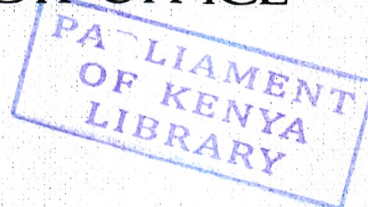


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



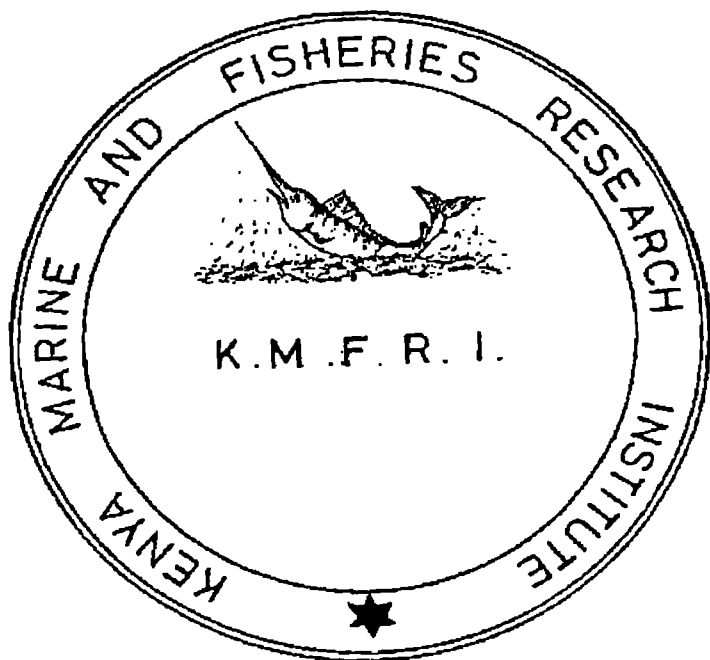
REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENT OF
KENYA MARINE AND FISHERIES
RESEARCH INSTITUTE FOR THE YEAR
ENDED 30 JUNE 2008

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

20 FEB 2008
No. ...
REGISTRY HEADQUARTERS
NAIROBI



FINAL ACCOUNTS FOR THE YEAR 2007/2008

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CORPORATE INFORMATION

Board of Management: -

Prof. Peninah Aloo Obudho	Chairman
Prof. Charles Ngugi	Member
Prof. Evans Aosa	Member
Dr. Ahmed Yassin	Member
Dr. Sakwa Bunyasi	Member
Dr. John Mmari Onyari	Member
Dr. Nyawira Muthiga	Member

Parent Ministry & Co-operating Institutions

- Permanent Secretary, Ministry of Fisheries Development
- Director of Fisheries
- Secretary, National Council for Science & Technology

OFFICES:-

- KMFRI HEADQUARTERS,
English Point
P.O. BOX 81651, 80100
MOMBASA

AUDITORS:-

- Controller & Auditor-General – Kenya National Audit Office - Nairobi

LAWYERS:-

- Omondi Waweru & Co. Advocates
Cannon Towers II
Pent House, Moi Avenue
MOMBASA

▪ **BANKERS:-**

- National Bank of Kenya
Nkrumah Road Branch
MOMBASA

MANDATE OF THE INSTITUTE

The mandate of Kenya Marine and Fisheries Research Institute (KMFRI) as defined by the **Science and Technology Act, Cap 250** is to undertake research in “marine and freshwater fisheries, aquaculture, environmental and ecological studies, and marine research including chemical and physical oceanography”, in order to provide scientific data and information for sustainable exploitation, management and conservation of Kenya’s fisheries resources and aquatic environment, and contribute to National strategies towards food security, poverty alleviation and creation of employment. Elaborately, the roles of KMFRI include;

- (a) To conduct multidisciplinary and collaborative research of fish ecology, population dynamics, stock assessment and general aquatic ecology.
- (b) To collect and disseminate scientific information on fisheries and other aquatic resources and related natural products.
- (c) To study and identify suitable species for culture including development, adoption and transfer of rearing technology and procedure.
- (d) To study chemical and physical processes that affect productivity of aquatic ecosystems.
- (e) To monitor water quality and pollution in fresh and marine water environments.
- (f) To carry out socio-economic research on aspects relevant to fisheries, environment and other aquatic resources.
- (g) To establish a marine and freshwater collection for research and training purposes.
- (h) To offer training facilities to aquatic scientists.
- (i) To conduct research on fish quality control, post harvest preservation and value addition technologies.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

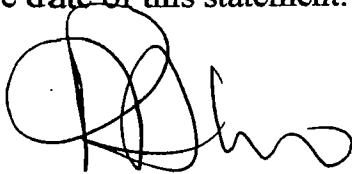
Company Law requires the management to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the income and expenditure of the organization for the period. In preparing those financial statements, the management is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable standards have been followed;
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the corporation will continue in operation.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Corporation and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the organization and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The management is of the opinion that the financial statements give a true and fair view of the state of the organization's financial affairs and of its surplus/deficit. The management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

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



Prof. Peninah Aloo Obudho

CHAIRMAN/BOARD OF MANAGEMENT

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

STATEMENT FROM THE DIRECTOR

During the period 2007/2008 financial year, Kenya Marine and Fisheries Research Institute (KMFRI) endeavoured to undertake its research functions in accordance with its mandate with the aim of addressing the challenges presented in the Government's policy documents namely:-

- (i) KMFRI Strategic Plan 2005 – 2015;
- (ii) 1st Medium Term Plan 2008 – 2012;
- (iii) The 'National Development Plan (2002-2008)';
- (iv) The 'Kenya Government Millennium Development Goals' and
- (v) Kenya Vision 2030.

The greatest challenge during the financial year has been how to cope with inadequate Recurrent Grants from GOK while undertaking quality research to tackle emerging national priorities of food security, employment creation and poverty reduction. It is worth noting that since 2003, the Government's policy is that State Corporations should be self-sustaining financially. Development partners have continued to assist the institute with research grants for various strategic research activities. However, a number of very important areas of research including maximizing sustainable exploitation of fisheries resources from Lake Turkana needs support. Additionally, with dwindling of fisheries stocks in most of our aquatic systems, special attention needs to be placed on popularizing aquaculture including production of quality seeds and feeds.

The financing of the Corporation for its Recurrent and Development expenditure is solely from the Government and Development Partners. Total recurrent and development grants received from ex-chequer during the year were Kshs.352,819,335.60 and Kshs.40,000,000.00 respectively. Out of the recurrent grants, an amount of Kshs.267,278,762 was spent on personnel costs and the balance of Kshs.85,540,574 was spent on operational expenses during the year. Some envisaged activities could not be undertaken as the funds available were inadequate. Funding from development partners decreased to Kshs.24,631,539 from the previous year's sum of Kshs.36,539,897. The decrease in donor funding was occasioned by:-

- i. Some projects had made surrenders of expenditure and were awaiting release of additional funding from development partners as at the closure of the financial year; and
- ii. Operational periods for some projects had expired as at the end of the financial year.

On the development expenditure, Kshs.126 million had been approved in printed estimates. Kshs.40 million was earmarked as part-payment for the construction of the proposed Marine and Ocean services Centre in Mombasa while Kshs.86 million was earmarked for two donor funded projects namely: the South-West Indian Ocean Fisheries Project (SWIOFP) and the Kenya Coastal Development Project (KCDP). The two projects were to be funded by grants from the World Bank but due to delay in release of the funds, these funds are now going to be used during the 2008/2009 financial year.



Dr. KAZUNGU, Johnson M.
DIRECTOR/KMFRI

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

BALANCE SHEET AS AT 30TH JUNE 2008

	Note	2007/2008		2006/2007	
		Kshs.	Kshs.	Kshs.	Kshs.
ASSETS					
Non Current Assets					
Property, Plant and Machinery	[1]	235,968,012	235,968,012	247,017,305	247,017,305
Current Assets					
Trade & Other Receivables	[2]	3,697,948	72,958,419.40	2,723,595	25,156,323
Cash & Cash Equivalents	[3]	69,260,471		22,432,728	
TOTAL ASSETS			308,926,431		272,173,628
EQUITY AND LIABILITIES					
Capital Reserve					
Capital Reserve	[4]	189,559,451	284,317,298	149,559,450	263,377,403
Donations	[5]	56,005,223		55,485,475	
Revaluations	[6]	120,088,667		121,257,762	
Accumulated Surplus/Deficit	[7]	(81,336,044)		(62,925,284)	
Non Current Liabilities					
Deferred Tax Liability					
Deferred Tax Liability		-	4,715,680	65,316	4,722,230
Retirement Benefits Obligation	[8]	4,715,680		4,656,914	
Current Liabilities					
Trade & Other Payables					
Trade & Other Payables	[9]	16,132,148	19,893,453	3,714,777	4,073,995
Other Liabilities	[10]	3,761,305		359,218	
TOTAL EQUITY & LIABILITIES			308,926,431		272,173,628

Signed :


Prof. Peninah Obudho
Chairman

Signed :


Dr. Johnson M. Kazungu
Director



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA MARINE AND FISHERIES RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE 2008

I have audited the financial statements of Kenya Marine and Fisheries Research Institute set out on pages 5 to 17 which comprise the balance sheet as at 30 June 2008, the income statement, the accumulated fund statement and the cash flow statement for the year then ended, together with a summary of significant accounting policies and other explanatory notes in accordance with the provisions of 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.

The Board of Management's Responsibility for the Financial Statements

The Board of management is responsible for the preparation of financial statements which give a true and fair view of the Institute's state of affairs and its operating results in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Controller and Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the 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 controls relevant to the Institute'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 Institute's internal controls. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

1. Property, Plant and Machinery - Kshs.235,968,012

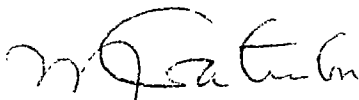
Similar to the previous year, the property, plant and machinery balance of Kshs.235,968,012 as at 30 June 2008 was not reconciled with the fixed assets register as the register had not been updated. Consequently it was not possible to verify the physical existence of the non-current assets.

2. Direct Bank Debit - Kshs.249,604

As previously reported, an amount of Kshs.249,604 was withdrawn from the Institute's bank account during 2006/2007 financial year without the management's approval. Although the management has indicated that the matter is being investigated by the Criminal Investigation Department, the payment has neither been incorporated in these financial statements nor a disclosure made in the notes regarding the contingency loss in line with IAS No. 37. In the circumstances I have not been able to confirm that the accumulated deficit of Kshs.78,723,473 was fairly stated as at 30 June 2008.

Opinion

Except for the matters referred to in the preceding paragraphs, in my opinion, proper books of account have been kept and the accompanying financial statements give a true and fair view of the state of financial affairs of the Institute as at 30 June 2008 and of its deficit and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the Science and Technology Act, Cap 250 of the Laws of Kenya.



A. S. M. GATUMBU
CONTROLLER AND AUDITOR GENERAL

Nairobi

24 March 2009

**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2008**

<u>Cash flow from operating Activities</u>	Note	<u>2007/2008</u>	<u>2006/2007</u>
Surplus/Deficit		(18,410,760.31)	(6,109,550.24)
Adjustments for:			
Depreciation		15,558,989.01	15,380,314.00
Operating profit/loss before working capital changes		(2,851,771.30)	9,270,763.76
Increase in Debtors		(974,353.00)	(1,089,978.00)
Increase in Creditors		12,417,371.05	154,143.00
Decrease in Other Liabilities		3,740,742.77	(4,320,974.00)
Increase in non-current liabilities		58,766.20	(3,600,000.00)
Disposal of Fixed Assets		166,617.00	
Cash generated from operations		14,161,550.33	413,954.76
<u>Cash flow from Investing Activities</u>			
Development Grants		40,000,000.00	5,000,000.00
Purchase of Fixed Assets		(7,232,247.89)	(11,472,472.00)
Net Cashflow From Investing Activities		32,767,752.11	(6,472,472.00)
<u>Cash flow from Financing Activities</u>			
Net increase/ Decrease in cash		46,827,743.40	(6,058,517.24)
Cash at the beginning of the period		22,432,728.00	28,491,245.00
Cash and Cash Equivalents at the end of Period	[3]	<u>69,260,471.40</u>	<u>22,432,727.76</u>

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2008

PARTICULARS	NOTE	2007/2008	2006/2007
		<u>Kshs.</u>	<u>Kshs.</u>
REVENUE INCOME			
Exchequer Grants for the Year	[11]	352,819,335.60	352,819,335.60
Other Incomes	[12]	2,623,660.51	3,348,392.30
Funds from Development Partner	[17]	24,631,538.58	36,539,897.44
Total Income		380,074,534.69	392,707,625.34
Personnel Costs	[13]	267,278,761.50	263,431,851.10
Operating Costs	[14]	112,201,639.50	114,377,650.56
Board Expenses	[15]	3,445,905.00	5,627,359.75
Depreciation charge for the year	[16]	15,558,989.01	15,380,314.17
Total cost		398,485,295.01	398,817,175.58
Surplus / Deficit for the Year		(18,410,760.32)	(6,109,550.24)

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

ACCUMULATED FUND STATEMENT AS AT 30TH JUNE 2008

PARTICULARS	Note	2007/2008		2006/2007	
		AMOUNT	BALANCE	AMOUNT	BALANCE
Surplus Deficit B/F	[7]	(62,925,284.00)	(62,925,284.00)	(58,815,734.00)	(56,815,734.00)
Add: Adjustment in the year					(6,109,550.24)
Surplus/ Deficit for the year			(18,410,760.31)		(6,109,550.24)
Surplus Deficit C/F			(81,336,044.31)		(62,925,284.24)

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2008
PERIOD: 2007/2008 FY

	Note	Capital Reserve	Donations	Reval. Reserve	Income & Exp Acc.	General Reserve	Total
Balance as at 30th June 2007	[4,5,6	Kshs	Kshs	Kshs	Kshs	Kshs	
Adjustment	&7]	149,559,451	55,485,475.06	121,257,762.00	(62,925,284.00)	-	263,377,404
		-	-	1,529,315.20	-	-	-
Restated Balance		149,559,451	55,485,475	122,787,077	(62,925,284)	-	264,906,719
Movement in the period		40,000,000	519,749	(2,698,409)	-	-	37,821,340
Deficit for the period		-	-		(18,410,760.31)	-	(18,410,760)
Balance at 30th June 2008		189,559,451	56,005,224	120,088,668	(81,336,044)	-	284,317,298

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2008

Kenya Marine and Fisheries Research Institute is a Corporate Body constituted according to the rules and regulations of the Science and Technology Act. The Accounts have been prepared in line with Cap 250 (20).

1.1 SIGNIFICANT ACCOUNTING POLICIES

The principle 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 (IFRS). The financial statements are presented in Kenya Shillings (KShs) and are prepared under the historical cost convention except for measurement at fair value of certain assets.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Managements' best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Consolidation Principle

The financial statements include the operations of the Institute and its satellite stations which are spread across the country.

(c) Revenue Recognition

Income is recognized in the period in which it is earned. Income is not accrued if its recoverability is considered doubtful.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

(d) Foreign Currency

(i) Translation of Foreign Currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the Balance Sheet date. Resulting exchange differences are recognized in the income statement for the year.

(ii) Functional and Presentation of Currencies

Items included in the financial statements of the Institute are measured using the Kenya Shilling which is the currency of the primary economic environment in which the Institute operates ('functional currency'). The financial statements are presented in Kenya Shillings.

(e) Property and Equipment

Property and equipment are stated at cost or as professionally revalued less accumulated depreciation.

- (i) Depreciation on property, plant and machinery is calculated on the straight line basis to write down the cost of the assets to their residual values over their estimated useful life.
- (ii) Full depreciation is charged on assets in the year of purchase and none is made in the year the assets are disposed. Land is not depreciated as it is deemed to have an indefinite life.
- (iii) Motor vehicles that have book values of less than Ksh. 100,000 are not depreciated
- (iv) Depreciation rates are as below:-
 - a) Land - Nil
 - b) Buildings - 2.5%
 - c) Plant, Machinery & Lab Equipment - 12.5%
 - d) Motor Vehicles - 25%
 - e) Research Vessels - 25%
 - f) Furniture, Fittings & Office Equip. - 12.5%
 - g) Loose Tools - 25%
 - h) Library Books - 20%

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

i) Computers

- 30%

1.2 PROPERTY, PLANT AND EQUIPMENT

FIXED ASSETS MOVEMENT SCHEDULE FOR THE YEAR ENDING 30TH JUNE 2008

ASSET	LAND	BUILDINGS	PLANT, MACH & LAB. EQUIPT	MOTOR VEHICLES	RESEARCH VESSELS	FURN. FITT. & OFF. EQUIPT.	LOOSE TOOLS	LIBRARY BOOKS	COMPUTER	TOTAL
Depreciation rate	0%	2.50%	12.50%	25%	25.0%	12.50%	25%	20%	30%	
COST	85,500,000.00	135,630,000.00	12,357,403.75	18,811,855.70	8,487,428.00	5,010,592.49	24,273.53	14,204,000.00	4,152,065.85	262,387,619.34
PURCHASES / ADDITION	-	3,048,457.15	1,554,721.80	-	-	1,085,908.00	17,562.00	-	1,544,508.94	7,232,247.89
DOHATIONS	-	-	-	-	-	-	-	518,748.80	-	518,748.80
M.V's - ADJUSTMENT	-	-	-	(2,393,538.00)	-	-	-	-	-	(2,393,538.00)
DISPOSAL	-	-	-	(100,000.00)	-	-	-	-	-	(100,000.00)
REVALUATION	(1,100,000.00)	7,100,000.00	(8,874,521.55)	-	598,441.00	-	-	-	-	(2,276,060.55)
TOTAL COST	84,400,000.00	145,978,457.15	5,037,603.90	16,318,318.70	7,093,669.00	6,076,590.49	41,835.53	14,723,748.80	5,706,574.80	265,377,999.47
DEPRECIATION	-	-	-	-	-	-	-	-	-	-
As at 1st July 2007	-	3,395,750.00	1,544,875.47	4,093,719.50	1,824,357.00	826,324.06	8,058.38	2,840,800.00	1,248,819.76	15,380,314.17
Charge for the Year	-	3,848,486.43	628,700.48	4,078,578.83	1,773,467.26	759,573.81	10,468.88	2,944,749.78	1,711,872.44	15,568,889.01
On Disposal	-	-	-	-	-	-	-	-	-	-
REVALUATION	-	-	(1,108,315.20)	(420,000.00)	-	-	-	-	-	(1,528,315.20)
Accumulated Depreci	-	7,045,236.43	1,065,060.76	7,753,298.43	3,397,824.26	1,385,897.87	18,527.26	5,785,549.78	2,960,592.20	29,409,987.88
NET BOOK VALUE	-	-	-	-	-	-	-	-	-	-
B/f 1st July 2007	86,500,000.00	132,434,250.00	10,812,728.29	14,718,138.20	4,873,071.00	4,384,268.43	18,205.15	11,383,200.00	2,813,448.10	247,817,305.17
As at 30th June 2008	84,400,000.00	138,934,220.72	3,972,643.14	8,565,020.28	3,898,044.75	4,690,692.62	26,308.27	8,838,199.12	2,746,982.60	235,948,014.80

2 TRADE & OTHER RECEIVABLES

	<u>2007/2008</u>	<u>2006/2007</u>
	Kshs	Kshs
Medical Advance	453,693	352,372
Salary Advance	248,012	305,135
Temporary Imprest	<u>2,996,242</u>	<u>2,065,988</u>
Total	<u>3,697,947</u>	<u>2,723,495</u>

The above amounts constitute advances to KMFRI employees. Recoveries from the concerned officers' salaries have been effected accordingly.

3 CASH & CASH EQUIVALENTS

	2007/2008	2006/2007
	Sh.	Sh.
Cash at bank and in hand	69,260,471	22,432,728

The above amounts constitute the cash and bank balances carried forward at the closure of the financial year. Of this amount, Ksh 40,225,742 was a balance in development account at the end of the financial year, Ksh 22,010,552 was in recurrent account and Ksh 7,249,919 was in the donor funded project accounts.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

4 CAPITAL RESERVE

	2007/2008	2006/2007
Development Funds	189,559,451	149,559,450

A disbursement of Sh.40, 000,000.00 was received from the parent Ministry during the year for development work.

5 DONATIONS

	<u>2007/2008</u> Kshs	<u>2006/2007</u> Kshs
Donations	56,005,223	55,485,475

Value of donations of Library books during the year from various donor organizations totalled Kshs519, 749.

6. REVALUATIONS

	2007/2008 Kshs	2006/2007 Kshs
Revaluation Reserve	120,088,667	121,257,762

Some fixed assets were revalued during the year and the resulting differences in the values have been charged and credited to the revaluation reserve as shown in page 9.

7 ACCUMULATED SURPLUS / DEFICIT

	2007/2008 Kshs	2006/2007 Kshs
Accumulated deficit	(81,336,044)	(62,925,284)

The accumulated deficit in the year increased by Sh. (18,410,760.00) due to:-

- i. Increase in accruals at the end of the year as indicated in note 9; and

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

- ii. Decreased funding from development partners.

8 RETIREMENT BENEFITS OBLIGATION

	2007/2008	2006/2007
	Kshs	Kshs
Retirement Benefits Obligation	4,715,680	4,656,914

Of the amount of Ksh.4, 715,680.00, a sum of Ksh.4, 656,914.00 appears in KMFRI's books as being owed to the Institute Pension Fund though it is subject to further verification in consultation with others with a stake in it, and the balance of Ksh. 58,766.00 was a receipt of voluntary contribution to the pension fund by a KMFRI employee.

9 TRADE AND OTHER PAYABLES

	2007/2008	2006/2007
	Kshs	Kshs
Trade and other payables	16,132,148	3,714,776

The amount of payables increased during the year because of the unpaid municipal land rates arrears totalling Ksh. 7,000,000. Note that KMFRI has sued her former lawyer in a bid to recover the amounts paid to the municipality through her law firm but were never paid to the municipal council.

The balance of Ksh. 9,132,148 was the amount payable to suppliers of goods and services at the closure of the financial year.

10 OTHER LIABILITIES

	2007/2008	2006/2007
	Kshs	Kshs
Other Liabilities	3,761,305	359,218

These are below-the-line recoveries and payroll creditors outstanding at the end of the financial year that were being processed for payment.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

11 EXCHEQUER RECURRENT GRANTS

Exchequer recurrent grants during the year were received as shown below:-

MONTH	2007 / 2008 AMOUNT Kshs	2006 / 2007 AMOUNT Kshs
July	29,401,611	29,401,611
August	29,401,611	29,401,611
September	29,401,611	29,401,611
October	29,401,611	29,401,611
November	29,401,611	29,401,611
December	29,401,611	29,401,611
January	29,401,611	29,401,611
February	29,401,611	29,401,611
March	29,401,611	29,401,611
April	29,401,611	29,401,611
May	29,401,611	29,401,611
June	29,401,611	29,401,611
TOTAL	352,819,336	352,819,336

12 OTHER INCOMES

	2007/2008 Kshs	2006/2007 Kshs
Surcharge Fees	23,633	49,930
Sale of Tender Documents	659,287	351,000
Miscellaneous Income	792,873	2,616,970

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Canteen Sales	10,125	151,601
Fees for Services	<u>1,137,742</u>	<u>178,891</u>
TOTAL	<u>2,623,660</u>	<u>3,348,392</u>

There is a decrease in other income during the year. The main source of other income is receipt of 20% overhead cost from individual donor funded projects. The low inflow of donor funds during the year impacted negatively on the overall collections of other income.

13 PERSONNEL COST

	2007/2008 Kshs	2006/2007 Kshs
Basic salaries	165,345,728	165,016,610
Personal Allowances-Salary	74,014,552	71,179,912
Personal Allowances-Reimbursements	5,552,984	4,327,957
Pension Contributions – Employer	<u>22,365,497</u>	<u>22,907,372</u>
TOTAL	<u>267,278,762</u>	<u>263,431,851</u>

The amount spent on personnel costs during the year is almost similar to that of last year since there were no recruitments and natural attrition rate was low.

14 OPERATING COSTS

	2007/2008 Kshs	2006/2007 Kshs
Operating costs	112,201,640	114,377,651

These are operational expenses incurred during the year for the smooth running of the Institute in its routine activities.

15 BOARD EXPENSES

	2007/2008 Kshs	2006/2007 Kshs
Board Expenses	2,910,531	3,762,148
Travel expenses	311,826	1,487,414

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Other expenses	<u>223,548</u>	<u>534,066</u>
Total	<u>3,445,905</u>	<u>5,627,360</u>

A lower amount was spent on board expenses during the year as compared to the previous year owing to the fact that for the greater part of the year the Board of Management Committee was not in place.

16. DEPRECIATION CHARGE

	2007/2008	2006/2007
	Kshs	Kshs
Depreciation charges	15,558,989	15,380,314

The depreciation charge in the year slightly increased because of purchases made of some fixed assets as shown in the movement of fixed assets schedule in note 1.2.

17. FUNDS FROM DEVELOPMENT PARTNERS

	2007/2008	2006/2007
Receipts	24,631,539	36,539,897

The above amounts constitute donations from development partners to the Institute's donor funded projects.