

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

*Paper laid  
by Hon. Aden Duale,  
Leader of Majority on  
Tue 5/8/14*



**REPORT**

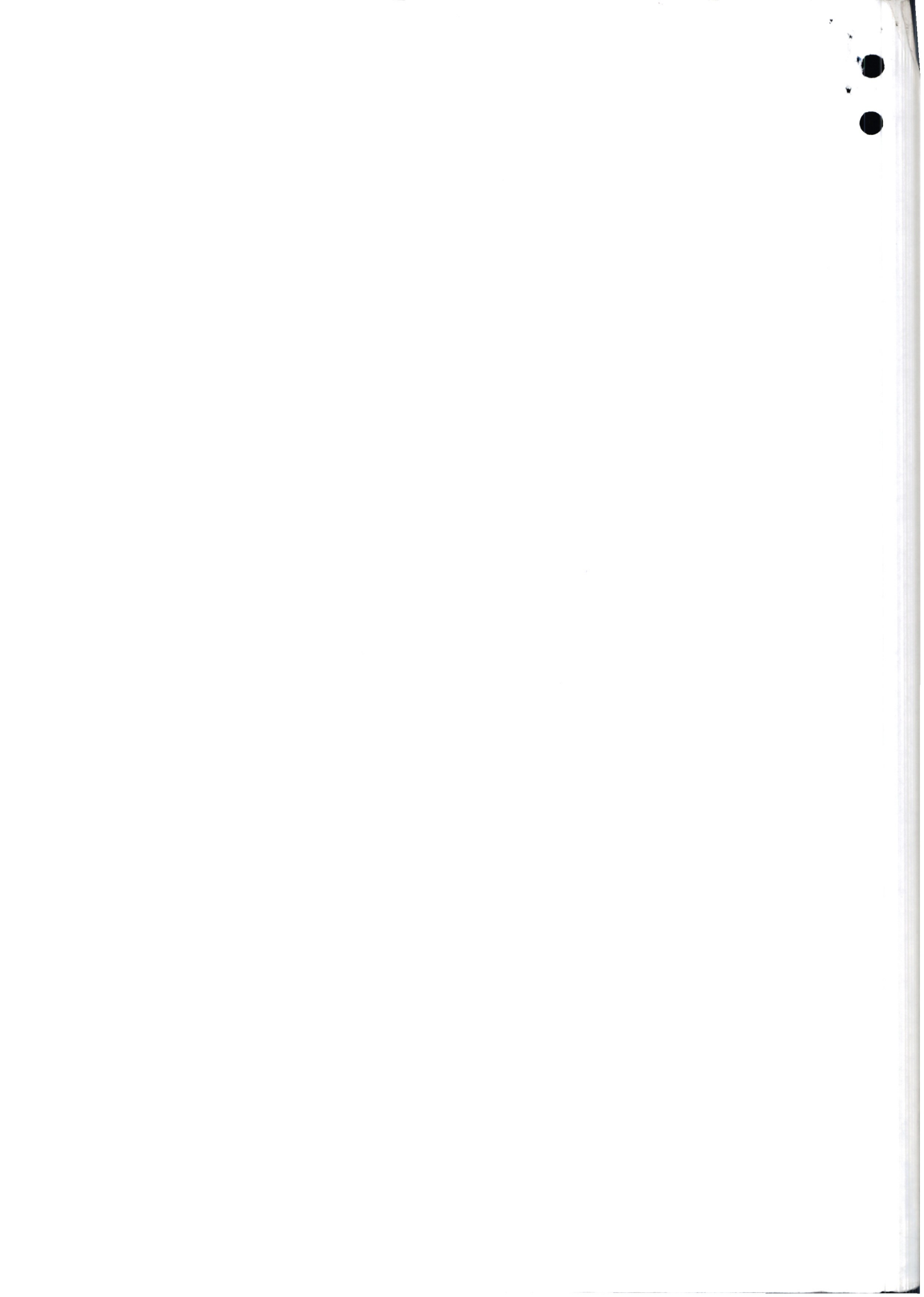
**OF**

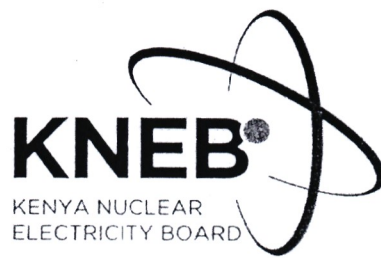
**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA NUCLEAR ELECTRICITY BOARD**

**FOR THE YEAR ENDED  
30 JUNE 2013**





**KENYA NUCLEAR ELECTRICITY BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013**

*2013*

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## MANDATE

To fast track the development of Nuclear Electricity generation in Kenya

## VISION

Safe, efficient and reliable nuclear technology for electricity generation.

## MISSION

To promote safe and secure application of nuclear technology for sustainable electricity generation and distribution in Kenya.

## CORE VALUES

- Safety and Security
- Clean Environment Integrity
- Professionalism
- Transparency & Accountability
- Innovation
- Efficiency

## COMPANY DETAILS/INFORMATION

Kenya Nuclear Electricity Board was established through Legal Notice No.170 of 16<sup>th</sup> November 2012 under State Corporation Act Cap 446. The Board was a successor to the Nuclear Electricity Project Committee which was established through Legal Notice No.14188 of 26<sup>th</sup> November 2010.

## PRINCIPAL PLACE OF BUSINESS

Reinsurance Plaza,

P.O Box 26374,

Taifa Rd, Nairobi, Kenya

Email: [info@nuclear.co.ke](mailto:info@nuclear.co.ke)

Web: [www.nuclear.co.ke](http://www.nuclear.co.ke)

*A 29/4*

## **BANKERS**

1. Kenya Commercial Bank  
Moi Avenue Branch
2. Co-operative Bank  
Aga Khan Walk Branch
3. CFC Stanbic Bank  
International Life House Branch
4. NIC Bank  
Harambee Avenue Branch

## **COMPANY AUDITORS**

Auditor General

Kenya National Audit Office

Anniversary Towers

## **COMPANY LAWYERS**

Office of the Attorney General

## **BOARD MEMBERS**

1. Eng. Joseph Njoroge, CBS: Principal Secretary, Ministry for Energy & Petroleum
2. Dr. Kamau Thugge CBS :National Treasury
3. Prof. Collette Suda, EBS: Principal Secretary, State Department of Science and Technology
4. Hon. Ochilo Ayacko, E.G.H Executive Chairman, Nuclear Electricity Project Board
5. Hon. Prof. Githu Muigai: Attorney General-State law office
6. Prof. Joseph Malo, Ph.D. Professor of Physics, UON
7. Eng. Nyanchaga Nyangeri: University of Nairobi
8. Mr. David Maina: Director, Institute of Nuclear Science and Technology
9. Dr. Jane Dwasi, Ph.D Lecturer, UON

10. Dr. Eva Gichunge, Lecturer Kenya Methodist University

## MANAGEMENT TEAM

During the financial year the senior management team comprised of the following staff:-

- |                      |  |
|----------------------|--|
| 1. Hon Ochilo Ayacko | Executive Chairman & CEO                       |
| 2. Eng Collins Juma  | Head of Secretariat & Technical Director       |
| 3. Basset Buyukah    | Director, Publicity & Advocacy                 |
| 4. Philip Mutai-     | Director, Legal & Regulatory Affairs           |
| 5. Sophia Githuku    | Chief Manager, Human Resource & Administration |
| 6. L.M. Ong'onge     | Chief Manager, Finance & Strategy              |

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## REPORTS OF THE DIRECTORS

The Board of Directors submit their report together with the Audited Financial Statements for the year ended 30<sup>th</sup> June 2013, which disclose the state of affairs of the Board

### Incorporation

Kenya Nuclear Electricity Board is a State Corporation established through a Legal Notice No. 131 dated 16<sup>th</sup> November 2012

### Directorate

The Board of Directors who held office during the year and to the date of this report are set out on page 4

### Principal Activities

The principal activities of KNEB are outlined in the Kenya Gazette Supplement No 170 dated 16<sup>th</sup> Nov 2012, this are to;

- a) Promote and expedite the development of nuclear electricity in Kenya;
- b) Develop policies, and propose legislation necessary for the successful implementation of a nuclear power programme;
- c) Undertake public education and awareness on Kenya's nuclear power programme;
- d) Identify, prepare and facilitate the implementation of a roadmap for a nuclear power programme;
- e) Collaborate with relevant Government agencies, develop a comprehensive legal and regulatory framework for nuclear electricity generation in Kenya;
- f) Develop a human resource capacity to ensure Kenya has the requisite manpower to successfully establish and maintain a nuclear power programme;
- g) Identify appropriate sites in Kenya for the construction of nuclear power plants and related amenities;
- h) Enter into collaborative programmes related to nuclear electricity research and development with other international and national organizations;
- i) Establish a library and information centre on nuclear science and technology, and
- j) Perform any other duties which may be necessary for the execution of its mandate under this Order.

### Auditor

The Board Auditor, The Auditor General, has expressed his willingness to continue in the office in accordance with Public Audit Act

By order of the Board,



.....

Board Secretary

Nairobi

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## STATEMENT OF DIRECTORS RESPONSIBILITIES

The State Corporations Act requires the Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Board at the end of the financial year and of its operating results. It also requires the Board to keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Board.

The Board members accept responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in accordance with International Financial Reporting Standards and the requirements of the State Corporations Act.

The Board members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Board and of its operating results. The members further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal control.

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



Hon. Ochilo G.M Ayacko

EXECUTIVE CHAIRMAN & CEO



Philip Mutai

BOARD SECRETARY

# REPUBLIC OF KENYA

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Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON KENYA NUCLEAR ELECTRICITY BOARD FOR THE YEAR ENDED 30 JUNE 2013

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Nuclear Electricity Board set out on pages 8 to 22, which comprise the statement of financial position as at 30 June 2013, the statement of income and expenditure, 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 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 Financial Reporting Standards 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.

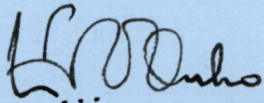
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 Board as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Legal Notice No.131 of 16 November 2012.



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

**Nairobi**

**9 May 2014**

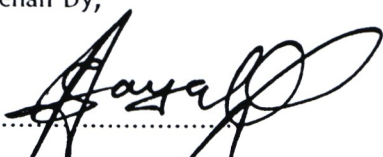
**KENYA NUCLEAR ELECTRICITY BOARD  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE PERIOD ENDING 30 JUNE 2013**

	NOTE	30-Jun-13	30-Jun-12
<b>INCOME</b>			
Treasury	2	209,244,082	283,500,000
Other Income	3	8,823,130	8,208,773
<b>TOTAL INCOME</b>		<b>218,067,212</b>	<b>291,708,773</b>
<b>EXPENDITURE</b>			
Board Expenses	4	7,495,082	9,629,991
Staff Costs	5	110,082,408	65,481,286
Advertisement Cost	6	6,650,769	2,720,990
Administrative Expenses	7	22,673,719	4,640,075
Travelling Expenses	8	14,964,292	23,790,078
Management Expenses	9	33,765,593	7,537,499
Training and Capacity Building	10	65,539,227	48,109,693
Depreciation	11	3,462,533	1,647,830
<b>TOTAL EXPENDITURE</b>		<b>264,633,624</b>	<b>163,557,442</b>
<b>Surplus/(deficit)</b>		<b>(46,566,411)</b>	<b>128,151,365</b>

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KENYA NUCLEAR ELECTRICITY BOARD STATEMENT OF FINANCIAL POSITION AS AT 30 <sup>TH</sup> JUNE 2013		30-Jun-13	30-Jun-12
NON-CURRENT ASSETS		KSH	KSH
Property, plant and equipment	11	22,145,483	16,222,716
		<u>22,145,483</u>	<u>16,222,716</u>
<b>CURRENT ASSETS</b>			
Cash at bank and in hand	12	72,739,876	145,858,038
Inventory		2,172,000	
Receivables	13	7,374,182	5,499,108
		<u>82,286,058</u>	<u>151,357,146</u>
<b>TOTAL ASSETS</b>		<u><b>104,431,541</b></u>	<u><b>167,579,862</b></u>
<b>EQUITY AND LIABILITIES</b>			
Accumulated Fund		125,999,335	
Surplus/(Deficits)		(46,566,411)	128,151,365
<b>TOTAL EQUITY</b>		<u><b>79,432,923</b></u>	<u><b>128,151,365</b></u>
<b>CURRENT LIABILITIES</b>			
Payables	15	10,530,758	30,828,170
Gratuity Payable	16	14,467,859	8,600,327
<b>TOTAL LIABILITIES</b>		<u><b>24,998,617</b></u>	<u><b>39,428,497</b></u>
<b>TOTAL EQUITIES AND LIABILITIES</b>		<u><u><b>104,431,540</b></u></u>	<u><u><b>167,579,862</b></u></u>

The Financial Statements were approved for issue by the board on ...~~29.04.14~~ and were signed on its behalf by;

  
.....

Hon. Ochilo G.M. Ayacko

EXECUTIVE CHAIRMAN & CEO

  
.....

Philip Mutai

BOARD SECRETARY

**KENYA NUCLEAR ELECTRICITY BOARD  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDING 30TH JUNE 2013**

<b>Particulars</b>	<b>Fund Account</b>	<b>Accumulated Fund</b>	<b>Total</b>
Balance b/f 01.07.2011	-	-	-
Surplus/(deficit) for the Period	-	128,151,365	128,151,365
Balance as at 30.06.2012	-	128,151,365	128,151,365
Balance b/f 01.07.2012		128,151,365	128,151,365
<b>Prior Year adjustment</b>			
Treasury Printed estimates not released		(2,152,030)	(2,152,030)
Surplus/(deficit) for the Period		(46,566,411)	(46,566,411)
Balance as at 30.06.2013	-	79,432,923	79,432,923

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**KENYA NUCLEAR ELECTRICITY BOARD  
STATEMENT OF CASH FOLW  
FOR THE YEAR ENDING 30 TH JUNE 2013**

	Note	30-Jun-13 KSHS	30-Jun-12 KSHS
<b>Cash flows from operating activities</b>			
Surplus as per the Income statement		(46,566,411)	128,151,365
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	11	3,462,533	1,647,830
Operating profit/(loss) before working capital changes		<u>(43,103,878)</u>	<u>129,799,195</u>
<b>(Increase)/decrease in:</b>			
Trade and other receivables		(1,875,074)	(5,499,108)
Inventory		(2,172,000)	
Increase/(decrease) in inventory			
Trade and other payables		(14,429,880)	39,428,497
<b>Net cash generated from/(used in) operating activities</b>		<u><b>(18,476,954)</b></u>	<u><b>33,929,389</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(9,385,300)	(17,870,546)
<b>Net cash generated from/(used in) investing activities</b>		<u><b>(9,385,300)</b></u>	<u><b>(17,870,546)</b></u>
Net (decrease)/increase in cash and cash equivalents		(70,966,133)	145,858,038
Cash and cash equivalent at the beginning of the year		145,858,038	
Prior year Adjustment-Ministry of Energy		(2,152,030)	
<b>Cash and cash equivalents at 30th June</b>		<u><b>72,739,875</b></u>	<u><b>145,858,038</b></u>

## KENYA NUCLEAR ELECTRICITY BOARD

### NOTES TO THE ACCOUNT FOR THE PERIOD ENDING 30<sup>TH</sup> JUNE 2013

#### 1. Summary of significant accounting policies

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

##### a.) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Kshs), rounded to the nearest thousand, which is also the functional currency (see (c) below).

The financial statements comprise a statement of comprehensive income, balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognized in the profit and loss account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the company in their capacity as owners are recognized in the statement of changes in equity.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the Board of Directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognized in the year in which the revision is made. The areas involving the judgment's of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 2.

##### b) New and revised standards

###### i. Adoption of new and revised standards

IAS 1 - Presentation of Financial Statements (revised 2007) became effective from 1st January 2013 and has been adopted. This has resulted in the addition of a Statement of Comprehensive Income and changes in the presentation of the Statement of Changes in Equity.

The following new and revised standards and interpretations have also become effective for the first time and have been adopted by the company where relevant to its operations:

- IFRIC 13 - Customer Loyalty Programmes
- IFRIC 15 - Agreements for Construction of Real Estates
- IFRIC 16 - Hedges of a Net Investment in a Foreign Operation
- IAS 23 (amendment) - Borrowing Costs
- IAS 32 (amendment) and IAS 1 (amendment) - Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRS 7 (amendment) - Improving Disclosures about Financial Instruments
- The annual improvements project published in May 2008, with amendments to 15 standards that could result in changes in presentation, recognition or measurement principles, while another 9 standards have been amended for editorial or terminology changes.

ii) **New and revised standards and interpretations which have been issued but are not effective**

The following revised standards and interpretations have been published and will be effective for the first time in the year ending 31st December 2013. The company has not early adopted any of these amendments or interpretations.\*

- IAS 27 (Revised) - Consolidated and Separate Financial Statements
- IFRS 3 (Revised) - Business Combinations
- IFRS 5 (Amendment) - Non-current Assets Held for Sale and Discontinued Operations
- The annual improvements project published in April 2013
- IFRS for Small and Medium-sized Entities

The Directors have assessed the potential impact of the above and expect that they will not have a significant impact on the company's financial statements for 2013.

*\* The list of revised standards and interpretations should be extended to include all such changes up to the date of approval of the financial statements.*

**c. Translation of foreign currencies**

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognized on a net basis in the profit and loss account in the year in which they arise, except for differences arising on translation of non-monetary available-for-sale financial assets, which are recognized in other comprehensive income.

**d. Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

**e. Revenue recognition**

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the company's activities. It is recognized when it is probable that future economic benefits will flow to the company and the amount of revenue can be measured reliably. It is stated net of Value Added Tax, rebates and trade discounts. Cash discounts are included as part of finance costs.

Sale of goods are recognized upon the delivery of the product and customer acceptance, while sale of services are recognized upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

Rental income from operating leases is recognized on a straight line basis over the period of the lease.

Interest income is recognized on a time proportion basis using the effective interest method. Dividend income is recognized when the right to receive the payment is established.

#### **f. Property, plant and equipment**

All categories of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment. *OR*

All categories of property, plant and equipment are initially recognized at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment. Freehold land/buildings/plant and machinery/furniture and equipment/computers, copiers and faxes/motor vehicles are subsequently carried at a revalued amount, based on annual/triennial valuations by external independent values, less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost is transferred from the revaluation surplus reserve to retained earnings.

	<u>Rate - %</u>
Motor Vehicles	25.0
Furniture & Fittings	12.50
Computer and Accessories	33.3

As no parts of items of property, plant and equipment have a cost that is significant in relation to the

total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

**g. Impairment of non-financial assets**

Non-financial assets that are carried at amortized cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**h. Employee entitlements**

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognized as an employment cost accrual.

**i. Borrowing costs**

Borrowing costs, net of any temporary investment income on those borrowings that are attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the asset. The net borrowing cost capitalized is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalization of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognized in the profit or loss in the year in which they are incurred.

**j. Income taxes**

Income tax expense is the aggregate amount charged/ (credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognized in the profit and loss account except when it relates to items recognized in other comprehensive income, in which case it is also recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized directly in equity.

Current tax

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred income tax

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable

profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

#### **k. Financial instruments**

The company classifies its financial instruments into the following categories:

i) **Financial assets and financial liabilities at fair value through profit or loss**, which comprise financial assets and financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term or to generate short-term profit-taking; *AND/OR*

**Financial assets and financial liabilities at fair value through profit or loss**, which comprise financial assets or financial liabilities designated by the company at fair value through profit or loss and which are managed and their performance evaluated on a fair value basis in accordance with the company's investment strategy.

ii) **Held-to-maturity investments**, which comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has a positive intention and ability to hold to maturity.

iii) **Loans and receivables**, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.

iv) **Available-for-sale financial assets**, which comprise non-derivative financial assets that are designated as available-for-sale financial assets, and not classified under any of the other categories of financial assets.

v) **Financial liabilities**, which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

#### **l. Cash and cash equivalents**

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

#### **Share capital and share premium**

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

#### **Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

*AP 29/4*

<b>2. Income</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>
Government Grants	209,244,082	283,500,000
	<u>209,244,082</u>	<u>283,500,000</u>
<b>3. Other Income</b>		
Energy Regulatory Commission	-	1,573,954
Kengen	-	2,886,771
Nema	2,006,130	
Kenya Power	3,400,000.00	1,049,302
NCST	-	1,017,361
Ketraco	1,000,000.00	
Kenya Bureau of Standards	1,700,000	1,681,385
Sale of Tender	717,000	-
	<u>8,823,130</u>	<u>8,208,773</u>
<b>4. Board Expenses</b>	<b>30-Jun-13</b>	
Sitting Allowances	4,495,082	9,629,991
Directors fees	3,000,000	
	<u>7,495,082</u>	<u>9,629,991</u>

<b>5. Staff</b>		
<b>Costs</b>		
Salaries and Allowances	92,482,371	49,743,247
Staff Mileage	7,357,620	2,879,008
Gratuity	8,925,043	8,600,327
Medical Expenses	1,317,373	4,258,704
	<u>110,082,408</u>	<u>65,481,286.00</u>
<b>6. Advertisement and Media</b>		
Advertisement Expenses	4,061,917	2,121,790
Publicity	2,588,852	599,200
	<u>6,650,769</u>	<u>2,720,990</u>

<b>7. Administrative Expenses</b>		
Office Cleaning Expenses	610,918	311,504
Repairs and Maintenance	559,285	-
Motor Vehicle Expenses	454,199	14,301
Office Supplies	4,366,069	3,069,457
Office Entertainment Expenses	301,792	411,573
Staff Recruitment Expenses	263,450	9,900
Computer Consumables	1,362,902	-
Legal Expenses	471,000	-
Postage	20,131	-
Insurance and Licenses	-	35,950
Security Expenses	162,578	-
Telephone Expenses	531,678	192,229
Rent	13,569,717	595,161
	<u>22,673,719</u>	<u>4,640,075</u>

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<b>8.Travelling Expenses</b>		
Hotel Fares and Accommodation	1,624,727	1,557,426
Travelling Expenses	13,339,565	22,232,652
	<b>14,964,292</b>	<b>23,790,078</b>
<b>9.Management Expenses</b>		
Strategic Plan	24,876,405	-
Pre-feasibility Studies	2,001,540	-
Contribution to Energy Policy	4,000,000	-
Bank Charges	59,381	-
Conferences workshop and Seminars	2,528,267	7,537,499
Audit Fees	300,000	
	<b>33,765,593</b>	<b>7,537,499</b>
<b>10.Training and Capacity Building</b>		
Overseas Training	33,471,465	38,500,440
Capacity Building	25,847,009	
Honoraria	481,505	238,000
Library	45,733	
Membership and Subscription	714,945	386,260
Local Training	4,978,570	8,984,993
	<b>65,539,227</b>	<b>48,109,693</b>

<b>11. Property and Office Equipment</b>					
	<b>Office Equipment 12.50%</b>	<b>Furniture &amp; Fittings 12.50%</b>	<b>Motor Vehicle 25.00%</b>	<b>Computers and Accessories 33.30%</b>	<b>Total</b>
Opening Balance	6,500,000		-	1,143,479	7,643,479
Additions	-	4,973,033	-	5,254,033	10,227,066
Depreciation	812,500	155,407	-	679,922	1,647,829
<b>Net Book Value as at 30.06.2012</b>	<b>5,687,500</b>	<b>4,817,626</b>	<b>-</b>	<b>5,717,590</b>	<b>16,222,716</b>
Opening Balance 01.07.2012	5,687,500	4,817,626	-	5,717,590	16,222,716
Additions	224,796		5,330,400	3,830,104	9,385,300
<b>Total</b>	<b>5,912,296</b>	<b>4,817,626</b>	<b>5,330,400</b>	<b>9,547,694</b>	<b>25,608,016</b>
Depreciation	(739,037)	(602,203)	(111,050)	(2,010,243)	(3,462,533)
<b>Net Book Value as at 30.06.2013</b>	<b>5,173,259</b>	<b>4,215,423</b>	<b>5,219,350</b>	<b>7,537,451</b>	<b>22,145,483</b>

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<b>12.Cash and cash equivalents</b>	<b>30-Jun-13</b>	<b>30-Jun-12</b>
For the purpose of the cash flow statement, cash and cash equivalents comprise the following:		
Kenya Power	25,863,712	143,706,008
KCB	22,732,144	-
Co-op Bank	23,668,692	-
CFC Stanbic	257,728	-
NIC Bank	17,600	-
Petty Cash	199,999	-
	<b>72,739,876</b>	<b>145,858,038</b>
<b>13.Receivables</b>		
Other receivables		
- Energy Regulatory Commission	545,674	545,674
- Kengen	-	2,886,771
Ketraco	1,000,000	-
-Kenya power	4,449,302	1,049,302
-Staff Advances	1,379,206	-
- National council for science and technology	-	1,017,361
	<b>7,374,182</b>	<b>5,499,108</b>

**14. Payables**

- Nuclear Capacity Building	-	13,505,942
- Directors Fees	3,000,000	
Rent		595,162
- Computers and Accessories	730,000	5,254,033
- Furniture	-	4,973,033
- Capital Market Authority	6,500,758	6,500,000
- Audit fees	300,000	
	<u>10,530,758</u>	<u>30,828,170</u>

**15. Gratuity Payable**

- Balance Brought Forward	8,600,327	-
- Provision for the year-15% of Basic Salary	8,925,043	8,600,327
- Payments made to Expired contracts	(3,057,511)	-
	<u>14,467,860</u>	<u>8,600,327</u>

