

# COFFEE RESEARCH FOUNDATION

Annual Report  
and  
Accounts 2002/2003

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**COFFEE RESEARCH FOUNDATION**

**ANNUAL REPORT AND ACCOUNTS OF THE COFFEE RESEARCH FOUNDATION (CRF)  
FOR THE YEAR ENDED 30 SEPTEMBER 2003**

**Registered Office: Coffee Research Foundation  
P O Box 4, Ruiru – Kenya**

**STATEMENT BY THE CHAIRMAN OF THE BOARD**

**1.1 INTRODUCTION**

The current Board of the Coffee Research Foundation (CRF) was elected on May 2002 and gazetted on 4 June 2002. Ten Board meetings were held during the year under review. The following standing committees of the Board were constituted and met regularly, Staff/Finance (5 meetings), Coffee Research Advisory Committee (3 meetings), Tender (2 meetings) and Staff Retirement Benefit Scheme (2 meetings). All members of the Board attended a three day Induction Seminar held at Safari Park Hotel.

On 8-9 May 2003 five members of the Board attended Good Governance Seminar organized by the Anti Corruption Police Unit at Garden Hotel Machakos 8-9 May 2003.

**1.2 RESEARCH ACTIVITIES**

The main Research Activities for the year under review have been outlined in this report. Major emphasis continued to be laid on protection of the coffee crop against diseases, insect pests and reduction of production cost. In the year under review, CRF continued to put emphasis on Integrated Pest Management (IPM) strategy. Natural Enemies of the coffee insect pests were collected from coffee in the fields, reared in the CRS Laboratory and released into the farmers' fields. This project was given priority and the aim was to promote biological control of insect pests on Kenya coffee and minimize use of insecticides thereby reducing the cost of coffee growing and promoting a clean environment.

Breeding and selection work aimed at improving commercial coffee varieties for disease resistance, yield and quality continued. The idea was to obtain better yield targets and lower coffee production costs. Field performance assessment of Ruiru 11 in terms of yields and quality in all the coffee growing regions of the country continued to be undertaken through adaptation trials. Nursery experiments were conducted to compare different rooting media for the vegetative propagation.

Blind liquoring of cup quality of Ruiru 11 continued during the year and the results continued to confirm that the cup quality of Ruiru 11 is as good as that of the traditional varieties such as SL 28 and SL 34. Transfer of Germplasm from Oaklands Breeding Station to the main Station started. The lease on the Oaklands plot had come to an end.

The Agricultural Economics Section undertook research geared towards the evaluation of the effects of coffee prices and liberal marketing policies on coffee production profitability and farm income; economics of coffee production; adoption of performance of Ruiru 11 and a review of input marketing and distribution. The unfavourable world prices resulted into lower producer prices. The average cost of production in the smallholder sector was Ksh.65,200/= per metric tonne while the average cost in the Estate sector was Ksh.117,200/=, per tonne of clean coffee.

Provision of routine services to coffee growers in the areas of soil and leaf analysis, production of planting materials in form of seeds and seedlings as well as advisory work and training continued. Education of farmers through Agricultural Society of Kenya (ASK) shows and Field Days was revived after the tumultuous 2002

### **1.3 FINANCES**

Total income generated during 2002/03 financial year totaled Ksh. 153,062,398 of which Ksh. 126,905,345 was the Coffee Board of Kenya contribution. The rest - Ksh. 26,157,053 was generated internally through coffee proceeds.

Total expenditure for 2002/03 reduced from the previous year's expenditure of Ksh. 263,488,437 to Ksh. 145,456,512 a decline of 44.8 %. After the previous year adjustments a surplus of Ksh. 7,722,426 was realized which reduced the accumulated deficit (Revenue Reserve Fund) to Ksh.123,559,122.

### **1.4 STAFF MATTERS**

During the year 494 members of staff were retrenched following serious financial situation in CRF. This had been caused by the decline in coffee prices. After retrenchment a staff compliment of 220 was left. The retrenchment was carried out with support (logistical and financial) from the Civil Service Sector Reform Programme.

#### **1.5.1 DEVELOPMENT**

The Tissue Culture Facility and Molecular Biology Laboratory were constructed at a cost of Ksh. 135 million and funded by EU were handed over to CRF on 4 March 2003. The remaining works to make the laboratories operational were to be finalized using the accrued interest. The operationalization of this facility will assist in shortening the coffee breeding cycle and provide adequate coffee planting materials particularly the disease resistant varieties.

**KIONGO NJUGUNA  
CHAIRMAN,  
COFFEE RESEARCH FOUNDATION**

## 2.0 BOARD OF DIRECTORS

1.	Mr. Kiongo Njuguna	-	Chairman
2.	Mr. Gituru P Karuri	-	Member
3.	Mr. Joseph T Karuri	-	Member
4.	Mr. Peter Aricha Nyachoti	-	Member
5.	Mr. Joseck Cheren Sashandet	-	Member
6.	Joseph Kiplimo Kurui	-	Member
7.	Mr. Julius Kano Ndumbi	-	Member
8.	Mr. Dishon Mutiso Mutua	-	Member
9.	Mr. Chrispinus Simiyu Sinokho	-	Member
10.	Prof. Florence K Lenga	-	Member
11.	Dr. R Kiome	-	Member
12.	Mr. James Ongwae	-	Member
13.	Mr. Wanyambura Mwambia	-	Member
14.	Dr. J K Kimemia	-	Director of Research/Secretary

## 3.0 STAFF

### 3.1 Appointments

Dr J K Kimemia BSc (University of Nairobi), MSc (APAU), PhD (University of Nairobi). Senior Research Officer, was appointed Ag. Deputy Director of Research w.e.f. 10 December 2002.

Mr D K Wainaina appointed Ag. Chief Accountant for a six month contract w.e.f. 1 October 2002.

Mr F O Bolo CPS Administrative Assistant was appointed to look after the affairs of the Administration Section w.e.f. 1 November 2002.

Mr S K Muchoki CPA (K), Internal Auditor was appointed to look after the affairs of the Accounts Section w.e.f. 1 March 2003.

### 3.2 Recruitment

Dr J K Kimemia BSc (University of Nairobi), MSc (APAU), PhD (University of Nairobi). Ag Deputy Director of Research was appointed Ag. Director of Research w.e.f. 1 February 2003.

Gladys M Kibui BCom (University of Nairobi), CPA (K) was employed as Chief Accountant w.e.f. 1 May 2003.

### **3.3 Promotions**

There were no staff promotions during the year under review.

### **3.4 Departures**

494 member of staff left the CRF services under the retrenchment programme w.e.f. 1 November 2002.

Beth Njoki Muchiri, Technical Secretary – Kenya Coffee College resigned from CRF services w.e.f. 29 April 2003.

### **3.5 Training**

Dr C O Omondi, BSc, MSc, PhD (University of Nairobi). Senior Research Officer, Plant Breeding was sponsored by EU for one month training on Molecular Biology Techniques, at CIRAD 19 January – 20 February 2003.

Dr J W Kahia, BSc, MSc (Lucknow), PhD (London). Senior Research Officer, Crop Physiology was sponsored by EU for one month training attachment on Tissue Culture Techniques and upscaling at Greece from 19 March to 20 April 2003.

Dr C O Agwanda, BSc, MSc (University of Nairobi), PhD (Montpellier). Senior Research Officer, Plant Breeding was sponsored by EU for one month training as Molecular Biology Techniques attachment at CIRAD France w.e.f. 1 April 2003.

Mr H M Mugo, BSc & MSc (University of Nairobi), Research Officer, Entomology Section was sponsored by the Israel Embassy and CRF to attend one month training in Research and Development, New Concept in Intergrated Biological Pest Management at Hebrew University – 19 May – 12 June 2003.

### **3.6 Conferences/Workshops**

Mr E K Gichuru, BSc & MSc (University of Nairobi), Research Officer, Plant Pathology, attended the International Congress of Plant Pathology New Zealand 2-7 February 2003. The Natural Resource Institute met the cost.

All the Heads of Section attended a 3 day seminar on good governance at Safari Park Hotel 22-24 Jan. 2003. The costs were met by CRF.

Dr J K Kimemia, Mrs G M Kibui – Chief Accountant, Mr R M Njue Head Estates/Transport Section, and Mr K T K Gitonga Head Economics; attended a two day seminar on Good Governance and Corruption Prevention organized by Anti Corruption Police Unit, Garden Hotel Machakos 8-9 May 2003. The Foundation met the costs of the workshop.

### **3.7 Part-time Lecturers**

Dr J M Njoroge, BSc, MSc, PhD (Nairobi) Principal Research Officer and Head, Agronomy continued part-time lecture at JKUAT.

Dr J K Kimemia, BSc, (Nairobi) MSc (APAU), PhD (Nairobi) continued as an External Examiner Horticulture Dept. JKUAT.

## **4.0 RESEARCH ACTIVITIES**

### **4.1 Plant Pathology**

The section continued to evaluate fungicides/bactericides in the laboratory and the field against Coffee Berry Disease (CBD), Leaf Rust and Bacterial Blight of Coffee (BBC). Routine services were provided in the inoculation of Breeders' materials with C, Kahawae and in identifying suspect fungicide samples from growers to facilitate analysis of active ingredients in collaboration with Chemistry Section.

### **4.2 Plant Breeding**

The Plant Breeding Section focused on rehabilitation of conservation fields and nursery propagation of the materials earlier transferred from Oaklands Breeding Station. In an effort to enrich the genetic base of variety collection, the Section obtained 12 accessions from Costa Rica. The materials were derivatives of Sarchimor variety showing resistance to nematodes (*Melydogyna exigua*). The Section further implemented the EU funded project on the development of durable resistance to coffee berry disease in Africa. Under this project, marker assisted selection methods for CBD resistance were investigated and prospection missions for progenitors of the CBD pathogen were carried out in Mount Elgon and Kakamega forests. The Section also continued to produce coffee planting materials for farmers.

### **4.3 Experimental Agronomy Section**

During the year under review research work was conducted on fertilizers, intercropping, organic farming and wind control. Trials to determine the effect of shading in coffee and on high density planting were suspended due to the poor financial situation in CRF that led to massive retrenchment of staff.

Experiments to determine the coffee yield response to different rates of nitrogen, phosphorus and potassium fertilizers continued only in Ruiru. Intercropping trials to screen economic fruit trees as suitable intercrops with coffee continued in Ruiru and Kitale. The effect of green and other organic manure application on coffee growth and productivity was assessed.

The Processing unit of the section continued to process coffee seeds of traditional varieties and experimental samples from the various scientific sections. The section also continued to record meteorological data for Coffee Research Station, (Ruiru) and its sub-stations in Mariene (Meru), Kisii and Koru.

#### **4.4 Chemistry (Soil Fertility, Plant Nutrition, Coffee Quality, Processing and Residue Analysis)**

The section carried out research on soil fertility management, enhancement of coffee quality, and coffee processing. Routine services continued to be provided to farmers in form of recommendations based on soil, leaf, fertilizer and pesticide analysis.

#### **4.5 Crop Physiology**

The section carried out research on irrigation methods for smallholder farmers in addition to investigations on in vitro propagation of Ruiru 11 and field performance micro propagated Ruiru 11 seedlings.

#### **4.6 Entomology Section**

The research activities on field evaluation of insecticide formulation against coffee insect pests continued in the section. Work on biological control was also undertaken.

Evaluation of Encedan 720 EC, Achook EC, Avaunt SC and Dimilin 250 WP against leafminers was carried out and concluded in January 2003. Recommendations for their use by the farmers were made.

Pennicap M, Cyren 480 EC, D-C Tron Plus and Actara 25 WG were also evaluated against various coffee insect pests. Pennicap M, was tested for control of Coffee Berry Borer, Cyren480 EC for Antestia bugs, D-C Tron Plus for both Green scales and Leafminers, while Actara 25 WG was evaluated against leafminers. All these trials were concluded and recommendations for their applications in management of coffee insect pests made during the period under review.

Biological control program was carried out with emphasis on rearing the biological agents. These agents included Antestia egg parasitoids, and coffee insect scales' predators (Ladybirds).

#### **4.7 Economics**

The section contained the review on the economics of coffee production and policy analysis of the coffee sector.

#### **4.8 Research Liaison Training and Advisory Section**

The RLTAS continued to provide, encourage and maintain a continuous contact between coffee farmers, researchers, coffee agencies and other interested people either individually or in groups.

To effectively reach the farmers, the Section continued to liaise with coffee extension staff in the Ministry of Agriculture, Livestock Development, the Co-operative Movement Managing Agencies and Coffee Board of Kenya (CBK) field services personnel in disseminating research information and receiving feedback from the field.

Information flow was effected through training, provision of publications, participation in Agricultural shows and coffee farmers' field days, making advisory visits to farms, visit by farmers to the station and demonstration sites located in all major coffee growing areas and through audio visual media.

CRF continued its co-operation with other local institutions in inter-library loaning of books particularly with the Kenya Agricultural Research Institute (KARI), the Universities, Kenya National Library Services (KLS) and Kilimo Library.

#### **4.9 Kenya Coffee College**

The Kenya Coffee College continued to communicate CRF research findings through training, development of training materials and offering hospitality services to all stakeholders and interested persons using the college facilities.



## **STATEMENT OF DIRECTORS RESPONSIBILITIES ON THE FINANCIAL STATEMENTS**

The Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of state of affairs of the company as at the end of the financial year and its income and expenditure for the year.

It also requires the directors to ensure that the company keeps proper accounting records that disclose with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in a manner required by the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and its operating results. The directors further accept responsibility for the maintenance of records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

**MR. KIONGO NJUGUNA**  
**CHAIRMAN**

**DR. J. K. KIMEMIA**  
**DIRECTOR OF RESEARCH**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS  
OF COFFEE RESEARCH FOUNDATION FOR THE YEAR ENDED 30  
SEPTEMBER 2003**

I have audited the financial statements of Coffee Research Foundation for the year ended 30 September 2003 in accordance with Section 29 of the Exchequer and Audit Act, (Cap 412). 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 foundation'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 the overall presentation of financial statements. I believe my audit provides a reasonable basis for the opinion.

**1. Financial Position**

Although the Foundation realized a surplus of Ksh.7,605,886 during the year, the balance sheet reflects a negative Reserve Fund of Ksh.123,559,122 and negative Working Capital of Ksh.53,269,111 as at 30 September 2003. The Creditors figure of Ksh.153,120,751 includes Ksh.44,429,241 in form of statutory deductions, Ksh.62,162,153 in retirement benefits arrears and Ksh.4,592,506 owed to the Kenya Revenue Authority. Failure to pay these amounts may result to legal proceedings and penalties against the Foundation. The financial statements have therefore been prepared on the going concern basis, which assumes continued profitability and financial support from the Government and related parties.

**2. Fixed Assets**

The Foundation did not maintain Fixed Assets Register during the year where all its assets are to be recorded and thus it was not possible to verify assets existence. Consequently, it was not possible to confirm the carrying value of plant, property and equipment figure of Ksh.282,527,073 as reflected in the financial statements as at 30 September 2003 is fairly stated.

**3. Budgetary Control**

During the year under review, the Foundation operated without an approved budget contrary to the provisions of Section 11(2) of the State Corporations Act (Cap 446) which requires state corporations to submit budgets to the Minister and the Treasury for approval. The Foundation was therefore in breach of the law.

#### **4. Board Expenses**

During the year, Board expenses increased by Ksh.3,167,642 from Ksh.1,524,203 in 2001/2002 to Ksh.4,691,845 in 2002/2003 (207.8%). The increase in expenditure is attributed to many meetings totaling 43 during the year, which the Foundation has not justified.

#### **5. Opinion**

Except for the reservations et in the foregoing paragraphs, in my opinion proper books of accounts have been kept and the financial statements give a true and fair view of the state of the financial affairs of the Foundation as at 30 September 2003 and of its surplus and cash flows for the year then ended and comply with the Companies Act, Cap 486 of the laws of Kenya.

**E. N. MWAI**  
**CONTROLLER AND AUDITOR GENERAL**  
**Nairobi**

**16th December 2005**

**COFFEE RESEARCH FOUNDATION**  
**A COMPANY LIMITED BY GUARANTEE**

**BALANCE SHEET AS AT 30TH SEPTEMBER 2003**

	NOTE	2002/2003 shs	2001/2002 shs
<b>FIXED ASSETS</b>			
Property, Plant, & Equipment	2	282,527,073	222,524,155
<b>INVESTMENTS</b>			
Quoted Investments at cost	7	12,540	12,540
Other Investments Schedule 11		1,966,990	1,966,990
		<u>284,506,603</u>	<u>224,503,685</u>
<b>CURRENT ASSETS</b>			
Stocks	1	8,056,362	1,875,937
Receivables and prepayments	5	41,377,923	43,763,579
Cash & Cash Equivalents	3	50,417,355	120,017,506
		<u>384,358,243</u>	<u>390,160,707</u>
<b>CURRENT LIABILITIES</b>			
Payables & Accruals	6	153,120,751	166,645,644
Taxation		-	-
		<u>153,120,751</u>	<u>166,645,644</u>
<b>TOTAL NET CURRENT ASSETS</b>		<u>231,237,492</u>	<u>223,515,063</u>
<b>FINANCED BY:</b>			
Revaluation Reserve	13	24,045,000	24,045,000
Coffee Research Reserve Fund	14	1,400,000	1,400,000
Capital Reserve Fund	4	194,351,611	194,351,611
Deferred income	12	135,000,000	135,000,000
Revenue Reserve Fund	10	(123,559,122)	(131,281,548)
		<u>231,237,489</u>	<u>223,515,063</u>

Financial Statements were approved by the Board of Directors and signed on its behalf by:-

**Mr. L. KIONGO NJUGUNA**

Chairman, Board of Directors

**Dr. J.K. KIMEMIA**

Director of Research

**COFFEE RESEARCH FOUNDATION**  
**( A COMPANY LIMITED GUARANTEE)**

**Detailed Income and Expenditure Account for the Year ended 30th September 2003**

<b>INCOME</b>	<b>2002/2003</b>	<b>2001/2002</b>
	<b>KSh</b>	<b>Ksh</b>
Coffee Levy	126,905,345	0
CBK Subvention		138,986,803
Other Income	22,216,821	49,398,851
Interest and dividends	3,940,232	18,005,449
<b>Total income</b>	<b><u>153,062,398</u></b>	<b><u>206,391,103</u></b>
 <b>EXPENDITURE</b>		
Recurrent Expenditure	130,908,360	252,854,604
Depreciation	14,065,152	9,965,833
Audit fees	433,000	668,000
<b>Total Expenditure</b>	<b><u>145,456,512</u></b>	<b><u>263,488,437</u></b>
Surplus/(Deficit) from the operation	7,605,886	(57,097,334)
Prior Year adjustment	116,540	10,957,765
Revenue reserve b/f	(131,281,548)	(85,141,979)
<b>Surplus/(Deficit) for the Year</b>	<b>(123,559,122)</b>	<b>(131,281,548)</b>

**COFFEE RESEARCH FOUNDATION**  
**( A COMPANY LIMITED GUARANTEE)**

**Cash flow Statement of the Year Ended 30th September 2003**

	2002/2003	2001/2002
	KSh	KSh
<b><u>Cash Flow From Operating Activities</u></b>		
Net Surplus from Operations	7,605,886	(57,097,334)
		0
<b>ADJUSTMENTS</b>		
Depreciation	14,065,152	9,965,833
Profit on sale of m/vehicles	0	0
Dividends & interest on investments	(3,940,232)	(18,005,449)
Increase(decrease) in Creditors	(13,524,893)	63,001,793
(increase)Decrease in Debtors	2,385,656	(3,899,518)
(increase)Decrease in Stock	(6,180,425)	14,521,575
Tax Paid	<u>0</u>	<u>0</u>
Net Cash Flow from Operating Activities	<b><u>411,144</u></b>	<b><u>8,486,900</u></b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(25,465,700)	(2,372,527)
Sale of fixed assets	0	0
Dividend received		0
Dividends and Interest on investments	3,940,232	18,005,449
Development/Capital Expenditure	<u>(48,602,369)</u>	<u>(43,940,212)</u>
Net cash flow from investing activities	<b><u>(70,127,837)</u></b>	<b><u>(28,307,290)</u></b>
Deferred income	0	135,000,000
Prior year adjustments	<u>116,540</u>	<u>12,543,951</u>
	116,540	147,543,951
Net increase/(decrease) in cash & cash equivalents	(69,600,153)	127,723,561
Cash & cash equivalent at the beginning of the year	120,017,506	(7,706,056)
Cash and Cash equivalent at end of the Year	<b>50,417,353</b>	<b>120,017,506</b>

**COFFEE RESEARCH FOUNDATION  
A COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENT FOR  
THE YEAR ENDED 30TH SEPTEMBER 2003**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basic of Accounting**

The financial statements are prepared on the historical cost basis of accounting.

**(b) Property, equipment and depreciation**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis, at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

1. Land developments and buildings	2.5%
2. Farm Machinery	20%
3. Vehicles & tractors	20%
4. Farm equipment	15%
5. Office, laboratory equipment and furniture	12.5%
6. Miscellaneous equipment	7.5%

**(c) Grants and Donations**

**(i) Capital**

Grants and donations related to property, equipment and other assets are presented in the reserves as deferred income and utilized in the reduction of the carrying amount of the related asset during its useful life.

**(ii) Income**

Any grant or donations received to compensate expenses, losses or for the purpose of giving immediate operational support is dealt within the income and expenditure statement in the year it is received.

**(d) Stocks**

Stocks of consumables are valued at the lower of cost and net realisable value. Stocks of coffee parchment are valued at the price of clean coffee at the balance sheet date.

**(e) Retirement Benefit Costs**

The company contributes to a statutory defined contribution pension Scheme (NSSF). Contributions are defined by local statute and are currently limited to ksh.200 per employee per month.

The company also contributes 15.5% to a defined benefit pension scheme.

The company's contributions to the above schemes are charged to the income and expenditure account in the year to which they relate.

**(f) Investments**

Investments are stated at cost. Dividends received are credited to income for the year to which it relates.

- (g) The company is exempt from taxation for all income incidental to research, levy and coffee sales. Rent income is taxable at the corporate rate of 30%.



**COFFEE RESEARCH FOUNDATION**  
**(A COMPANY LIMITED BY GUARANTEE)**

**2 (a) SCHEDULE OF PLANT MACHINERY AND EQUIPMENT**

	Land & Buildings	Furniture Office Equip	Laboratory Equipment	Farm Equipment	Vehicles & Tractors	Farm Machinery	Miscellaneous Equipment	Totals
	2.50%	12.50%	12.50%	15%	20%	20%	7.50%	
Cost as at 1.10.2002	188,084,600	25,062,921	34,130,908	8,582,431	59,752,244	9,473,414	7,077,349	332,163,867
Additions	48,602,369	219,303	22,282,333	0	0	0	2,964,065	74,068,070
Disposals	0	0	0	0	0	0	0	0
<b>Cost as at 30.9.2003</b>	<b>236,686,969</b>	<b>25,282,224</b>	<b>56,413,241</b>	<b>8,582,431</b>	<b>59,752,244</b>	<b>9,473,414</b>	<b>10,041,414</b>	<b>406,231,937</b>
Depreciation as at 1.10.2002	5,733,950	15,556,224	23,538,032	6,797,903	48,775,383	5,851,912	3,386,308	109,639,712
Charge for the Year	5,073,481	1,215,750	4,109,401	267,679	2,195,372	724,300	499,133	14,085,117
Depreciation as at 30/9/2002	10,807,431	16,771,974	27,647,433	7,065,582	50,970,755	6,576,212	3,885,441	123,724,829
<b>Value as at 30.9.2003</b>	<b>225,879,538</b>	<b>8,510,250</b>	<b>28,765,808</b>	<b>1,516,849</b>	<b>8,781,489</b>	<b>2,897,202</b>	<b>6,155,973</b>	<b>282,507,108</b>
Value As at 1.10.2002	182,350,650	9,506,696	10,592,876	1,784,528	10,976,861	3,621,502	3,691,041	222,524,154

**2 (b) SCHEDULE OF BUILDINGS**

	WDV. 1.10.2002	Additions	Disposals	Total	Depreciation 2.50%	WDV 30.9.2003
Farmhouse Workshop Coffee Factory and	1,832,123	0		1,832,123	45,803	1,786,320
Developments	1,067,656	0		1,067,656	26,691	1,040,965
Water Installation, Pump House & Electricity	12,872,375	0		12,872,375	321,809	12,550,566
Dairy Cattle sheds & Dips	27,912	0		27,912	698	27,214
Staff houses & Amenities	41,825,854	0		41,825,854	1,045,646	40,780,208
Main Office, Library & Lecture Hall	16,403,225	0		16,403,225	410,081	15,993,144
Laboratories	11,905,429	0		11,905,429	297,636	11,607,793
Molecular labs	439,402	48,602,369		92,542,581	2,313,565	90,229,016
Coffee Developments	5,588,324	0		5,588,324	139,708	5,448,616
Road Repairs	18,873,797	0		18,873,797	471,845	18,401,952
	<b>154,336,907</b>	<b>48,602,369</b>	<b>0</b>	<b>202,939,276</b>	<b>5,073,482</b>	<b>197,865,794</b>

**COFFEE RESEARCH FOUNDATION**  
**( A COMPANY LIMITED GUARANTEE)**

**Notes to the Accounts for the Year ended 30th September 2003**

	<b>2002/2003</b>	<b>2001/2002</b>
	<b>KSh</b>	<b>KSh</b>
<b>3. CASH AND BANK BALANCES</b>		
Cash in hand and at bank	50,417,353	120,017,506
	<b><u>50,417,353</u></b>	<b><u>120,017,506</u></b>
<b>4. CAPITAL RESERVE FUND</b>		
Bal b/f 1st oct 2001	12,540	194,351,611
ADD: Land and building omitted		0
	<b><u>12,540</u></b>	<b><u>194,351,611</u></b>
<b>5. SUNDRY DEBTORS</b>		
	<b>2002/2003</b>	<b>2001/2002</b>
	<b>Ksh</b>	<b>Ksh</b>
Coffee Board of Kenya:Deposits	1,400,000	1,400,000
Main subvention	12,800,000	12,800,000
Coffee proceeds receivable	12,014,436	12,014,436
Williamson power	0	1,576,739
Prepayments to KPLC	200,000	0
Coffee seedlings	1,902,901	1,902,901
Deposits	850,320	850,320
ICIPE	43,901	43,901
Bungoma Union bank	903,944	843,307
Ministry of labour	142,060	142,060
KPCU	5,841,340	5,037,411
Socfinaf	1,664,801	4,297,305
Thika coffee mills	646,382	424,068
Station imprest	1,097,576	0
Staff Loans & Advances	242,896	506,365
Rent	310,100	
Sale of asset	234,000	
Safari Imprests	1,083,266	1,924,766
	<b><u>41,377,923</u></b>	<b><u>43,763,579</u></b>
<b>6. CREDITORS AND ACCRUALS</b>		
	<b>KSH</b>	
Accrued Expenditure	10,267,229	13,762,853
Medical Bills	1,890,407	3,060,485
Subsistence	6,302,422	5,196,413
Statutory deductions	44,429,241	39,161,275
Salary arrears	4,898,433	36,217,093
Audit Fees	1,700,000	1,400,000
Kenya Revenue Authority	4,592,506	4,592,506
RBS arrears	62,162,153	51,377,557
Overtime	14,755,601	11,877,462
Staff pension	2,122,753	
	<b><u>153,120,745</u></b>	<b><u>166,645,643</u></b>

**COFFEE RESEARCH FOUNDATION**  
A COMPANY LIMITED BY GUARANTEE

**7. Schedule of Investments**

**Quoted Investments:**

No. of shares	Nominal Value of Shares	At Cost Ksh
9254 shares B A T (Kenya Limited)	10/	12,540
		12,540

**Other Investments:**

KPCU Unsecured Loan Stock	10/	39,830	39,830
KPCU Redeemable Ordinary Shares		1,895,070	1,895,070
Redeemable Loan Stock		32,090	32,090
		<u>1,966,990</u>	<u>1,966,990</u>

**8. SUBVENTION INCOME**

	2002/2003	2001/2002
Main subvention payments by CBK		134,656,167
Reimbursement of plant breeding expenses		4,330,636
Reimbursement of SCIP expenses	-	
Reimbursement of FCBDRU expenses	-	
		<u>138,986,803</u>

**9. OTHER INCOME**

Coffee proceeds	12,026,927	15,658,997
Dividends received	15,090	
Sundry income	1,244,672	74,813
Kenya coffee college income	2,432,400	2,919,845
Coffee levy	126,905,345	21,665,676
Interest earned	3,925,142	-
Rent and furniture	850,625	37,500
Incidental income	4,953,920	4,954,411
CFC-OTA	708,276	3,357,609
	<u>153,062,397</u>	<u>49,168,851</u>

**10. REVENUE RESERVE**

Deficit for the year before tax	7,605,886	-	57,097,334
Prior year adjustment	116,540		10,957,765
Capital expenditure			
Revenue research b/f		-	46,139,569
Revenue research c/f	-	<u>131,281,548</u>	-
		<u>123,559,122</u>	<u>131,281,548</u>

**11. PRIOR YEAR ADJUSTMENT**

Creditors double count	-	10,957,765
Reserves understatement	-	1,438,510
Fixed assets adjustment	-	147,677
	-	<u>12,543,952</u>

**12. DEFERRED INCOME**

Refers to EU funding	135,000,000	135,000,000
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**13. REVALUATION RESERVE**

The revaluation reserve relates to Kisii land whose valuation was done in the year 2000

**14. RESERVE FUND**

The reserve relates to accumulated funds set aside in the earlier years upto 1994 for research reserve.

## OUR VISION

To be the Centre of Excellence in Research for Development  
and Sustainable Wealth Creation in the Coffee Industry

## OUR MISSION

To Research, Develop and Disseminate appropriate Technologies for  
Enhanced Coffee Productivity, Quality and Value Addition

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