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# KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS- TANA AND ATHI RIVER DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2004

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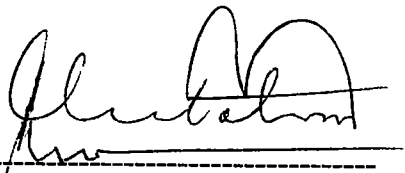


## STATEMENT OF DIRECTORS RESPONSIBILITIES

The Act of parliament establishing the Authority requires the management of the Authority to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and of its operating results for that year. It also requires the management to ensure proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

The management of the Authority accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the Authority's financial regulations and generally accepted accounting principles. The management of the Authority is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its operating results. The management of the Authority further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

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



Mr. Alex K. Muriithi (EBS)  
Chairman

Date \_\_\_\_\_

Dec. 16 2005



Mr. Moses K. Changwony (MBS)  
Managing Director

Date \_\_\_\_\_

20 / 12 / 05



# KENYA NATIONAL AUDIT OFFICE

## REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS- TANA AND ATHI RIVER DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2004

I have audited the financial statements of Tana and Athi River Development Authority for the year ended 30 June 2004 in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

### Respective Responsibilities of the Directors and the Controller and Auditor General

The Directors are responsible for the preparation of financial statements which give a true and fair view of the Authority's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

### Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of overall presentation of financial statements. I believe my audit provides reasonable basis for my opinion.

### Comments

#### 1. Financial Position

During the year under review, the Authority's financial performance continued to be poor. The Authority incurred a deficit of Kshs.480,890,249 compared to a deficit of Kshs.563,174,058 reported in 2002/2003 financial year. The Authority was unable to meet its financial obligations as and when they fell due. In

particular, it was unable to settle creditors amounting to Kshs.101,258,308, loan capital of Kshs.3,324,662,331 and a bank overdraft of Kshs.2,779,165 as at 30 June 2004. The authority's financial statements have therefore been prepared on a going concern basis on the assumption that it's continued operations will depend on the financial support from the Government, bankers and creditors.

## **2. Procurement of Banana Suckers**

The Authority through its Kiambere Irrigation Project awarded the tender for supply of Banana suckers to a firm which was the second lowest bidder at a cost of Kshs.3,343,340. If the tender had been awarded to the lowest bidder at a cost of Kshs.2,507,880, the Authority would have made a saving of Kshs.835,960. Under the circumstances, its doubtful if the authority obtained value for its money in this transaction.

## **3. Unremitted Value Added Tax (VAT) Kshs.768,527**

The authority collected and failed to remit Value Added Tax (VAT) amounting to Kshs.768,527 to the Kenya Revenue Authority contrary to the provisions of the V.A.T. Act, Cap 476. The management has not explained why the tax was not remitted to KRA. The Authority is likely to suffer heavy interest and penalties as a result of non compliance with VAT rules and regulations.

## **4. Budgetary Controls**

During the year under review, the Authority exceeded its budgetary provisions in eleven (11) expenditure items by Kshs.14,621,801. The budgeted expenditure for these items was Kshs.25,152,000 while the actual expenditure amounted was Kshs.39,773,801. The Authority has not justified this over expenditure.

## **5. Irregular Deposits Kshs.70,804,237**

The Authority had deposited Kshs.70,804,237 that originated from Treasury in a bank which went under receivership and later collapsed. The amount was deposited contrary to the government circular on prudent investment of surplus funds which requires such investments to be approved by the Treasury. It was further noted that the former Chief Accountant Mr. Robert Mburu illegally withdrew Kshs.8,496,508 and Kshs.4,326,000 from the collapsed bank against interest earned and part of the above principal sum respectively. These withdrawals were not properly authorized and they amount to embezzlement of the Authority's funds by the employee. Despite the management being aware of the anomaly, there is no evidence of any serious steps being taken to have the above amounts recovered. No satisfactory explanation has been provided as to why the amounts of Kshs.70,804,237. was deposited in Ari Bank without proper authority from Treasury.

**6. Salary Advances Kshs.1,174,625**

Included in the Authority's debtors and prepayments figure of Kshs. 1,287,634,200 are salary advances amounting to Kshs.4,242,153 to various staff members. Out of these outstanding advances, Kshs.87,426 is due from staff who have since left the Authority while the balance of Kshs.1,087,199 is due from other staff from whom the money is not being recovered. These debts have been outstanding for a long time and no efforts appear to have been made for their recoveries. Any provision that would have been necessary has not been incorporated in these financial statements.

**7. Imprest Advances**

It was further noted that the imprest account figure of Kshs.11,717,518 includes imprest advances amounting to Kshs.3,202,238 due from the headquarter staff. Most of the outstanding imprests are due from senior members of staff who are supposed to observe strict controls on such imprests. Recoveries of these advances are also too low and it is doubtful if the management is serious in its recovery efforts.

**8. Suspense Account**

Included in the Authority's debtors and prepayments amount of Kshs 1,287,634,200 is a suspense account of Kshs.294,783 which has not been analysed and is not supported by any documentary evidence. In the absence of analysis and detailed breakdown, it was not possible to confirm the authenticity of the suspense account of Kshs.294, 783.

**Opinion**

In my opinion, except for the matters referred to in the preceding paragraphs, proper books of account have been kept and the financial statements give a true and fair view of the state of financial affairs of the Authority as at 30 June 2004 and of its deficit and cash flows for the year then ended.

  
**E. N. MWAI**  
**CONTROLLER & AUDITOR GENERAL**

Nairobi

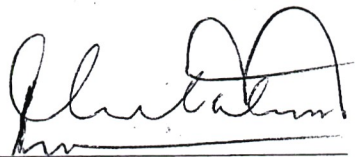
14 December 2005

# TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY

## BALANCE SHEET AS AT 30TH JUNE 2004

	NOTE	JUNE '2004 KSHS	JUNE '2003 KSHS
<b><u>NON CURRENT ASSETS</u></b>			
Property, Plant and Equipment	3	16,627,477,087	17,157,903,720
Work- In - Progress	4	1,130,841,162	1,130,841,162
Investments-Portfolio	5	24,500,000	24,500,000
		<b>17,782,818,249</b>	<b>18,313,244,882</b>
<b><u>CURRENT ASSETS</u></b>			
Inventories	6	39,789,074	44,268,741
Trade and Other receivables	7	1,287,634,200	46,684,928
Cash and Bank Balances	8	5,569,019	2,827,419
		<b>1,332,992,293</b>	<b>93,781,088</b>
<b>Total assets</b>		<b>19,115,810,542</b>	<b>18,407,025,970</b>
<b><u>NON CURRENT LIABILITIES</u></b>			
<b><u>FUND AND LIABILITIES</u></b>			
Loan Capital	9	3,324,662,331	3,324,662,331
Capital fund	10	982,434,264	982,434,264
Revenue Reserve Fund	11	(4,277,429,259)	(4,975,848,693)
Revaluation Reserve	12	18,982,105,733	18,982,105,733
		<b>19,011,773,069</b>	<b>18,313,353,635</b>
<b><u>CURRENT LIABILITIES</u></b>			
Trade and Other payables	13	101,258,308	90,288,277
Bank Overdraft	14	2,779,165	3,384,058
		<b>104,037,473</b>	<b>93,672,335</b>
<b>Total Fund and Liabilities</b>		<b>19,115,810,542</b>	<b>18,407,025,970</b>

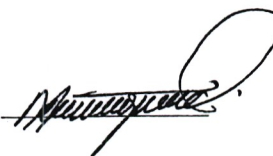
SIGNED  
CHAIRMAN:



DATE:

Dec. 16, 2005

SIGNED  
MANAGING DIRECTOR:



DATE:

20/12/05

**TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY**

**INCOME AND EXPENDITURE ACCOUNTS AS AT 30.06.2004**

PARTICULARS	NOTE	JUNE '2004	JUNE '2003
		KSHS	KSHS
<b>INCOME:</b>			
GOK - grants		116,213,803	105,660,558
Guest House Goods-Sales		325,255	186,370
House Deposit interest		38,768	38,297
Car loan interest		37,576	55,029
Interest on Savings		13,864	15,564
Interest on fixed and call deposits			791,806
Sales ( Internal AIA)	15	34,550,999	25,517,196
Sundry income (Sale of Power)		69,094,098	3,525,250
External A I A		69,900,000	55,000,000
Donations in		4,752,200	
		<u>294,926,564</u>	<u>190,790,069</u>
<b>EXPENDITURE:</b>			
Audit fees		18,690	335,023
Funeral Expense Fund		(95,360)	-
Bank charges		1,086,565	774,596
Other Rehabilitation Programmes		245,888	1,104,279
Computer expenses		1,541,337	979,641
Depreciation Account		532,619,480	531,282,395
Directors Allowances		2,997,999	1,713,230
Bad Debts		15,360,277	-
Purchase of Food		2,531,430	1,445,017
Farm Inputs	16	8,178,002	5,793,643
General Insurances Expenses		4,609,202	6,569,642
Purchase of Guest House Goods		278,623	208,157
Legal fees		2,903,720	2,914,743
Library		34,487	23,048
Loose Tools		103,550	78,630
MOTOR VEHICLE EXPENSES	17	12,965,408	12,271,766
OFFICE AND EQUIPMENT MAINTENANCE	18	4,013,860	8,814,402
OFFICE MAINTENANCE (Water,Electricity & Security)	19	11,583,641	11,717,578
Official entertainment		249,246	548,055
PRINTING & STATIONERY	20	2,950,833	3,752,279
PUBLICATION & SUBSCRIPTIONS	21	1,797,451	1,345,463
Shows and exhibitions		1,183,759	270,840
Social welfare		2,535,622	1,143,044
STAFF COSTS	22	130,557,451	126,613,993
SUNDRY EXPENSES	23	91,465	659,517
TELEPHONE & POSTAGES	24	2,789,261	2,236,468
Training expenses		1,312,581	2,419,947
Subsistence & accomodation allowance		17,246,042	16,726,514
Hire of Transport		623,838	230,338
Withheld Tax		2,730,029	771,781
Workmens compensation		(566,016)	-
Maintenance of Plant and Equipment		3,530,658	3,286,328
Maintenance of Pipes laying		396,702	1,119,408
Packaging Expenses		806,838	148,084
Plant, Equipment and Machinery-running		3,552,391	3,839,834
Purchases of beverages		1,001,401	743,490
Cost of sales		666,390	377,194
House hold goods		116,345	443,944
Water chemicals /Treatment		1,261,478	1,072,406
Water meters		6,250	189,410
		<u>775,816,813</u>	<u>753,964,127</u>
Deficit /Surplus		<u>(480,890,249)</u>	<u>(563,174,058)</u>

The negative financial positions have always been occasioned by the depreciation account and revenue lose arising from the suspension of payments by KPLC from 1997

Had TARDA been receiving the funds as per commercial agreements on bulky sales of power or adequately compensated for the use of the two facilities the statements of incomes and expenditures would have registered net surpluses of 82,810,915.00 shillings and 164,294,724.00 shillings in 2002/03 and 2003/04 financial years respectively.



**TANA AND ATHI RIVER DEVELOPMENT AUTHORITY  
CASH FLOW STATEMENT FOR THE YEAR ENDING 30.06.2004**

	<b>June-'2004</b>	<b>June-'2003</b>
Surplus/Deficit	(480,890,249.00)	(563,174,058.00)
<b>ADJUSTMENTS:</b>		
Depreciation	532,619,479.94	531,282,395.00
Prior Year Adj-Revenue Reserve Sch yr 03/04	94,306.00	456,518.00
Prior Year Adj-Revenue Reserve Sch	1,179,215,376.10	49,584.00
Prior Year Adj-Fixed assets Adjustment	(3,271.00)	554,979.00
<b>Operating income before working capital changes</b>	<b>1,231,035,642.04</b>	<b>(30,830,582.00)</b>
Decrease in stock	4,479,666.69	-
Increase in Debtors	(1,240,949,271.68)	(5,189,662.00)
Increase in Creditors	10,970,032.34	(660,659.00)
Other Adjustments-fixed assets	193,808.00	-
<b>Cash generated from operations</b>	<b>5,729,877.39</b>	<b>(36,680,903.00)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchases of Fixed Assets	(2,383,103.76)	(8,165,354.00)
Sales of Fixed Assts (M.V)	-	2,083,148.00
<b>Net cash from investing activities</b>	<b>(2,383,103.76)</b>	<b>(6,082,206.00)</b>
<b>CASH FROM FINANCING ACTIVITIES:</b>		
Exchange Loss	-	-
Interest on loans	-	-
G.O.K Grants (Development)	-	-
Loan received	-	-
Loan repayments	-	-
Service fees (on Loans)	-	-
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/decrease in cash &amp; cash equivalent</b>	<b>3,346,773.63</b>	<b>(42,750,849.00)</b>
Cash & Cash equivalent at the beginning	(556,638.00)	42,194,211.00
<b>Cash &amp; Cash equivalent at the end</b>	<b>2,790,135.63</b>	<b>(556,638.00)</b>

TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31TH JUNE, 2004

1 ACCOUNTING POLICIES:

a) Accounting Convention:

The Authority's accounts are prepared on the historical cost Convention.

b) Turnover

Sale of Hydro-Electric power represents the ascertained cost of Electrical energy supplied to the Authorized Distributors computed in accordance with the Bulk Supply License No. 4 dated December 8th 1980.

These accounts, since 1988/89 have not included as income proceeds of Hydro-electric power sales from Tana River Development company Limited. The Bulk supply Licence No. 4 dated December 8th, 1980 had authorised TARDA to supply power in bulk to TRDC.

From May 1988, Tana River Development Company Limited and Kenya Power and Lighting Company Limited stopped remitting proceeds of power sales to TARDA. However, the agreements have never been varied by both parties. But in 98/99 financial year, the sales of power has been recognised to the extent of loan repayment by KPLC.

b) (i) Masinga Turnover

The following amounts were due as at 30.06.2003 from KPLC to TARDA for Masinga Power Sales:

Year	Firm Power	Variable Power	Total
	Kshs.	Kshs.	Kshs.
1987/88	8,290,148.00	5,428,984.95	13,719,132.95
1988/89	49,740,888.00	34,968,450.55	84,709,338.55
1989/90	49,740,888.00	35,847,718.35	85,588,606.35
1990/91	49,740,888.00	56,201,507.25	105,942,395.25
1991/92	49,740,888.00	58,641,441.10	108,382,329.10
1992/93	49,740,888.00	49,111,963.75	98,852,851.75
1993/94	49,740,888.00	57,453,233.20	107,194,121.20
1994/95	49,740,888.00	64,059,130.00	113,800,018.00
1995/96	49,740,888.00	71,630,444.00	121,371,332.00
1996/97	49,740,888.00	68,584,383.90	118,325,271.90
1997/98	49,740,888.00	65,192,625.00	114,933,513.00
1998/99	49,740,888.00	70,374,711.00	120,115,599.00
1999/2000	0.00	0.00	0.00
2000/2001	0.00	0.00	0.00
Amount owing from K.P.L.C	<u>547,149,768.00</u>	<u>632,065,608.10</u>	<u>1,179,215,376.10</u>

**b) (ii) Kiambere Income:**

The following amounts were due from KPLC as at 30th June, 2003  
for Kiambere Hydroelectric Project: Kshs.

Lease charges since May 1988(e.i bal. b/f).	4,056,919,093.00
Add lease charges for the year	0.00
	<u>4,056,919,093.00</u>
Less amount paid by KPLC through loan repayment	4,497,152,933.81
Amount due from KPLC	<u>(440,233,840.81)</u>

**KIAMBERE LOAN REPAYMENT**

	(A) PRINCIPAL	(B) INTEREST
JUMBES	133,160,432.00	269,817,893.41
SIDA	22,202,134.50	22,389,319.75
CIDA	168,009,995.50	170,608,635.25
ADB	162,567,598.70	94,581,953.00
KFW	144,117,347.90	153,576,718.20
SEB	448,676,220.00	224,258,839.00
UK/ODA	73,209,045.80	316,229,839.80
SFD	85,738,987.00	128,736,521.00
IBRD	890,051,760.00	989,219,693.00
	<u>2,127,733,521.40</u>	<u>2,369,419,412.41</u>
<b>TOTAL A+B</b>		<u><u>4,497,152,933.81</u></u>

Due to the suspension of payments related to the power generation and usage of water from Masinga and Kiambere HEP by the KPLC/KenGen since 1987/88 financial year, it is considered prudent not to include these sums in the Income and Expenditure Accounts including related charges and interest payable to this Authority in accordance with Article 4 of the Principal Agreement made on June 4th, 1978 until the courts conclude the legal disputes mentioned here below. However, 1,179,215,376.10 shillings has been included in our statements because it is the subject of court dispute between TARDA and KPLC.

**c) Foreign Currencies:**

Foreign currency balances are translated at the mean rate ruling at the date of disbursement. During the period of construction of a project, gains and losses on foreign loans currency realignments are capitalised as part of the cost of the project. Gains and losses arising from currency realignments of Foreign Loan Capital relating to completed projects are transferred to reserves.

**d) Transfer of Assets:**

As per the Treasury circular Ref EA/FA62/323/01 dated 11th Nov 1999 TARDA was instructed to transfer all power generation, transmission and distribution assets to KENGEN and KPLC respectively. All the assets were transferred accordingly with their associated liabilities, Hence from financial year 1999/2000 they are not incorporated as part of TARDA assets and Liabilities.

**E). RATES OF DEPRECIATION:**

It is the policy of the Authority to depreciate its assets on a straight line method using the following rates :-

	%
(i) Masinga dam and power station:	
a) Civil engineering works	2.50
b) Electro-mechanical works	12.50
(ii) Motor Vehicles:	
a) Saloons and light trucks	25.00
b) Lorries and tractors	33.30
(iii) Equipment	10.00
(iv) Computers	20.00
(v) Furniture and fittings	7.50
(vi) Building	2.50
(vii) Land	
Land with a lease period of atleast 51 years is not depreciated	
The rest is Depreciated over the period of lease uniformly	

NOTE 3  
 TANJA & ATHI RIVERS DEVELOPMENT AUTHORITY  
 NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004  
 NON CURRENT ASSETS MOVEMENT SCHEDULE

	PROPERTY PLANT AND EQUIPMENT							TOTAL
	MOTOR VEHICLE	PLANT & EQUIP.	FURN. & FITTINGS	LAND & BUILD.	COMPUTERS	MASINGA HEP	KIAMBERE HEP	
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Historical Cost At 30th June 2003	298,392,436	597,143,748	31,823,197	3,478,976,575	10,223,511	6,134,385,600	9,286,013,300	19,936,056,367
Adjustments	-	(193,809)	-	-	-	-	-	(193,809)
Addition for the year	-	1,158,354	1,048,500	-	179,800	-	-	2,386,654
Cost At At 30.6.2004	298,392,436	598,102,294	32,871,697	3,478,976,575	10,403,311	6,134,385,600	9,286,013,300	19,938,251,213
Depreciation At At 30.6.2003	294,868,998	354,430,616	18,159,057	551,937,262	6,818,523	613,438,560	938,501,330	2,778,154,646
Charge For the Year	1,031,250	59,810,629	2,465,377	80,315,798	1,011,252	153,359,640	234,625,333	532,619,480
Total Depreciation at At 30.6.2004	295,900,248	414,241,645	20,624,435	632,253,061	7,829,775	766,798,200	1,173,126,663	3,310,724,126
Net Book Value At At 30.6.2004	2,492,188	183,860,648	12,247,263	2,846,723,414	2,673,536	5,367,587,400	8,212,886,638	16,627,427,087
Net Book Value At At 30.6.2003	3,223,438	242,712,932	13,664,140	2,927,039,214	3,504,888	5,520,947,040	8,446,511,970	17,457,903,721

**NOTES TO THE BALANCE SHEET.**

<b>4 WORK IN PROGRESS</b>		
Kitui North Water Project	896,688,873	896,688,873
Tana Delta Irr. Project ( TDIP)	234,152,289	234,152,289
	<u>1,130,841,162</u>	<u>1,130,841,162</u>
<b>5 INVESTMENTS</b>		
These are shares held in Consolidated Bank of Kenya as numerated below :-		
	KShs	KShs
265,000 Ordinary Shares @ 20.00 each =	5,300,000	5,300,000
960,000 4% Preference Shares @ 20.00 each =	19,200,000	19,200,000
	<u>24,500,000</u>	<u>24,500,000</u>
<b>6 INVENTORIES</b>		
<b>STOCK VALUATION 2003/2004</b>		
Inventories are valued at cost and net realisable value . The stock represents :-		
Machinery / Motor vehicle spare parts, Tree seedlings, Farm produce and Livestock		
<b>7 Debtors and Prepayments:</b>		
7.1 Imprests account	11,717,518	19,644,333
7.2 Salary advances	4,242,153	3,386,012
7.3 Debtors Account - ( KPLC)	1,269,507,490	21,470,631
7.4 Rent and rates- Prepaid		51,400
7.5 Car loan a/c	1,284,506	1,449,089
7.6 House Deposit a/c	617,532	418,463
7.7 Deposit of Bank guarantee	265,000	265,000
	<u>1,287,634,200</u>	<u>46,684,928</u>

8 CASH & BANK BALANCE

	30/6/04	30/6/03
Petty cash - MIP	17,013	3,711
Petty cash - MDR	228,416	196,751
Petty cash - Emali	49,999	22,778
Petty cash - Kitui	3,975	34,541
Petty cash - Hq	152,642	114,781
KCB - Voi Savings a/c (Kibwezi)	266,696	69,726
KCB - Machakos Current	12,804	4,809
KCB - Machakos Savings	76,047	8,565
KCB - Voi Current a/c (Kibwezi)	4,802	1,502
KCB - Malindi savings a/c	231,704	382,867
KCB - Malindi current a/c	(202,137)	23,019
KCB - Embu Savings (MDR)	305,341	727,374
Petty cash - Kibwezi	3,569	3,198
Petty cash - Mkc	516	1,370
Petty cash - Mwingi	28,582	18,680
Petty cash - Kiambere	6,855	91
KCB - MatuuCurrent (Mkc)	3,143	813
KCB - Matuu Current (MIP)	(281)	53,529
NBK - Upper Reservoir a/c	374,150	132,356
NBK - Kitui -Current	83,496	37,348
NBK - Kitui -Savings	9,285	89,739
Petty cash - TDIP	9,811	(131,397)
KCB - Matuu Savings (MIP)	18,397	406,035
NBK - Kiambere a/c	3,049,186	75,496
KCB - Matuu Savings (Mkc)	15,890	231,019
KCB - Embu Current (MDR)	15,485	5,468
KCB - Mwingicurrent a/c	91,579	15,434
KCB - Mwingi Savings a/c	469,865	161,368
KCB - Embu Current (Kip)	242,407	
KCB - Embu Savings (Kip)	(12,037)	7,933
Main Cash Book -Unbanked Cash sales	11,821	128,516
	-----	-----
	<b>5,569,019</b>	<b>2,827,419</b>
	=====	=====

9 LOAN CAPITAL AS AT 30TH JUNE 2004

	30/6/04	30/6/03
9.1 O.E.C.F.(JAPAN)	2,508,154,778	2,508,154,778
<b>KITUI NORTH WATER SUPPLY</b>		
9.2 Italian Loan Capital	816,507,553	816,507,553
	-----	-----
9.3 TOTAL O/S LOANS AS AT 28.03.2004	<b>3,324,662,331</b>	<b>3,324,662,331</b>
	=====	=====

10 **CAPITAL FUND**

The capital fund represents the resources that were availed in the inception of the Authority and also loans paid on Tarda's behalf by the Government

11 **REVENUE RESERVE FUND:**

	Kshs.	Kshs.
Deficit b/f	(4,975,848,693)	(4,412,724,219)
Prior Year Adjustments	1,179,215,376	49,584
Prior Year Adjustments	94,306	
Add deficit /Surplus for year	(480,890,249)	(563,174,058)
Deficit as at 30 06 2003	<u>(4,277,429,259)</u>	<u>(4,975,848,693)</u>

The above prior adjustment is a result of amounts due from KPLC to TARDA for Masinga Power sales which were taken into account as detailed below :-

Year	Firm Power Kshs.	Variable Power Kshs.	Total Kshs.
1987/88	8,290,148.00	5,428,984.95	13,719,132.95
1988/89	49,740,888.00	34,968,450.55	84,709,338.55
1989/90	49,740,888.00	35,847,718.35	85,588,606.35
1990/91	49,740,888.00	56,201,507.25	105,942,395.25
1991/92	49,740,888.00	58,641,441.10	108,382,329.10
1992/93	49,740,888.00	49,111,963.75	98,852,851.75
1993/94	49,740,888.00	57,453,233.20	107,194,121.20
1994/95	49,740,888.00	64,059,130.00	113,800,018.00
1995/96	49,740,888.00	71,630,444.00	121,371,332.00
1996/97	49,740,888.00	68,584,383.90	118,325,271.90
1997/98	49,740,888.00	65,192,625.00	114,933,513.00
1998/99	49,740,888.00	70,374,711.00	120,115,599.00
1999/2000	0.00	0.00	0.00
2000/2001	0.00	0.00	0.00
Amount owing from K.P.L.C	<u>547,149,768.00</u>	<u>632,065,608.10</u>	<u>1,179,215,376.10</u>

12 **REVALUATION RESERVE**

This represents capital reserve that arose as a result of revaluation of Tarda's assets in 1996



13 **TRADE AND OTHER PAYABLES**

	Kshs.	Kshs.
13.1 Water & Meters deposit	406,695	347,747
13.2 Creditors account	100,251,613	89,338,530
13.3 Funeral expense fund	-	2,000
13.4 Trafers of fund	-	1
13.5 Audit fees provision	600,000	600,000
	-----	-----
	<b>101,258,308</b>	<b>90,288,278</b>
	=====	=====

14 **BANK OVERDRAFT**

	Kshs.	Kshs.
KCB - Embu Current ( KIP)	-	247
NBK -Car&House loan a/c	250,971	-
KCB - Industrial area	1,363,489	1,363,489
NBK - general a/c	1,164,705	2,020,323
	-----	-----
	<b>2,779,165</b>	<b>3,384,058</b>
	=====	=====

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT AS AT 31TH JUNE 2004

15 SALES (INTERNAL A I A)

Sales - Miscellaneous	831,490	42,470
Sales -Masinga Kiambere Complex	100,165	115,281
Sales - Kibwezi Farm	3,943,256	3,531,741
Sales -Mwingi Water	12,150,349	9,935,686
Sales -Kiambere Farm	927,522	638,231
Sales - Emali farm	1,990,682	1,669,617
Sales - Tana Delta Irrigation Project	5,954,800	4,338,548
Sales -Masinga Dam Resort	8,084,798	5,245,622
Sales - Kitui Honey Refinery	271,100	.
Sales-Masinga Irr Project	296,838	.
	-----	-----
	<b>34,550,999</b>	<b>25,517,196</b>
	=====	=====

16 FARM INPUTS

Farm inputs- fertilizer	194,323	738,075
Farm inputs- Vet Drugs	.	402,771
Farm inputs-Agro chemical	4,470,255	4,130,409
Farm inputsAnimal feeds	252,771	308,338
Farm inputs-Seeds	3,260,653	214,050
	-----	-----
	<b>8,178,002</b>	<b>5,793,643</b>
	=====	=====

17 MOTOR VEHICLE EXPENSES

Motor running	7,825,851	7,096,901
Motor maintenance	5,139,557	5,174,865
	-----	-----
	<b>12,965,408</b>	<b>12,271,766</b>
	=====	=====

18 OFFICE AND EQUIPMENT MAINTENANCE

Office and equip. maintenance	156,802	366,336
Maintenance of buildings and Stn	3,857,058	8,448,066
	-----	-----
	<b>4,013,860</b>	<b>8,814,402</b>
	=====	=====

19 OFFICE MAINTENACE (Water,Electricity & Security)

Rent and rates	2,701,221	1,617,980
Electricity and water	7,810,394	9,231,647
Security expenses	1,072,026	867,951
	-----	-----
	<b>11,583,641</b>	<b>11,717,578</b>
	=====	=====

<b>20 PRINTING &amp; STATIONERY</b>		
Stationery expenses	1,331,469	1,540,320
Printing and publishing	1,619,364	2,211,959
	-----	-----
	<b>2,950,833</b>	<b>3,752,279</b>
	=====	=====
<b>21 PUBLICATION &amp; SUBSCRIPTIONS</b>		
Public relations	1,753,091	850,612
Advertising and publicity	44,360	494,851
	-----	-----
	<b>1,797,451</b>	<b>1,345,463</b>
	=====	=====
<b>22 STAFF COSTS</b>		
Pension and Gratuities	(208,962)	6,277,716
Medical expenses	10,228,694	4,572,560
Casual wages	24,082,805	21,949,580
Salaries account	94,806,673	93,770,093
Uniform and clothing	325,219	37,045
Leave allowance	1,323,021	7,000
	-----	-----
	<b>130,557,451</b>	<b>126,613,993</b>
	=====	=====
<b>23 SUNDRY EXPENSES</b>		
Contra	(48,398)	
Sundry expenses	132,930	456,517
Donations	6,933	203,000
	-----	-----
	<b>91,465</b>	<b>659,517</b>
	=====	=====
<b>24 TELEPHONE &amp; POSTAGES</b>		
Telephone and telexes	2,726,818	2,153,704
Postage and telegram	62,443	82,765
	-----	-----
	<b>2,789,261</b>	<b>2,236,468</b>
	=====	=====

# TANA AND ATHI RIVERS DEV. AUTHORITY

## TRIAL BALANCE AS AT 30 JUNE 2004

ACCOUNT NAME	DR KSHS	CR KSHS
Accrued Expences		
Accrued Salaries& Wages		
Advertising and publicity	44,345.00	
Audit fees	18,690.00	
Bad Debts W/O		
Donations in		4,752,200.00
Bank charges	1,086,565.00	
Capital fund		982,434,264.30
Other Rehabilitation Programmes	245,888.00	
Car loan a/c	1,284,506.20	
Car loan interest		37,576.40
Casual wages	24,082,805.40	
Computer expenses	1,541,337.05	
stock adjustment	4,479,666.99	
Contra		48,398.00
Cost of sales	666,390.00	
Creditors account		100,251,613.04
Debtors Account	1,269,507,489.78	
Depreciation Account	532,619,479.94	
Deposit of Bank guarantee	265,000.00	
External A I A		69,900,000.00
Directors Allowances	2,998,280.60	
Disposal of Furniture and Fittings		
Diposal of Motor Vehicles		
Donations	6,933.00	
Electricity and water	7,810,393.58	
Bad Debts	15,360,277.25	
Extra- Ordinary loss		
Farm inputs-fertilizer	194,323.00	
Farm inputs-vet drugs		
Farm inputs-Agro chemical	4,470,255.00	
Farm inputsAnimal feeds	252,771.00	
Farm inputs-Seeds	3,260,653.00	
Fire & Burglary		
Fixed and call deposits	20,350,000.00	
Furniture and fittingsOffice Equipment	32,871,697.30	
Funeral Expense Fund		
GOK - grants accrued		
GOK - grants		116,213,803.20
Guest House Goods-Sales		325,255.00
General Insurances Expenses	4,609,202.00	
Purchase of Guest House Goods	278,622.50	
Computers	10,503,310.80	
Hire of Transport	623,837.80	
Purchase of Food	2,531,430.15	
House Deposit a/c	617,532.20	
House Deposit interest		38,767.70
Imprests account	11,717,518.20	
Motor Insurances Expenses		
Purchases of beverages	1,001,401.40	
House hold goods	116,344.75	
Interest Receivable		
Interest on fixed and call deposits		
Interest onSavings		13,864.35
Interest on Loan		
Investments-Portfolio	24,500,000.00	
Italian Loan Capital		816,507,553.00

ACCOUNT NAME	DR KSHS	CR KSHS
Funeral Expense Fund		95,360.05
KCB - Embu Current (Kip)	242,406.55	
KCB - Embu Savings (Kip)		12,036.80
KCB - Embu Current (MDR)	15,485.35	
KCB - Embu Savings (MDR)	305,340.60	
KCB - Matuu Current (Mkc)	3,142.75	
KCB - Matuu Savings (Mkc)	15,890.35	
KCB - Industrial area		1,363,489.00
KCB - Machakos Current	12,804.45	
KCB - Machakos Savings	76,046.82	
KCB - Malindi current a/c		202,137.25
KCB - Malindi savings a/c	231,704.30	
KCB - Mwingi current a/c	91,578.55	
KCB - Mwingi Savings a/c	469,865.00	
KCB - Voi Savings a/c (Kibwezi)	266,696.20	
Kiambere Irrigation G.O.K Redemable		
KCB - Voi Current a/c (Kibwezi)	4,802.10	
KCB - Matuu Current (MIP)		281.25
KCB - Matuu Savings (MIP)	18,397.15	
Petty cash - MIP	17,012.50	
Kiambere Loans - JUMBES		
Kiambere Loans - KFW		
Kiambere Loans - SEB		
Kiambere Loans - SFD		
Kiambere Loans - SIDA		
Kiambere Loans - UK/ODA		
Kiambere loans IBRD		
Kitui North Water Project	896,688,873.00	
Land and buildings	3,478,976,576.00	
Leave allowance	1,323,021.45	
Lease Income (Kiambere Power)		
Legal fees	2,903,720.10	
Library expenses	34,487.00	
Loan capital - Masinga redeemable		
Loose Tools	103,550.00	
Main Cash Book -Unbanked Cash sales	11,821.00	
Maintenance of buildings and Str	1,857,057.65	
Maintenance of Pipes laying	396,702.00	
Maintenance of Plant and Equipment	3,530,658.39	
Masinga Dam	6,134,385,600.00	
Medical expenses	10,228,693.75	
Motor maintenance	5,139,556.81	
Motor running	5,425,851.24	
Motor vehicles	298,392,436.70	
NBK -Car&House loan a/c		250,971.05
NBK - general a/c		1,164,704.65
NBK - Kitui -Current	83,496.20	
NBK - Kitui -Savings	9,284.85	
NBK - Kiambere a/c	3,049,186.45	
Kiambere Dam	9,385,013,300.00	
NBK - Upper Reservoir a/c	374,150.15	
Office and equip. maintenance	77,135.20	
Official entertainment	249,245.50	
O.E.C.F. Loan (Japan)		2,508,154,778.10
Packaging Expenses	806,837.90	
Pensions and Gratuities		208,962.24
Petty cash - Emali	49,999.00	
Petty cash - Hq	152,641.55	
Petty cash - Kibwezi	3,569.00	
Petty cash - Kiambere	6,855.20	
Petty cash - Mkc	515.50	

ACCOUNT NAME	DR KSHS	CR KSHS
Petty cash - MDR	228,415.60	
Petty cash - TDIP	9,810.85	
Petty cash - Mwingi	28,581.85	
Projects / Head office current account	0.20	
Plant, Equipment and Machinery	598,108,294.15	
Plant, Equipment and Machinery-running	3,552,391.21	
Postage and telegram	62,442.90	
Printing and publishing	1,619,364.30	
Provision for audit fees		600,000.00
Prov. for bad and doubtful debts on FDR		20,350,000.00
Prov. for dep. - Land & buildings		632,253,161.30
Prov. for dep. - Motor vehicles.		295,900,247.95
Prov. for dep. - Plant, Equip. & Mach.		414,241,645.78
Prov. for dev. - Furn. & Fittings		20,624,438.55
Prov for dev. -Computers		7,829,772.46
Prov. for dev. - Kiambere H.E P		1,173,126,662.50
Public relations	1,753,090.70	
Petty cash - Kitui	3,974.50	
Rent and rates	2,701,221.00	
Rent and rates- Prepaid		
Revenue reserve fund	3,796,538,728.64	
Salaries account	94,806,673.34	
Salary advances	4,242,153.30	
Sales - Email farm		1,990,682.00
Sales - Miscellaneous		831,490.00
Sales - Kitui Honey Refinery		271,100.00
Sales - Kibwezi Farm		3,943,255.55
Sales - Tana Delta Irrigation Project		5,954,800.00
Sales -Kiambere Farm		927,522.15
Sales -Masinga Kiambere Complex		100,165.00
Sales -Kiambere Goats		
Sales -Masinga Dam Resort		8,084,798.25
Sales -Masinga Irr Project		296,837.50
Sales -Mwingi Water		12,150,348.93
Sales -Power Masinga		
Security expenses	1,072,026.10	
Service fees (on Loans)		
Shows and exhibitions	1,183,759.35	
Social welfare	2,535,622.15	
Stanbic bank a/c		
Stationery expenses	1,331,468.70	
Stock &Work-in-progress	39,789,074.31	
Subsistence & accommodation allowance	17,246,041.80	
Sundry expenses	132,930.00	
Sundry income (Sale of Power)		69,094,098.20
Tana Delta. Irr. Project - (TDIP)	234,152,289.00	
Telephone and telexes	2,726,818.07	
Training expenses	1,312,581.00	
Transfer of funds	0.50	
Revaluation Reserve A/C		18,982,105,733.00
Uniform and clothing	325,219.20	
Water chemicals /Treatment	1,261,478.00	
Water resources		
Water & Meters deposit		406,695.30
Water meters	6,250.00	
Withheld Tax	2,730,029.23	
Workmens compensation		566,016.30
Prov. For dep-Masinga HEP		766,798,200.00
	<b>27,020,423,685.10</b>	<b>27,020,423,686.10</b>



