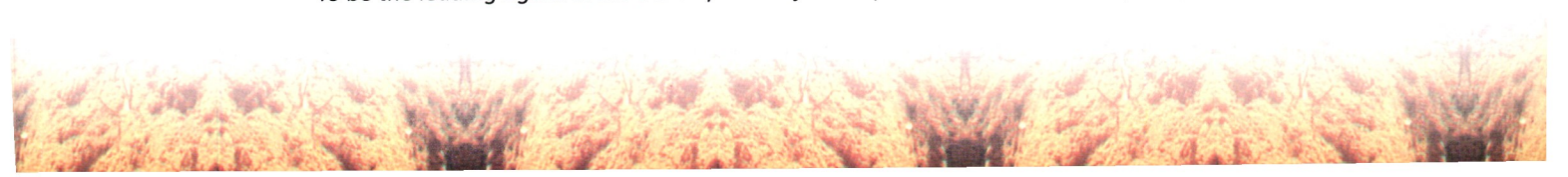
AUDITORS

Auditor General.

Office of the Auditor General,

P.O. Box 30084 - 00100,

Nairobi.





STATEMENT OF DIRECTORS' RESPONSIBILITIES

As envisaged by the State Corporations Act (Cap. 446) section 14. (1) every state corporation shall keep or cause to be kept proper books recording all the property, undertakings, funds, activities, contracts, transactions and other business of the state corporation. Section 16 (1) of the Legal notice No. 15 of 27th August, 2007 is in conformity with the Cap 446 on the same. As such the directors are legally compelled to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Authority as at the end of the financial year and of the operating results of the Authority for that year. It also requires the directors to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

In this regard therefore the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the State Corporations Act and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRSs and in the manner required by the State Corporations Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial controls.

Signed on behalf of the board by:

FRANCIS K. FONDO, PhD
MANAGING DIRECTOR

MR. RAYMOND KAHINDI
GENERAL MANAGER TECHNICAL SERVICES





MANAGEMENT REPORT

After a severe macroeconomic shock at the end of 2011 when inflation was almost hitting 20 percent, the government of Kenya took decisive action and increased interest rates to stabilize the currency and help reduce inflation. Economically, 2012 has been almost a mirror image of 2011. Last year the economy started out strongly, but by mid-year, high fuel and food prices led to a rapid rise in inflation, a weakened exchange rate, and ultimately a radical increase in interest rates towards the end of the year. Tightened monetary policy, together with an easing in global food and fuel prices, have brought inflation under control and stabilized the economy in 2012. According to the seventh edition of the World Bank's Kenya Economic Update, observed that as 2012 comes to a close, Kenya's economy stabilized after a rocky start. The Central Bank's tight monetary policy in the first half of the year effectively brought inflation under control and stabilized the exchange rate. But this came at a cost, as growth slowed to 3.4 percent in the first half of the year short from the expected 4.3 percent growth. Historically as the country approaches electioneering period and immediately after elections, Kenya's economy tends to slow down.

Agricultural growth lagged behind growth in the industrial and services sector in the first half of 2012. It grew by 2.0 percent in the first half year of 2012, compared to 2.1 percent in 2011, reflecting a lacklustre performance in the tea and horticulture subsectors. Horticulture exports declined by 3.5 percent in volume, but values increased marginally by 1.1 percent in the first eight months of 2012. Horticulture exports and prices have picked up slightly in the last few months as the European market stabilized.

AUTHORITY (KCDA) PERFORMANCE

Grants from the Government and Government Agencies (SAGAS) grew from Kshs 94.1 million to Kshs 179.4 million during the year. Turnover also grew by 0.2% to stand at Kshs 2.0 million. The Authority registered a surplus of Kshs 41.3 million.

The total asset base of the Authority increased to Kshs 66.3 million from Kshs 30.2 million during the year, which represents a 54.4% increase.

The Authority prepared its financial statements using the Integrated Enterprise Resource Planning (ERP) with effect from 1st July 2012. This was to enhance efficiency in the operations of the Authority.

STRATEGIC PLAN

The Authority reviewed the 2008-2012 Strategic Plan and developed a new Strategic Plan using the Balanced Scorecard approach. In the implementation of the 2008-2012 Strategic Plan, the Authority faced a number of challenges in the measurement of performance. The review process took cognizance of these challenges together with emerging strategic management principles such as the use of a





Balance Scorecard as a tool to develop and implement the plan. The new Strategic Plan sets out a new course which clearly outlines our objectives and how they will be achieved. It also recognizes the importance in the use and application of information technology; and enhanced collaborations and partnerships with other institutions as well as with industry and the government

The Balanced Scorecard approach recognizes the importance of human and financial resources in the implementation of a strategic plan. In addition, it streamlines the business processes to improve on our service delivery in order to satisfy the current customers and attract new ones. This approach laid emphasis on strategic partnerships with stakeholders, building the coconut industry, attaining financial sustainability and building institutional capacity. These efforts are intended to provide a framework for improving the livelihood of our stakeholders. The revised Strategic Plan is also aligned to the Kenya Vision 2030 which recognizes agriculture as a vital sector towards the contribution of the economic growth of the country. It is anticipated that the implementation of this strategic plan will unlock the growth potential of the coconut industry. This will raise the current contribution to the national GDP from KES 3.2 billion to KES 25 billion annually. To realize and fully implement the New Strategic Plan the Authority will require a budget of KES 1.4 billion. To this end, elaborate resource mobilization strategies have been put in place to ensure sufficient funding. In addition, the organization structure will be aligned to the new strategy to realize its full potential.

FUTURE OUTLOOK

With the New Strategic Plan 2013/2017 and its alignment with the Vision 2030 Master Plan, the Authority is upbeat to provide a framework for enhanced services and earnings to our customers through the development, promotion and regulation of the coconut industry in Kenya. This will be in line with the vision of the Authority to be the leading agent in the development of a competitive coconut industry in Africa.

Guided by the Strategic Plan 2013/2017, the Authority will strive to increase value to our customers and stakeholders and improve on our internal business processes through improved knowledge, skills, tools, technology, leadership and related organizational capacities.

Coconut farming can play a vital role in the growth of the national economy and has the potential of reducing poverty and unemployment, and contributing to foreign exchange earnings through exports. Coconut has a wide range of economic benefits and the industry has the potential of contributing KES 25 billion to the country's GDP (IDM/DANIDA, 2007). Products derived from coconut offer solutions that create opportunities for improved livelihood.

A proposal therefore has been made to include the coconut subsector into the MTEF in an effort to unlock the potential in the coconut. When implemented, it is expected that the strategies so proposed will contribute towards wealth creation and poverty alleviation and by extension contribute towards the achievement of Kenya Vision 2030. The funds earmarked are expected from the exchequer and





development partners. It is envisaged that with effective implementation of this proposal over 500, 000 jobs will be created through forward and backward linkages with a remarkable return on investment.

The Kenya Agricultural Research Institute (KARI) – Mtwapa transferred 7 acres of land to KCDA for the plans of construction of its offices. The Authority was also given land at Mangai by ADC Lamu for the purpose of research. The Authority is still in the process of securing the ownership of the two Plots

The Authority has proposed a budget of Kshs. 235.5 Million in the 2014 / 2015 budget to start off the Construction of an office administration block at Mtwapa so as to improve the working, save the Authority from rent fees and give room for industry demonstrations that cannot take place at its rented premise on the 6th floor of NSSF Building, Mombasa. The proposal is awaiting approval from the National Treasury.

The new reforms of restructuring of Government parastatals affects the Authority's going concern, With the enactment of Agricultural, Fisheries and Food Act (AFFA) there is a possibility that KCDA will merge with other parastatals which are within the Ministry of Agriculture, Livestock and Fisheries.

APPRECIATION

The Customer Satisfaction Survey for the year 2012/2013 rated the Authority at 85.65% satisfaction level. This suggests that the Authority has achieved a significant growth on its impact on the industry. With the professionalism level rated at 89.70 % the Authority is confident to deliver its mandate. The Authority, comprising of the Board, management, staff and our strategic partners is committed to delivering outstanding services to our customers and stakeholders. On behalf of the Board and Management, I wish to sincerely thank all our staff, customers, suppliers, external auditors, Inspectorate of State Corporations and the Ministry of Agriculture, Livestock and Fisheries for their support, invaluable advice and confidence in us.

FRANCIS K. FONDO, PhD

MANAGING DIRECTOR
KENYA COCONUT DEVELOPMENT AUTHORITY





KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA COCONUT DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Coconut Development Authority set out on pages 9 to 26 which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive incomes, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable 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 its 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 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 with a view to obtaining reasonable assurance that 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 controls. 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 audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Coconut Development Authority as at 30 June 2013, and of its financial performance and of its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with Kenya Coconut Development Authority Order 2007.

Emphasis of Matter

As disclosed in Note 1 J to the financial statements the Authority has a contingent liability of Kshs.4,582,204 being undeducted tax arrears, interest and penalties. The Authority has applied for a waiver based on the errors detected from the computation. If the Authority will not get a positive response from the appeal, then they will have to pay the amount of Kshs 4,582,204 as tax arrears for 2011/2012 tax computation.

Edward R. O. Ouko, CBS
AUDITOR-GENERAL

NAIROBI

12 February 2014





Kenya Coconut Development Authority
Annual Report and Financial Statements for the year ended 30 June 2013

| STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013 | | | |
|---|---------------------|--------------------------|--|
| | | <u>2012/2013</u> | <u>2011/2012</u> RESTATED |
| Assets | <u>Notes</u> | <u>Kshs</u> | <u>Kshs</u> |
| Non - Current Assets | | | |
| Property Plant And Equipment | 2 | <u>23,996,490</u> | <u>22,083,589</u> |
| | | <u>23,996,490</u> | <u>22,083,589</u> |
| Current Assets | | | |
| Inventory | 3 | 436,799 | 77,176 |
| Deposit | 4 | 185,960 | 185,960 |
| Accounts Receivables | 5 | 1,039,429 | 1,471,857 |
| Cash And Bank | 6 | <u>41,165,510</u> | <u>6,524,587</u> |
| | | <u>42,827,698</u> | <u>8,259,580</u> |
| Current Liabilities | | | |
| Accounts Payables | 7 | <u>10,482,860</u> | <u>15,662,449</u> |
| | | <u>10,482,860</u> | <u>15,662,449</u> |
| Net current assets | | <u>32,344,838</u> | <u>(7,402,869)</u> |
| Total net Assets | | <u>56,341,328</u> | <u>14,680,721</u> |
| Financed By, | | | |
| Equity | | | |
| Grant | | 6,473,673 | 6,473,673 |
| Capital Fund | | 16,694,224 | 16,694,224 |
| Revenue Reserve | | <u>33,173,431</u> | <u>(8,487,176)</u> |
| Total Equity | | <u>56,341,328</u> | <u>14,680,721</u> |

Approved by the board on 24th July 2013, signed on its behalf by:

FRANCIS K. FONDO, PhD

MANAGING DIRECTOR

MR. RAYMOND KAHINDI

GENERAL MANAGER TECHNICAL SERVICES



| STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013 | | | |
|--|--------------|---------------------------|-------------------------------|
| | | <u>2012/2013</u> | <u>2011/2012 RESTATED</u> |
| Income | <u>Notes</u> | <u>Kshs</u> | <u>Kshs</u> |
| Grants | 8 | 179,451,799 | 94,172,974 |
| Turnover | 9 | 2,062,694 | 1,837,370 |
| Other Income | 10 | 202,500 | 414,010 |
| Miscellaneous Income | 11 | 475,081 | = |
| Total Income | | <u>182,192,074</u> | <u>96,424,354</u> |
| Expenditure | | | |
| Personnel Emoluments | 12 | 46,641,302 | 49,263,231 |
| Board Expenses | 13 | 11,471,980 | 8,781,411 |
| Operating Expenses | 14 | 13,726,508 | 19,014,027 |
| Administrative Expenses | 15 | 55,658,759 | 19,300,345 |
| Seedling project expense | 16 | 9,136,202 | 5,041,440 |
| NCST project expense | 17 | 817,785 | 858,485 |
| Repairs And Maintenance | 18 | 3,078,930 | 2,765,872 |
| Loss on Disposal | | = | 17,901 |
| Total Operating Expenses | | <u>140,531,467</u> | <u>105,042,710</u> |
| Operating Surplus / (Deficit) | | 41,660,607 | (8,618,356) |
| Surplus / (Deficit) for the Year | | <u>41,660,607</u> | <u>(8,618,356)</u> |

Approved by the board on 24th July 2013, signed on its behalf by:

FRANCIS K. FONDO, PhD
MANAGING DIRECTOR

MR. RAYMOND KAHINDI
GENERAL MANAGER TECHNICAL SERVICES





Kenya Coconut Development Authority
Annual Report and Financial Statements for the year ended 30 June 2013

| STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED | | | | |
|--|-------------------------|--------------------------|---------------------------|--------------------------|
| 30 JUNE 2012 | | | | |
| | GRANT | CAPITAL | REVENUE | |
| | KSHS | FUND | RESERVE | TOTAL |
| | KSHS | KSHS | RESTATED | KSHS |
| Balance as at 01.07.2011 | 6,473,673 | 16,694,224 | 131,180 | 23,299,077 |
| Deficit for the year | - | - | (8,618,356) | (8,618,356) |
| Balance As At 30.06.2012 | <u>6,473,673</u> | <u>16,694,224</u> | <u>(8,487,176)</u> | <u>14,680,721</u> |

| STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED | | | | |
|--|-------------------------|--------------------------|--------------------------|--------------------------|
| 30 JUNE 2013 | | | | |
| | GRANT | CAPITAL | REVENUE | |
| | KSHS | FUND | RESERVE | TOTAL |
| | KSHS | KSHS | KSHS | KSHS |
| Balance as at 01.07.2012 | 6,473,673 | 16,694,224 | (8,487,176) | 14,680,721 |
| Surplus for the year | - | - | 41,660,607 | 41,660,607 |
| Balance As At 30.06.2013 | <u>6,473,673</u> | <u>16,694,224</u> | <u>33,173,431</u> | <u>56,341,327</u> |



Kenya Coconut Development Authority
Annual Report and Financial Statements for the year ended 30 June 2013

| STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2013 | | |
|--|---------------------------|---------------------------|
| | <u>2012/2013</u> | <u>2011/2012</u> |
| | (Kshs) | RESTATED |
| | | (Kshs) |
| Cash flow from Operating Activities | | |
| Surplus For The Year | 41,660,607 | (8,618,356) |
| Add Back Non - Cash Transactions :- | | |
| Depreciation | 4,730,471 | 4,292,385 |
| Loss on Disposal | - | 17,901 |
| Decrease In Trade and Other Receivables | 432,428 | 1,997,010 |
| Decrease In Trade and Other Payables | (5,179,588) | 1,535,672 |
| Increase In Inventory | (359,623) | (77,176) |
| Net Cash Generated from Operating Activities | <u>41,284,295</u> | <u>(852,566)</u> |
| Cash flow from Investing Activities | | |
| Purchase of Non - Current Assets | (6,643,372) | (9,671,765) |
| Disposal of Non – Current Assets | - | 40,468 |
| Net Cash Utilized for Investing Activities | <u>(6,643,372)</u> | <u>(9,631,297)</u> |
| Increase in Cash and Cash Equivalents | 34,640,922 | (10,483,863) |
| Cash and Cash Equivalents as at the beginning of the year | <u>6,524,587</u> | <u>17,008,449</u> |
| Cash and Cash Equivalents as at the end of the year | <u>41,165,509</u> | <u>6,524,587</u> |





NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies

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

a. Basis of Preparation and Form of Presentation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB).

The accounts on expenditure have been prepared on an accrual basis

b. Income Recognition

Income is recognized in the period in which it is received. Government grant is only recognized on receipt.

c. Property, Plant and Equipment

All categories of Property Plant and Equipment are initially recorded at cost. All repairs and maintenance costs are charged to the income and expenditure account during the financial period in which they are incurred.

Depreciation is calculated on a reducing balance basis at rates designed to write down the assets to their estimated residual values over their useful lives using the following annual rates

Depreciation is calculated from the date of purchase, this is a change from the initial depreciation being charged on prorata basis for additions made during the year. This has led to a decrease in closing balance for accumulated depreciation for fixed assets 2011/2012 at Kshs. 45,854, the financial statement for 2011/2012 accounts has been restated accordingly

| | Rate per Annum (%) |
|---------------------------------|---------------------------|
| Computers | 30.00 |
| Computer software | 33.33 |
| Motor vehicles | 25.00 |
| Property, Plant and Equipment | 12.50 |
| Furniture, fixtures and fitting | 12.50 |
| Building | 2.00 |





d. Cash and Cash Equivalents

Cash and cash equivalent represent cash on hand and bank balances.

e. Income Tax

The Authority being a non trading entity is not subject to income tax

f. Employee Benefits

The Authority contributes to National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to maximum of Kshs 200 per employee per month. Any contributions made to the NSSF in respect of current service are charged against income in the year of contribution.

Gratuity is provided at the rate of 31% of basic salary for employees serving under contract terms.

The Authority operates a Defined Contribution Scheme, the employer contribute 15% of the basic salary while employees on permanent and pensionable terms contributes 7.5%. The fund is administered by Jubilee Insurance Company. The Authority had 28 permanent and pensionable staff as at the end of the financial year 2012/2013.

g. Reporting Currency

These financial statements are presented in Kenya Shillings (kshs) as the reporting currency rounded off to the nearest shilling.

h. Inventory Valuation

The Authority changed inventory accounting policy from expensing stock to matching principle where only stock utilized during the period is expensed. The Authority is a non-trading entity and thus Stock includes office consumables. Valuation of stock was on FIFO (First in First Out) Basis.

This change has led to the recognition of the closing inventory valued at Kshs. 77,176 balance for the year 2011/2012, Stationery expense reduced by the same figure, the financial statement for 2011/2012 accounts has been restated accordingly

i. Restated Balances

Surplus for last financial year (2011/2012) was restated to Kshs. (8,618,356) from Kshs. (8,741,386) due to Prior year adjustment of Kshs. (123,030):-





Kshs. 45,854 which includes a decrease in closing balance for accumulated depreciation for fixed assets (2011/2012). This is due the change from the manual system to implementation of the ERP system which brought change of calculating depreciation from depreciation being charged on prorata basis for additions made during the year to depreciation being calculated from the date of purchase.

Kshs.77,176 which include closing balance of inventory for the year 2011/2012. Stationery was adjusted with the same figure and consequently increasing the surplus.

j. Contingent Liabilities

The Authority had a demand of tax arrears of Kshs. 5,060,621.00 for a Tax Assessment for the period January 2011 to October 2012 conducted by Kenya Revenue Authority. The Authority has paid Kshs. 399,667.00 for principal tax not in dispute in respect of withholding tax and Kshs. Kshs. 78,750.00 in respect of PAYE. The Authority has officially requested for a waiver of the interest and penalties imposed on the amount paid.





Kenya Coconut Development Authority
Annual Report and Financial Statements for the year ended 30 June 2013

2. Property, Plant & Equipment FY 2012/2013

| | FURNITURE & FITTINGS | EQUIPMENTS | COMPUTERS | MOTOR VEHICLES | COMPUTER SOFTWARE | BUILDING | TOTAL |
|---------------------------------------|----------------------|------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | (Kshs) | (Kshs) | (Kshs) | (Kshs) | (Kshs) | (Kshs) | (Kshs) |
| Cost: | | | | | | | |
| Balance b/f | 5,986,690 | 2,903,437 | 5,082,546 | 12,933,558 | 3,140,468 | 5,181,089 | 35,227,788 |
| Additions | 187,920 | 998,995 | 2,023,900 | 3,432,557 | - | - | 6,643,372 |
| Total | 6,174,610 | 3,902,432 | 7,106,446 | 16,366,115 | 3,140,468 | 5,181,089 | 41,871,160 |
| Accumulated depreciation: | | | | | | | |
| Balance b/f RESTATED | 1,942,310 | 936,999 | 2,679,245 | 6,208,551 | 1,282,108 | 94,986 | 13,144,196 |
| Depreciation charge for the period | 513,378 | 295,482 | 953,285 | 2,253,345 | 613,259 | 101,722 | 4,730,471 |
| Total | 2,455,687 | 1,232,481 | 3,632,530 | 8,461,896 | 1,895,367 | 196,708 | 17,874,667 |
| Net Book Value: | | | | | | | |
| Current (2012/2013) | 3,718,923 | 2,669,952 | 3,473,917 | 7,904,220 | 1,245,102 | 4,984,381 | 23,996,490 |
| Previous year (2011/2012) RESTATED | 4,044,380 | 1,966,438 | 2,403,301 | 6,725,007 | 1,858,360 | 5,086,103 | 22,083,589 |



Kenya Coconut Development Authority
Annual Report and Financial Statements for the year ended 30 June 2013

Property, Plant & Equipment FY 2011/2012

| | FURNITURE & FITTINGS | EQUIPMENTS | COMPUTERS | MOTOR VEHICLES | COMPUTER SOFTWARE | BUILDING | TOTAL RESTATED |
|------------------------------------|----------------------|------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | (Kshs) | (Kshs) | (Kshs) | (Kshs) | (Kshs) | (Kshs) | (Kshs) |
| Cost: | | | | | | | |
| Balance b/f | 5,357,930 | 2,813,425 | 4,509,102 | 10,316,850 | 2,648,966 | - | 25,646,273 |
| Additions | 628,760 | 90,012 | 1,048,930 | 2,616,708 | 106,266 | 5,181,089 | 9,671,765 |
| Transfer | - | - | (385,236) | - | 385,236 | - | - |
| Disposals | - | - | (90,250) | - | - | - | (90,250) |
| Total | 5,986,690 | 2,903,437 | 5,082,546 | 12,933,558 | 3,140,468 | 5,181,089 | 35,227,788 |
| Accumulated depreciation: | | | | | | | |
| Balance b/f | 1,255,918 | 591,676 | 1,677,725 | 5,066,991 | 291,386 | - | 8,883,696 |
| Depreciation charge for the period | 566,463 | 283,157 | 1,118,302 | 1,476,009 | 789,690 | 94,986 | 4,328,608 |
| Transfer | - | - | (96,309) | - | 105,940 | - | 9,631 |
| Disposals | - | - | (31,881) | - | - | - | (31,881) |
| Total | 1,822,381 | 874,833 | 2,667,837 | 6,543,000 | 1,187,016 | 94,986 | 13,190,052 |
| Adjustments | 119,929 | 62,166 | 11,408 | -334,449 | 95,092 | - | -45,854 |
| Adjustments b/d | 1,942,310 | 936,999 | 2,679,245 | 6,208,551 | 1,282,108 | 94,986 | 13,144,196 |
| Net Book Value: | | | | | | | |
| Current (2011/2012) | 4,044,380 | 1,966,438 | 2,403,301 | 6,725,007 | 1,858,360 | 5,086,103 | 22,083,589 |
| Previous year (2010/2011) | 4,102,011 | 2,221,750 | 2,831,378 | 5,249,859 | 2,357,580 | - | 16,762,578 |





3. Inventory – Kshs. 436,799

This represent inventory in stores at the end of the period

| | <u>2012/2013</u> | <u>2011/2012</u> |
|-----------|------------------|------------------|
| | <u>Kshs</u> | <u>RESTATED</u> |
| | | <u>Kshs</u> |
| Inventory | 436,799 | 77,176 |
| | <u>436,799</u> | <u>77,176</u> |

4. Deposits – Kshs. 185,960

This is a cumulative figure for amounts paid as deposits for acquiring office space.

| | <u>2012/2013</u> | <u>2011/2012</u> |
|--------------|------------------|------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| Deposits | 185,960 | 185,960 |
| Total | <u>185,960</u> | <u>185,960</u> |

5. Accounts Receivables – Kshs. 1,039,429.00

Prepayments represent receivables on group, motor vehicle and life insurance cover (Kshs. 0.59Million) and other receivables represent outstanding staff imprest and salary advances.

| | <u>2012/2013</u> | <u>2011/2012</u> |
|-------------------|------------------|------------------|
| | <u>Kshs.</u> | <u>Kshs.</u> |
| Prepayments | 585,736 | 744,806 |
| Other Receivables | 453,693 | 727,051 |
| Total | <u>1,039,429</u> | <u>1,471,857</u> |





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6. Cash and Bank – Kshs. 41,165,510.00

Represents reconciled bank balance

| | <u>2012/2013</u> | <u>2011/2012</u> |
|-----------------------|--------------------------|-------------------------|
| | <u>Kshs.</u> | <u>Kshs.</u> |
| Kenya Commercial Bank | 37,463,083 | 2,933,378 |
| KCB savings a/c | 2,396,630 | - |
| Co-operative Bank | 1,305,797 | 3,591,209 |
| Total | <u>41,165,510</u> | <u>6,524,587</u> |

7. Accounts Payables – Kshs. 10,482,860.00

Accounts and other Payables are carried at cost which is the fair value of the consideration to be paid in the course of the financial year and in the future. They represent utilities bills payable, goods and services rendered accrued gratuity, and provision of audit fees.

| | <u>2012/2013</u> | <u>2011/2012</u> |
|--------------------------|--------------------------|--------------------------|
| | <u>Kshs.</u> | <u>Kshs.</u> |
| Accounts Payables | 7,422,874 | 3,646,509 |
| Other Payables | - | 22,368 |
| Accrued Gratuity | 2,711,986 | 11,693,572 |
| Provision for Audit Fees | 348,000 | 300,000 |
| Total | <u>10,482,860</u> | <u>15,662,449</u> |



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8. Grants – Kshs 179,451,799.00

Represents recurrent grants received from the Government of Kenya and other development partners.

| | <u>2012/2013</u> | <u>2011/2012</u> |
|---------------------------|---------------------------|--------------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| GoK | 177,120,000 | 80,000,000 |
| KETRACO- Seedling project | 180,000 | - |
| KCB Foundation project | 1,871,299 | - |
| MESEP Funding | 280,500 | - |
| GoK- Seedling project | - | 11,250,000 |
| NCST- Research project | - | <u>2,922,974</u> |
| | <u>179,451,799</u> | <u>94,172,974</u> |

9. Turnover- 2,062,694.00

Represent income realized from the implementation of regulatory instruments.

| | <u>2012/2013</u> | <u>2011/2012</u> |
|-------------------------------------|----------------------------|-------------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| Regulatory Instruments | 2,062,694.00 | 1,634,000 |
| Sale of coconut products/ seedlings | - | <u>203,370</u> |
| | <u>2,062,694.00</u> | <u>1,837,370</u> |





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10. Other Income 202,500.00

Represents income realized from sale of tender documents

| | <u>2012/2013</u> | <u>2011/2012</u> |
|-----------------------|------------------|------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| Sale of Tender | 202,500 | 334,500 |
| Staff refund | - | 65,000 |
| Sale of boarded items | - | 14,510 |
| | <u>202,500</u> | <u>414,010</u> |

11. Miscellaneous Income – 475,081.00

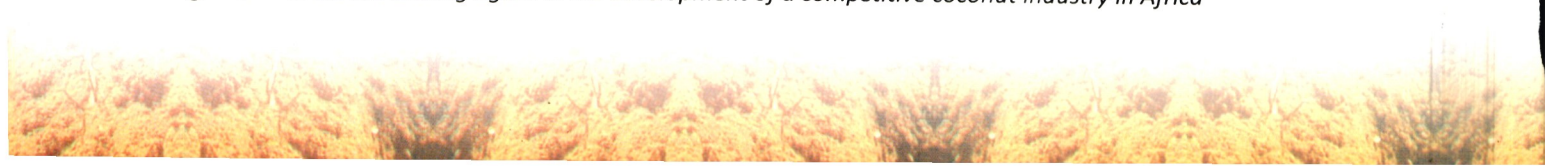
Represents income realized from other sources

| | <u>2012/2013</u> | <u>2011/2012</u> |
|----------------------------------|------------------|------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| Sale of coconut/coconut products | 31,381 | - |
| Coconut seedlings refund | 443,700 | - |
| | <u>475,081</u> | = |

12. Personnel Emoluments – Kshs. 46,641,302.00

These include personnel costs incurred within the year.

| | <u>2012/2013</u> | <u>2011/2012</u> |
|---------------------|------------------|------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| Basic Salary | 27,796,893 | 28,094,469 |
| House Allowance | 5,774,000 | 5,952,000 |
| Transport Allowance | 3,032,624 | 3,029,704 |





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| | | |
|--------------------------|--------------------------|--------------------------|
| Acting Allowance | - | 71,793 |
| Special Duty Allowance | 371,268 | 405,943 |
| Arrear Earnings | 406,864 | 288,339 |
| Remunerative Allowance | 135,000 | - |
| NSSF | 78,800 | - |
| Medical Expenses | - | 4,708,412 |
| Leave Allowance | 246,000 | 252,000 |
| Provision for Gratuity | 2,822,216 | 3,110,034 |
| Pension fund | 5,120,282 | 2,710,471 |
| Casual wages | 60,400 | 24,150 |
| Payment in lieu of leave | <u>796,955</u> | <u>615,916</u> |
| Total | <u>46,641,302</u> | <u>49,263,231</u> |

13. Board Expenses – Kshs 11,471,980

Represents expenses incurred by the board during full board, special board, committee meetings, and includes honorarium payable to the chairman.

| | <u>2012/2013</u> | <u>2011/2012</u> |
|-------------------------|--------------------------|-------------------------|
| | <u>Kshs.</u> | <u>Kshs.</u> |
| Sitting Allowance | 4,820,000 | 3,245,000 |
| Travel Expenses | 5,284,430 | 4,218,511 |
| Foreign Trip | - | 490,900 |
| Honorarium - Chairman | 967,000 | 820,000 |
| Board telephone expense | - | 7,000 |
| Board training | <u>400,550</u> | - |
| Total | <u>11,471,980</u> | <u>8,781,411</u> |





14. Operating Expenses – Kshs 13,726,508

Represents expenses incurred on operating activities undertaken by the Authority as listed below.

| | <u>2012/2013</u> | <u>2011/2012</u> |
|---------------------------------------|--------------------------|--------------------------|
| | <u>Kshs.</u> | <u>Kshs.</u> |
| Farmers Training | - | 235,090 |
| Common Interest Groups Training | - | 107,500 |
| Information Dissemination | - | 62,250 |
| Marking of coconut mother plants | - | 105,650 |
| Research and Development | 1,955,180 | 346,300 |
| Computer Accessories | - | 310,346 |
| Contracted Services | - | 2,346,313 |
| Trade Fairs and promotions | 5,223,577 | 2,603,759 |
| Business/ Entrepreneurial development | 728,567 | - |
| Stakeholders Forum | - | 600,937 |
| Business Development projects | 2,166,201 | - |
| Marketing and market research | 47,750 | - |
| Quality Assurance | 1,558,750 | - |
| Extension services | 2,046,483 | - |
| Coconut Seedlings | - | 1,654,370 |
| Local Travel – Staff | - | 7,857,102 |
| Foreign Travel - Staff | - | 1,275,511 |
| Fuel | - | 1,508,898 |
| Total | <u>13,726,508</u> | <u>19,014,027</u> |





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15. Administrative Expenses – Kshs 55,658,759.00

Represents expenses incurred in facilitating office activities

| | <u>2012/2013</u> | <u>2011/2012</u> |
|---------------------------------------|------------------|------------------|
| | | <u>RESTATED</u> |
| | <u>Kshs.</u> | <u>Kshs.</u> |
| Advertising and Publicity | 3,203,092 | 1,745,213 |
| Equipment Hiring | - | 27,000 |
| Printing Stationery | 1,986,154 | 1,100,854 |
| Post, Telephone And Communication | 2,268,387 | 2,291,964 |
| Catering Services | 1,125,287 | 634,950 |
| Training & Workshop | 4,204,581 | 1,769,285 |
| Hospitality | 419,568 | 146,345 |
| Office Rent | 4,609,084 | 3,002,342 |
| Sanitary and Cleaning | 109,709 | 23,331 |
| Newspapers, magazines and Periodicals | 88,556 | 83,490 |
| Subscriptions and Registration | 1,596,541 | 1,677,231 |
| Insurance | 1,233,430 | 1,134,826 |
| Water and Electricity | 278,548 | 72,909 |
| Annual Party | - | 119,000 |
| Corporate Social Responsibility | 252,790 | 556,888 |
| Computer Accessories | 822,258 | - |
| Staff medical expense | 5,061,617 | - |
| Fuel expense | 1,669,634 | - |
| Consultancy services | 10,869,152 | - |
| Legal fees | 131,160 | - |
| Motor vehicle hiring | - | 22,880 |





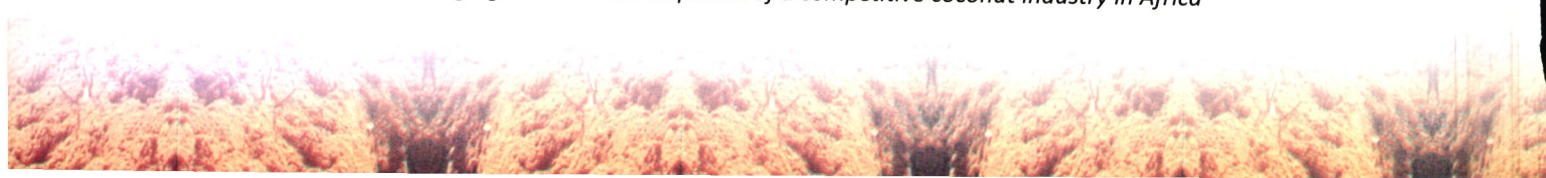
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| | | |
|--------------------------------------|--------------------------|--------------------------|
| Staff travel and subsistence-Foreign | 1,751,284 | - |
| Staff travel and subsistence- Local | 6,450,135 | - |
| Stakeholders forum | 557,830 | - |
| Meals allowances | 671,507 | - |
| Penalties and fines | 481,817 | - |
| Security | 307,807 | 185,600 |
| Motor vehicle hiring | 299,740 | - |
| Uniforms | - | 18,750 |
| Provision for Audit Fees | 396,000 | 300,000 |
| Bank charges | 82,619 | 95,100 |
| Depreciation expense | <u>4,730,471</u> | <u>4,295,385</u> |
| Total | <u>55,658,759</u> | <u>19,300,345</u> |

16. Seedling Projects Expense -Kshs. 9,136,202.00

Represents expenses incurred in operating the seedling project activities undertaken by the Authority as listed below

| | <u>2012/2013</u> | <u>2011/2012</u> |
|----------------------------------|-------------------------|-------------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| Purchase of seed nuts/ Seedlings | 9,136,202 | 4,230,100 |
| Staff travel and subsistence | - | 188,110 |
| Board nursery committee expense | - | 176,000 |
| Vetting of nursery operators | - | 153,650 |
| Transportation of seed nuts | - | 105,000 |
| Project launch expense | - | 183,430 |
| Bank charges | - | <u>5,150</u> |
| Total | <u>9,136,202</u> | <u>5,041,440</u> |





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17. NCST Projects Grants/Funds – Kshs. 817,785.00

Represents expenses incurred in operating the NCST project activities undertaken by the Authority as listed below

| | <u>2012/2013</u> | <u>2011/2012</u> |
|-------------------------|-------------------|-------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| Research expense | 817,785.00 | 786,673.00 |
| Project launch expenses | - | 45,400.00 |
| Hire of vehicle | - | 26,012.00 |
| Bank charges | - | 400.00 |
| | <u>817,785.00</u> | <u>858,485.00</u> |

18. Repairs and Maintenance – Kshs. 3,078,930.00

Represents costs incurred in maintaining motor vehicles, office, equipment and computers.

| | <u>2012/2013</u> | <u>2011/2012</u> |
|-------------------------------|------------------|------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| Motor vehicle maintenance | 2,404,038 | 1,477,952 |
| Office maintenance | 261,744 | 344,780 |
| Equipment maintenance | 413,148 | 357,017 |
| Computer maintenance | - | 139,251 |
| Computer Software maintenance | - | 446,872 |
| Total | <u>3,078,930</u> | <u>2,765,871</u> |



KENYA COCONUT DEVELOPMENT AUTHORITY
ISO 9001 : 2008 CERTIFIED

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