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THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KERIO VALLEY DEVELOPMENT
AUTHORITY**

**FOR THE YEAR
ENDED 30 JUNE 2018**

OFFICE OF THE AUDITOR GENERAL
ELDORET HUB

04 APR 2019

RECEIVED

P. O. Box 2774 - 30100, ELDORET



ANNUAL FINANCIAL STATEMENTS

**THESE FINANCIAL STATEMENTS HAVE BEEN
PREPARED IN ACCORDANCE WITH
INTERNATIONAL PUBLIC SECTOR ACCOUNTING
STANDARDS (IPSAS)**

FOR THE YEAR ENDED 30TH JUNE 2018

KERIO VALLEY DEVELOPMENT AUTHORITY FINANCIAL STATEMENTS

2017/2018 FY

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information

The Authority was created on the **31st August, 1979** through an **Act of Parliament Chapter 441 laws of Kenya** with the mandate to plan and coordinate the implementation of development projects in the Kerio and Turkwel catchment areas.

b) Principal Activities

Vision Statement

To be a Leading Regional Partner in Integrated and Sustainable Economic Development.

Mission Statement

To deliver sustainable business solutions in river basin development through prudent management of resources for economic prosperity of the people.

Core Values

- **Integrity;** - As an Authority we will be sincere & uncompromising in serving the public.
- **Respectful;** - We will serve people with courtesy & fairness.
- **Accountability;** - We will conduct business in a transparent & accountable manner.
- **Teamwork;** - We will operate and work together for the common good of the people.
- **Creativity & Innovation;** - We will nature and adopt new technology in our operations.
- **Customer Focus;** - We will endeavour to understand our customer needs and consistently strive to satisfy them.

KERIO VALLEY DEVELOPMENT | **2017/2018 FY**
AUTHORITY FINANCIAL STATEMENTS

a) Headquarters

KVDA PLAZA,
14TH FLOOR,
OLOO STREET,
P.O. BOX 2660- 30100,
TEL: 053-2063361/3 Fax 2063364
ELDORET.
EMAIL: info@kvda.go.ke

b) Bankers

KENYA COMMERCIAL BANK,
KENCOM HOUSE,
P.O. Box 48400-00100,
NAIROBI.

c) Independent Auditors

THE AUDITOR GENERAL,
P.O. BOX 30084 – 00100,
NAIROBI.

d) Principle Legal Adviser

THE ATTORNEY GENERAL,
STATE LAW OFFICE,
Harambee Avenue,
P.O. Box 40112-00200,
NAIROBI.

Mandate of the Authority

The Authority is mandated to promote sustainable River basin conservation and management through integrated development with the key objective of propelling development to improve the region's per capita income. It undertakes programmes that promote environmental conservation, water development, food security, employment creation and community empowerment.

Strategic Objectives

The Authority has three main strategic objectives namely:-

- i. To Promote Sustainable Environment protection and Natural Resource Management
- ii. To Spur Economic Development
- iii. To Strengthen Regional Planning, Resource Mobilization and Capacity Building

The Authority has implemented programmes aimed at addressing food security through development of irrigation infrastructure, HEP generation, conservation of Cherangany watershed and water harvesting and storage facilities.

This report focuses on the status of activities undertaken by the Authority in the last 6 years ending 30th June 2018. Specific areas covered include:-

- a) Summary of general performance against targets
- b) Achievements from 2013 - to-date
- c) Status of on-going projects
- d) Pending critical decisions
- e) Financial status of the Authority
- f) Summary of Planned activities for the financial year 2018/2019
- g) Current staff establishment and size of payroll
- h) Challenges and proposed measures to address them.

1.0 SUMMARY OF GENERAL PERFORMANCE AGAINST TARGET

Over the last 6 years, the Authority has managed to address the following key issues;

- i. Mobilized Kshs. 98 billion for development programmes
- ii. Mapped irrigation potential of 304,000 ha and developed irrigation infrastructure of 3,650 acres.
- iii. Progressed implementation of Aror and Kimwarer multipurpose dam projects
- iv. Created revenue streams which increased revenue from Kshs. 100 million in 2013/14 to Kshs. 232.7 million in 2017/2018 and a potential of over Kshs. 300 million annually by 2019/2020.
- v. Implemented Voluntary Early Retirement (VER) as part of restructuring process in order to improve productivity. Measures taken towards achieving this goal has resulted in reduction of staff from over 600 to 172. In the next phase, the Authority will be seeking to recruit technical staff to enhance effectiveness in implementation of its programmes.
- vi. Organized 8 No. Peace Building Initiatives in the region
- vii. Completed construction of KVDA Plaza Southern wing with a total office space of 90,000 sq. ft with potential rental income of Kshs. 120 million annually when fully occupied.
- viii. Raised and planted 3 million tree seedlings for environmental conservation.
- ix. Raised and planted 3.2 million mango seedlings in collaboration with farmers.
- x. Established community livelihood programmes e.g beehive and honey production and livestock and pasture improvement.
- xi. Instituted financial discipline which was lacking and addressed major financial challenges facing the Authority.
- xii. Launched Integrated Development Master Plan and Strategic Plan paving way for a clear strategic direction now under implementation.
- xiii. Developed strategic directions of the Authority

2.0 ACHIEVEMENTS – Reflecting Last 6 Years

2.1. Human Resource Issues

- i. New Organizational Structure, new HR Policies and Procedures have been developed and currently under implementation.
- ii. HR management on productivity and good practices has been entrenched.
- iii. Medical Scheme for both staff and Board members were introduced and is operational. Staff have benefited greatly.

2.2 Revenue Growth.

i. Rental income

Increased from Kshs. 67.4 million in 2013/2014 to Kshs. 95.4 million in 2017/2018. However, this is expected to increase to Kshs. 120 million annually with full occupancy of both Northern and Southern Wings of the Plaza.

ii. Beehive and Honey Production

Revenue from sale of honey and beehive production increased from Kshs. 11.9 million in 2013/2014 to Kshs. 35.2 million in 2017/18.



2.3. Policy Documents

A 20 year Integrated Regional Development Master Plan 2013-2033 and 5 year Strategic Plan 2014-2018 were launched in 2013 and 2015 respectively. The Master Plan has been used widely by counties in the region to prepare the County Integrated Development Programmes.

2.4. Conservation Initiatives.

The Authority raised a total of 2 million tree seedlings by 2017/2018 compared to 400,000 raised in 2013/2014 and has been used for catchment conservation.

2.5. Establishment of Green Houses

Pilot Green houses established in Eldoret and Lodwar.

2.6. Water Harvesting and Storage

The Authority constructed 84 No. water pans with over 1.58 million M³ storage capacity in eight counties benefitting over 10,000 households and over 100,000 livestock.



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2.7. Irrigation Projects

The Authority developed 3,650 acres of land as follows: - Napuu Centre Pivot Irrigation scheme of 150 acres out of which 40 acres have been planted with pilot crops, Loyapat- completed -150 acres, Arror -300 acres, Tot – 150 acres, Tot/Kollowa – 295 acres, Lomut – 250 acres, Ptokou Sangat – 800 acres, Marich – 250 acres, Lower Sangat – 250 acres and WeiWei Phase III- 1,500 acres.

Some of these projects have been completed and handed over to respective communities. These will increase food production and address food security pillar of the “Big Four” agenda.



Napuu Centre Pivot Irrigation System

2.8. Seed Production

The Authority obtained Seed Production Certificate and is now a seed merchant.

A Seed Processing Unit (Wei Wei Sheller) was commissioned and is now operational.



2.9. Pasture Seed Development

The region is ASAL and livestock rearing is the main economic activity. In an effort to reduce conflicts arising from scarcity of pasture for livestock, the Authority implemented a Pasture Seed Development Programme.



2.10 Operationalization of Regional Offices

The Authority established and operationalized Regional Offices in five counties in line with Devolution. The offices oversees Authority's programmes at the County level and liaises with County administration on collaborative/ cross cutting issues.

2.11 Resource Mobilization

The Authority planned to spend Kshs. 222 billion on the Strategic Plan activities 2014 -2018 over the 5 (five) year period. So far a total of Kshs. 97.3 billion has been mobilized for the following projects:-

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No	Project	GOK Kshs. million	Donor/Bank loan Kshs. million
1	Wei Wei Phase 3		1,000
2	Arror Multipurpose Project		35,000
3	Kimwarer Multipurpose Project		28,000
4	Embobut Multipurpose project		32,000
5	KVDA Southern Wing		400
6	Napuu / Lomut Irrigation Scheme	141	
7	Mango Processing Plant plus structure	60	
8	Cherangany Conservation Programme and others	697	
	Total	898	96,400

The Authority also developed the following new proposals for mobilizing resources amounting to Kshs 45.3 billion making in all Kshs 143.3 billion.

- Development of KVDA Nairobi Complex – Kshs. 5 billion
- Development of Lower Turkwel Irrigation Project - Kshs. 30 billion
- Marble Value Addition project – Kshs. 3 billion
- Dairy Value Chain in collaboration with 3 universities – Kshs. 6 billion.
- Mango value chain – Kshs. 1.3 billion.

2.12 Peace Initiatives in the region

The region has faced security challenges as a result of competition for natural resources such as grazing land and water. This affected implementation of KVDA projects in the past.

In the last two years, 13No. peace initiatives were organized by the Authority, in collaboration with other stakeholders, to promote peace in the region,. The initiatives have reduced insecurity incidences.

3.0 STATUS OF ON-GOING PROJECTS AND PROGRAMMES

3.1 Cherangany Watershed Conservation Programme

Background

The Cherangany watershed is one of the five main “water towers” in Kenya, covering an area of approximately 2,000 km².

The watershed is of significant importance to the Kerio Valley Basin due to diverse resources existing within its various ecosystems. The Authority has been involved in conservation activities for the water basin in collaboration with other stakeholders. These efforts have contributed to sustained river-flows and increased forest cover in the region. A notable intervention is the conservation of Upper Turkwel and construction of Turkwel Dam which today holds 1.6 billion M³. The Dam is currently being used to generate 106 MW of Hydro Power which is fed into the National Grid. In addition, it enables Tukwel River to have water throughout the year unlike before when it was seasonal seven months in a year.

Project Location

The project is located in Elgeyo Marakwet, West Pokot, Uasin Gishu, Samburu, Baringo, Nakuru and Trans-Nzoia counties.

Project Objectives

To conserve, rehabilitate and protect the water basin through integrated activities for sustainable natural resource development and socio-economic enhancement.

Project Cost: Kshs. 2.3 billion

Project Achievements

- i. Over 2 million tree seedlings raised and planted to conserve Cherangany Watershed.
- ii. 30 km riverbanks protected with woodlots/vegetation cover.
- iii. Improved biodiversity and ecological resilience.
- iv. Improved food security .
- v. Livelihood programmes promoted including honey and beehive production, pasture development and livestock improvement.
- vi. A documentary for Cherangany done.



Expected Output

- i. Contribute to the 10% forest cover and improved biodiversity and ecological resilience by conservation of over 500 km².
- ii. 100 km of riparian areas protected.
- iii. Farm forestry established and over 7 million tree seedlings planted.
- iv. Sustainable flows of rivers and streams flowing to Lake Turkana and Lake Victoria.
- v. Climate change adapted and mitigation measures in place.
- vi. Enhanced conservation based livelihood programmes such as honey production, pasture and livestock improvement.

3.2 Error/Kimwarer/ Embobut Multipurpose Projects

Background

For over 20 years, the Authority has been trying to implement three multipurpose projects namely; Error, Kimwarer and Embobut without much success. Error multipurpose project is one of the 18 flagship projects approved by the Cabinet for implementation under Vision 2030. Error and Kimwarer Multipurpose Projects are being progressed while Embobut Multipurpose project will be developed at a later date.



Aerial View of Error Project

Objectives

The main objectives of the projects are:

- i. To generate 125MW of HEP
- ii. To expand land under irrigation by an additional 6,500ha to support food security.
- iii. To provide water for 110,000 household and 180,000 livestock
- iv. To undertake conservation programmes by planting 3 million assorted trees annually to support conservation of Cherangany catchment within 341 km².
- v. Create employment of over 6000 people directly and over 20,000 indirectly.

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Economic and Social benefits

- i. 125 MW of HEP generated and fed to the national grid.
- ii. Enhanced food security by increasing land under crop irrigation by 6,500 ha.
- iii. 341 km² catchment area conserved.
- iv. 6000 direct and 20,000 indirect new employment opportunities created.
- v. 150km of road network developed.
- vi. Improved household incomes from agricultural activities and expanded commercial activities.

Project Cost

The direct cost of implementing the three projects is Kshs. 95 billion (Arror – Kshs. 35 billion, Kimwarer Kshs. 28 billion and Embobut Kshs 32 billion). This is a loan facility from international lenders. The Authority is already implementing Arror and Kimwarer (first phase) while implementation of Embobut is in the second phase.

Phase I (Arror and Kimwarer) is costing Kshs 69.3 billion. (donor Kshs. 63 billion and Kshs. 6.3 GoK counter-part funds). The counterpart funds will be used for compensation and resettlement of affected persons and project supervision.

Progress 2017/2018 FY

- ✓ Contract and financial agreements were signed in April 2017.
- ✓ 60 No. stakeholder consultative meetings have been held.
- ✓ Three (3) Community Committees established, trained and are operational.
- ✓ Environmental Social Impact Assessment (ESIA), Resettlement Action Plan [RAP] and due diligence undertaken.
- ✓ All Persons affected by the projects [PAPS] have been identified and validation of land documents have been done.
- ✓ Authority is sourcing land for resettlement.
- ✓ The contractor is mobilizing to commence work and launch of the projects is planned for October 2018.
- ✓ Counterpart funding of Kshs. 6.348 billion from the National Treasury is required to meet local costs of resettlement, compensation, project management and any other cost not covered by the donor facilities.

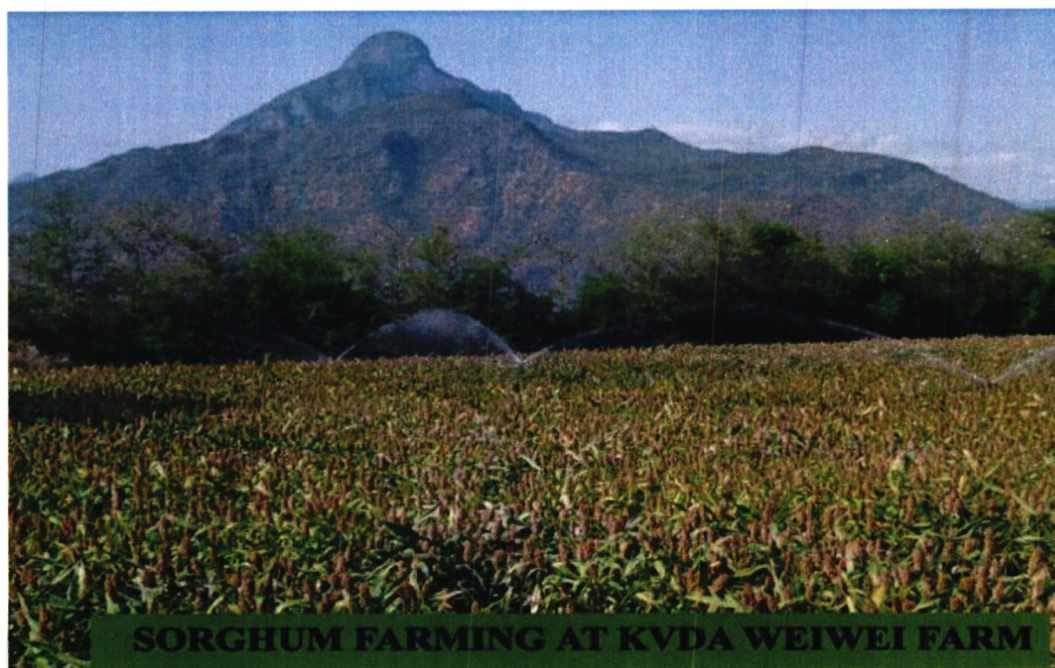
3.3. Irrigation Projects

The region has a potential land for irrigation of 304,000 ha out of which 3,650 acres has already been developed by the Authority to address food security pillar of the “Big Four” Government agenda.

The project’s benefits include increased crop production of 10,000 tons annually, increased household income of Kshs. 300 million, engagement of 2,000 youth and women and general economic development of the area.

The irrigation projects include Wei Wei Phase III, Napuu Centre Pivot Irrigation scheme, Loyapat, Arror, Tot, Ptokou Sangat, Marich, Lomut and Lower Sangat.

Some of these projects have not been fully implemented due to budget cuts during their implementation, an issue which if resolved will make these food security projects realize their potential.





H.E. The President during the official launch of Wei Wei Phase 3 project

3.4 Mango Value chain programme

Background

Mango production has been promoted as a National cash crop under Vision 2030 with KVDA being the lead implementing agency. So far, 3 million mango seedlings have been raised and planted in collaboration with other stakeholders in the region.

Currently, a total of 240,000 mango seedlings are under different stages of production in eight nurseries.

The Authority has planned to raise additional 10 million mango seedlings in the next 5 years to achieve a target of 13.2 million mango trees.



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Location

The project is located in Elgeyo-Marakwet, Turkana, West Pokot, Baringo, Nakuru, Samburu, Kericho and Narok Counties.

Objectives

- i. To promote mango production in the region and the country.
- ii. To establish a mango processing plant for value addition for local and export markets.

Achievements

- i. 3 million mango trees planted and another 240,000 are in stock ready for planting.
- ii. Mango processing plant procured at a cost of Kshs. 36 million and delivered on 1st April 2018 at Tot.

Expected Output

- i. 13.2 million mango trees to be planted by end of 2020/21 FY that will produce fruits worth Kshs. 132 billion to farmers annually.
- ii. A pilot mango factory established to process mango fruits into puree, concentrate or juice.
- iii. Over Kshs. 200 million revenue from sale of juice from the pilot mango plant annually and over Kshs. 183 billion from value addition by FY 2020/2021.
- iv. 50,000 No. farmers engaged in mango farming and over 100,000 through the value chain.

3.5 Completion of KVDA Plaza Southern Wing And Lift Replacement

Background

KVDA Plaza in Eldoret, which is the Headquarters of the Authority was constructed in late 80s and although the building was planned to have two wings, Northern wing and southern wing, only Northern wing was completed while Southern wing stalled for over 20 years.



In May 2015, the Authority obtained a bank loan of Kshs. 400 million which was utilized to complete the Southern wing in November 2016. The new wing has 14 floors offering 90,000 sq. ft office space. The building was originally installed with 7 lifts which became obsolete in 2014. So far, the Authority has replaced four lifts out of the seven and the replacement of the remaining 3 lifts is critical to improve service delivery for both Northern Wing and newly constructed Southern Wing.

Project Location:

KVDA Plaza is located in Uasin Gishu County.

Project Objectives

- i. Completion of construction of Southern Wing which had stalled for over 20 years.
- ii. To install 3 No. additional lifts at KVDA Plaza to make in all 7 No. to serve the Plaza at a cost of Kshs 40 million.

Project Output

- i. 90,000 sq. ft office space developed and rented out to Government agencies and also generate revenue for the Authority.
- ii. 7 No. lifts replaced and serving both wings.
- iii. Improved service delivery within KVDA Plaza.
- iv. Increased rental income to Kshs. 120 million annually.
- v. New tenants attracted to the building.

II. THE BOARD OF DIRECTORS



Sam E.Kona
Chairman

From 27th December 2013 to April 2018. Holds Masters of Arts Lancaster Univ. UK, Bachelor of Education - KU. Certificate in Evaluation Theory & Methods for Conflict Resolution Projects United States. Work Experience: Snr Conflict Management Specialist DRG, Team Leader & Policy Outreach Specialist DAP, Snr Technical Advisor KTI, Snr Manager, Regional Advisor, Regional Conflict Resolution Specialist, Conflict Information & Capacity Building Specialist, County Coordinator, Liaison Officer, Ministry of State OP, Teacher, Resource Person, Training Expert, Project Design & Dev. Consultant, Evaluation Expert, Nominated for Right Livelihood Award.



David Kimosop
Managing Director.

PHD Finalist at Moi Univ. Holds, MBA Moi Univ, Bachelors Degree in Business Administration UoN and Dip in Risk Mgt in Banking. Member of IA, IOD, and former Board of Trustees KCB staff Pension. A versatile Chief Executive in corporate Governance, Risk Management Solutions, Corporate and Retail Business Management, Credit, Treasury and Banking operations and internal audit through 22 solid years at KCB where he served as a Group Head. He also worked as a Regional Project Coordinator for World Vision Projects in Kenya for one year.



Mr. A. Mohamed Jabane
Alt. Director, the Presidency, Cabinet affairs, the Chief of Staff & Head of Public Service.

Holds Master of Arts International Relations- UoN; BA Political Science - UoN; National Defense College Certificate - NDC; Strategic Leadership Certificate – KSG; Advanced Public Admin. – KSG; Attended a number courses on finance and administration both locally and abroad. Work Experience: Served as District Officer in several districts in the Republic; Served in the Public Service Commission - Ministry of Environment and Office of the President; Served in Various Ministerial Taskforces and Commissions

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Mr. James Yatich

Alt. Director. P.S, Min. of Env. & Natural Resources. Born in 1963 and holds MSc. Simion Fraser University Canada, BSc, Certificates in GIS/GPS and Strategic Leadership, Work experience: Deputy Director, Land Reclamation and Water Storage, Head Mass media, D.A.O.



Mr. Tom Letiwa

Chairman - Finance & Establishment Committee, Holds Bachelors Degree in Marketing



Mr. Harun Koimur

Chairman Audit & Risk Committee. Holds MBA, CPA (K), SAP Consultant/Trainer



Ms. Gladys Korii

Board Member
Holds Diploma in Supplies



Mr. Nixon K. Yegon

Chairman, Environment and Development Committee
Holds BED Sc. (Moi Univ.)



Mrs. Dinah Chelanga

Board Member.
Holds H. Diploma Psych. Counseling



Mr Amos Ndalut

Board Member
Holds BSC in Hort
Moi University

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Ms. Getrude Kemboi
Board Member. Holds
MBA BCOM, CPA(K),CPS



**Sarah Muui – Board
Member, Alt. Director,
P.S. Min of Devolution
and Planning**



**Kezia Ngina – Board
Member. Holds Certifi-
cate in Gender, Poverty
and Development (Ege
rton University**



**Kimani Kiiru – Board
Member Alternate
to PS Agriculture
Masters in INT.
UoN, BSC Arts (KU)**



**Lilian Abishai- Board
Member, Alt. Director
Attorney General.
Senior Counsel**



**Mr. David Komen –Alt. Director, P.S. The National Treasury. Born 1965
holds MSc. University of Brandford United Kingdom, BA Economics UoN,
S. A. Director National Treasury, Alt Director KEMRI, Economist Ministry
of Planning.**

Fiduciary Oversight Arrangements

Functions and responsibility of the Board

- i. To plan for the development of the Area of jurisdiction and initiate project activities identified for such planning through the Government,
- ii. To develop and keep up-to-date a long range development plan for the Area,
- iii. To initiate such studies and to carry out such surveys of the Area as may be considered necessary by the Government or by the Authority and to assess alternative demands within the Area on the resources thereof, including agriculture (both irrigated and rain-fed) forestry, wildlife and tourism industries, electric power generation, mining and fishing and to recommend economic priorities,
- iv. To co-ordinate the various studies of, and schemes within, the Area so that human, water, animal, land and other resources are utilized to the best advantage and to monitor the design and execution of planned projects within the Area,
- v. To effect a program of both monitoring and evaluating of projects within the Area so as to improve that performance and establish responsibility therefore and to improve future planning,
- vi. To co-ordinate the present abstraction and use and the planned abstraction and use of the natural resources especially water and set up an effective monitoring of abstraction and usage,
- vii. To cause the construction of any works necessary for the protection and utilization of the water and soils of the Area,
- viii. To ensure that the landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area,
- ix. To identify, assemble and correlate all the data related to the use of water and other resources within the Area as may be necessary for the efficient forward planning of the Area,
- x. To maintain a liaison between the Government, the private sector and other agencies in the matter of the development of the Area with a view to limiting the duplication of effort and ensuring the best use of technical resource.

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Committees of the Board

The Board has three standing Committees.

a) Audit and Risk Management Committee

The Audit and Risk Management Committee meets quarterly. During the financial year under review, the Audit Committee held four meetings.

The membership comprised of six members. Its responsibility includes review effectiveness of corporate governance, mitigation of risks and institutional internal controls.

The members of this Committee are:

1. Mr. Haron Koimur - Chairman
2. Mrs. Kezia Ngina - Member
3. Mr. Amos Ndalutt - Member
4. Mr. David Komen - (Alt Director to CS, The National Treasury)
5. Mr. David Gichuhi - (Rep. Director to Inspectorate of State Corporations)
6. Mr. Peter Kurui - MIA KVDA

b) Finance & Establishment Committee

There is Finance and Establishment Committee Comprising of seven members. The Finance and Establishment Committee met four times during the financial year under review. The Committee is responsible in reviewing of the financial performance, compliance with accounting standards, approval of budgets and review of overall institutional performance including that of monitoring and appraising the performance of Management personnel. It is also in charge of reviewing all human resource policies. The members of this committee are:

1. Mr. Tom Letiwa - Chairman
2. Ms. Getrude Kemboi - Member
3. Mr. David Komen - (Alt Director to CS, The National Treasury)
4. Mr. A. Mohamed Jabane - (Alt Director to Chief of Staff & Head of Public Service)
5. Mr. Lilian Abishai - (Alt. Director to Attorney General)
6. Ms. Sarah Muui - (Alt Director to PS, Min. of Devolution and Planning)
7. Mr. David Kimosop - Managing Director

c) Development & Environment Committee

This Committee comprises of five members who meets once in every quarter. The Committee met four times in the financial year under review. The Committee is in charge of strategies that would facilitate the Board to give guidance and direction to Management on project implementation. The mandate of the Committee includes review of the Authority's Strategic Plan, annual development budget, and monitoring of projects under implementation and strategies for operations and customer service improvement.

The members of this Committee are:

1. Mr. Nixon K. Yegon - Chairman
2. Mrs. Dinah Chelanga - Member
3. Ms. Gladys Korii - Member
4. Mr. James Yatich - (Alt Director to PS, Min of Water & Irrigation)
5. Mr. Kimani Kiiru - (Alt Director to PS, Min of Agr. Livestock & Fisheries)
6. Mr. David Kimosop - Managing Director

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APPOINTMENTS AND NOMINATIONS OF BOARD MEMBERS

NAME	DESIGNATION	GENDER	HOME COUNTY	APPOINTMENT DATE	EXPIRY DATE
1. Mr. Sam Kona	Chairman	Male	N/A	17/04/2015	16/04/2018
2. Ms. Dinah Chelanga	Member	Female	E/Marakwet	17/04/2015	16/04/2018
3. Ms. Getrude Kemboi	Member	Female	E/Marakwet	17/04/2015	16/04/2018
4. Mr. Nixon Yegon	Member	Male	E/Marakwet	2/10/2015	1/10/2018
5. Mr. Tom Letiwa	Member	Male	Samburu	2/10/2015	1/10/2018
6. Mr. Haron Koimur	Member	Male	Baringo	2/10/2015	1/10/2018
7. Mr. Amos Ndalutt	Member	Male	Uasin Gishu	2/10/2015	1/10/2018
8. Ms. Gladys Korii	Member	Female	West Pokot	2/10/2015	1/10/2018
9. Ms. Keziah N. Mbugua	Member	Female	Nakuru	2/10/2015	1/10/2018
10. Mr. David Komen	The National Treasury	N/A	N/A	14/10/2015	13/10/2018
11. Mr. Kimani Kiiru	Agriculture, Livestock and Fisheries	N/A	N/A	3/05/2017	04/05/2020
12. Ms. Lillian Abishai	Attorney General's Office	N/A	N/A	19/04/2013	18/04/2019-
13. Mr. James Yatich	Water & Irrigation	N/A	N/A	15/01/2015	14/01/2019
14. Mr. Mohamed Jabane	Office of the President	N/A	N/A	17/10/2015	16/10/2018
15. Mr. David Gichuhi	Inspectorate of State Corporations	N/A	N/A	17/03/2015	16/03/2018
16. Ms. Sarah Muui	Devolution and Planning	N/A	N/A	23/01/2017	22/01/2020
17. Mr. David Kimosop	Managing Director	Male	N/A	22/04/2015	21/04/2018

III. MANAGEMENT TEAM



David Kimosop
Managing Director. Born 1964, He is a PHD Finalist Moi Univ. Holds MBA Moi Univ, Bachelors Degree in Business Administration UoN and Dip in Risk Mgt in Banking. Member of IA, IOD, and former Board of Trustees KCB staff Pension. A versatile Chief Executive in corporate Governance, Risk management solutions, Corporate and Retail business Management, Credit, Treasury and Banking operations and internal audit through 22 solid years at KCB where he served as a Group Head. He also worked as a regional project Coordinator for World Vision Projects in Kenya for one year.



Francis Kipkech
Chief Manger Technical Services & Operations
Born 1963 holds MSc (McGill University-Montreal), BSc - UoN, Dip. Crop Mgt Egerton Univ. Previously Deputy Director - Ministry of Regional Development Authorities, MD CDA, Ag MD and Deputy MD KVDA, Snr Research Officer KARI



Mr. David Onyango
Chief Manager Planning Research & Development
Born 1966 Holds Masters Degree in Business Administration, BA (Econ) UoN and various professional trainings. Worked as Business Development Consultant, Lecturer, Credit Officer - Caribbean, Business Development Specialist UN, Administration Manager KATO, Research officer KATO and AMREF, Economist/ Statician in the Ministry of Tourism and Wildlife.

KERIO VALLEY DEVELOPMENT AUTHORITY FINANCIAL STATEMENTS

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Mr. Samuel Koskei
Chief Manager Business Development & Investment promotion
Born 1963 Holds MBA. Moi University, C.P.A (K). Worked as Financial Controller & Chief Accountant - Sirikwa Hotel Ltd and Kenya Fluorspar, Accountant Twiga Chemical Industries Ltd, Accountant in National Oil Corporation of Kenya. Accountant I Nandi County Council.



Elizabeth Kebenei
Ag Chief Manager Human Resource & Administration
Born 1966. Holds MSc Human Resource Development -Moi Univ., BA Kenyatta Univ., HDHRM. Previously worked as Snr HRO, HRO, and Ass. HRO KVDA, Teacher Kocholwo Sec School. Has attended various management workshops and seminar.



Mr Moses Kipchumba
Chief Manager Finance
Born 1975 Holds MBA, BCom - KU, CPA (K). Worked as Fund Mgr CDF, Asst Accountant Family Bank, Accountant Pine Tree Agencies Ltd.



Esther J. Kiror
Legal Officer
Born 1975 Holds LLB Moi University, Worked as Asst Legal Officer - KVDA



Mr William K. Maina
Supplies and Procurement Manager.
Born 1968. Holds MBA, BCom, Poona University (India), Dip Ms Office, Dip Purchasing & Sup Mgt. Worked as Head of Supplies Dept. Ampath, Snr Supplies & Procurement Officer MTRH, District Supplies Officer UG District, Supplies Officer II OP.

IV. CHAIRMAN'S STATEMENT

It gives me great pleasure to report on Kerio Valley Development Authority's Accounts for 2017/2018 financial year. The Authority is a State Corporation wholly funded by the Government of Kenya and its area of operation includes Counties of Elgeyo /Marakwet, West Pokot, Turkana, Baringo, Samburu and Nakuru.

During the year under review, the Authority focused on the following;

- Implementation of the Strategic Plan 2014-2018 which seek to transform the region's economy through sustainable exploitation of natural resources in partnership with communities, National and County Governments, Donor and Development Partners. The Plan was guided by the GOK Vision 2030.
- Strategic intervention on food security through expansion of irrigation projects.
- Enhance collaboration with the County government and various institutions eg Moi, and Eldoret Universities and KALRO among others.
- Undertook resource mobilization abroad and locally through participation in investments, conferences and engaging The National Treasury.
- Organized a peace initiative in the region aimed at promoting development.
- Engagement with the Ministry in preparation of RDA bill.
- Undertook corporate social responsibility in the region through contributions towards community programmes.

Conclusion

The Board looks forward to continue engaging all stakeholders and undertaking resource mobilization for effective and sustainable in implementation of its programmes within the region.



Tom Letiwa
For: Chairman of the Board
Date 02/04/2019

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

It is my pleasure to present this Financial Statement for the year ended 30th June 2018. During the period under review, we progressed with the set base for growth of the Authority's revenue. The focus was to build on the already laid down foundation for sustainability through expansion of revenue avenues, creation of operational efficiency and restructuring to make the Authority self reliant and eventually create a greater stakeholder's value. This is intended to move the Authority from current dependency on Government support to a blue chip institution within a five years period.

Overall, the Authority reported a deficit of **Kshs 160,737,802**. This was largely due to depreciation expense of Turkwel Dam. This will continue to reflect since the earnings for the dam is insignificant compared to the asset value. During the financial year, internally generated income (AIA) increased by 8% from **Kshs. 188,233,110**, realized in 2015/2016 financial year to **Kshs 226,521,478**. However, the overall income realized from exchequer and AIA was not adequate to cover the recurrent costs. Going in to the 2017/2018 financial year, the following measures will be taken to further improve the overall Authority's performance both in the short and long term:-

Short Term Measures:

- i. Maximize rental income from KVDA Plaza to achieve Kshs. 120 million annually now that Southern Wing has been completed.
- ii. Completion of the 800 acres Wei Wei Phase III Irrigation Scheme in Sigor, West Pokot County funded through the Italian Government.
- iii. Purchasing and refining of **100 tons** of semi-processed honey and selling honey products to raise **Kshs 50 million**.
- iv. Construction of Mango factory in Tot, Elgeyo Marakwet county to enhance value addition of Mango fruit.

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Long Term Measures:

- v. Begin construction of the Arror and Kimwarer Multipurpose dams to generate 80 MW of electricity power and irrigate 5,000 Ha of land. This will contribute towards the national target of 5,000MW and the 1 million acres of land under irrigation.
- vi. The Authority will also upscale its seed production business through prudent management of existing farms and expansion of irrigable land to achieve **at least 3,000 hectares** in the next **two years**.
- vii. The Management intends to implement development at Turkwel downstream irrigation project that will put an additional 30,000 ha of land under irrigation. This will enhance national food security and peace within the Region.

We will continue to expand our revenue base to support our operating activities and create sustainability in the River Basin. We are also focusing on reduction of **300** (three hundred) noncore staff members through Voluntary Early Retirement (VER).

In conclusion, the Management would like to thank the Parent Ministry, Stakeholders, KVDA entire Board of Directors and Staff for their contributions towards the achievements made during the year.



David Kimosop
C.E.O/ Managing Director
Date: 02/04/2019

VI. CORPORATE GOVERNANCE STATEMENT

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Corporate Governance is the process by which companies are directed, controlled and held accountable. The Kerio Valley Development Authority Board of Directors is responsible for the overall management and the governance of the Authority and is accountable to the Government for ensuring that the Company complies with the law and the highest standards of best practice in corporate governance. The business and operations of the Authority will be conducted with integrity, accountability, teamwork, customer focus and embrace internationally developed principles of good governance.

Board of Directors meetings

The Board met five times during the year. The Board has the responsibility of establishing and maintaining the Authority's overall financial, operational and compliance controls well as formulating policies for the Authority.

All Board members except the Managing Director are non executive. The Chairman is appointed by the President whereas the other members are appointed by the Minister.

Code of Ethics

The Authority is committed to the highest standards of integrity in dealing with all stake holders. All employees of the Authority are expected to serve with uncompromising spirit in serving the public.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

KERIO VALLEY DEVELOPMENT AUTHORITY FINANCIAL STATEMENTS

2017/2018 FY

The Authority was created by the Act of Parliament Chapter 441 laws of Kenya with the mandated to plan, execute, co ordinate, and implementation of development projects within its area of jurisdiction. The projects include: Irrigation projects, Conservation Projects, Multipurpose projects, Mango projects among others.

Under the year under review, Napuu Irrigation Project was launched and completed. The Cabinet Secretaries for Ministries of Devolution and Water respectively officiated the launching. Area residents have already reaped the benefits from the project. Wei Wei Phase III was launched by the President of the Republic of Kenya and the project implementation process is on. Community Members within this area are expected to start reaping the benefits in the financial year 2018/2019. Concerning conservation, the Authority played a vital role in ensuring Cherangany catchment remains conserved by providing and planting trees. This remains a great achievement by KVDA and the residents around the area.

The Authority planned to develop multipurpose projects at Aror and Kimwarer. The Authority's management sought funds for these projects successfully. The processes of public participation and compensation are on and construction of these projects is due to start soon.

The Authority is also progressing development of Mango processing factory aimed at adding value to the mangoes in Kerio Valley. Procurement and delivery of the processing equipment has been done. Tendering for construction of the factory was done and the project is due to be finalized within this financial year 2018/2019.

Other projects completed include KVDA Southern Wing, Construction of National water harvesting dams and Samburu livestock project. There were massive benefits reaped by the residents which include food security, reduced cattle rustling and improvement of the community livelihoods.

The Authority experienced challenges that affected part of its operations. These include under-funding by the National Treasury through budget adjustment which reduced development

funding from Kshs. 205 million to Kshs. 72 million. These funds were not sufficient for the Authority to undertake its projects.

The following are key projects that are ongoing:

- Lomut Irrigation Project
- Rehabilitation of Boreholes
- Wei Wei Phase III
- Mango project
- Multipurpose projects

The Authority complied in paying statutory requirements except the historical outstanding unremitted pension remittances.

The Authority faces the risk of underfunding by GOK in terms of employee compensation and under taking its operations.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Our commitment to our stakeholders and improving quality of life of communities around our area of jurisdiction is central to our corporate identity. During the year under review, the Authority supported the hunger stricken families in Turkana, participated in peace building initiatives and supported expansion of educational institutions. However much could have been done had it not been due to financial constraints.

IX. REPORT OF THE DIRECTORS

KERIO VALLEY DEVELOPMENT AUTHORITY FINANCIAL STATEMENTS

2017/2018 FY

The Directors submit their report together with Financial Statements for the year ended 30th June, 2018 which show the state of the KVDA's affairs.

Principal activities:

- To formulate Integrated Regional Development Master Plan in partnership with other stakeholders.
- To undertake resource mapping for data bank and promotion of Integrated Multi-Sector Investments.
- To carry out appraisal of multi-sectoral investments.
- To monitor, evaluate, document and disseminate data on development levels.
- To market and implement multi-sectoral development projects/investments.
- To mobilize active engagement of stakeholders through various forums.

Results

The results of the entity for the year ended 30th June, 2018 are set out on pages 39.

Directors

The members of the Directors who served during the year are as shown on pages 20 to 22.

Internal Controls

The Authority has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information, procedures are also in place to ensure that assets are subject to proper physical controls and that the Organization remains structured to ensure appropriate segregation of duties. In reviewing the effectiveness of the system controls the Board take to consideration the results of all the work carried out to audit and review the activities of the Authority. Monthly meetings are held by Management to monitor performance.

Auditors

The Auditor General is responsible for the statutory audit of the KVDA in accordance with the Public Finance Management (PFM) Act, 2012



Tom Letiwa

For: Chairman K.V.D.A Board

Date 02/04/2019

X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

KERIO VALLEY DEVELOPMENT AUTHORITY FINANCIAL STATEMENTS

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Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Directors to prepare Financial Statements in respect of that KVDA, which give a true and fair view of the state of affairs of KVDA at the end of the financial year/period and the operating results of KVDA for that year/period. The Directors are also required to ensure that KVDA keeps proper accounting records which disclose with reasonable accuracy the financial position of KVDA. The Directors are also responsible for safeguarding the assets of KVDA.

The Directors are responsible for the preparation and presentation of KVDA's Financial Statements, which give a true and fair view of the state of affairs of KVDA for and as at the end of the financial year (period) ended on June 30th, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the KVDA (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for KVDA's 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 (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that KVDA's financial statements give a true and fair view of the state of KVDA's transactions during the financial year ended June 30th, 2018, and of KVDA's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for KVDA, which have been relied upon in the preparation of KVD's Financial Statements as well as the adequacy of the systems of Internal Financial Control.

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

**KERIO VALLEY DEVELOPMENT
AUTHORITY FINANCIAL STATEMENTS**

2017/2018 FY

Approval of the Financial Statements

The KVDA's financial statements were approved by the Board on 02 April, 2019 and signed on its behalf by: -



Tom Letiwa
For: Chairman K.V.D.A Board
Date: 02/04/2019



David Kimosop
C.E.O/ Managing Director
Date 02/04/2019

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KERIO VALLEY DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kerio Valley Development Authority set out on pages 39 to 59, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts 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 35 of the Public Audit Act, 2015. 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.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kerio Valley Development Authority as at 30 June, 2018, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Trade and Other Receivables

1.1 Doubtful Debts

As previously reported, the doubtful debts balance of Kshs.37,969,252 as at 30 June 2018 as disclosed under other disclosures to the financial statements includes amount of Kshs.22,090,971 owed by a former Managing Director, Kshs.316,740 by former Directors, Kshs.1,506,195 by former staff and Kshs.14,055,346 by former tenants who vacated the premises with arrears. However, the management has not indicated the efforts made so far to have the amounts collected.

Consequently, the validity of the receivables from exchange transactions figure of Kshs.70,674,588 as at 30 June 2018 could not be confirmed.

Report of the Auditor-General on the Financial Statements of Kerio Valley Development Authority for the year ended 30 June 2018

1.2 Staff Debtors

The receivables from exchange transactions figure of Kshs.70,674,588 as at 30 June 2018 which includes staff debts and salary advances amounting to Kshs.3,778,544 as disclosed in note 23(a) to the financial statements which have been outstanding from 1998 and most of the staff members are no longer in the service. However, as reported previously, the management has not provided measures put in place to recover the funds from respective staff members. Consequently, the validity, accuracy and recoverability of the staff debts balance of Kshs.3,778,544 as at 30 June 2018 could not be confirmed.

2.0 Investment Property

As previously reported, the statement of financial position as at 30 June 2018 reflects investments property figure of Kshs.694,726,674 as disclosed in note 35 to the financial statements which relate to the net book value for thirty six (36) permanent buildings. However, valuation reports showing how the values were determined were not provided for audit review. Although the management indicates that the Ministry of Lands and Physical Planning have been engaged to conduct the valuation, the report is yet to be produced. In the circumstances, the completeness and accuracy of the investments property balance of Kshs.694,726,674 as at 30 June 2018 could not be confirmed.

3.0 Unrecorded Receipt of Funds and Advance Payment for Construction of Arror Dam

Available information revealed that the Authority prepared payment voucher for advance payment of USD 41,611,140.83 (Kshs.4,292,651,060.25) on 7 December 2017 for Arror Dam being 15% of the contract sum. However, although the amount has been disclosed under other disclosures, the advance payment has not been reflected in the statement of financial position as a prepayment and under statement of financial performance as conditional receipts (Arror). The total current assets balance of Kshs.874,726,950 and total revenue figure of Kshs.463,060,607 have been understated to the extent of non-recognition of the advance payment of USD 41,611,140.83 (Kshs.4,292,651,060.25).

In view of the foregoing, the accuracy and completeness of the the total current assets balance of Kshs.874,726,950 as at 30 June 2018 and total revenue of Kshs.463,060,607 for the year ended 30 June 2018 could not be confirmed.

4.0 Financial Performance and Service Sustainability of the Authority

During the year under review, the authority recorded a deficit of Kshs.160,737,802 which resulted to increased accumulated deficit of Kshs.2,289,818,651 from a deficit of Kshs.2,129,080,849 in 2017. Although the Authority attributes this to the substantial assets in Turkwel Dam which is a contributor of deficit due to depreciation of fixed assets for which no revenue is being received but the case is at arbitration to sort out the

revenue sharing. However, if other strategies are not put in place to reverse the loss making trend, the Authority future operations are likely to be adversely affected. In consequence, Service sustainability is dependent on continued Government and creditors support.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kerio Valley Development Authority in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

1.1 Budget Performance

During the year under review, Kerio Valley Development Authority had an approved budget of Kshs.1,324,260,061 which comprised of development vote budget of Kshs.693,496,061 and recurrent vote budget of Kshs.630,764,000. At the end of the financial year ended 30 June 2018, the budget performance reflected under absorption on development vote of Kshs.474,002,365 or 68% and under absorption on recurrent vote Kshs.274,690,579 or 44% resulting to overall budget under-absorption of Kshs.748,692,944 or 57% as indicated below:

Vote	Approved Budget	Actual Expenditure	Under Absorption	Absorption %
	(Kshs)	(Kshs)	(Kshs)	
Development	693,496,061	219,493,696	474,002,365	68
Recurrent	630,764,000	356,073,421	274,690,579	44
Total	1,324,260,061	575,567,117	748,692,944	57

The management indicates that the under-utilization of development funds was as a result of Kshs.393,200,000 for resettlement and compensation of Arror which was received on 30 May 2018 a month to the end of the year and voluntary employee retirement money which could not be utilized because the union had gone to court which delayed the exercise. However, the under-absorption of the approved budget is an indication that approved projects and activities were not implemented by the authority

and therefore denying intended beneficiaries benefits accruing from planned programs and activities for the year ended 30 June 2018.

1.2 Development Budget

During the year under review, Kerio Valley Development Authority had a development budget of Kshs.693,496,061 out of which Kshs.219,493,696 or approximately 32% of the budget was spent resulting to under expenditure of Kshs.474,002,365 or approximately 68% of the development budget as indicated below:

	Project	Approved Budget	Actual Expenditure	Under Expenditure	Absorption %
		Kshs	Kshs	Kshs	
1	Charangany Water Shed Conservation Programme	95,139,236	94,878,189	261,047	0
2	Arror Multi-purpose Dam Project	400,000,000	8,634,135	391,365,865	98
3	Wei Wei Phase 3 Irrigation Project	41,000,000	37,028,831	3,971,169	10
4	Manago Value Chain Project	40,000,000	35,121,344	4,878,656	12
5	Napuu,Lomut and Lower Turkwel Irrigation Project	64,000,000	28,716,818	35,283,182	55
6	Water Harvesting & Bore holes & ESP	52,981,016	15,100,369	37,880,647	71
7	Marich pass	375,809	14,010	361,799	96
	Total	693,496,061	219,493,696	474,002,365	68

The under absorption of the approved development budget indicates that activities and projects in the annual work plan were not implemented by the authority and therefore denying intended beneficiaries benefits accruing from the projects.

1.3 Project Verification

During the year under review seven (7) projects with total contract sum of Kshs.178,128,969 out of which a total of Kshs.51,415,218 had been paid as at 30 June 2018 were verified. Three (3) projects with contract sum of Kshs.72,661,847 were found to be complete, two (2) projects with contract sum of Kshs.35,725,122 were ongoing while two (2) projects with contract sum of Kshs.69,742,000 were found to have stalled. Further, biological assets in Chemeron and Nomitio were also verified as indicated below:

No.	Project	Contract Price (Kshs)	Amount Paid 2017/18 (Kshs)	Verification status
1	Drilling and equipping of Napuu (A&B) boreholes in Turkana County	6,954,611	5,509,310	Construction of two (2) Boreholes completed but not yet operational as electricity not yet installed
2	Napuu irrigation scheme	65,325,372	0	Irrigation scheme complete and operational
3	Electricity supply to Napuu II boreholes	2,099,647	2,099,647	On-going
4	Lomut irrigation scheme	64,000,000	11,268,490	Project behind scheduled and stalled at about 17%
5	Rokocho honey plant	5,742,000	0	Building not yet complete and no work is in progress
6	Lomeritak Borehole	381,864	381,864	Rehabilitation of Borehole, complete and in use
7	Supply, delivery, installation, testing and commissioning static mango processing plant	33,625,475	32,155,907	Machines delivered to site in Tot but installation has not been done. Construction works on mango processing house is in progress.
	Total	178,128,969	51,415,218	
1	Chemeron biological assets (Cows)			Biological assets in existence
2	Nomotio biological assets (Cows)			Biological assets in existence

The management has not explained how it will ensure the stalled projects are completed for the benefit of the intended residents of respective regions.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229 (6) of the Constitution, based on the audit procedures performed, except for the matter(s) described in the Basis for [Conclusion on

Lawfulness and Effectiveness in Use of Public Resources/Qualified Opinion] section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Employee Costs

1.1 Staff Composition

The statement of financial performance for the year ended 30 June 2018 reflects employee cost figure Kshs.192,268,021. However, audit review of board members and Members of Staff composition as at 30 June, 2018 showed that the authority had seventeen (17) board members and four hundred and seventy-two (472) members of staff.

However, three hundred and sixty-eight (368) or 79% of permanent staff are from the dominant community, while ninety-six (96) or 21% are from non-dominant communities.

Further, Included in 472 members staffs are seven (7) or 88% of senior management are from the same dominant community and one (1) or 12% is from non-dominant community while nine (9) or 53% out of the seventeen (17) appointed board members are from the dominant community contrary to Section 7 of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of staff from the same ethnic community.

Consequently, management is in breach of the Law.

1.2 Officers in Acting Capacity

Included in the employee cost figure of Kshs.192,268,021 acting allowance expenditure of Kshs.422,141 paid to twelve (12) officers who have been acting in their respective positions for a period of 3-8 years contrary to paragraph 4.5.8 of Kerio Valley Development Authority, Human Resource Policy and Procedures Manual 2018 which states that appointment on acting basis is temporary measure pending the substantive filling of the vacant post by either recruitment or resumption of duty by the substantive holder of the post. Acting appointment shall be limited to a continuous period of six months.

Consequently, the management breached its own regulations.

2.0 Mango Processing Plant

The statement of financial position as at 30 June 2018 reflects property plant and equipment and investment property figure of Kshs.5,637,009,173 which includes work

in progress figure of Kshs.34,450,709 incurred on mango value chain. Available information revealed that included in the figure of Kshs.34,450,709 is an amount Kshs.32,155,097 paid to M/s Alvan Blanch Development Company Limited for the supply, delivery, installation and commissioning of static mango processing plant in Tot West Pokot County. Further information indicates that Kerio Valley Development Authority awarded tender No. KVDA/CO6/RFP/ 24/2015/2015 to M/s Alvan Blanch Development Company Limited for supply, delivery, installation and commissioning of static mango processing plant at contract sum of STG Pound 249,792 approximately Kshs.33,625,474.92.

Physical verification of the project carried out in February 2019, revealed that the machines were delivered to project site in Tot in March 2018 and stored in two containers awaiting installation and commissioning due to ongoing construction works on housing unit for the machines. The management has explained that the delay in construction of mango processing house is as a result of heavy rains that hampered the contractor from delivering materials to site.

Consequently, the authority has not received value for amount of Kshs.32,155,097 incurred on supply, delivery, installation and commissioning of static mango processing plant in Tot West Pokot County.

3.0 Construction of Lomut Irrigation Scheme

The statement of financial performance reflects operational expenses amounting to Kshs.154,137,777 for the year ended 30 June 2018 comprising of operational /general expenses of Kshs.83,751,836 and grant expenses amounting to Kshs.70,385,941 as disclosed in note 19 to the financial statements. Included in the grants expenses figure of Kshs.70,385,941 is an amount of Kshs.11,268,490 incurred in construction of Lomut Irrigation scheme out of which Kshs.10,866,140 was paid to M/S Cheptulel Contractors Ltd.

Available information indicates that Kerio Valley Development Authority advertised tender No. KVDA/T/16/ 2016/2017 for the construction of Lomut Irrigation Scheme on the authority's web site and National Treasury IFMIS on 3 February, 2017. Nine (9) bids were received. Tender evaluation was done on 9 to 11 March 2017 and the tender awarded to M/S Cheptulel Construction Limited at a contract sum of Kshs.64,000,000 to construct irrigation scheme for use by Lomut residents. The contract agreement was signed on 8 May 2017 and works expected to be completed within three hundred days (300) from the date of site handing over on 18 May 2017. An amount of Kshs.10,866,140 or approximately 17 % of the contract sum was paid to M/S Cheptulel Contractors Ltd on 19 Sept 2017 being certificate number one (1) vide payment voucher number 0261 towards construction of Lomut Irrigation Scheme.

Physical verification of the project in February 2019, more than twenty two (22) months after signing of the contract agreement revealed that approximately 17% of the works had been done. However, the contractor was not on site and no work was progressing. Further, the contractor's performance bond from AMACO Insurance Company Ltd

expired on 1 May 2018. Although the management has indicated that the contract was terminated on 5 December 2018, the objective of the project has not been achieved and the Authority has not obtained value for Kshs.10,866,140 incurred on the project.

4.0 Multipurpose Dam Development Projects

Available information revealed that the Authority entered into commercial contracts for Arror and Kimwarer Multipurpose Dam projects with M/S Comperativa Muratori & Cementisti (CMC DI RAVENA) Ltd - Itinera Joint Venture under Engineering, Procurement, Construction and Financing model on 5 April 2017 for a duration of 60 months. Arror Project was at a contract sum of USD 277,407,605.50 while Kimwarer was to cost USD 224,422,163.92. The two contracts are being implemented by the contractor using loans from the European Banks. Available information revealed that counterpart funding amounting to Kshs.7.7 billion from the National Treasury was required to meet the local costs of resettlement, compensation, project management and any other costs not covered by donor facilities. Further information revealed that the Authority prepared payment voucher for advance payment of USD 41,611,140.83 (Kshs.4,292,651,060.25) on 7 December 2017 for Arror and USD 33,663,324.59 (Kshs3,485,500,628) on 27 September 2018 for Kimwarer project for mobilization and design of the two projects as per the contract agreement.

The following observation were made during the audit of the two projects:

4.1 Project Approval and Tendering Process

According to cabinet memorandum of 3 December, 2008, the cabinet approved development of Arror Integrated Multipurpose Project. However, there was no evidence to show that Kimwarer Multipurpose Project was approved by the cabinet. Available information revealed that the Authority advertised tenders for the two projects Arror and Kimwarer Multipurpose Dams in the Daily Nation and Standard on 19 and 24 December 2014 as well as in Kerio Development Authority website inviting tenders from both national and international Consortium of Contractors who are capable of sourcing for funds, design, build and transfer of projects which included dam construction, hydropower generation, water supply and irrigation. From the documents availed for audit review, the procurement was undertaken by use of request for proposals (RFP). In undertaking a procurement by request for proposal, Section 78 of the Public Procurement Act, 2005 requires that the entity issue a notice inviting interested persons to submit Expression of Interest (EOI). Section 80 of the Act requires that the entity to examine each Expression of Interest (EOI) to determine if the person submitting is qualified to be invited to submit request for proposals (RFP) in accordance with the notice. However, from the documents availed for audit review, it was observed that Kerio Valley Development Authority did not issue a Notice for Expression of Interest (EOI) but instead began the procurement with invitation for interested bidders to submit request for proposals (RFP). Further, the project is not included in the annual procurement plan for the year ended 30 June 2018 contrary to section 43(3) (a) of the Public Procurement and Disposal Act, 2015 which states that all procurement processes shall be within the approved budget of the procuring entity and shall be planned by the procuring entity

concerned through an annual procurement plan. Although, the management indicates that the tendering process was informed by the cabinet approval, the cabinet memo available for audit review indicate that only Arror was approved by the cabinet. Therefore, Kimwarer Dam was not approved by the cabinet.

Consequently, the management breached the law.

4.2 Due Diligence for Arror and Kimwarer Multipurpose Projects

According to the Attorney General's letter reference AC/CONF/2/C/9VOL I (34) to the Cabinet Secretary the National Treasury, the authority was advised to carry out due diligence on the Company Comperativa Muratori & Cementisti (CMC DI RAVENA) Ltd before executing the contract involving key stakeholders to establish its capacity and capability to carry out the project. Available information revealed that due diligence on financial, technical and legal status of M/S CMC Di Ravenna was carried out between 25 April 2017 and 3 May 2017 in the company's offices and operations/ projects in Republic of South Africa by a team of six members: three from KVDA and one representative each from the National Treasury, office of Attorney General and Ministry of Devolution and Planning while the contracts had been signed on 5 April 2017 and 18 April 2017. Although management has explained that the commercial and financing facility agreements were signed on 5 April 2017 and 18 April 2017 because of the financiers had set stringent timeliness and that due diligence had previously been carried out in respect of the company in relation to the contract for the construction of Itare Dam in Molo, Nakuru County, no justification has been provided for disregarding the Attorney General's advice. Further information revealed that the due diligence was conducted on M/S Comperativa Muratori & Cementisti (CMC DI RAVENA) Ltd and none was conducted on joint venture partner M/S Itinera S.P.A. In addition, there is no evidence to show that key parameters such as current ratio, debt ratio and debt equity ratio useful in accessing the going concern of the firm were considered in the financial evaluation during the due diligence exercise.

Consequently, the due diligence exercise did not add value to tender evaluation and awarding process and the going concern of the company may not have been adequately accessed.

4.3 Handing Over of the Project Sites

The authority signed contracts with M/S CMC di Ravenna and Itinera Joint Venture for construction of Kimwarer and Arror Multipurpose project on 5 April 2017 while the financing agreement was signed on 18 April 2017. Section 2.1 of the General Conditions of the Contract states that the Employer shall give the Contractor right of access to, and possession of, the Site with effect from the Commencement Date. Section 8.1(b) states that Commencement Date shall be within 42 days after the date on which the Contract comes into full force. However, despite the three conditions required for the Contract to comes into full force as per Section 1.6 of the General Conditions having been fulfilled, management has not provided documentary evidence of any formal handover of the sites. The management indicates that delay in site hand

over is because out of the Kshs.7.7 billion required for compensation and the National Treasury has released only Kshs.643,200,000. Under the circumstances, the management is in breach of the contract agreement and this may result in delay in completion of the project within the contract period. In addition, management did not provide revised contract period to take into account the new development.

4.4 Delay in Securing Land for the Projects

The financing agreement and contract agreements in respect of Kimwarer and Aror Multipurpose Project covers project works and excludes compensation and resentment of project affected persons, supervision and public participation/community sensitization and this is financed by GOK counterpart funds. Available information revealed that counterpart funding amounting to Kshs.7.7 billion from the National Treasury is required to meet the local costs of resettlement, compensation, project management and any other costs not covered by donor facilities. However, the Authority records indicate actual amount received to date is Kshs.643,200,000 as counterpart funding from the National Treasury for Aror Project for resettlement and compensation out of which Kshs.8,634,135 had been spent on public participation and sensitization as at 30 June 2018 while no counterpart funding had been received for Kimwarer Project. Under the circumstances, the Authority has not been able to secure land for the projects and compensate the owners of land where the projects are to be implemented since the funds received are insufficient. Further, information available indicates that Aror and Kimwarer dam projects are to be established on approximately 1,600 ha of land comprising of 400ha of forest land and 1200 ha of private land. The Authority has engaged the Kenya Forest Service (KFS) who granted permission for the Authority's contractor to access forest to undertake detailed studies. The Authority also requested KFS through National Land Commission to allow for utilization of 400 ha of forest land for construction of the two dams in exchange of 570 ha to be acquired from private land to be compensated by the project for conservation. Available information revealed that the National Land Commission published Kenya Gazette Notice No.925 of 1 February 2019 for intention to acquire parcels of land for Aror and Kimwarer projects. However, available information revealed Kenya Forest Service vide letter Ref: water/1/KFS/VOL.X11(47) dated 13 February 2019 revoked earlier approval to access portion of its land for the project.

Consequently, at the time of audit in February 2019, more than twenty-two (22) months after the contract agreement was signed, the Authority is yet to complete the process of acquiring project land from affected residents and it is not known when the process will be completed.

Under the circumstances, the Authority has not been able to secure land for the projects and compensate the owners of land where the projects are to be implemented since the funds received are insufficient. Further there is no evidence that the total amount required for land acquisition and compensation has been factored in the 2018/2019 budget to enable the Authority acquire land for resettlement and compensate the land owners. Consequently, the projects may not be completed within contract period and

the Authority is likely to incur huge cost overruns arising from delay in handing over of the project site.

4.5 Performance Security

The Authority signed contract agreement - KVDA/RFP/39/2014-2015 on 5 April 2017 with M/S CMC di Ravenna - Itinera Joint Venture of Italy for the construction of Kimwarer Multipurpose Project at contract sum of USD. 224,422,163.92 (Exclusive of 16% tax) approximately Kshs.21 billion.

According to Section 4.2 of the General Conditions the Contractor shall deliver the performance Security to the Employer within 28 days after the parties have signed the Contract Agreement. However, to date the Contractor has not delivered the Performance Security to the Employer although contractor has extended the bid bond awaiting the clearance of the investigations on the projects as the European financiers are reluctant to extend the financial support until the investigations are complete. Consequently, the contractor is in breach of contract agreement and therefore exposes the Authority to risk of loss of funds already paid in event of non-performance.

4.6 Project Verification

Physical verification of the projects revealed that the contractor has set up temporary site offices and started carrying out preliminary work including surveying and mapping of irrigation and mobilizing equipment and machinery. However, the land on which the projects are to be constructed has not been acquired since compensation and relocation of affected residents is yet to be done.

Consequently, the project is behind schedule and it is not known when the relocation exercise will be concluded and construction work on project to commence.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter(s) described in the Basis Qualified Opinion section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the Kerio Valley Development Authority ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Kerio Valley Development Authority or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Kerio Valley Development Authority financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level

of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Kerio Valley Development Authority policies and procedures may deteriorate.

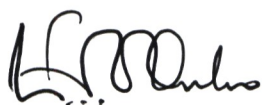
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Kerio Valley Development Authority ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Kerio Valley Development Authority to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Kerio Valley Development Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

22 May 2019

KERIO VALLEY DEVELOPMENT AUTHORITY FINANCIAL STATEMENTS

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XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Notes	As at 30th June 2018 Kshs	As at 30th June 2017 Kshs
Revenue from non-exchange transactions			
Government grants-Unconditional	11(a)	190,675,184	244,675,184
Government grants-Conditional	12	15,100,369	116,203,104
Gain on disposal of Assets	13	1,683,957	3,869,740
Conditional Receipts (VER)	14	20,445,484	-
Conditional Receipts (Error)	15	8,634,135	-
		236,539,129	364,748,028
Revenue from exchange transactions			
Appropriation In Aid	16	226,521,478	188,223,110
Total revenue		463,060,607	552,971,138
Expenditure			
Conditional Grants payments	12	15,100,369	116,203,104
Conditional grant Expense (VER)	14	20,445,484	-
Conditional grant payment (Error)	15	8,634,135	-
Personal Emoluments-Employee costs	17	192,268,021	197,981,089
Administration	18	48,468,009	32,325,244
Operation expenses	19	154,137,777	137,649,277
Remuneration of Directors expenses	20	21,356,391	13,114,943
Finance Cost	21	52,205,672	43,107,727
Provision for Doubtful Debts	23 (c)	661,372	-
Depreciation and amortization expense	35	110,521,180	114,126,760
Total expenses		623,798,409	654,508,144
Surplus/ (Deficit) before tax		(160,737,802)	(101,537,006)
Deffered income Suplus/liability		(160,737,802)	(101,537,006)

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XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	As at 30th June 2018 Kshs	As at 30th June 2017 Kshs
Assets			
Current assets			
Cash and cash equivalents	22	781,667,287	535,454,634
Receivables from exchange transactions	23	70,674,588	61,164,817
Inventories	24	22,385,075	25,490,384
		874,726,950	622,109,835
Non-current assets			
Property, plant and equipment	35	4,942,282,499	4,999,718,706
Investment property	35	694,726,674	708,904,769
Biological Assets	25	25,380,925	38,508,935
		5,662,390,098	5,747,132,410
Total assets		6,537,117,048	6,369,242,245
Liabilities			
Current liabilities			
Ministry Devolution - (VER Funds)	14	288,554,516	309,000,000
Restricted Liability- Aror	15	384,565,865	-
Trade and other payables from exchange transactions	26	41,006,104	57,531,588
Restricted Funds Liability (ESP)	27	38,534,789	53,635,158
Auditor General	28	812,000	1,112,000
Sub- Total Current liabilities		753,473,274	421,278,746
Non-Current Liabilities	29	377,263,352	380,845,275
Total Liabilities		1,130,736,626	802,124,021
Total Net Assets		5,406,380,422	5,567,118,224
Capital Reserves		7,696,199,073	7,696,199,073
Revenue Reserves		(2,289,818,651)	(2,129,080,849)
Total net assets and liabilities		5,406,380,422	5,567,118,224

The Financial Statements for the year under review were signed by the chairman and Managing Director on behalf of the KVDA Board of Directors:



David Kimosop

C.E.O/ Managing Director

Date 02/04/2019



Tom Letiwa
For: Chairman K.V.D.A
Board

Date 02/04/2019

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XIV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2018

	Notes	Capital reserves Kshs	Revenue reserve Kshs	Totals Kshs
Balance as at 1st July 2016		7,696,199,073	(2,027,543,843)	<u>5,668,655,230</u>
Surplus/(deficit) for the period		-	(101,537,006)	<u>(101,537,006)</u>
Balance as at 30 June 2017		7,696,199,073	(2,129,080,849)	5,567,118,224
Balance as at 1st July 2017		7,696,199,073	(2,129,080,849)	<u>5,567,118,224</u>
Surplus/(deficit) for the period		-	(160,737,802)	<u>(160,737,802)</u>
Balance as at 30 June 2018		<u>7,696,199,073</u>	<u>(2,289,818,651)</u>	<u>5,406,380,422</u>

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XV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2018

		As at 30th June 2018 Kshs	As at 30th June 2017 KShs.
Cash Flows from Operating Activities			
Receipts			
Government Grants & Subsidies	11(b)	573,985,585	598,675,184
Disposal of Assets	13	1,685,000	2,731,000
Sale of Goods	16(a&c)	130,513,474	113,627,010
Other Income, rentals	16(b)	94,417,626	74,596,100
Total Receipts		800,601,685	789,629,294
Payments/Cash outflows			
Conditional Expenses	12	(15,100,369)	(116,203,104)
Voluntary Early Retirement	14	(20,445,484)	-
Conditional Grant (Arro)	15	(8,634,135)	-
Compensation of Employees	17	(192,268,021)	(197,981,089)
Administration Expenses	18	(47,656,009)	(31,513,244)
Operation Expenses	19	(153,789,779)	(137,649,277)
Remuneration of Directors	20	(21,356,391)	(13,114,943)
Finance Costs-	21	(52,205,672)	(43,107,727)
Southern Wing Project		-	(140,614,381)
		(511,455,860)	(680,183,765)
Net cash generated from operating activities		289,145,826	109,445,529
Cash flows from Investing Activities			
Purchase of Property, Plant and Equipment	35	(34,450,709)	(8,464,999)
Retention funds	26	-	20,211,475
		(34,450,709)	11,746,476
Net Cash flow after Investing Activities		254,695,117	121,192,005
Cash flows from financing activities			
Borrowing		6,576,479	-
Principal Loan Repayment		(15,058,943)	-
		(8,482,464)	140,614,381-
Net cash and cash equivalents		246,212,653	261,806,386
Cash and cash equivalent at the beginning of the Period		535,454,634	273,648,248
Net Cash & Cash Equivalents		781,667,287	535,454,634
-	22	781,667,287	535,454,634

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AUTHORITY FINANCIAL STATEMENTS

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	ORIGINAL BUDGET 2017-2018	ADJUSTMENTS 2017-2018	FINAL BUDGET 2017-2018	ACTUAL ON COMPARABLE BASIS 2017-2018	PERFORMANCE DIFFERENCE 2017-2018
REVENUE					
RECURRENT	615,898,294	14,865,706	630,764,000	356,073,421	274,690,579
DEVELOPMENT	373,515,045	(133,000,000)	240,515,045	195,759,192	44,755,853
CONDITIONAL RECEIPTS (ARROR)	-	400,000,000	400,000,000	8,634,135	391,365,865
CONDITIONAL RECEIPTS (ESP) B/F	52,981,016	-	52,981,016	15,100,369	37,880,647
TOTAL	1,042,394,355	281,865,706	1,324,260,061	575,567,117	748,692,944
EXPENSES					
PERSONNEL & ADMINISTRATION	306,898,294	-	231,764,000	327,573,776	(5,809,776)
CHERANGANY CONSERVATION	228,515,045	-	95,139,236	94,878,189	261,047
MANGO VALUE CHAIN PROJECT	40,000,000	-	40,000,000	35,121,344	4,878,656
WEI WEI IRRIGATION PROJECT	41,000,000	-	41,000,000	22,037,331	18,962,669
NAPUU/ LOMUT IRRIGATION PROJECT	64,000,000	-	64,000,000	22,427,048	41,572,952
WATER HARVESTING BOREHOLE & ESP	52,981,016	-	52,981,016	15,100,369	37,880,647
MARICH	-	-	375,809	848,890	(473,081)
ARROR MULTIPURPOSE PROJECT	-	-	400,000,000	8,634,135	391,365,865
VOLUNTARY EARLY RETIREMENT	309,000,000	-	309,000,000	20,445,484	288,554,516
TOTAL EXPENSES	1,042,394,355	-	1,324,260,061	547,066,566	777,193,495
SUPLUS/DEFICIT				28,500,551	(28,500,551)

**Notes to the
Statement of Comparison of Budget and Actual Amounts**

1. The Authority was allocated recurrent disbursement of **kshs.118, 675,184**. However kshs **108,785,585** was received during the year under review leaving a balance of **kshs.9, 889,597** that was received in the financial year 2018/2019.
2. The target for appropriation in aid for the year under review was surpassed by ksh.38, 298,368 as shown in the statement of actual comparison.
3. The Authority received conditional funds for voluntary early retirement of kshs. 309,000,000 which had not been fully utilised.
4. The Authority received conditional funds kshs. 393,200,000 for resettlement of persons affected by Aror Multipurpose project. These funds had not been fully utilised.
5. The funds kshs.23, 434,420 are balance carried down for Bore holes and economic stimulus programme.
6. The Authority initially had a budget of kshs 205,000,000 for development projects. The Authority entered/committed itself by engaging suppliers. This caused the differences.

1). Statement of compliance and basis of preparation-IPSAS 1

The Authority adopted International Public Sector Accounting Standards (IPSAS) following the Gazettement of the Public Sector Accounting Standard Board (PSASB) that was established by the Public Financial Management ACT no. 18 of July 2014. The financial statements have been prepared in Kenya shillings, which is the functional and reporting currency of the entity and values are rounded to the nearest shilling. These statements are prepared on historical cost. The cash flow statement is prepared using direct method and the financial statements are prepared on accrual basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2) Revenue recognition

i) Revenue from non-exchange transactions-IPSAS 23

Revenue from non-exchange transactions and other Government entities are recognized when it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

ii). Revenue from exchange transactions-IPSAS 9

Sale of goods (Honey, Livestock, Seedlings, & Bee Hives)

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, on delivery of the goods and revenue can reliably be measured.

iii) Rental income

Rental income arising from operating leases on investment properties is accounted for on line basis over the lease term and included in revenue

iv) Donation

The Authority treats donations as revenue from non-exchange transaction in (i) above.

3) Restricted/Conditional Funds

The Authority recognises Restricted funds as income but this is only if it is certain that it will meet and comply with conditions attached to these funds. (IAS NO 20) Payments for all restricted funds are paid for upon receipt of certified certificate of works completed and as per contracts awarded

4) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

5) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

6). Depreciation:-

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Fixed assets are depreciated (on prorata basis) on their reducing Net Book Value (NBV) balances. Depreciation is charged fully on the year of purchase and none in the year of disposal

Depreciation rates

Assets category	Annual %
(i) Buildings- Permanent	2
(ii) Buildings- Semi-permanent	10
(iii) Plant, machines & Farm Equipment	25
(iv) Motor Vehicles	25
(v) Tractors & Dozzers	25
(vi) Office Furniture & Fittings	12.50
(vii) Loose Tools & Equipments	12.50
(viii) Survey & Drawing Equipments	12.50
(ix) Office machines & Equipments	12.50
(x) House Furniture & Fittings	12.50

7) Recognition and Measurement of biological assets IPSAS 27

The Authority recognizes a biological asset when and only when:

- (a) The it controls the asset as a result of past events;
- (b) It is probable that future economic benefits or service potential associated with the asset will flow to it,
- (c) The fair value or cost of the asset can be measured reliably.

8) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the close of financial year. Inventories are recognized as an expense when deployed for utilization or Consumption in the ordinary course of operations of the Entity.

9) Provisions – IPSAS 19

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, this will be recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

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10) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

XVII. NOTES TO THE FINANCIAL STATEMENT

11) (a) Government Grants/Transfers.

The Authority during the year received a total of **Kshs. 573,985,585** grants for core activities out of which Kshs 108,785,585 was for personnel emoluments:

Description	As at 30th June 2018	As at 30th June 2017
	Kshs.	Kshs.
Recurrent	118,675,184	118,675,184
Development	72,000,000	126,000,000
Total Transfers	190,675,184	244,675,184

11(b)The Authority received a total of **Kshs. 573,985,585** transfer for core activities out of which kshs.108,785,585 was for personnel emoluments;

	30th June 2018	30 th June 2017
Recurrent	108,785,585	118,675,185
Development	72,000,000	126,000,000
Arror/Kimwarer multipurpose	393,200,000	-
Boreholes	-	45,000,000
Voluntarily Retirement	-	309,000,000
	<u>573,985,585</u>	<u>598,675,184</u>

Note:

- i. There was a significant reduction of GOK development budget by 65% . This made the reduction of funding to drop from 205 million to 72 million.*
- ii. there was receipt of kshs 393.2 million counterpart funding for Arror multipurpose project out of which kshs 8.6 million was used in project activities during the financial year*
- iii. There was no new receipt for borehole projects and Voluntary retirement programme*

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12) Grants - Conditional Funds

Payee	As at 30th June 2018	As at 30th June 2017
Economic Stimulus Program		
Loyapat	575,377	3,023,996
Ptokou Sangat	874,819	1,127,904
Etyo	-	275,357
Rokocho	179,210	4,454,831
Donor (Wei wei Phase III)	-	68,588,489
Tot Arror & Sangach	4,661,620	2,389,127
Arror Chepkum/Kamsiwet	5,666,004	-
Kimao	46,900	3,363,976
Sub-total	12,003,930	83,223,680

The certificate for Wei Wei Phase 3 Project was not ready for processing at the close of the year. Implementation for the works is on going

Water harvesting

Samburu county	-	64,350
Elgeiyo county	1,006,350	450,000
Uasingishu county	339,000	429,870
Hq cordination costs	1,236,839	5,255,918
W. Pokot county	-	41,000
Transzoia county		72,500
Baringo county	251,250	1,843,174
Turkana county	263,000	24,822,612
Sub-total	3,096,439	32,979,424

Grand total

15,100,369 116,203,104

13). Gain on Disposal of Machinery As at 30th June 2018

Particulars	Cost	Acc. Depreciation	Sale Amt.	Gain/Loss
	Kshs.	Kshs.	Kshs.	Kshs.
Grader Komatsu-KZX 386	1,846,855	1,846,415	880,000	879,560
Shovel Komatsu Wheel Loader- KZX 387	1,846,855	1,846,252	805,000	804,397
Total	3,693,710	3,692,667	1,685,000	1,683,957

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14) Voluntarily early Retirement	Kshs.	Kshs.	
Receipts		309,000,000	309,000,000
Expenditure for the year		(20,445,484)	-
Balance c/f		288,554,516	309,000,000

15) Arror Multipurpose

		Kshs.	Kshs.
Receipt		393,200,000	-
Expenditure		(8,634,135)	-
Balance c/f		384,565,865	-

16). Appropriation In Aid

		As at 30th June 2018	As at 30th June 2017
(a) Other Income		Kshs.	Kshs.
Description			
Beekeeping		35,239,651	25,208,420
Sale of Farm Produce		187,955	9,037,448
Miscellaneous/interest		34,189,856	21,730,772
Sale of Tree Seedlings		73,900	70,450
Pasture seed & Livestock		11,820,200	8,900,000
Sale Mango Seedling		4,592,290	3,679,920
Total		86,103,852	68,627,010
Description			
(b) Rental Revenue		95,417,626	74,596,100
(c) Kenya Electricity Generating Co. Ltd		45,000,000	45,000,000
Grand Total AIA =(a) + (b) + (c)		226,521,478	188,223,110

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17) Employee Costs (Personnel Emoluments)

Employee cost		
Description		
Personal Emoluments	89,900,370	92,239,362
House Allowance	32,512,000	33,514,000
Acting Allowance	422,141	457,484
Hardship Allowance	4,150,800	4,280,400
Medical Cover	23,287,214	25,368,660
Special Duty Allowance	157,380	155,819
Extraneous Allowance	1,012,666	1,012,915
Leave & Passage	2,616,000	3,528,000
Commuter Allowance	20,727,000	21,475,000
N.S.S.F Employer's portion	1,112,200	1,136,200
Pension	5,958,263	6,171,854
Gratuity	7,694,674	4,691,069
Transfer Allowance	47,212	403,544
Non Practicing Allowance	60,000	60,000
Cottractual Employees	450,101	467,155
Incentive& Awards	1,800,000	1,800,000
Salary Arrears	-	859,627
Disability Help Allowances	360,000	360,000
Sub-Total	192,268,021	197,981,089

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18)(a) Administration expenses

Description	As at 30th June 2018	As at 30th June 2017
	Kshs	Kshs
Communication & Supplies Services	1,029,236	625,277
Daily substance	6,847,884	1,987,962
Rent & Rates-Residential	933,830	975,351
Benevolent Expenses	177,750	113,800
Hospitality	3,017,837	2,330,013
Insurance	4,097,212	1,643,895
Office General Supplies (Stationery)	766,512	451,433
Fuels, oil and lubricants	70,076	25,547
Contracted Professional Services	1,464,515	2,245,191
Routine Maintenance of Assets	2,037,480	759,717
Audit Fees	812,000	812,000
VAT Penalty	-	694,609
Domestic Tax Land Rent	-	1,097,468
Sales & Marketing	1,074,762	-
Office Machines Repair	5,450	6,500
Bank Charges	183,147	839,802
Other recurrent expenses	830,792	-
Sub totals	23,348,483	14,608,565

Debtors for the last financial year were shown net off VAT

18(b). Goods & Services /Utilities

Description	As at 30th June 2018	As at 30th June 2017
	Kshs.	Kshs.
Water	4,740,744	3,254,520
Electricity	10,239,398	7,365,719
Cleaning & security Services	10,139,384	7,096,440
Total goods & services	25,119,526	17,716,679

Total Admin. Expenses 15a+15b

48,468,009

32,325,244

Note; Cleaning & Security Services are contracted services

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19 (a) Operation/General Expenses	As at 30th June 2018	As at 30th June 2017
Description	Kshs.	Kshs.
Cherangany Water Shed Conservation	3,586,512	7,650,989
Pasture Development	4,601,930	1,607,557
Livestock Improvement (Chesongoch)	701,700	590,663
Livestock Improvement (Nomotio)	1,657,874	518,318
Livestock Improvement (Chemeron)	757,375	-
Kerio Roses	-	884,649
Lodwar Green House	-	71,876
Honey Value Chain Project	29,015,041	5,375,265
ICT	928,727	432,554
ISO	746,724	1,458,050
Development Of Conservancies/Eco-Tourism	-	22,541
Corporate Communication	1,575,612	6,139,828
Research & Development	-	1,163,702
Public Participation	28,827,584	4,512,644
Monitoring & Evaluation	-	322,010
PC Targets	1,507,517	3,982,565
Competency	23,200	74,000
Employee Satisfaction/Work Environment	-	56,100
HIV/AIDs Prevention	-	6,000
Project Supervision	-	1,618,814
Turkwel Dam Monitoring	-	903,420
Safety Measures	140,000	-
General Expenses – Regions		
County Coordination	10,500	119,150
Region offices- Lake Baringo Region Office	416,573	652,966
Region offices- Kerio Region Office	523,753	664,775
Region offices- Samburu Region Office	1,772,797	718,599
Region offices- Turkwel Region Office	729,925	513,078
Region offices- Lake Turkana Region Office	982,943	1,556,514
Crops production MGT (Green house)	2,441,444	-
Project Support (Transport)	2,804,105	9,497,010
Totals	83,751,836	51,113,637

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19 (b) Grant Expenses	As at 30th June 2018	As at 30th June 2017
	Kshs.	Kshs.
Error Multipurpose Project	8,634,135	16,556,125
Wei Wei	-	4,238,554
Error Chepkum	-	861,876
Error Kamsiwet	-	1,991,468
Lomut	11,268,490	109,535
Lower Turkwel/Napuu Irr Infrast Devpt	11,158,558	16,707,347
Wei Wei Phase iii	22,037,331	30,508,706
Mango Value Chain	670,635	5,005,767
Marich Pass	848,890	8,170,240
Boreholes	15,767,902	2,386,022
Total	70,385,941	86,535,640
 Grand Totals Grants a+b	 154,137,777	 137,649,277

20). Remuneration of directors

	As at 30th June 2018	As at 30th June 2017
Chairman's Honoraria	762,667	960,000
Director's Sitting Allowances	14,663,854	6,001,936
Other allowances (Board Expenses)	5,147,107	4,978,823
Medical Cover	782,763	1,174,184
Total director emoluments	21,356,391	13,114,943

There was a significant increase in Board expenses because of carrying out of Board Training and increased meetings due to implementation of VER programme

21). Finance Costs

Interest on Loan

	As at 30th June 2018	As at 30th June 2017
	Kshs	Kshs
Interest Expense for the year ended June 2018	52,205,672	43,107,727
	52,205,672	43,107,727

Interest expense increased due to additional drawdown of loan facility

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22)(a) Cash & Bank Balances

Account name		As at 30th June 2018	As at 30th June 2017
Financial institutions	A/C No	Kshs.	Kshs.
a) Current account			
1. KVDA Premises A/C	1169785719	10,092,875	7,222,965
2. KVDA Development A/C	1169784720	430,221,258	427,286,794
3. KVDA Recurrent A/C	1169784984	517,019	3,056,381
4. Turkwel A/C	1169785344	557,560	244,660
5. KVDA Depreciation A/C	1169786111	283,256	297,266
6. KIDDP A/C	1169785166	361,799	375,809
7. KVDA Lake Turkana Region A/C	1150365099	220	3,495
8. KVDA Lake Turkwel Region A/C	1138684031	4,302	1,119
9. KVDA Lake Baringo Region A/C	1138684007	50,058	31,671
10. KVDA Kerio Region A/C	1138683884	1,630	6,256
11. KVDA Samburu Region	1148701583	3,762	62
12. KVDA Farm Produce & Other Income	1133480969	1,621,888	3,250,107
13. KVDA Machinery A/C	1131849132	1,883,802	3,088,902
14. KVDA Service Charge A/C	1133481035	2,113,945	468,619
15. KVDA Honey & other Business A/C	1146518099	5,732,281	9,381,259
16. KVDA Service Centre a/c	1001027717004	238,200	1,979,126
17. KVDA Sigor a/c	1001027717005	5,158	12,592
18. KVDA Retention A/C	1181606381	290,097,628	12,556,197
		743,786,641	469,263,279
Restricted funds: -			
Economic Stimulus Project - KCB		3,446,537	12,791,710
National Water Harvesting & Storage Program a/c - KCB		34,434,110	53,399,645
Sub-Total		37,880,647	66,191,355
Total		781,667,287	535,454,634

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23. (a) Trade & Other Receivables	As at 30th June 2018	As at 30th June 2017
Trade debtors –Tenants	39,668,782	42,702,257
Trade debtors-Other Clients	9,218,120	-
Staff Debts	30,770	173,950
Salary advances	3,747,774	4,459,181
	52,665,446	47,335,388
23 (b) Receivables from Non-Exchange Transactions		
Description	Kshs	Kshs.
National Oil Corporation of Kenya	1,000,000	1,000,000
Toyota	500,000	500,000
Wambwa Musembi, Chebii & Co. Advocates	879,996	879,996
Wei Wei Integrated Devlpt Association	2,518,970	218,970
Petty Cash	3,220,579	-
G.O.K (Salaries)	9,889,597	-
Staff	-	11,230,463
	18,009,142	13,829,429
Total	18,009,142	13,829,429
Total Receivables (a+b)	70,674,588	61,164,817
23. (c) Provision for Doubtful debts	15% (4,409,146)	= 661,372

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24) Inventory IPSAS 12

Inventory is measured at cost upon initial recognition. The cost of the inventory is its fair value at the date of acquisition. Inventories are recognized as an expenses when deployed for utilization in the ordinary course of operations of the entity.

<u>Category</u>	As at 30th June 2018	As at 30th June 2017
	KShs	KShs
Processed Honey	4,018,390	3,150,027
Crude and semi processed Honey	3,944,180	5,083,808
Building & Plumbing	3,190,114	4,953,077
Spare Parts	2,187,446	2,739,023
Beehives & Honey Equipments	480,618	1,593,848
Tools & Equipments	4,965,516	3,734,921
Packaging Materials	1,502,071	2,129,421
Farm inputs	860,110	1,220,405
Stationery	785,627	367,670
Fuel, Oil lubricants	58,479	91,294
Farm products	-	-
Agro-Vet (Live Stock)	60,167	211,161
Electrical	136,070	5,820
General stores	196,287	209,909
Total	22,385,075	25,490,384

25) Biological Assets

Biological Assets include tree seedling and farm animals. These assets are valued market fair value

<u>Description</u>	As at 30th June 2018	As at 30th June 2017
	Kshs	Kshs
Seedlings	22,201,925	35,218,935
Animal Goats	629,000	890,000
Animal Sahiwal Cattle	2,550,000	2,400,000
Total	25,380,925	38,508,935

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LIABILITIES

26) Trade & Other Payables

Description	As at 30th June 2018 Kshs	As at 30th June 2017 KShs.
Creditors (Recurrent A/C)	11,158,810	17,851,440
Unremitted salary deductions	16,933,937	16,933,937
Pensions /Insurance Refunds	453,608	482,082
Other Creditors(China Wu Yi)	-	9,707,932
National Industrial Training Authority	9,541,800	-
Retention- (Water pans & Others)	2,917,949	12,556,197
Total	41,006,104	57,531,588

27. Conditional Funds Liability

Balance b/f	53,635,158	66,191,355
Less Grant	(15,100,369)	-
Less – retention	-	(12,556,197)
Liability	38,534,789	53,635,158

28) Auditor General Fees

	2017-2018 Kshs	2016-2017 KShs.
Note: Audit Fee for the year		
Balance b/f	1,112,000	1,112,000
Fee for the year	812,000	812,000
Less payment	(1,112,000)	(812,000)
Total Balance c/d	812,000	1,112,000

29) Non-Current Liabilities (Loan)

The Authority borrowed from KCB bank loan **Kshs. 400 million** which is being serviced.

Balance b/f LOAN	380,845,275	240,230,895
Additional Loan	6,576,479	140,614,380
Adjustments	4,900,541	-
Principal loan Repayment	(15,058,943)	-
Loan Balance c/f	377,263,352	380,845,275

Draw down (Certificate of payment)	-	140,614,381
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KERIO VALLEY DEVELOPMENT AUTHORITY FINANCIAL STATEMENTS

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Total	-	140,614,381
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29 (a) Capital Reserves

Capital reserves include Land, building, Tractors & Dozers, Plant Machinery, equipment, Motor Vehicles Furniture and Turkwel Gorge.

29(b) Revenue Reserves

The negative position of reserve is as a result of annual depreciation charge. This will change once the Authority concludes revaluating its assets and updates it's books of accounts

30) Bad Debts Written Off

There were no bad debts written off in the current financial year.

31) Contingent Items

Included in the exchange transactions is a receivable deposited by the authority to enable it make an appeal in a court case NO. 96 of 2013 of kshs 875,996. This money was deposited as a result of a court order to enable the authority make an appeal. There is a high chance of winning this case.

32) Related Party Disclosure IPSAS 20

The Authority has a related party relationship with Ministry of Devolution Planning and Statistics, The National Treasury, Office of the President and sister regional Authorities which from time to time give circulars on financial and operational issues

OTHER DISCLOSURES

1. Construction of Dams

The Authority is implementing construction of two Multipurpose dam development projects (Arror and Kimwarer Multipurpose Dam Projects). The tendering process for these dams was initiated in 2014/2015 financial year and contracts signed in April 2017. The contract sum for Arror is USD 277,407,605.50 while the Kimwarer project is USD 204,020,149.02. Both projects are implemented by CMC Di RA VENNA-ITINERA JV and the construction period is 5 Years. During the Year under review, an advance payment of USD 41,611,140.83 equivalent to 15% of the contract sum was paid in respect of Arror Multipurpose Dam Project. Project works for both Arror and Kimwarer are ongoing.

2. Long Outstanding Debts

	As at 30th June 2018	As at 30th June 2018
Former Managing Director- Immanuel Iman	22,090,971	22,090,971
Former Directors	316,740	316,740
Former Employees	1,506,195	1,506,195
Tenants who have since left premises	14,055,346	14,055,346
Total	37,969,252	37,969,252

Provision for these debts was made in the financial year 2014 / 2015.



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35) NON -CURRENT ASSETS SCHEDULE FOR THE PERIOD ENDED 30th JUNE 2018
PROPERTY, PLANT & EQUIPMENT IN (KSHS)

	LAND KSHS	SURVEY & DRAWING EQUIPT. KSHS	BUILDINGS SEMI-PERMANENT KSHS	BUILDING PERMANENT KSHS	PLANT MACHINERY & EQUIPMENT	OFFICE MACHINERY & FITTINGS KSHS	MOTOR VEHICLES & LORRIES KSHS	TRACTORS & DOZERS KSHS	OFFICE FURNITURES & FITTINGS KSHS	HOUSE FURNITURE & FITTINGS KSHS	LOOSE TOOLS & EQUIPT. KSHS	TURKWEI GORGE PROJECT	WORK IN PROGRESS SOUTHERN WING	WORK IN PROGRESS MANGO VALUE CHAIN	TOTALS KSHS
Cost 30th JUN 2016	87,879,950	7,161,701	9,855,151	969,529,071	16,246,229	20,182,973	72,091,052	37,925,776	7,214,373	1,983,566	2,517,099	7,001,309,300	249,712,415	-	8,483,608,655
Disposal	-	-	-	-	-	-	-	-3,967,906	-	-	-	-	-	-	(3,967,906)
Additions Southern wing	-	-	-	-	295,000	-	8,169,999	-	-	-	-	-	-	-	8,164,999
Cost as 30th June 2017	87,879,950	7,161,701	9,855,151	969,529,071	16,541,229	20,182,973	80,261,051	33,957,870	7,214,373	1,983,566	2,517,099	7,001,309,300	140,614,381	-	140,614,381
Additions during year	-	-	-	-	-	-	-	-	-	-	-	-	390,326,796	-	8,628,720,129
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	34,450,709	34,450,709
Disposal	-	-	-	-	-	-	-	3,693,710	-	-	-	-	4,900,541	-	4,900,541
Cost as at 30th June 2018	87,879,950	7,161,701	9,855,151	969,529,071	16,541,229	20,182,973	80,261,051	30,264,160	7,214,373	1,983,566	2,517,099	7,001,309,300	395,227,337	34,450,709	8,664,377,669
Dep. As at 30th June 2016	-	5,294,475	9,211,128	246,156,857	13,872,284	13,403,762	60,891,445	28,217,910	4,877,047	1,745,212	1,942,644	2,420,357,127	-	-	2,805,969,894
Charge for the year 2016/2017	-	233,403	64,402	14,467,444	667,236	847,401	4,842,402	1,434,990	292,166	29,794	71,807	91,619,043	-	-	114,570,089
Dep. As at 30th June 2017	-	5,527,879	9,275,531	260,624,302	14,539,520	14,251,164	65,733,846	29,652,900	5,169,213	1,775,007	2,014,451	2,511,976,171	-	-	2,920,539,983
Disposal	-	-	-	-	-	-	-	(3,692,667)	-	-	-	-	-	-	(3,692,667)
Charge for the year 2017/2018	-	204,228	57,962	14,178,095	500,427	741,476	3,631,801	1,075,982	255,645	26,070	62,831	89,786,663	-	-	110,521,180
Dep. As at 30th June 2018	-	5,732,106	9,333,493	274,802,397	15,039,947	14,992,640	69,365,648	27,036,215	5,424,858	1,801,077	2,077,282	2,601,762,833	-	-	3,027,368,496
NBV 30th JUNE 2018	87,879,950	1,429,595	521,658	694,726,674	1,501,282	5,190,333	10,895,404	3,227,945	1,789,515	182,489	439,817	4,399,546,467	395,227,337	34,450,709	5,637,009,173
NBV 30th JUNE 2017	87,879,950	1,633,822	579,620	708,904,769	2,001,709	5,931,809	14,527,205	4,748,298	2,045,160	208,559	502,648	4,489,333,129	390,326,796	-	5,708,623,475

