

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA VETERINARY BOARD**

**FOR THE YEAR ENDED
30 JUNE 2016**



KENYA VETERINARY BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

The financial statements have been prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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*KENYA VETERINARY BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016*

I. KEY BOARD INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Veterinary Board was established under the Veterinary Surgeons and Veterinary Paraprofessionals Act, CAP 366.

(b) Principal Activities

The mandate and the purpose of the Board is to exercise general supervision and control over training, business, practice and employment of veterinary surgeons and veterinary para-professionals in Kenya and advise the government in relation to all aspects thereof.

(c) Key Management

The Board's day-to-day management is under the Chief Executive Officer, who is also the Registrar and Secretary to the Board.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Ag. Chief Executive Officer	Dr. Barnabas O. Godia
2	Finance and Administration Officer	Mr. Simon G. Wainaina

(e) Fiduciary Oversight Arrangements

The Board has establish standing and Ad hoc committees as it may deem necessary for the performance of its functions and the exercise of its powers under the Veterinary Surgeons and Veterinary Paraprofessionals Act. The Board has established the following committees for the purpose of fiduciary arrangements;

i). Finance and Administration Committee (FAC)

Development of Human Resource Policy, Finance Policy, Procurement Policy, Project Management and Budgeting procedures, Ensure that Board administrative functions are coordinated well, implementation of strategic plan and work plan.

ii). Audit Committee

Obtain assurance that financial and non-financial internal control and risk management functions are operating effectively and reliably, provide strong and effective oversight of internal audit functions, provide independent review of entity reporting functions ensuring integrity of financial reports, Provide oversight of implementation of audit recommendations after audit.

(f) The Board's Headquarters

Veterinary Research Laboratories, Kabete
P.O. Box 513 – 00605,
NAIROBI

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

(g) Board Contacts

Telephone: 0722305253/0701581718
Email: info@kenyavetboard.or.ke
Website: www.kenyavetboard.or.ke

(h) Board Bankers

- 1) Co-operative Bank of Kenya
Westland Branch
P.O. Box 66589 - 00800
Nairobi, Kenya
A/c No 01141151721300

- 2) Standard Chartered Bank
Westland Branch
P.O Box 14438 - 00800
Nairobi, Kenya
A/c No. 0108033914300

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084 - 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

KENYA VETERINARY BOARD
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II. THE BOARD MEMBERS

The following Board members were currently in the office as at 30th June, 2016

1 Dr. Bedford Mwenda Mbaka	Board Chairperson
2 Dr. Alice Kivinya Mathew	Board Vice Chairperson
3 Ms. Winnie Makotsi	Ps Representative, State Department of Livestock
4 Mr. Peter N. Momanyi	Ps Representative, The National Treasury
5 Dr. Kiza Juma Ngeiywa	Director of Veterinary Service
6 Dr. Samuel Maina Kahariri	Chairman, Kenya Veterinary Association
7 Dr. Francis Gakuya	Representative, Wildlife Sector
8 Mrs. Alice Chepteling Kalya	Representative, Animal Resource Industry
9 Francis Bargoge Komen	Representative, Animal Resource Industry
10 Einray Nyaigoti Nyamwaka	Representative, Veterinary Para-professional
11 Prof. Charles Mulei	Dean, Faculty of Veterinary Medicine (UoN)
12 Dr. Esther Wangari Ng'ethe	Principal, Veterinary Paraprofessional Institute
13 Mr. Paul Kariuki Ndung'u	Representative, Veterinary Para-professionals
14 Dr. Monicah Maichomo	Representative, Veterinary Research Institute
15 Prof. John Demesi Mande	Elected Member
16 Dr. Christopher Humphrey Wanga	Elected Member
17 Mr. Joseah Kipkoech Siele	Elected Member

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III. MANAGEMENT TEAM

IV. The following management were currently in the office as at 30th June, 2016

No.	Designation	Name
1	Ag. Chief Executive Officer	Dr. Barnabas O. Godia
2	Finance and Administration Officer	Mr. Simon G. Wainaina

V. CHAIRMAN'S STATEMENT

Kenya Veterinary Board is a regulatory Board established and incorporated by Section 3 (1) of the Veterinary Surgeons and Veterinary Paraprofessionals Act Cap 366.

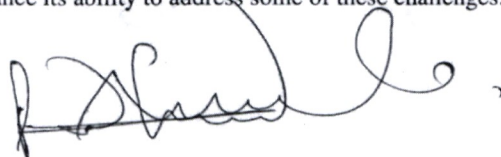
During the financial year under review, an Enterprise Resource Planning (ERP) software – Microsoft Dynamics Navision 2015 was completed and commissioned. Following this commissioning, some operations of the Kenya Veterinary Board are now mostly automated, easier to carry out and takes a shorter period to conclude. During the same period the Board engaged a consultant to carry out development, implementation and certification of International Standard of Quality Management System (ISO 9001:2015). The process is targeted to be finalized in 2017. The Board also conducted sensitization workshops in collaboration with World Animal protection and Brooke East Africa. The sensitization was on the newly gazetted Code of Ethics, the Veterinary Surgeons and Veterinary Paraprofessionals Act Cap 366 and the Regulations 2013. The aim is to improve services rendered to the public by those registered by the Kenya Veterinary Board.

To improve communication from the office, the Board upgraded its website during the period. And in line with its mandate, the Board re-inspected animal training institutions for accreditation of animal health training programs as required by law. The Board Chairman and Secretary attended a Mutual Recognition Agreement (MRA) in Arusha Tanzania in March 2016 during which the MRA for Veterinary Practitioners was signed. When the process is finalized, the MRA will facilitate free movement and practice of veterinary practitioners within the Eastern African Community partner states. The Board Chairman also attended an OIE meeting in Bangkok on Veterinary Education Establishment during the year under review.

It is during the same period that the Board gazetted the Veterinary Medicines Directorate Regulations that will assist in improving regulation of Veterinary Medicine in the Country. Besides, the Board gazetted the Code of Ethics for Veterinary Surgeons and Veterinary Paraprofessionals. This will go a long way in enhancing professional conduct of those registered by the Board.

The Board continued with registration and licencing of Veterinary Practitioners and Supervision of Continuous Professional Development activities. Besides, the Board continued with its inspectorate role on veterinary facilities to ensure that services provided to the public are of acceptable standards.

The challenges the Board faced in the year included inadequate financial resources, shortage of staff, inadequate office accommodation and inadequate transport facilities. The Board will continue intensifying collection of fees to improve its financial status which will enhance its ability to address some of these challenges.



Dr. B. MWENDA MBAKA
CHAIRPERSON

VI. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Veterinary Surgeons and Veterinary Paraprofessionals Act, CAP 366 requires the Board to keep proper records and accounts relating to the income, expenditure, assets and liabilities of the Board and be audited by the Auditor General. The Financial statement for the period ending 30th June 2016 has been submitted in compliance with the stipulated regulations.

During the 2014/2015 Financial year, Kenya Veterinary Board carried out inspection of twelve (12) animal health training institutions, inspected and licenced 556 veterinary clinics, ambulatory services, animal welfare service providers and Artificial Insemination providers. The Board also inspected 1,186 agrovet shops and supervised 117 Continuous Professional Development (CPD) activities. The aim of these activities is to enhance quality of services provided to farmers by those registered by the Board. This is a legal mandate of the Board. The Board carried registration for 700 animal health graduates and carried out indexing for 817 student's animal health Courses.

The Board finalized the development of an Enterprise Resource Planning (ERP) software which was commissioned in April 2016. Following this achievement, most of the operations in the Board have been automated and therefore quicker and easier.

The Board also engaged a Consultant to carry out development, the implementation and certification of International Standards of Quality Management System (ISO 9001:2008) for the Board to achieve ISO Certification and therefore enhance its operations and services. This is targeted to be completed in 2017.

The Kenya Veterinary Board had the Veterinary Medicines Directorate Regulations and the Code of Ethics for Veterinary Practitioners gazetted during the year under review. This will enhance regulations of veterinary drugs in the Country besides enhancing the professional conduct of veterinary surgeons and veterinary paraprofessionals.

The Board in collaboration with World Animal Protection (WAP) and Brooke East Africa conducted sensitization workshops for veterinary surgeons and veterinary paraprofessionals. The sensitization is to ensure that those registered by the Board operate within the law and observe professional ethical conduct.

The budgetary allocation to the Board reduced significantly compared with the previous financial years. However, the AIA collection increased mainly due to financial support the Board received from collaborators.

The Board is working out mechanisms to address the reducing budgetary allocations so that its mandate is not compromised in future due to financial constraints.


Dr. INDRAPH RAGWA
CHIEF EXECUTIVE OFFICER

VII. CORPORATE GOVERNANCE STATEMENT

Corporate governance refers to the principles, processes and practices by which an organization is operated, regulated and controlled so as to fulfil its goals and objectives in a manner that adds value and benefits all its stakeholders. The governance role is the responsibility of the Board. The Board and senior management are committed to the highest levels of corporate governance, which it considers critical in achieving its mandate. By fostering a culture that upholds values and highest ethical standards that promotes both personal and corporate integrity. The Board achieved some milestones in implementation of ISO: 9001:2015 to boost corporate governance standards and address risk management in the Board.

The Role of the Board

Advise the Government on matters relating to veterinary training, research, practice and employment, the use of veterinary medicines, poisons and the pesticides, and other issues relating to animal welfare; prescribe, in consultation with such approved training institutions as the Board may deem appropriate, courses of training for veterinary surgeons and veterinary para-professionals; approve institutions for the training of veterinary surgeons and various categories of veterinary para-professionals; consider and approve the qualifications of the various categories of veterinary para-professionals for the purposes of registration under this Act; register, license, control and regulate veterinary practice and veterinary laboratories, clinics, animal hospitals, and such other facilities as provided for in Rules made under this Act; formulate and publish a code of ethics which shall be binding on all registered persons; regulate the professional conduct of registered persons and take such disciplinary measures as may be appropriate to maintain proper professional and ethical standards; ensure the maintenance and improvement of the standards of practice by the registered persons; assess from time to time human resource and necessary training programmes to guarantee sound and efficient veterinary service delivery and advise the relevant Ministries accordingly; maintain the registers and keep records of all registered persons; collaborate with other local and international organizations or bodies in the furtherance of the objects and functions of the Board; protect, in collaboration with relevant professional associations, the interests of the veterinary profession and deal with any matter related to such interests; create an inspectorate to work in collaboration with law enforcement agencies to locate, inspect, and close down premises or ambulatory clinics operated contrary to the practices prescribed under this Act, and take legal action against the offenders; guarantee animal welfare through registration, licensing and regulation of institutions and organisations with activities; regulate the use of technology for purposes of animal breeding; and carry out any other function to improve, promote and advance the veterinary profession and practice in Kenya.

Composition of the Board

The Principal Secretary in the Ministry responsible for matters relating to livestock; the Principal Secretary in the Ministry responsible for finance; the Director of Veterinary Services, who shall be a registered veterinary surgeon under this Act; a Dean of the Faculty of Veterinary Medicine of a public university in Kenya, being a registered veterinary surgeon, or a member of the faculty, who is a registered veterinary surgeon, nominated by him; one veterinary surgeon who is a principal of a veterinary para-professional training institute appointed by the Cabinet Secretary; four registered veterinary surgeons elected by registered veterinary surgeons and appointed by the Cabinet Secretary; three veterinary para-professionals appointed by the Cabinet Secretary after being elected by registered

KENYA VETERINARY BOARD
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veterinary para-professionals; the chairperson of the Kenya Veterinary Association; one person appointed by the Cabinet Secretary to represent veterinary research institutions; one veterinary surgeon or veterinary paraprofessional nominated by the Director of the Kenya Wildlife Service and appointed by the Cabinet Secretary to represent the Wildlife sector; two persons, not being veterinary surgeons or veterinary para-professionals, appointed by the Cabinet Secretary from the animal resource industry.

The Board has to establish standing and *Ad hoc* committees as it may deem necessary for the performance of its functions and the exercise of its powers under the Veterinary Surgeons and Veterinary Paraprofessionals Act. The Board has established the following committees;

- iii). **Inquiries and Disciplinary Committee (IDC)**
Guiding implementation of the Code of Professional Ethics, Implementation of part VI Section 34-37 of the VSVP Act, handling all disciplinary matters under the jurisdiction of KVB and giving recommendations to the Board on action to be taken on each case, propose the amendments or reviews to strengthen the VSVP Act and VSVP regulations and developing regulations on reinstatement of a deregistered person.
- iv). **Development and Capacity Building Committee (DCBC)**
Resource mobilization for the Kenya Veterinary Board, delivery of the internship program, development of partnership with other players in the sector and play liaison role on behalf of the Board
- v). **Publicity and Communications Committee (PCC)**
Develop and Publish the Public Relations and Communications Strategy of the Board, develop communication materials, ensure visibility of the Board by participating in shows, workshops, seminars field days etc., update the KVB website, and make it interactive and therefore can be used for adverts, posting information for general consumption of the veterinary professionals and general public and a way of getting private email channels for registered members and recommend to the Board ways of managing communication to the veterinary professionals and general public as and when the need arises.
- vi). **Technical Committee on Education and Quality Assurance (TeCEQA)**
Develop and Review evaluation tools for all Animal Health training institutions, develop and Review minimum curriculum content for the various cadres of Animal Health courses, develop guidelines for setting up veterinary consultant colleges, recommend for accreditation training Animal Health courses, organize interviews or examinations for foreigners who want temporary permits or Kenyans who trained in Animal Health institutions not recognized by KVB, oversee Continuous Professional Development (CPD) matters and implement Part II Section 7 and Part IV Section 29 of VSVP Act.
- vii). **Finance and Administration Committee (FAC)**
Development of Human Resource Policy, Finance Policy, Procurement Policy, Project Management and Budgeting procedures, ensure that Board administrative functions are coordinated well, implementation of strategic plan and work plan for the Board.

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viii). **Audit Committee**

Obtain assurance that financial and non-financial internal control and risk management functions are operating effectively and reliably, provide strong and effective oversight of internal audit functions, provide independent review of entity reporting functions ensuring integrity of financial reports, Provide oversight of implementation of audit recommendations after audit.

KENYA VETERINARY BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

viii). Audit Committee

Obtain assurance that financial and non-financial internal control and risk management functions are operating effectively and reliably, provide strong and effective oversight of internal audit functions, provide independent review of entity reporting functions ensuring integrity of financial reports, Provide oversight of implementation of audit recommendations after audit.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Board recognizes its obligations to act responsibly, ethically and with integrity in its dealings with staff, customers, neighbours and the environment as a whole.

The Boards' source of funding is the Government of Kenya and internal collection. The Board has is currently finalizing the its strategic Plan 2013- 2017, which provides the policy guidelines in the planned period. The Board has ensured that utilization of funds is utilized in an effective and efficient manner, to deliver quality services to citizens.

The Board is dedicated to creating a workplace that is safe, fair and enriching, during the year under review, it conducted a work environment survey. Safety procedures and programs are constantly monitored and improved to help ensure that our employees work safely.

The Board planted 500 trees at the Director of Veterinary Services compound contributing to environmental conservation and protection.

During the World AIDS Day on 1st December 2015, the Board in collaboration with IAVI, KAVI and Director of Veterinary Services organized a community HIV awareness, Voluntary Testing, counselling and distribution of IEC material held at the Veterinary Research Laboratories compound

Moving forward, the Board remains firmly committed to the tenets of corporate social responsibility as it continues to deliver on its mandate and functions.

KENYA VETERINARY BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

IX. REPORT OF THE DIRECTORS

The Board submit its report together with the audited financial statements for the year ended June 30, 2016 which show the state of the Board's affairs.

Principal activities

The principal activities of the Board is to exercise general supervision and control over training, business, practice and employment of veterinary surgeons and veterinary paraprofessionals in Kenya and advise the government in relation to all aspects thereof.

Results

The results of the Board for the year ended June 30, 2016 are set out on page 15.

Directors

The members of the Board Members who served during the year are shown on page 4. In accordance with Veterinary Surgeons and Veterinary Paraprofessionals Act, the members of the Board shall hold office for a term of three years, but shall be eligible for reappointment for another one term.

Auditors

The Auditor General is responsible for the statutory audit of the Board in accordance with the Section 30 of the Veterinary Surgeons and Paraprofessional Act, CAP 366, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

The Auditor General shall carry out the audit of the Board for the year ended June 30, 2016.

Dr. B. MWENDA MBAKA
CHAIRPERSON

X. STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

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

The Board members are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2016. 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 Board; (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 Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Board's 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 (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Board Members are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2016, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

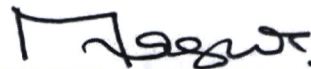
Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The board's financial statements were signed on its behalf by:



**Dr. B. MWENDA MBAKA
BOARD CHAIRPERSON**



**Dr. INDRAPH RAGWA
CHIEF EXECUTIVE OFFICER**

REPUBLIC OF KENYA

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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA VETERINARY BOARD FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Veterinary Board set out on pages 14 to 34, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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.

Management's Responsibility for the Financial Statements

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 such 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.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Audit Supreme Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement

*Report of the Auditor-General on the Financial Statements of Kenya Veterinary Board for the year ended
30 June 2016*

of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Cash and Cash Equivalents

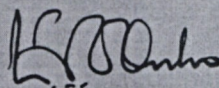
The cash and cash equivalents balance of Kshs.2,986,796 disclosed in Note 7 to the financial statements excludes receipts in bank not in cash book totalling Kshs.1,344,537 some dating as far back as year 2012.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Kenya Veterinary Board as at 30 June 2016, 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 Veterinary Surgeons and Veterinary Professionals Act, 2011.

Emphasis of Matter

I draw attention to the statement of financial performance on page 14, which reflects an operating loss of Kshs.12,941,456 for the year ended 30 June 2016 compared to a surplus of Kshs.542,814 realised in the year 2014/2015. My opinion is not qualified in respect of this matter.



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

Nairobi

26 May 2017

*KENYA VETERINARY BOARD
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XII. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30th June 2016

	Note	June-16	June-15
Revenue from Non-Exchange Transactions		Kshs	Kshs
Government Grant		16,895,900	24,370,118
Revenue from Exchange Transactions			
Licences and Fees	2	29,013,614	28,312,915
Total Revenue		45,909,514	52,683,033
Expenses			
Board and Committees Allowances	3	17,046,377	13,298,801
Staff Costs	4	14,701,774	11,805,482
Administration Expenses	5	14,710,476	13,935,081
Operating Expenses	6	12,392,343	13,100,855
Total Expenses		58,850,970	52,140,219
Surplus/ (Loss) before Tax		(12,941,456)	542,814
Taxation*		-	-
Surplus/ (Loss) after Tax		(12,941,456)	542,814

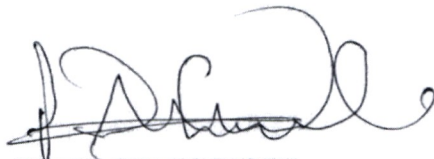
* The Board is exempt from taxation

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XIII. STATEMENT OF FINANCIAL POSITION
As at 30th June 2016

	Note	June-16	June-15
		Kshs	Kshs
CURRENT ASSETS			
Cash and cash equivalents	7	2,986,797	13,372,444
Receivables from exchange transactions	8	<u>1,289,428</u>	<u>759,966</u>
		4,276,225	14,132,410
NON-CURRENT ASSETS			
Property and Equipment	9	10,233,029	12,416,044
Intangible Assets: Softwares	10	<u>3,548,782</u>	<u>2,490,288</u>
		13,781,811	14,906,332
Total Assets		<u><u>18,058,036</u></u>	<u><u>29,038,742</u></u>
Current Liabilities			
Trade and other payables from exchange transactions	11	701,907	352,750
Trade and other payables from non-exchange transactions	12	1,131,708	686,958
Staff gratuity provision	13	1,529,175	739,262
Prepaid income	14	<u>519,530</u>	<u>142,600</u>
		3,882,320	1,921,570
Accumulated Reserves and Liabilities			
Revenue Reserves	15	14,175,716	27,117,172
Total Reserves and Liabilities		<u><u>18,058,036</u></u>	<u><u>29,038,742</u></u>

The Financial Statements set out on pages 14 to 18 were signed on behalf of the Board by the Chairperson and the Chief Executive Officer.



BOARD CHAIRPERSON

Date: 12-05-2017



CHIEF EXECUTIVE OFFICER

Date: 12/05/2017

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

XIV. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30th June 2016

	Accumulated Reserves <u>Kshs.</u>	Capital Reserves <u>Kshs.</u>	Total Reserves <u>Kshs.</u>
As at 30 JUNE 2014	26,574,358	-	26,574,358
Surplus for the year	542,814	-	542,814
AS AT 30TH JUNE 2015	27,117,172	-	27,117,172
Loss for the year	(12,941,456)	-	(12,941,456)
AS AT 30TH JUNE 2016	14,175,716	-	14,175,716

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XV. STATEMENT OF CASH FLOWS

	Note	Jun-16 Kshs	Jun-15 Kshs
Cash flows from Operating Activities			
Receipts			
Government Grant		16,895,900	24,370,118
Licences and Fees		27,861,448	28,173,965
Donor funding		1,575,000	-
		<u>46,332,348</u>	<u>52,544,083</u>
Payments			
Board and Committees		14,550,133	11,485,061
Payment to staff		10,348,749	9,803,564
Administrative		8,612,502	8,588,342
Operating expenses		8,861,882	6,761,819
Bank charges		38,571	42,008
Payment of taxes and statutory obligations		5,993,857	4,567,893
Vehicle insurance, maintenance & Fuel		2,047,287	2,518,568
Payment to creditors		353,500	698,953
Publicity and communication		3,916,461	5,467,536
		<u>54,722,941</u>	<u>49,933,744</u>
Net Cash flows from Operating Activities	16	(8,390,593)	2,610,339
Cash flows from Investing Activities			
Purchasing of Non-Current Assets	9	(768,552)	(8,694,904)
Purchase of Intangible assets	10	<u>(1,226,501)</u>	<u>(2,490,288)</u>
Net cash generated from (used in) Investing Activities		(1,995,053)	(11,185,192)
Cash flows from Financing Activities			
(Increase) decrease in Capital Grant		<u>-</u>	<u>-</u>
Net cash generated from (used in) Financing Activities		-	-
Increase/(decrease) in Cash & Cash Equivalents		(10,385,646)	(8,574,853)
Cash and Cash equivalents at the beginning of the year		<u>13,372,444</u>	<u>21,947,297</u>
Cash and Cash equivalents at the end of the year		<u>2,986,797</u>	<u>13,372,444</u>

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XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Budget	Adjustments	Adjusted Budget	Actual	Performance Difference
Income					
Government Grant	260,000,000	(243,104,100)	16,895,900	16,895,900	-
Internally Generated	20,000,000	5,000,000	25,000,000	29,220,848	4,220,848 i
Total Income	280,000,000	(238,104,100)	41,895,900	46,116,748	4,220,848
Expenditure					
Personnel Emolument	18,000,000	(3,290,000)	14,710,000	14,701,774	8,226
Board Expenses	7,816,000	-	7,816,000	17,046,377	(9,230,377) ii
Operating Expenses	16,443,000	(4,043,000)	12,400,000	12,392,343	7,657
Administrative Expenses	15,039,000	(3,239,000)	11,800,000	11,795,003	4,997
Depreciation	8,702,000	(5,787,000)	2,915,000	2,913,607	1,393
Purchase of Vehicles	12,000,000	(12,000,000)	-	-	- iii
Purchase of furniture, Equipment, Computers and Softwares	2,000,000	-	2,000,000	1,995,053	4,947
Office land and construction	200,000,000	(200,000,000)	-	-	- iv
Total Expenses	280,000,000	(228,359,000)	51,641,000	60,844,157	(9,203,157)
Difference	-	(9,745,100)	(9,745,100)	(14,727,409)	13,424,005

Variance analysis

- i) More internally funds were generated due to increased inspections of veterinary practices, training institutions and donor funding.
- ii) Board expenses increased due to more board and committee activities and revision of Board accommodation rates.
- iii) Purchase of vehicles were not bought as planned due to limitation of funding in the budget.
- iii) Office land acquisition and construction were not carried out due to funding limitation.

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

The commission adopted IPSAS in the year 2014 following the Gazzetement of the Public Sector Accounting Standard Board (PSASB), which was established by the Public Financial Management Act (PFM) No. 18 of 24th July 2012. PSASB issued financial reporting standards and guidelines to be adopted by all state organs and public entities, which the Commission complies with.

The Board's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) and Veterinary Surgeons and Veterinary Paraprofessionals Act, CAP 366, which requires the Board to keep proper records and accounts relating to the income, expenditure, assets and liabilities of the Board and be audited by the Auditor General. The financial statement for the period ending 30th June, 2016 has been submitted in compliance with the rules stipulated. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and Licences

The Board recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Board and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Board and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Board.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

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 Board. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Board 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.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Board operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the

extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit.

Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Board and the same taxation Board.

d) Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation Board, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation Board is included as part of receivables or payables in the statement of financial position.

e) Property, plant and equipment

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 Board recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major 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 administrative expenses. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. It is the Board policy to depreciate its assets using reducing balance method as follows;

Asset Category	Depreciation
	Rate (%)
Motor Vehicles	25.0%
Furniture and Fittings	12.5%
Computers and Printers	30.0%
Office Equipment	12.5%

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The Board policy is to amortize intangible assets using straight line method as follows;

Asset Category	Amortization Rate (%)
Software's	33.3%

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Board determines the classification of its financial assets at initial recognition.

i) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Board determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

j) Provisions

Provisions are recognized when the Board 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 will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is 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.

Contingent liabilities

The Board does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Board does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately

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reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The Board does not create or maintain any reserves.

l) Changes in accounting policies and estimates

The Board recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits

(i) Defined contribution scheme

The Board contributes to the statutory National Social Security Fund (NSSF) whose rates are determined by Kenyan statutes and amount charged in the income statement in the year they relate.

ii) Gratuity

Entitlements to gratuity are recognized when they accrue to qualifying employees at 31% of the basic pay.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise. Currently there are no foreign exchange transactions.

r) 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 Standard Chartered Bank and Co-operative Bank at various commercial banks at the end of the financial year.

s) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

t) Significant judgments and sources of estimation uncertainty

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The preparation of the Board's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. There are no significant judgments, estimates and assumptions to be reported in this financial year.

Key going concern assumption

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

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Board
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of on-going programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

U) Financial Risk Management

Exposure to currency, commodity, interest rate, liquidity and credit risk arises in the normal course of the Board's operations. This note presents information about the Board's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Board's management of capital.

Fair values

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Set out below, is an analysis of the carrying amounts and fair value of the boards financial instruments;

	Carrying amount KSh	Fair value KSh
Financial Assets		
At 30 June 2016		
Cash and cash equivalents	7 2,986,797	2,986,797
Receivables exchange transactions	8 1,289,428	1,289,428
	<u>4,276,225</u>	<u>4,276,225</u>
Financial Assets		
At 30 June 2015		
Cash and cash equivalents	7 13,372,444	13,372,444
Receivables exchange transactions	8 759,966	759,966
	<u>14,132,410</u>	<u>14,132,410</u>

	Carrying amount KSh	Fair value KSh
Financial Liabilities		
At 30 June 2016		
Trade & other payables from exchange transactions	11 701,907	701,907
Trade & other payables from non-exchange transactions	12 1,131,708	1,131,708
	<u>1,833,615</u>	<u>1,833,615</u>

	Carrying amount KSh	Fair value KSh
Financial Liabilities		
At 30 June 2015		
Trade & other payables from exchange transactions	11 352,750	352,750
Trade & other payables from non-exchange transactions	12 686,958	686,958
	<u>1,039,708</u>	<u>1,039,708</u>

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Credit risk

Credit risk is the risk of financial loss to the Board if customers or counterparties to financial instruments fail to meet their contractual obligations. The Board's credit risk is primarily attributable to its receivables and cash and cash equivalents. The company's management

assesses the credit quality of each customer, taking into account its financial position, past experience and other factors before extending credit. The carrying amount of financial assets represents the maximum credit exposure. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. There was no exposure to credit risk in the year under review

Receivables

Receivable amounts are owed by clients and the government of Kenya and are presented net of any impairment losses. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Board's exposure to credit risk is monitored on an ongoing basis. The Board's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance.

Liquidity risk

Liquidity risk is the risk of the Board not being able to meet its obligations as they fall due. The Board's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Board's reputation. Prudent liquidity risk management includes maintaining sufficient cash to meet the Board's obligations.

U) Related Party Disclosure

IPSAS 20 describes key management personnel (KMP) as all directors or members of the governing body of the entity and other persons having the authority and responsibility for planning, directing, and controlling the activities of the reporting entity. The remuneration of KMP is often established by statute or some other formal independent tribunal or process. However, the responsibilities of their office may enable them to influence the benefits that flow to them or their related parties. Consequently, IPSAS 20 requires specific disclosure to be made in aggregate about:

- The remuneration of KMP and close family members of KMP during the reporting period
- Loans made to them
- The consideration provided to them for services they provide to the entity other than as a member of the governing body or an employee

Due to the nature of related party transactions, they may be considered qualitatively material despite the amount or size.

The compensation to related party is as follows:-

	Jun-16	Jun-15
	Kshs	Kshs
Board of Management remuneration	17,046,377	13,298,801
Loans and Advances	-	-
Other considerations for rendered services	-	-
	17,046,377	13,298,801

V) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

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2 Licences and Fees	Jun-16 Kshs	Jun-15 Kshs
Practice Fees		
Veterinary Surgeons	2,096,000	2,218,400
Veterinary Paraprofessional	2,516,000	860,000
Practice Inspection fees		
Veterinary clinical centre	645,000	811,000
Ambulatory facility	3,725,000	1,779,960
NGO Inspection	240,000	230,000
Veterinary clinical centre	250,000	-
Training Institution Inspection Fees		
Universities	1,501,000	3,752,000
Other Training Institutions	1,002,000	1,001,000
Registration Fees		
Veterinary Surgeons	277,000	547,000
Veterinary Paraprofessional	1,947,200	1,665,800
Foreign Veterinary Surgeon	-	288,884
Licence Fees		
Non Govt Organiasation	101,000	604,000
Licence Fee VS	55,000	-
Retention Fees		
Veterinary Surgeon	6,413,000	6,617,900
Veterinary Technologist	941,000	1,073,700
Veterinary Technician	4,145,100	3,445,211
Continuous Professional Development Fees		
CPD Activity fees	1,919,279	3,222,060
Application fees	6,000	6,000
Other Incomes		
Hip Dysplasia	52,000	108,000
Donations/ Donor funding	1,025,000	-
Penalties	148,035	75,000
Certificate fees	9,000	7,000
Total	29,013,614	28,312,915

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3 Board & Committees Allowances	Jun-16	Jun-15
	Kshs	Kshs
Board Sitting Allowance	2,896,000	3,574,700
Board Transport	950,035	834,051
Board Accommodation	3,740,934	2,386,982
Honorarium - Chairman	720,000	660,000
Board Telephone Expenses	72,000	-
IDC Sitting Allowance	566,000	560,000
IDC Transport	149,961	-
IDC Accommodation	600,600	-
DCB Sitting Allowance	926,000	258,500
DCB Transport	122,011	-
DCB Accommodation	686,400	-
FAC Sitting Allowance	300,000	450,000
FAC Transport	51,214	-
FAC Accommodation	254,800	-
PCC Sitting Allowance	752,000	440,000
PCC Transport	198,974	30,000
PCC Accommodation	1,133,600	84,000
Audit Committee Sitting Allowance	204,000	124,000
Audit Committee Transport	43,671	-
Audit Committee Accommodation	291,200	-
TeCEQA Sitting Allowance	1,326,000	928,000
TeCEQA Transport	135,100	49,000
TeCEQA Accommodation	855,400	-
CPD Sitting Allowance	-	84,000
AIC Sitting Allowance	-	68,000
Stakeholding Activities	-	1,130,500
GPA Cover - Board Members	70,477	-
Board Election	-	1,637,068
Total	<u>17,046,377</u>	<u>13,298,801</u>

4 Staff Costs	Jun-16	Jun-15
	Kshs	Kshs
GPA/WIBA Cover	295,318	57,569
NSSF Pension	142,560	117,720
Gratuity	1,177,358	1,014,776
Staff Medical	781,123	601,445
Staff Salaries	12,087,015	9,683,905
Wages & Stipend	218,400	330,067
Total	<u>14,701,774</u>	<u>11,805,482</u>

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5 Administration Expenses	Jun-16	Jun-15
	Kshs	Kshs
Auditing	348,000	348,000
Awards/ Donations	530,000	16,328
Consultancy	470,500	458,200
Bank Charges	41,521	42,009
General office expenses	199,750	36,027
Office Welfare	507,475	586,396
Postage	79,020	642,165
Printing & Stationeries	597,877	1,328,694
Subsistence Allowance	4,382,621	2,635,933
Telephone expenses	569,415	981,309
Training and Education	277,650	392,750
Transport	205,240	211,370
Website, E-mail and Networking	689,080	9,950
Security	522,000	217,500
Office Partitioning	-	960,929
Depreciation:Computers	1,057,877	666,758
Depreciation:Furniture & Fitting	87,315	81,068
Depreciation:Motor Vehicle	1,741,816	1,965,846
Depreciation:Office Equipment	64,558	31,928
Amortization: Software's	168,007	-
Fuel - KBN 980E	321,693	327,429
Fuel - KBU 122T	358,964	410,381
Fuel - KCA 083F	308,528	154,624
Insurance:KBN 980E	101,895	132,226
Insurance:KBU 122T	174,120	223,768
Insurance:KCA 083F	181,439	116,400
Maintenance - KCA 083F	289,650	67,156
Maintenance - KBN 980E	206,915	462,905
Maintenance - KBU 122T	227,550	427,033
Total	<u>14,710,476</u>	<u>13,935,081</u>

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6 Operating Expenses	Jun-16	Jun-15
	Kshs	Kshs
Conferences & Seminars	2,572,270	283,040
CPD Supervision	1,248,900	1,323,650
Corporate Social Responsibility	31,000	-
Hip Displasia	106,960	-
Inspection	4,780,570	3,439,150
Magazines and periodicals	19,912	25,645
Publicity & Communication	1,344,191	5,467,536
Registration	-	24,205
Repairs and Maintenance	293,816	435,429
Training Institution inspection	1,994,724	2,102,200
Total	12,392,343	13,100,855

7 Cash and Cash Equivalents	Jun-16	Jun-15
	Kshs	Kshs
Standard Chartered Bank - 0108033914300	2,613,682	4,375,312
Co-operative Bank - 01141151721300	348,562	8,986,830
Petty Cash	9,475	4,334
Cash Account	15,078	5,968
Total	2,986,797	13,372,444

8 Receivables from exchange transactions	Jun-16	Jun-15
	Kshs	Kshs
Receivables		
Membership Receivables	166,035	-
CPD Provider Receivables	480,661	281,550
Staff Advances	253,187	-
Fuel Cards		
Kenol Kobil	20,845	83,060
Total Kenya Limited	61,825	94,994
Insurance Prepayment		
Madison Insurance	-	83,143
Jubilee Insurance	171,234	70,227
CIC Insurance	135,641	146,992
Total	1,289,428	759,966

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9 Non-Current Assets: Property & Equipment

	Furniture and Fittings	Office Equipment	Computers	Motor Vehicle	Total
COST (Kshs)					
01 July 2014 (b/fwd)	763,191	245,128	1,267,970	9,391,911	11,668,200
Additions	450,492	401,170	3,228,235	4,615,007	8,694,904
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
30th' June 2015	<u>1,213,683</u>	<u>646,298</u>	<u>4,496,205</u>	<u>14,006,918</u>	<u>20,363,104</u>
01 July 2015 (b/fwd)	1,213,683	646,298	4,496,205	14,006,918	20,363,104
Additions	48,240	330,552	389,760	-	768,552
Disposals	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
30th' June 2016	<u>1,261,923</u>	<u>976,850</u>	<u>4,885,965</u>	<u>14,006,918</u>	<u>21,131,656</u>
DEPRECIATION					
01 July 2014 (b/fwd)	462,199	89,994	479,024	4,170,244	5,201,460
Depreciation	81,068	31,928	666,758	1,965,846	2,745,600
Disposals	-	-	-	-	-
Transfers/Adjustment	-	-	-	-	-
Impairment	-	-	-	-	-
30th' June 2015	<u>543,267</u>	<u>121,922</u>	<u>1,145,782</u>	<u>6,136,090</u>	<u>7,947,060</u>
01 July 2015 (b/fwd)	543,267	121,922	1,145,782	6,136,090	7,947,060
Depreciation	87,315	64,558	1,057,877	1,741,816	2,951,567
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfers/Adjustment	-	-	-	-	-
30th' June 2016	<u>630,582</u>	<u>186,480</u>	<u>2,203,659</u>	<u>7,877,906</u>	<u>10,898,627</u>
NET BOOK VALUES					
30 June 2015 - B/fwd	670,416	524,376	3,350,423	7,870,829	12,416,044
30 June 2016 - C/fwd	631,341	790,370	2,682,306	6,129,012	10,233,029

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10 Intangible Assets: Softwares

	Software's	Total
COST (Kshs)		
01 July 2014 (b/fwd)	-	-
Additions	2,490,288	2,490,288
Disposals	-	-
Transfers/Adjustment	-	-
30th' June 2015	<u>2,490,288</u>	<u>2,490,288</u>
01 July 2015 (b/fwd)	2,490,288	2,490,288
Additions	1,226,501	1,226,501
Transfers/Adjustment	-	-
30th' June 2016	<u>3,716,789</u>	<u>3,716,789</u>
ARMORTIZATION		
01 July 2014 (b/fwd)	-	-
Armortization	-	-
Impairment	-	-
30th' June 2015	<u>-</u>	<u>-</u>
01 July 2015 (b/fwd)	-	-
Armortization	168,007	168,007
Impairment	-	-
30th' June 2016	<u>168,007</u>	<u>168,007</u>
NET BOOK VALUES		
30 June 2015 - (b/fwd)	2,490,288	2,490,288
30 June 2016 - C/fwd	3,548,782	3,548,782

11 Trade and Other payables from exchange transactions

	Jun-16 Kshs	Jun-15 Kshs
Creditors		
Accounts Payable	696,000	348,000
Safaricom Limited	5,907	4,750
Total	<u>701,907</u>	<u>352,750</u>

12 Trade and Other payables from non-exchange transactions

	Jun-16 Kshs	Jun-15 Kshs
Creditors		
PAYE	581,708	686,958
World Animal Protection Project	550,000	-
Total	<u>1,131,708</u>	<u>686,958</u>

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13 Staff Gratuity Provision

	Jun-16 Kshs	Jun-15 Kshs
Balance (b/fwd)	739,262	747,673
Provision for the year	1,177,358	1,014,776
Payment during the year	(387,445)	(1,023,187)
Total	1,529,175	739,262

14 Prepaid income*

	Jun-16 Kshs	Jun-15 Kshs
Inspection Fee	-	10,000
Practice Licence	6,000	132,600
Retention Fees	513,530	-
Total	519,530	142,600

*Fees received in advance from veterinary professionals

15 Revenue Reserve

	Jun-16 Kshs	Jun-15 Kshs
Balance (b/fwd)	27,117,172	26,574,358
Surplus/(Deficit)	(12,941,456)	542,814
Balance C/fwd	14,175,716	27,117,172

16 Cash generated from operations

	Jun-14 Kshs	Jun-13 Kshs
Surplus/(Deficit) for the year before tax	(12,941,456)	542,814
Adjustment for: Depreciation and Amortisation	3,119,575	2,745,600
Staff Gratuity	789,913	(8,411)
Net Cash flows from operating activities before changes in working capital	(9,031,968)	3,280,004
Changes in Working Capital		
Decrease (Increase) in Receivables	(529,462)	(548,424)
Increase (Decrease) in Payables	793,907	(132,340)
Increase (Decrease) in Deferred income	376,930	11,100
Net Change in Working Capital	641,375	(669,664)
Net Cash flows from operating Activities	(8,390,593)	2,610,339

17 Events after the reporting period

There are no material non-adjusting events after the reporting date

XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
No issues raised by the auditor that required Board/Management action and follow up					

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Board responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.


BOARD CHAIRPERSON

Date... 12-05-2017


CHIEF EXECUTIVE OFFICER

Date... 12/05/2017