

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

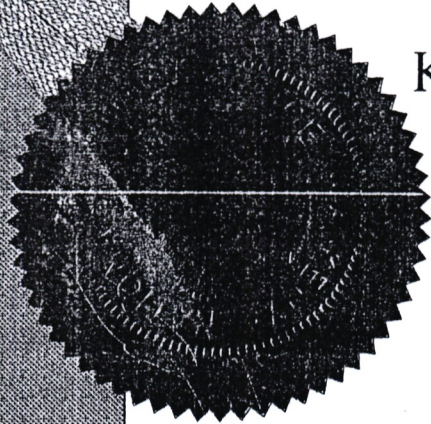
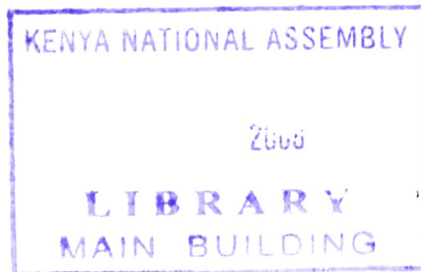
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**REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF
KENYA INVESTMENT AUTHORITY FOR
THE YEAR ENDED 30 JUNE 2007**



2007

KENYA INVESTMENT AUTHORITY
2006/2007 FINANCIAL YEAR ACCOUNTS

Report of Board Members

Board Members submitted their report together with the audited financial statements for the financial year ended 30th June 2007 which show the state of the Authority's affairs

1. Incorporation

Kenya Investment Authority (KenInvest) is a State Corporation established under the Investment Promotion Act, 2004

2. Principal Activities

The activities of the Authority include Investment Promotion, Investment Facilitation and Policy Advocacy.

3. Results

The Financial results are on page 4

4. Board Members

1. Prof. H.M Bwisa -Chairman
2. Amb. Green Josiah
3. Mr. Allan Ngugi
4. Mrs. Betty Khasakhala Mwenesi
5. Mr. Michael Ndeda
6. Mr. Matanda Wabunyele
7. Mr. J.O.B Akara
8. Mrs. E.A.M Khaoya
9. Mr. Mwambia Wanyambura
10. Mr. Stephen Wainaina
11. Mr. William Karari
12. Mr. Wellington Lubira
13. Mr. Onesiphorus P. K Ng'ang'a
14. Mr. Ephantus M. Murage
15. Mr. William Sitati
16. Mrs. Margery Ndwiga

5. Auditors

KenInvest accounts are audited by the Controller and Auditor General as provided for by the Public Audit Act, 2003 (CAP 12)

6. Bankers

1. Co-operative Bank of Kenya for the Head Office
2. National Bank of Kenya for the Eldoret Office

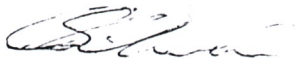
7. Contact Details

Kenya Investment Authority
8th Floor, National Bank Building, Harambee Avenue
P.O. Box 55704 Nairobi, 00200 City Square,
Tel: (254) (020) 2221401-4
Office Mobile: 0722-205424, 0722-209901, 0733-601184
Fax: 2243862
Email: info@investmentkenya.com
Website: www.investmentkenya.com

8. Branches

1. JKIA Liason Office
P.O. Box 19086
NAIROBI
Tel: (254) (020) 822713, 822712
2. Eldoret Office
2nd Floor, National Bank Building, Oloo Street
P.O. Box 4638 Eldoret,
Tel: (254) (053) 2033108
Email: eld@investmentkenya.com

Issued by order of the Board



Susan Kikwai, OGW
Board Secretary

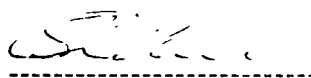
STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

The Public Audit Act 2003 requires the Board to prepare financial statement for each financial year, which includes a balance sheet showing in details the assets and liabilities of the Authority, a statement of income and expenditure, and such other statements that the Board may deem necessary. The State Corporation Act (Cap 446) requires the Board to ensure that proper books are kept recording all the property, undertakings, funds, activities, contracts, transactions and other business of the Board. The Board is also responsible for safeguarding the assets of the Authority.

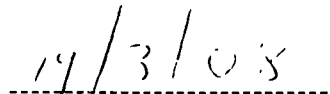
The Board members accept the responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with generally accepted accounting practice and in the manner required by the State Corporations Act. The Board members are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the and of its operating results, the Board members further accept responsibility Authority 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 control

Nothing has come to the attention of the Board members to indicate that the Authority will not remain in a going concern for at least the next 12 months from the date of this statement.

Managing Director
Susan Kikwai

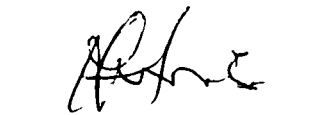


Signature

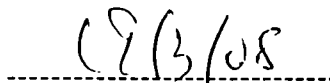


Date

Chairman
Prof Henry Bwisa



Signature



Date



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA INVESTMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2007

I have audited the financial statements of Kenya Investment Authority for the year ended 30 June 2007 set out on pages 4 to 10 which comprise the balance sheet as at 30 June 2007, the income statement, statement of changes in equity and cash flow statement for the year then ended, and 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's Responsibility for the Financial Statements

The Board is responsible for the preparation of financial statements which give a true and fair view of the Authority'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 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 Board, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

Opinion

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 the financial affairs of the Authority as at 30 June 2007 and of its surplus and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Investment Promotion Act, 2004.




P.N. KOMORA, CBS
CONTROLLER AND AUDITOR GENERAL

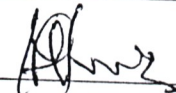
Nairobi

31 March 2008

**KENYA INVESTMENT AUTHORITY
BALANCE SHEET
AS AT 30TH JUNE 2007**

	Notes	2007 KShs	2006 KShs
NON CURRENT ASSETS	15	8,809,786	10,767,241
RECEIVABLES & PREPAYMENTS			
Sundry Debtors and Prepayments	17	1,318,005	1,390,082
Deposits	18	40,000	25,000
Bank Balances	19	9,016,762	23,782
Cash at hand	20	15,849	58,230
		10,390,616	1,497,094
NET TOTAL ASSETS		19,200,402	12,264,335
GENERAL FUND:	23		
SURPLUS / (DEFICIT) FOR THE YEAR		1,457,240	1,043,761
BALANCE B/F		1,835,474	791,713
		3,292,714	1,835,474
PAYABLES & ACCRUALS			
Bank overdraft	21	-	(261,350)
Accruals	22	15,907,688	10,690,212
		15,907,688	10,428,862
TOTAL FUNDS & LIABILITIES		19,200,402	12,264,335


Managing Director
Susan Kikwai


Chairman
Prof Henry Bwisa

19th March 2008

19th March 2008

KENYA INVESTMENT AUTHORITY

INCOME & EXPENDITURE STATEMENT

FOR THE PERIOD ENDING 30TH JUNE, 2007

	Note	2006/2007	2005/2006
INCOME		KSHS	KSHS
GOK GRANTS	1	93,062,198	86,500,000
COMMISSIONS	2	23,464	21,258
MISCELLANEOUS RECEIPTS		508,000	228,000
TOTAL INCOME		93,593,662	86,749,258
RECURRENT EXPENDITURE			
HOSPITALITY SUPPLIES & SERVICES	3	1,204,267	917,944
BOARD EXPENSES	4	4,721,690	5,136,934
STAFF SALARIES, BENEFITS & TRAINING	5	58,971,977	55,098,356
OFFICE & GENERAL EXPENSES	6	1,228,640	1,619,856
COMMUNICATION SUPPLIES & SERVICES	7	4,200,915	5,215,441
PRINTING ADVERTISING & INFORMATION	8	1,267,400	954,798
TRANSPORT & TRAVEL EXPENSES	9	6,113,783	9,810,494
RENTAL OF PRODUCED ASSETS	10	3,626,131	3,737,790
INSURANCE COSTS	11	171,770	197,239
OTHER OPERATING EXPENSES	12	1,321,523	1,290,982
ROUTINE MAINTAINANCE OF ASSETS	13	475,188	498,074
DEVELOPMENT EXPENSES	14	2,119,608	-
DEPRECIATION CHARGES	15	1,984,717	1,227,589
ACCRUED PENSION INTEREST	16	4,728,814	-
TOTAL EXPENDITURE		92,136,422	85,705,497
SURPLUS/(DEFICIT) FOR THE YEAR		1,457,240	1,043,761

KENYA INVESTMENT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDING 30TH JUNE 2007

	KShs
As at 1st July 2005	791,713
Surplus/(Deficit) for the year	<u>1,043,761</u>
As at 30th June 2006	<u><u>1,835,474</u></u>

As at 1st July 2006	1,835,474
Surplus/(Deficit) for the year	<u>1,457,240</u>
As at 30th June 2007	<u><u>3,292,714</u></u>

KENYA INVESTMENT AUTHORITY

CASHFLOW STATEMENT
FOR THE PERIOD ENDED 30TH JUNE 2007

	Note	2006/2007	2005/2006
		KSHS	KSHS
<u>Cashflow From Operating Activities:</u>			
Net (Deficit)/ Surplus from Operations		1,457,240	1,043,761
Adjustments:			
Depreciation			
Revaluation	14	1,984,717	1,227,589
Operating (Deficit)/Surplus Before working capital changes		3,441,957	2,285,340
Decrease/(increase) in Debtors		72,077	782,560
Decrease/(increase) in Prepayments		(15,000)	
(Decrease)/ Increase in Creditors		5,478,826	(3,983,741)
Cash generated from Operations		8,977,860	(915,841)
<u>Investing Activities:</u>			
Purchase of Fixed Assets			
Bank Overdraft 2005/2006	14	(27,262)	(191,448)
Net Cash Outflow from Investing Activities		261,350	(191,448)
Net (Decrease)/ Increase in Cash & Cash equivalents		9,211,948	(1,107,289)
Cash & Cash Equivalents at the beginning of the Period		(179,338)	927,951
Cash & Cash Equivalents at the end of the Period	21	9,032,610	(179,338)


KENYA INVESTMENT AUTHORITY
Notes to the 2006/2007 yr Final Accounts
1 Significant Accounting Policies
(a) Basis of Accounting

The Accounting statements are prepared in accordance with and comply with International Accounting Standards.

The Accounts have been prepared under the historical cost convention

(b) Property & Equipment and Depreciation

Property & Equipment are stated at cost or valuation less accumulated Depreciation

Depreciation is calculated on the cost of the fixed assets on a reducing balance at annual rates estimated to write off the the cost of these assets over the expected useful life.

The rate of depreciation is higher as a result of increase in the rate of depreciation of accessories to 30%

The Depreciation rates used are as follows:

Motor vehicle	25%
Furniture & Fitting	10%
Computers	30%
Office Equipment	12.5%

(c) Retirement Benefits

Kenya Investment Authority (KenInvest) operates a defined benefit pension scheme for all its employees. The scheme is administered by an insurance company and is funded from contributions by KenInvest

KenInvest also contributes to a statutory defined contribution plan, National Social Security Fund. Contributions are determined by Local statute and are currently limited to a maximum of Kshs 200 per employee per month

(d) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand & current account bank balances

	2006/2007 Kshs	2005/2006 Kshs
2. Commission Income		
Commission	23,464	21,258
	<u>23,464</u>	<u>21,258</u>
3. Hospitality Supplies and Services		
Hospitality expenses	1,204,267	917,944
	<u>1,204,267</u>	<u>917,944</u>
4. Board Expenses		
Board Fees	4,721,690	5,136,934
	<u>4,721,690</u>	<u>5,136,934</u>
5. Staff Salaries & Benefits		
Basic Salaries	22,672,514	21,895,732
Pension Contribution	7,985,074	4,677,904
House Allowance	19,655,000	20,240,000
Other Personal Emoluments	1,786,206	3,031,290
Training & Capacity Building	303,113	294,201
Leave Allowance	1,344,819	1,274,509
Medical	5,225,252	3,684,720
	<u>58,971,977</u>	<u>55,098,356</u>
6. Office & General Expenses	<u>1,228,640</u>	<u>1,619,856</u>
	<u>1,228,640</u>	<u>1,619,856</u>
7. Communication Supplies & Services		
Telephone, Fax & Others	4,200,915	5,215,441
	<u>4,200,915</u>	<u>5,215,441</u>

8. Printing, Advertising & Information Supplies and Services

2006/2007 Kshs	2005/2006 Kshs
1,267,400	954,798
<u>1,267,400</u>	<u>954,798</u>

9. Transport & Travel Expenses

Fuel oils and Lubricants	928,020.00	1,149,193
Travel-Local	1,346,147	2,685,289
Travel-International	3,839,615	5,976,012
	<u>6,113,782</u>	<u>9,810,494</u>

**10. Rental of Produced Assets
Rent & Rates-Non Residential**

3,626,131	3,737,790
<u>3,626,131</u>	<u>3,737,790</u>

11. Insurance costs

Motor Vehicle Insurance	171,770	197,239
	<u>171,770</u>	<u>197,239</u>

12. Other operating expenses

Bank Charges & Commissions	142,347	610,078
Professional fees	1,179,176	680,904
	<u>1,321,523</u>	<u>1,290,982</u>

13. Routine Maintenance of Assets

Maintenance of Office Equipment	268,994	102,887
Repair Motor Vehicles	206,194	395,187
	<u>475,188</u>	<u>498,074</u>

14. Development Expense

Development expenses HQ	1,870,608
Development expenses Eldoret	249,000
	<u>2,119,608</u>

15. Non Current Assets

	Motor Vehicles Kshs	Office equip & Accessories Kshs	Furniture & Fittings Kshs	Total Kshs
<u>Cost or Valuation</u>				
As at 1st July, 2006	1,200,000	4,881,225	7,427,494	13,508,719
Additions During the year		27,262		27,262
As at 30th June 2007	<u>1,200,000</u>	<u>4,908,487</u>	<u>7,427,494</u>	<u>13,535,981</u>
<u>Depreciation</u>				
As at 1st July, 2006	525,000	888,405	1,328,073	2,741,478
Charge for the Year	168,750	1,206,025	609,942	1,984,717
As at 30th June, 2007	<u>693,750</u>	<u>2,094,430</u>	<u>1,938,015</u>	<u>4,726,195</u>
<u>Net Book Value</u>				
As at 30th, June 2007	<u>506,250</u>	<u>2,814,057</u>	<u>5,489,479</u>	<u>8,809,786</u>
As at 30th, June 2006	<u>675,000</u>	<u>3,992,820</u>	<u>6,099,421</u>	<u>10,767,241</u>

and Pension Interest
 accrued Pension interest related to unremitted pension for the period 1998-2002

	2006/2007 KShs	2005/2006 KShs
17. Sundry Debtors and Prepayments		
Staff advances		
Staff car loan	1,031,406	846,380
Staff imprests		204,721
	<u>286,599</u>	<u>338,981</u>
	<u>1,318,005</u>	<u>1,390,082</u>
18. Deposits		
Fuel Deposit	40,000.00	25,000.00
19. Bank Balance as at 30th June		
Co-operative Bank	8,890,243	
National Bank of Kenya (Eldoret office)	126,519	23,782
	<u>9,016,762</u>	<u>23,782</u>
20. Cash in hand as at 30th June		
HQ Office	91	
JKIA Office	20	
Eldoret Office	15,738	
	<u>15,849</u>	
21. Bank overdraft		
Co-operative Bank		(261,350)
National Bank of Kenya (Eldoret office)		
	<u>0</u>	<u>(261,350)</u>
22. Accruals		
Suppliers Invoices	430,587	839,733
Payroll Deductions/Personal Emoluments	0	6,345
Medical	0	281,432
Auditors	145,000	145,000
Gratuity & Pension	14,587,796.00	9,268,420
Other staff claims	744,305	74,838
Board expenses	0	74,444
	<u>15,907,688</u>	<u>10,690,212</u>
23. General Fund		
Balance B/F	1,835,474	791,713
Surplus/ (deficit) for the year	1,457,240	1,043,761
Balance C/F	<u>3,292,714</u>	<u>1,835,474</u>

These Accounts are presented in Kenya Shillings (Kshs)