

Library

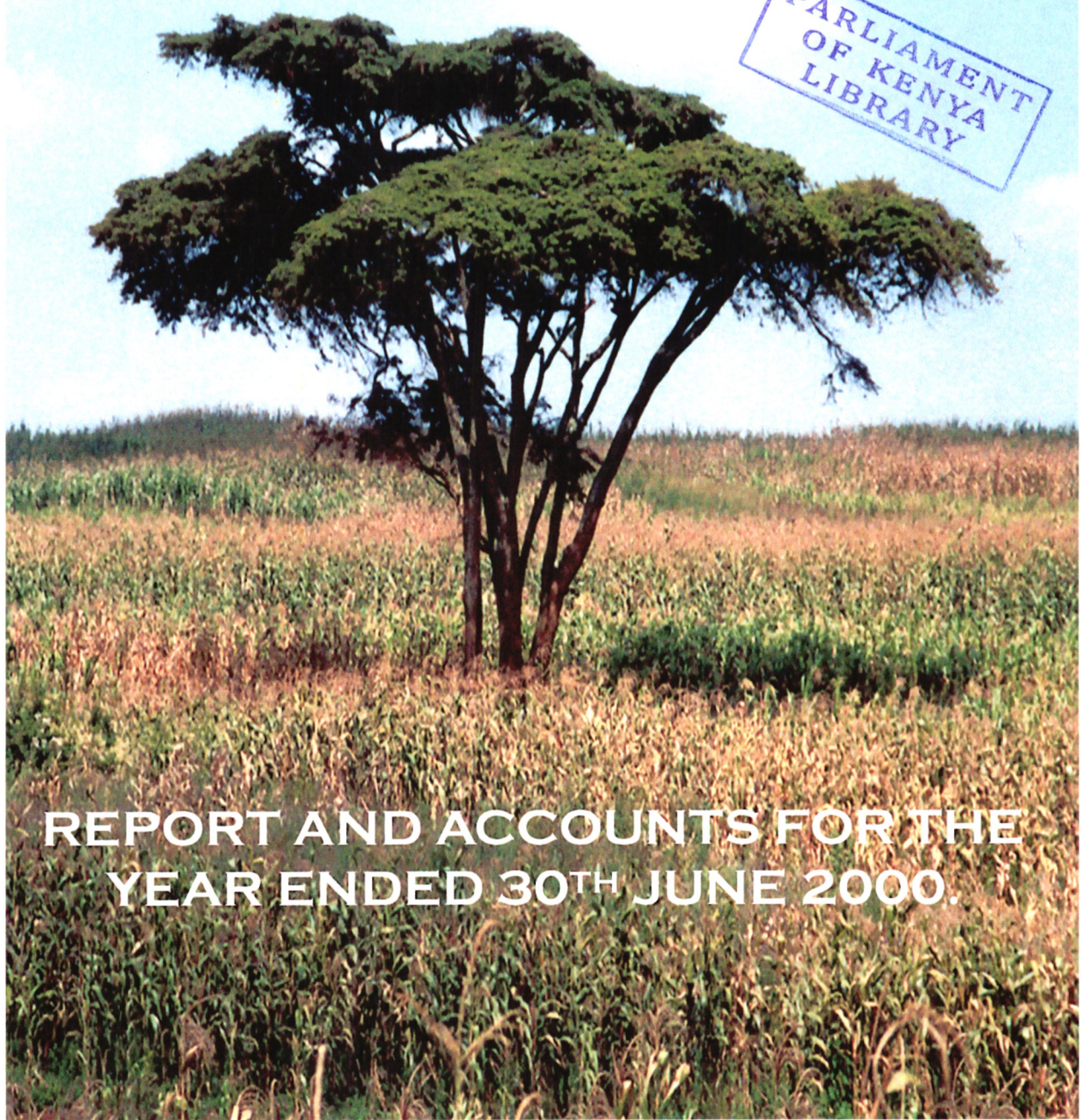
PARLIAMENT  
OF KENYA  
LIBRARY



PAPERS LAID No. 57	
Speaker N. A.	Clerk
Deputy Speaker	C. H. Editor
Clerk N. A.	Reporters
D/Clerk	Library
P. C. A.	Press


# KENYA FORESTRY RESEARCH INSTITUTE

PARLIAMENT  
OF KENYA  
LIBRARY



## REPORT AND ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2000.

657-45  
KEFRI



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
ACCOUNTS OF KENYA FORESTRY RESEARCH INSTITUTE FOR THE  
YEAR ENDED 30 JUNE, 2000

---

KENYA NATIONAL ASSEMBLY  
Accession: 10012990

Call No: 657.45 KEFR1





## KENYA FORESTRY RESEARCH INSTITUTE

### Contents

	Page
Auditors Report	
Balance Sheet .....	1
Income and Expenditure Account .....	2 - 4
Cashflow Statement .....	5
Notes to the Account .....	6 - 13



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
ACCOUNTS OF KENYA FORESTRY RESEARCH INSTITUTE FOR THE  
YEAR ENDED 30 JUNE, 2000**

---

I have examined the accounts of Kenya Forestry Research Institute for the year ended 30 June, 2000 in accordance with the provisions of Section 29 of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations considered necessary for the purpose of the audit. Proper books of account have been kept by the Institute and the accounts, which have been prepared under the historical cost convention, are in agreement therewith and comply with the National Council for Science and Technology Act (Cap 250).

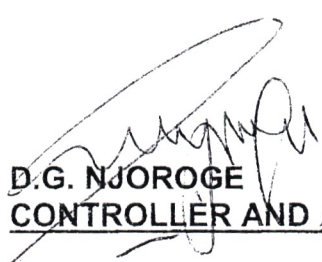
In my opinion and except for the matters referred to herebelow, the accounts when read together with the notes thereon, give a true and fair view of the Institute's financial state of affairs as at 30 June 2000 and of its surplus for the year ended on that date.

1. **FIXED ASSETS**

The Balance Sheet fixed Assets figure of Kshs.1,011,297,047 as at June 2000 excludes undetermined value of 420 hectares of land in the Institute's possession and use situated in various locations as well as forest reserves whose ownership could not be ascertained due to non-availability of documents of title. In the absence of such documents it has not been possible to confirm the ownership and value of the land under the custody of the Institute.

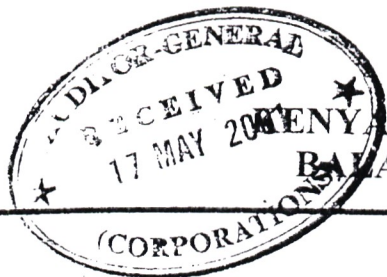
2. **MEDICAL SCHEME**

On 24 September 1998, the Board of directors approved the establishment of a Staff Medical Scheme which started operating in 1999/2000 and against which the Institute incurred an expenditure of Kshs.2,642,015. There was however, no record that the Medical Scheme had been approved by the Minister in consultation with the Treasury and the Committee as required by Section 5(4) of the State Corporations Act (Cap 446). Under the circumstances, therefore, it has not been possible to confirm the propriety of the expenditure of Kshs.2,642,015 incurred by the Institute during the year under review.

  
**D.G. NJOROGE**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi

31 January, 2003



**KENYA FORESTRY RESEARCH INSTITUTE  
BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2000**

	Notes	2000 KSHS.	1999 KSHS.
<b>Fixed Assets</b>	2(a)	<u>1,011,297,047</u>	1,047,517,742
<b>Current Assets:</b>			
Stock	3	11,146,431	14,753,147
Debtors	6	4,086,960	3,842,698
Cash at Bank	4	21,992,967	18,824,303
Investments: Treasury Bills	16	<u>9,826,902</u>	-
		<u>47,053,260</u>	<u>37,420,148</u>
<b>Less: Current Liabilities</b>			
Creditors	5	3,063,514	2,409,810
Pension Fund			<u>6,532,537</u>
		<u>3,063,514</u>	<u>8,942,347</u>
<b>Net Current Assets</b>		<u>43,989,746</u>	<u>28,477,801</u>
		<u><b>1,055,286,793</b></u>	<u><b>1,075,995,543</b></u>
<b>Financed by:</b>			
Government Grant for Capital Assets	14	1,127,290,554	1,165,364,920
External Grant for Research	7	12,182,437	10,461,118
Asset Revaluation Account		131,442,930	131,442,930
Accumulated Deficit:		<u>(215,629,128)</u>	<u>(231,273,425)</u>
		<u><b>1,055,286,793</b></u>	<u><b>1,075,995,543</b></u>

Signed:

Chairman .....

Director .....

*[Handwritten signatures]*

Date .....

Date .....

15/5/2001

15-5-2001



**KENYA FORESTRY RESEARCH INSTITUTE  
INCOME AND EXPENDITURE ACCOUNT FOR THE  
YEAR ENDED 30<sup>TH</sup> JUNE, 2000**

INCOME	Note	2000 KSHS.	1999 KSHS
Recurrent Government Grant		253,027,080	244,464,441
Development Government Grant		2,200,000	500,000
External Grant For Research	7	17,342,310	19,169,712
Sale of Forestry Produce		1,930,761	4,410,544
Other Income	..	413,303	325,574
Commission Income		107,781	111,118
Bus Charges		394,127	451,494
House Rent, Water & Electricity		339,401	295,171
Interest on Treasury Bills		544,168	-
Surcharges		78,570	216,697
Hire of KEFRI Facilities		9,472,800	3,188,908
Gain on Sale of Motor Vehicles & Stores		1,849,121	3,029,914
Clinic Revenue		14,446	-
Insurance Compensation		837,000	-
Pension Refund (Dismissed Employees)		1,832,806	-
<b>TOTAL INCOME</b>		<b><u>290,383,674</u></b>	<b><u>276,163,573</u></b>
<b>EXPENDITURE</b>			
Salaries and Wages		136,024,982	134,077,271
Gratuity & Pension Contribution (Employer)		23,090,685	21,695,611
Other Personal Allowances		5,237,051	4,695,593
House Allowances		23,730,142	24,376,026
Motor Running Expenses		13,378,551	11,373,708
Traveling & Accommodation Expenses		10,380,003	8,290,572
External Travelling		2,549,925	2,425,251
Telephone, Telex and Postage	8	2,422,245	2,502,270
Office Entertainment		12,910	67,527
Printing, Publishing & Stationery	9	3,865,305	2,878,200
Staff Uniform		841,623	232,355
Library Expenses		105,360	71,590
Electricity, Water & Conservancy	10	5,769,954	3,423,512
Medical Allowance (Non-Accountable)		11,332,466	12,185,977
Staff Medical Allowances		97,450	9,149
Repairs & Maintenance	11	3,684,078	4,952,791

**KENYA FORESTRY RESEARCH INSTITUTE**  
**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 200**

CONTINUED

	Notes	2000 KSHS.	1999 KSHS.
Bank Charges		183,199	311,658
Purchase of supplies for Production		6,319,164	3,097,755
Cost of Conference & Meetings		1,813,140	1,236,630
Misellaneous Charges		75,398	254,849
Audit Fees		200,000	200,000
Contracted Professional Fees		768,947	766,609
Advertising & Publicity		583,869	223,770
Training Expenses, Food & Ration	12	5,136,578	3,539,704
Honoraria & Commissions		1,270,534	191,651
Insurance of Property		1,365,689	1,769,829
Leave & Passage Expenses		2,507,539	3,331,655
Contribution to Statutory/Member Organisations		43,036	95,919
Compensation and Ex-Gratia		819,094	1,117,896
Investigation, Planning & Design		-	100,055
Computer Expenses		1,192,612	526,064
Appropriation in Aid		-	520,000
Life Insurance Premium and Personal Accident		3,328,205	4,364,479
Clinic Drugs & Dressings		117,849	-
Medical Scheme Contribution (Employer)		2,642,015	-
<b>TOTAL EXPENDITURE</b>		<b><u>270,889,598</u></b>	<b><u>254,905,926</u></b>
<b>SURPLUS BEFORE DEPRECIATION &amp; DEFERRED INCOME</b>		<b><u>19,494,076</u></b>	<b><u>21,257,647</u></b>

**KENYA FORESTRY RESEARCH INSTITUTE**  
**INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2000**

CONTINUED

	Note	2000 KSHS.	1999 KSHS
Surplus Before			
Depreciation & Deferred Income		19,494,076	21,257,647
Less: Depreciation	2a	(44,493,852)	(48,708,981)
Add: Deferred Income	2b	<u>42,398,721</u>	<u>46,708,120</u>
		17,398,945	19,256,786
Add: Closing Stock of Seeds, Seedlings – Forest Plantations		8,843,438	11,349,441
Less: Opening Stock Seeds & Seedlings		<u>(11,349,441)</u>	<u>(7,917,603)</u>
Surplus (Deficit) For the Year		14,892,942	22,688,624
Operating deficit b/fd		(231,273,425)	(261,922,578)
Prior period adjustment	13	751,355	7,960,529
		<u>(215,629,128)</u>	<u>(231,273,425)</u>



**KENYA FORESTRY RESEARCH INSITUTE  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2000**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>KSHS</b>	<b>KSHS</b>
<b>Surplus For the Year</b>		14,892,942
Adjustments For		
Depreciation		44,493,852
Deferred Income		(42,398,721)
Gain on Sale of Motor vehicle & Stores		(1,849,121)
Interest on Treasury Bills		(544,168)
Insurance Compensation		(837,000)
Pension Fund		<u>(1,832,806)</u>
Operating Surplus For The Year		11,924,978
Prior Period Items		<u>751,355</u>
NET Surplus		12,676,333
 <b>WORKING CAPITAL CHANGES</b>		
Decrease (Increase) in Stock	3,606,716	
Decrease (Increase) in Debtors	(244,262)	
Increase (Decrease) in Creditors	653,704	
Increase (Decrease) In Pension fund Arrears	<u>(6,532,537)</u>	
		(2,516,379)
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest on Treasury Bills		544,168
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Motor Vehicles & Stores	1,129,903	
Insurance Compensation For Stolen Vehicle	837,000	
Pension received on dismissed employees	1,832,806	
Purchase of Fixed Assets	(3,229,584)	
Research grants received	19,063,629	
Research grants spent	<u>(17,342,310)</u>	
		<u>2,291,444</u>
<b>NET INCREASE (DECREASE) IN CASH</b>		12,995,566
<b>CASH BALANCE AS AT 1/7/1999</b>		<u>18,874,303</u>
<b>CASH AND CASH EQUIVALENT AS AT 30/6/2000</b>		<u>31,819,869</u>

**KENYA FORESTRY RESEARCH INSTITUTE**  
**NOTES ON THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2000**

---

**I. ACCOUNTING POLICIES**

- a. The Financial Statements have been prepared under historical costs conventions, modified by the Inclusion of certain Fixed assets on a revalued basis.
- b. Depreciation is calculated to write off the cost of fixed Assets over their expected lives on a reducing balance basis at the following rates:-

ASSETS:	RATE
Land	Nil
Buildings	2 ½%
Buildings and Water Equipment	12 ½%
Loose Tools	12 ½%
Telephone Equipments, Apparatus and Instruments	12 ½ %
Furniture and Fittings	12 ½%
Bicycles	12 ½%
Heavy Vehicles and Tractors	37 ½%
Motorcars and Motorcycles	25%
Computers, Photocopiers, Fax Machines & Calculators	33 ⅓%

- c. Full depreciation is charged in the year of acquisition and none in the year of disposal.
- d. Recurrent grants from Kenya Government are credited to Income and Expenditure.
- e. Project Grants are credited to Income and Expenditure Account to the Extent they have been spent; Otherwise the unused balance is carried forward.
- f. Stocks are stated at lower of cost and net realisable value.

- g. Donated Assets are Deferred as Income and Recognised as Income annually over the useful lives of the assets on a Reducing balance method. Their useful lives are listed herebelow:

ASSET	YEARS
Buildings	40
Water Equipment & Plants	8
Loose Tools	8
Telephone Equipments	8
Lab. Equipments Apparatus & Electronics	8
Furniture & Fittings	8
Bicycles	8
Heavy Vehicles & Tractors	3
Motor Cars & Cycles	4
Computers, Photocopiers, Fax Machines & Calculators	3



FIXED ASSETS SCHEDULE

(a) DEPRECIATION

COST/EVALUATION	LAND (KSHS)	BUILDINGS (KSHS)	WATER EQUIP. & PLANTS (KSHS)	LOOSE TOOLS (KSHS)	TELEPHONE EQUIPS. (KSHS)	LAB. EQUIPS APPARATUS & ELECT. EQUIPS. (KSHS)	FURNITURE AND FITTINGS (KSHS)	BICYCLES (KSHS)	HEAVY VEHICLE AND TRACTORS (KSHS)	MOTOR CARS & CYCLES (KSHS)	COMPUTERS PHOTOCOPIERS FAX MACHINES CALCULATORS (KSHS)	TOTALS (KSHS)
AS AT 1ST JULY 1999	110,842,800	925,526,176	17,092,254	888,190	1,577,340	139,920,160	70,230,816	177,430	53,162,026	71,595,898	1,226,498	1,392,239,588
ACQUISITION DURING THE YEAR	-	-	345,509	12,200	4,000	10,422	203,085	-	-	6,291,947	1,554,368	8,421,531
ADJUSTMENT DEMOLITION/ DISPOSAL DURING THE YEAR	-	-	(472,520)	-	-	-	-	-	-	(395,072)	-	(867,592)
AS AT JUNE 2000	110,842,800	925,526,176	16,965,243	900,390	1,581,340	139,930,582	70,433,901	177,430	53,162,026	77,492,773	2,780,866	1,399,793,527
DEPRECIATION	-	-	-	-	-	-	-	-	-	-	-	-
AS AT 1ST JULY 1999	-	127,962,954	8,595,174	371,195	799,265	73,104,234	38,370,733	61,238	44,030,502	51,018,128	408,423	344,721,846
ADJUSTMENT ELIMINATION ON DISPOSAL/ DEMOLITION	-	-	(351,322)	-	-	-	-	-	-	(367,896)	-	(719,218)
CHARGE FOR THE YEAR	-	19,939,080	1,090,173	66,149	97,759	8,353,293	4,007,895	14,524	3,424,321	6,710,635	790,023	44,493,862
AS AT 30TH JUNE 2000	-	147,902,034	9,334,025	437,344	897,024	81,457,527	42,378,628	75,762	47,454,823	57,360,867	1,198,446	388,496,480
NET BOOK VALUE	-	-	-	-	-	-	-	-	-	-	-	-
AS AT 30TH JUNE 2000	110,842,800	777,624,142	7,631,218	463,046	684,316	58,473,055	28,055,273	101,668	5,707,203	19,306,906	1,582,420	1,011,297,047
AS AT 30TH JUNE 1999	110,842,800	797,563,222	8,497,080	516,995	778,075	66,815,926	31,860,083	116,192	9,131,524	20,577,770	818,075	1,047,517,742

(b) DEFERRED INCOME SCHEDULE

AS AT 1ST JULY 1999	-	797,563,222	8,275,127	309,763	768,360	66,546,146	31,413,908	116,192	9,740,292	17,319,707	534,667	932,587,384
ADDITIONS	-	-	(121,198)	-	-	-	-	-	-	5,191,947	-	5,191,947
DISPOSALS	-	-	-	-	-	-	-	-	-	(27,175)	-	(148,373)
DEFERRED INCOME (ADJUSTED) TO INCOME AND EXPENDITURE	-	797,563,222	8,153,929	309,763	768,360	66,546,146	31,413,908	116,192	9,740,292	22,484,479	534,667	937,630,958
DEFERRED INCOME C/F	-	19,939,080	1,019,241	38,720	96,045	8,318,268	3,925,638	14,524	3,246,764	5,621,119	178,222	42,398,721
	-	777,624,142	7,134,668	271,043	672,315	58,227,878	27,487,170	101,668	6,493,528	16,863,360	356,445	895,232,237

NOTE 3.

STOCK:

	As at 30/6/2000 Kshs.	As at 30/6/1999 Kshs.
Stationery	859,848	1,094,080
Motor Vehicle Spare parts & Fuel	248,153	576,598
Uniforms & Clothing	-	23,760
Hardware Electrical & Cleaning Materials	1,152,831	1,223,283
Chemicals & Supplies for Production	-	481,915
Food and Ration	-	4,069
Seeds & Seedlings	7,613,355	6,562,399
Forest Plantations	1,230,052	4,787,041
Drugs and Dressings	42,192	-
	<u>11,146,431</u>	<u>14,753,145</u>

NOTE 4

BANK ACCOUNTS KCB – SARIT CENTRE

	30/6/2000 <u>KSHS.</u>	30/6/1999 <u>KSHS.</u>
Recurrent	8,448,856	565,202
Development	2,127,361	391,562
Various Projects	9,943,247	13,736,473
EU AFRENA Project	461,603	95,396
IFRI Project	337,670	4,035,670
D.M.P	49,290	-
Gums & Resins	546,900	-
Sinking Fund	67,930	-
KARI/KEFRI/NARP	10,110	-
	<u>21,992,967</u>	<u>18,824,303</u>

## NOTE 5

## CREDITORS SCHEDULE

	30/6/2000 Kshs.	30/6/1999 Kshs.
Medical Fund	459.325	--
Occidental Insurance	3.541	2.245
Service Charge	519.034	105.300
A.G. Corporations – Audit Fee	200.000	759.474
Sundry Creditors – merchants	310.088	970.249
Accruals – (K.P.L.C. & TELCOM)	705.046	180.800
J. Odera	2.500	2.500
Research Institute Trade Union	62.372	45.435
Florence Chege (Pension)	53.521	37.053
DPM (Messing Charges)	118.598	--
KEFRI Welfare Society	218.559	253.041
Staff Pension	190.937	--
Family Remittance	1.400	1.000
Pan African Insurance	4.381	--
N.B.K. Car Loan	2.500	--
Total (K) Meko Gas	7.411	--
A.AR Credit Services	13.401	--
S.A.Y.E.	11.100	--
Bus Charges – Maseno	5.500	--
PAYE	146.520	--
NHIF	240	--
Asili Co-operative Society	6.171	--
K.N.A.	21.270	--
Co-op. Insurance (CIS)	99	--
British Insurance	--	51,713
AFC	--	1.000
	<u>3,063,514</u>	<u>2,409,810</u>



## NOTE 6

## DEBTORS SCHEDULE

	30/6/2000	30/6/1999
	KSHS.	KSHS.
Travelling Imprest	320,633	752,418
Station/Special Imprest	1,951,396	1,608,978
Salary Advance	112,573	424,688
Staff Debtors (Motor Vehicles & Other Stores)	571,233	735,367
Central Business Machines (CBM)	82,600	-
Land Mark - Kitui	1,043,000	-
Dr. Sore	1,000	-
Chief Adviser	3,625	-
KARI - Catholic Church	900	-
John Oyim	-	19,700
Advance to NARP/KARI/EMBU	-	68,000
P.S. D.P.M. (Messing Charges)	-	233,547
	<u>4,086,960</u>	<u>3,842,698</u>

## NOTE 7 : EXTERNAL DONOR GRANTS FOR RESEARCH

30/6/2000

		KEFRI KARI NARP	ARID- SACK SALARY	VARIOUS PROJECTS	E.U. AFRENA	IFRI	D.M.P.	GUMS & RESINS	TOTAL (EXTER- NAL)
Bal. b/f 1/7/99		Nil	Nil	6,360,271	53,677	4,047,170	Nil	Nil	10,461,118
Received During The Year	J.37 External	37,258	2,049,025	9,469,380	41,720 4,377,474	(11,500) Nil	- 814,885	- 1,785,387	30,220 19,033,409
	Internally Transferred	-	-	-	2,968,000	-	-	-	-
Available During The Year	External	37,258	2,049,025	15,829,651	4,972,371	4,035,670	814,885	1,785,387	29,524,747
	Internal				2,968,000				
Spent During The Year	External	27,147	2,049,025	7,086,910	4,501,267	2,139,711	731,596	806,655	17,342,310
	Internal	-	-	-	2,968,000	-	-	-	-
Bal. c/f 30/6/2000		10,111	Nil	8,742,741	471,604	1,895,959	83,290	978,732	12,182,437

30/6/1999

Balance b/f	-			5,072,006	-	-	-	-	5,072,006
Received during year	-			9,377,894	6,150,130	9,030,300	-	-	24,558,824
Totals	-			14,449,900	6,150,130	9,030,300	-	-	29,630,830
Spent during year	-			8,089,629	6,096,453	4,983,630	-	-	19,169,712
Balance c/f	-			6,360,271	53,677	4,047,170	-	-	10,461,118

NOTE 8

	30/6/2000	30/6/99
Postal and Telegrams	<u>SHS.</u>	<u>SHS.</u>
Telephone	168,705	224,736
	<u>2,253,540</u>	<u>2,276,534</u>
	<u>2,422,245</u>	<u>2,502,270</u>

NOTE 9

	KSHS	KSHS
Printing & Publishing	1,096,797	860,049
Stationery	<u>2,768,508</u>	<u>2,018,151</u>
	<u>3,865,305</u>	<u>2,878,200</u>

NOTE 10

	KSHS	KSHS
Electricity	5,325,388	3,255,484
Water and Conservancy	444,566	168,023
	<u>5,769,954</u>	<u>3,423,512</u>

NOTE 11

	KSHS	KSHS
Maintenance		
Plant and Machinery	1,089,901	2,769,021
Buildings	1,279,806	922,272
Water Supplies and Sewege	60,655	123,572
Roads	66,213	69,596
Minor Alterations	<u>1,187,503</u>	<u>1,068,323</u>
	<u>3,684,078</u>	<u>4,952,791</u>

NOTE 12

	KSHS.	KSHS
Food and Ration	1,048,646	837,783
Training	<u>4,087,932</u>	<u>2,701,921</u>
	<u>5,136,578</u>	<u>3,539,704</u>

**NOTE 13**

Prior Period Adjustments:	<b>30/6/200</b> Shs. 751,355 CR.	<b>30/6/1999</b> 7,960.529 CR.
Relate to the Correction of Opening balances for various accounts		

**NOTE 14.**

**GOVERNMENT GRANTS FOR CAPITAL ASSETS**

	<b>30/6/2000</b>	<b>30/6/1999</b>
Bal. b/f	1,165,364,920	1,211,244,403
Grants for Capital Assets Received	5,191,947	16,891,147
Grants for Capital Assets Disposed	(867,592)	(14,456,883)
Grants for Capital Assets Disposed (Prior year)	-	(1,605,627)
Transfer to Deferred Income	(42,398,721)	(46,708,120)
Bal. c/f	<u>1,127,290,554</u>	<u>1,165,364,920</u>

**NOTE 15: MEDICAL SCHEME FUND A/C**

Cash at Bank	1,018,733
Investments in Treasury Bills	<u>1,547,891</u>
	<u>2,566,624</u>

**FINANCED BY:**

Employees Contribution Received	856,034
Employer's Contribution Received	<u>2,259,563</u>
Total Received	3,115,597
Less: Medical Claims paid	548,343
Bank Charges	<u>630</u>
	<u>2,566,624</u>

**NOTE 16**

**INVESTMENTS IN TREASURY BILLS**

Financed From

Various Projects Account	8,226,295
IFRI	1,500,000
Sinking Fund	<u>100,607</u>
Total	<u>9,826,902</u>

**Note:** Investment in Treasury Bills Shs. 2,330,832 from Sinking Fund Account had matured on 26<sup>th</sup> of June, 2000 and the proceeds credited in projects bank account.