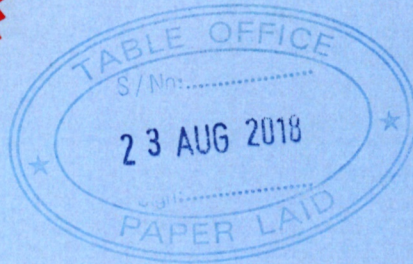


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



Paper laid
By Hon. Aden Duale, MP
on Thurs. 23.08.2018 (pm)
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REPORT

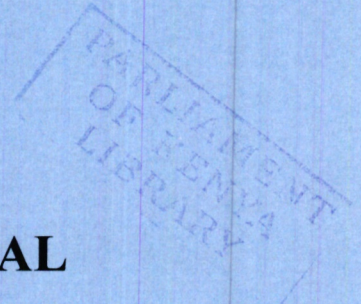
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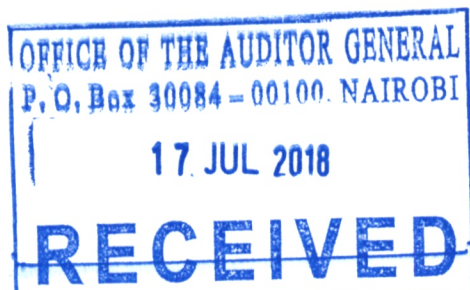
ON

**THE FINANCIAL STATEMENTS OF
KENYA NATIONAL TRADING
CORPORATION**

**FOR THE YEAR ENDED
30 JUNE 2017**







KENYA NATIONAL TRADING CORPORATION LTD

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)

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Kenya National Trading Corporation Ltd

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For the year ended June 30, 2017

I. KEY ENTITY INFORMATION

Background information

The Kenya National Trading Corporation Ltd was established under the Companies Act (Cap 486) in 1965. At cabinet level, the Corporation who is represented by the Cabinet Secretary for the Ministry of Industry, Trade & Co-operatives is responsible for the general policy and strategic direction of the Corporation. The Corporation is domiciled in Kenya and has branches in Nairobi, Kisumu, Karatina, Eldoret, Nakuru, Machakos, Kakamega, Kitale, Meru and Kapsabet.

Our Vision: To be a leading agent for trade and economic transformation of Kenya.

Our Mission: To provide customers with quality products and services at affordable prices through an efficient distribution network while ensuring availability of essential commodities and maximizing shareholders' returns.

Our Mandate:

The mandate of KNTC is operationalized through the performance of the following core functions:

1. Participating in the promotion of wholesale, retail business and e-trade in line with Vision 2030, the medium term plan and the parent Ministry's Strategic Plan.
2. Promoting the development of SMEs markets, expansion and diversifications of trade in line with the Government Policy.
3. Partnering with other key players to avail relevant products/input for the agricultural sector.
4. Improving and strengthen supply chain and distribution systems for both the formal and informal sector.
5. Stabilizing consumer commodity prices by ensuring balance in supply and demand through availability of stocks/goods in the country.
6. Being a Procurement Agent for the Government and general public at a minimum fee.
7. Participating in distribution of goods and services in special economic zones.

Directors

The Directors who served the Corporation during the year/period were as follows:

- | | |
|---------------------------|--|
| 1. Peter Kinya | - Chairman (Up to 23 rd June 2017) |
| 2. Paul Mwiti Mathiu | - Ag. Managing Director |
| 3. Peter Mulavu | - Alternate to The CS The National Treasury. |
| 4. Jared Nyaundi | - Alternate to The PS Ministry of Industry, Trade & Cooperatives |
| 5. Joseph Mwaura | - Alternate to the Executive Director ICDC |
| 6. Anne Kitawa Tangai | - Non Executive Director |
| 7. George Kuria Murathe | - Non Executive Director |
| 8. Elias Murega Julius | - Non Executive Director (Left on 31 st January 2017) |
| 9. Jason Rosario Braganza | - Non Executive Director |
| 10. Millicent Onyonyi | - Non Executive Director |

Kenya National Trading Corporation Ltd

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For the year ended June 30, 2017

Company Secretary

Mrs. Grace Magunga
P.O. Box 45519,
Nairobi

Registered Office

KNTC Yarrow Road Complex

Yarrow Road off Nanyuki Road,
Industrial Area,
P.O.Box 30587-00100

Nairobi, Kenya

Corporate Headquarters

P.O. Box 30587-00100
KNTC Yarrow Road Complex
Yarrow Road off Nanyuki Road,
Industrial Area,

Corporate Contacts

Tel: (020) 2430824 Fax: (020) 556331

GSM: 0736-563912, 0714563911

Website: www.kntcl.com

E-mail: kntcl@kntcl.com

Corporate Bankers

1. Barclays Bank of Kenya
Enterprise Road,
P.O. Box 18060-00500,
Nairobi, Kenya
2. National Bank of Kenya
Harambee Avenue
P.O Box 41862-00100,
Nairobi, Kenya.
3. Co-operative Bank of Kenya
Industrial Area
P.O Box 18119-00500,
Nairobi, Kenya.

Independent Auditors

The Auditor General
Office of the Auditor-General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

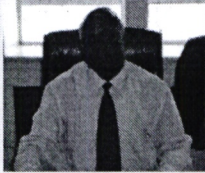
Principal Legal Advisers

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

Kenya National Trading Corporation Ltd

Reports and Financial Statements For the year ended June 30, 2017

II. THE BOARD OF DIRECTORS



Mr. Paul M. Mathiu
Ag. Managing Director

Position: Appointed as the Acting Managing Director in April 2015.

Skills and experience: Paul holds a Bachelor of Business Administration. He has certificates in project development & management and Strategic leadership development. He has over 30 years' experience in micro & small enterprise development and entrepreneurship



Mr. Jason Braganza
Independent Non-Executive
Director

Position: Appointed to the Board in October 2015. He is a Member of the Finance and Administration and the Audit Committee

Skills and experience: Jason has over 10 years' experience in international development, trade policy, and private sector development issues. He holds a Masters of Arts in Development Economics from the University of Sussex and a Bachelor of Science in Economics from SOAS University of London



Mrs. Millicent Onyonyi
Independent Non-Executive
Director.

Position: Appointed to the Board in October 2015. She is a Member of the Sales and Marketing committee and the Audit Committee

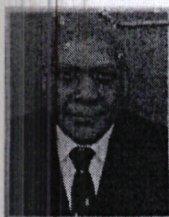
Skills and experience: Millicent has over 24 years of local and international experience, predominantly in the oil industry. She has worked in various management positions in Boc Gases Ltd, ExxonMobil Limited and Libya Oil Africa. Millicent holds a Bachelor of Commerce (Honours) Degree (Business Administration and Marketing) from the University of Nairobi.



Ms. Anne Tangai
Independent Non-Executive
Director

Position: Appointed to the Board in October 2015. She is the chairman of the Finance & Administration Committee and a Member of the Sales and Marketing committee

Skills and experience: Anne has over 10 years' experience in the hospitality industry. She holds a Master's Degree in Human Resource Management for the Hospitality and Tourism Industries from the University of Strathclyde.



Mr. George K. Murathe
Independent Non-Executive
Director

Position: Appointed to the Board in October 2015. He is the chairman of the Sales and Marketing committee and member of the Finance & administration committee.

Skills and experience: George has over 30 years' experience in distribution gained at Kenya Wine Agencies Ltd. He holds a BA in Economics from the University of Nagpur India.



Mr. Joseph Mwaura
Alternate to the
Executive Director, ICDC

Position: Mr. Mwaura was appointed to the Board in April 2015 as the Alternate to the Executive director, ICDC. He is a Member of the Finance & Administration and the Audit Committee.

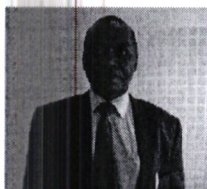
Skills and experience: Mr. Mwaura has over 27 years' experience in Finance and Accounting gained at ICDC, Kenya Wine Agencies Ltd and Kenya National Trading Corporation Ltd. He is currently the Special Projects Manager at ICDC and holds a Bachelor of Commerce degree in Accounting from the University of Nairobi. He is a Certified Public Accountant, (CPA – K)



Mr. Peter Mulavu
Alternate to the PS,
The National Treasury

Position: Mr. Mulavu was appointed to the Board in April 2015 as the Alternate to the Cabinet Secretary, The National Treasury. He is a Member of the Finance & Administration and the Sales & Marketing Committee.

Skills and experience: He holds a Bachelor of commerce in Business Administration and a member CIPS-UK and KISM. Peter has over 25 years in financial Management with bias in Supply Chain Management.



Mr. Jared Nyaundi
Alternate to the PS,
Ministry of Industry, Trade
& Co-operatives

Position: Mr. Nyaundi was appointed to the Board in April 2015 as the Alternate to the Permanent Secretary in the Ministry of Industry, Trade & Co-operatives. He is a Member of the Finance & Administration and the Sales & Marketing Committee.

Skills and experience: He holds a Masters in Business Administration from Masinde Muliro University. He has certificates in project development & management and Strategic leadership development. He has over 30 years' experience in micro & small enterprise development and entrepreneurship



Mrs. Grace Magunga
Company Secretary

Position: Grace has been the Company Secretary since 2006.

Skills and experience: She has wide experience spanning over 19 years in Legal Matters and Corporate Secretarial Services, gained at ICDC. She holds a Bachelor of Law degree from the University of Nairobi and a Diploma in Legal Practice. She is a Certified Public Secretary and a member of the ICPS-K.

Other Appointments: She is also the Company Secretary of ICDC, Almasi Beverages Limited, Funguo Investments Ltd and Focus Container Freight Station Limited.

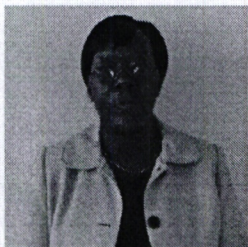
III. MANAGEMENT TEAM



Mr. Paul M. Mathiu
Age 58
Ag. Managing Director

Position: Mr Mathiu was appointed as the acting MD in April 2015.

Skills and experience: He holds a Bachelor of Business Administration and has certificates in project development & management and Strategic leadership development. He has over 30 years' experience in micro & small enterprise development and entrepreneurship.



Ms. Joyce Chepkemboi
Age 51
Head of
Sales & Marketing

Position: Joyce was appointed as the Sales and Marketing Manager from April 2016.

Skills and experience: She holds a bachelor's in Commerce Marketing option, and a higher diploma in HRM. She has over 25 years' experience in sales & marketing and has served in various capacities in the Corporation.



Ms. Lucy M. Anangwe
Age 39
Head of
Finance & Accounts

Position: Lucy was appointed as the Finance & Accounts Manager from April 2016.

Skills and experience: Lucy holds an MSc in Finance, a bachelor's degree in Economics and Business Studies, CPA-K and is a member of ICPAK. She has over 10 years' experience in Finance.



Regina Kamwenji
Age 42
Head of Human Resource &
Administration

Position: Regina was appointed as the Human Resource and Administration Manager from January 2011.

Skills and experience: Regina holds an MBA in Human Resource and management and a higher diploma in personnel management and industrial relations. She has over 10 years' experience in Human resource management and a member of IHRM.



Shem Ondicho

Age 36

Corporate Affairs & Legal
Services Manager

Position: Shem was appointed as the Manager, Corporate affairs & Legal Services from March 2017.

Skills and experience: He holds a Bachelor of Laws (LLB) from the University of London, Post graduate diploma in Law from the Kenya School of Law and a Bachelors' degree in Political Science & Economics from the University of Delhi. He has over 7 years' experience in Legal practice, Corporate law, litigation and consultancy and as an advocate of the High Court.



Joshua Mukhwana

Age 55

Ag. Head of Internal Audit

Position: Joshua was appointed as the Acting Internal Audit Manager from September 2015.

Skills and experience: He holds a Bachelor of Commerce in Finance and is a CPA-K. He has over 20 years' experience in Accounts and Audit, and is a member of ICPAK



Evelyne Wanjiru

Age 32

Procurement Officer

Position: Evelyne was appointed as the Procurement Officer and Head of Procurement from September 2014.

Skills and experience: Evelyne holds a Bachelors' degree in Purchasing and Supplies management and a diploma in Supplies chain Management. She has over 7 years' experience in procurement & Supply chain management. She is a Licenced supplies practitioner and member of KISM.



Lawrence Bengat

Age 31

Ag. ICT Administrator

Position: Lawrence was appointed the Acting ICT Administrator and Head of ICT from January 2015.

Skills and experience: Lawrence holds a Bachelors' degree in Business Management & Information Technology and has certification in CCNA. He has over 6 years' experience in ICT.

Kenya National Trading Corporation Ltd

Reports and Financial Statements

For the year ended June 30, 2017

IV. CHAIRMAN'S STATEMENT

Despite the significant challenges faced by the Corporation during the period under review namely stiff competition in the local market and limited working capital, the Corporation is on the right track. The Board and Management remain focused on putting in place measures that in the long-term will enable the Corporation to strengthen its balance sheet and resume shareholder returns. On behalf of the board, I call upon employees, customers, and stakeholders to work with us in transforming and turning around the Corporations business performance and laying foundations for future growth.

The economy recorded growth rates of 5.7%, 5.3%, 5.6% in 2013, 2014 and 2015 which were lower than the projected 10% real GDP growth by 2017. Quartely GDP estimates by Kenya National Bureau of Statistics indicate that the economy grew by 5.9% in the first quarter of 2016 and by 6.2% in the second quarter of 2016. Among the reasons for lower growth rate included slowdown in the growth of the manufacturing sector as a result of cheaper imports of manufactured products and adverse weather patterns which affected growth of the agricultural sector. Adverse global environment and market conditions such as financial market volatility and falling commodity prices also played a part in contributing to the low economic growth rates.

Company Performance:

The Corporation made an operating loss of kshs. 12,804,177. Other results are as stated below:

- Revenue decreased by 3.5% to kshs. 113,136,340
- Operating costs reduced by 0.55%
- Gross profit was kshs 17,193,942
- Loss before tax was ksh. 18,456,614
- Ordinary share capital is ksh.32 million which comprise of 1.6 million shares valued at ksh.20 each.

Appreciation

I take this opportunity to express my sincere appreciation to our customers, shareholders, parent ministry, management, staff, suppliers and fellow board members for their dedicated contribution and continued support to the Corporation.

GEORGE K. MURATHE
For Chairman

V. REPORT OF THE MANAGING DIRECTOR

In the past year, KNTC continued with its business transformation agenda. We have taken decisive, immediate action on the challenges we faced. In a very deliberate way we have made and continue to make the changes needed to re-energise the operations.

Over the past year, we have restored our total commitment to giving the best possible quality of goods and services to our customers. This is guiding every action we are taking and will be instrumental in making the Corporation's business competitive again. We have built up strong positive sales momentum throughout the year by investing in lower, more stable pricing, improved service and product availability. We are rebuilding profitability whilst continuing to invest in our transformation programme. The long-term health of our balance sheet will be determined by our continued ability to improve profitability and generate cash.

Our progress towards rebuilding trust in the KNTC brand has been led by the commitment and passion demonstrated by our staff. Over the past year, I've spent a lot of time with staff in our depots and seen their commitment to customer service. The actions we've taken to reaffirm our competitiveness across the country, protect the balance sheet, and rebuild trust continue to stabilize the Corporation. As the KNTC team, we remain committed to serving customers better every day, in what remains a challenging, inflationary and uncertain market. We are confident that the investments we are making are creating long-term value for our stakeholders.

In the coming year, we endeavour to guide our efforts with the three main priorities:

- To regain lost market share in our core product portfolio;
- To protect and strengthen the balance sheet; and
- To rebuild trust of our customers

I am sure that it will be another busy year and I'm confident that with the customer at the heart of everything we do, we will continue to rebuild our fortunes.



**PAUL M. MATHIU
Ag. MANAGING DIRECTOR**

VI. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which corporate bodies are directed and controlled with the objective of increasing stake/shareholders value and satisfying them. This is achieved by establishing a system of clearly defined authorities and responsibilities, which result in a system of internal controls that is regularly tested to ensure effectiveness.

At Kenya National Trading Corporation, the Board places a high degree of importance on maintaining a sound control environment and applying the highest standards of business integrity and professionalism in all areas of the Board's activities.

We engage the society on the basis of strong principles of governance and compliance that provide the framework of how we do business. The chairman and the MD ensure good governance at board level and below.

The board regularly reviews its governance on the basis of new legal requirements and best practices. It helps us maintain trust with the employees, suppliers, government, customers and other stakeholders. The Board is responsible for the governance of the Corporation and conducts the business and operations of the Corporation with integrity and in accordance with generally accepted corporate practices, in a manner based on transparency, accountability and responsibility.

Board of Directors

The composition of the Board is compliant with good corporate governance practices. The role of the Chairman and the Managing Director are segregated. The Managing Director is in charge of the day to day running of the business of the Corporation and the Chairman of the Board acts as non-executive director. The current Board is composed of ten Members who possess broad range of expertise, diverse professional background. They are drawn from various ministries and business sectors. The remuneration is based on guidelines on terms and conditions of service for State Corporation's circular of 23rd Nov 2008.

Board Meetings

Board Meetings are held every quarter except with exceptional circumstances. During their meetings the Board reviews the Company performance against the planned strategies and also approves issues of strategic nature

Board Committees

The Board has three committees of which are guided by clear terms of reference. The committees are instrumental in monitoring the corporation operations, conduct of business, systems and internal controls. The committees are as follows:

1. Sales and Marketing Committee
2. Finance and Administrative committee
3. Audit committee

Kenya National Trading Corporation Ltd

Reports and Financial Statements

For the year ended June 30, 2017

Code of Conduct

The corporation has a code of conduct which seeks to guide employees in ethical conduct of business. All directors, management and employees are expected to observe high standards of integrity and ethical conduct when dealing with customers, staff, suppliers and regulators.

Internal Controls

The effectiveness of the corporation internal control is monitored on a regular basis by the Internal Audit function. The Internal Audit function reviews the corporation compliance with the laid down policies and procedures as well as assessing the effectiveness of the internal control structures.

The Internal Audit function focuses their attention on areas that the corporation could be exposed to greatest risks. The Internal Audit function reports to the Audit Committee of the Board. The corporation has established operational procedures and controls to facilitate proper safeguard of assets and accurate financial reporting.

Conflicts of Interest

All directors and management are under duty to avoid conflict of interest. The directors are required to disclose outside business interests that would conflict with the corporation business.

Going Concern

The directors confirm that the corporation has adequate resources to continue in business for the foreseeable future and therefore to continue to use the going concern basis when preparing the financial statements

VII. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Performance

1. Share capital

KNTC has only one class of shares – Ordinary shares of par value Kshs. 20 each. The share capital balance as at 30th June 2017 amounted to Kshs 32,000,000 which is the same as the previous year.

2. Reserves and Surplus

Retained Earnings

The net loss from the previous year ended 30th June 2016 amounting to Kshs. 8,475,252 was transferred to the retained earnings. The balance as at 30th June 2017 amounted to Kshs. 226,627,634 (previous year Kshs. 213,823,457).

Shareholders' funds

The total shareholders' funds was Kshs. 2,616,015,143 as at 30th June 2017 compared with Kshs. 2,708,914,211 as at 30th June 2016.

3. Trade and Other Receivables

The trade receivables amounted to Kshs. 100,628,091 as at 30th June 2017 (net of provision for doubtful debts amounting to kshs 18,271,635), compared to Kshs. 79,713,974 (Net of provision for doubtful debts amounting to kshs. 12,181,090) as at 30th June 2016. Except for the specific debts provided for, these debts are considered good and realizable.

Out of the total trade receivables, 18% and 21% were not due as at June 30, 2017 and June 30, 2016, respectively. The ageing profile of debtors (net of provision), is as set out on page 22 of these financial statements

Inventories

Inventories amounted to Kshs. 12,963,593 as at 30th June 2017 (net of provision for obsolescence amounting to kshs 206,091), compared to Kshs. 10,202,408 for the previous year.

Cash and cash equivalents

The balance in our current accounts stands at Kshs. 1,489,599 as at June 30th, 2017 as compared to Kshs.3,432,555 as at June 30th, 2016.

Results of our operations

1. Income

All of the revenues for the year ended 30th June 2017 were domestic revenues. Our revenues are generated primarily from sales of products. The total income, net of costs was kshs 113,136,340 compared with kshs 117,159,779 from the previous year

Gross profit

The gross profit during the year was Kshs.18,456,614 representing 16% of revenues, compared to Kshs 8,017,021 representing 7% of revenues in the previous year.

2. Expenditure

a) Staff Costs

Staff costs were 47% of revenues, compared to 43% during the previous year. Staff costs relate to salaries paid to employees and include staff welfare expenses. The increase in salaries is primarily due to increased compensation in the last 12 months, promotions and an increase in the number of employees.

b) Administration expenses

Administration expenses amounted to 21% and 26% of our total revenues, for the current and previous years respectively.

All other expenses, excluding staff costs and depreciation, were 13% of revenues during the year, as compared to 10.5% in the previous year.

The decrease in administrative expenses for FY 2016/2017 from FY 2015/2016 was primarily due to the decrease in incomes which translated to less activity.

3. Operating profits

We incurred an operating loss before tax of Kshs. 12,804,177 representing -11% of total revenues, compared to Kshs 8,475,252 representing -3.4% of total revenues, during the previous year.

10. Earnings Per Share (EPS)

Our basic EPS decreased by 54% during the year to -40% from -26% in the previous year. The outstanding shares used in computing the basic EPS were Kshs. 32,000,000.

11. Liquidity

Our growth has been financed largely through cash generated from operations. The net cash generated from our operations was Kshs. 10,380,172 and Kshs 9,123,518 for the years ended June 30th, 2017 and June 30th, 2016, respectively. Net cash used for investing activities was Kshs. 3,738,919 and Kshs. 588,240 generated for the years ended June 30th, 2017 and June 30th, 2016, respectively. Net cash used in financing activities was Kshs. 6,511,210 and Kshs.7,165,829 for the years ended June 30th, 2017 and June 30th, 2016, respectively..

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Corporation is strongly aware that companies are also members of a society, and that a company cannot remain sustainable unless it coexists with society as a good corporate citizen and meets the expectations of the society through its business activities.

KNTC believes that corporate social responsibility (CSR) lies in corporate thought and action on the question of how to play a role in building sustainable societies through business activities.

This approach ties into our corporate mandate of Stabilizing consumer commodity prices by ensuring balance in supply and demand through availability of stocks/goods in the country and Promoting the development of SME markets, expansion and diversifications of trade in line with the Government Policy.

We believe that it is our mission to understand diverse values of our communities meet the expectations of the society and continue to be a corporation that is relevant to the society.

During the year under review, the Corporation was involved in various other CSR activities some of which are outlined below:-

- Established appropriate procedures and practices to minimize the consumption of energy, water, paper and other material inputs, and minimize the generation of waste, associated with its office-based activities.
- Reduced the paper intensity of its office-based operations through encouraging use of electronic communication technologies. While reducing the amount of office waste produced, KNTC ensured proper disposal of its office waste. In addition, we maximized the amount reused and recycled which included double printing its documents and encouraging electronic methods of information storage and retrieval.
- Planted trees and flower gardens in the entire office environment at the head office and conducted awareness-oriented activities to sensitize its staff and stakeholders on the need to conserve the environment. Externally, KNTC facilitated environmental awareness campaigns in partnership with its stakeholders including tree planting days.

IX. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the Corporation's affairs.

Principal activities

The principal activities/mandate of the Corporation are:

1. Participating in the promotion of wholesale, retail business and e-trade in line with Vision 2030, the medium term plan and the parent Ministry's Strategic Plan.
2. Promoting the development of SMEs markets, expansion and diversifications of trade in line with the Government Policy.
3. Partnering with other key players to avail relevant products/input for the agricultural sector.
4. Improving and strengthening the supply chain and distribution systems for both the formal and informal sector.
5. Stabilizing consumer commodity prices by ensuring balance in supply and demand through availability of stocks/goods in the country.
6. Being a Procurement Agent for the Government and general public at a minimum fee.
7. Participating in distribution of goods and services in special economic zones.

Results

The results of the Corporation for the year ended June 30, 2017 are set out on page 1-34

Dividends

The Directors do not recommend the payment of dividends for the year.

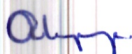
Directors

The members of the Board of Directors who served during the year are shown on page 2.

Auditors

The Auditor General is responsible for the statutory audit of KNTC Ltd in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Grace M. Magunga

Company Secretary

Nairobi

Date: ... 16/07/18 ...

Kenya National Trading Corporation Ltd

**Reports and Financial Statements
For the year ended June 30, 2017**

X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the KNTC's financial statements, which give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year ended on June 30, 2017. 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 Corporation;
- (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 Corporation;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Corporation'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, 2012 and the State Corporations Act.

The Directors are of the opinion that KNTC's financial statements give a true and fair view of the state of the Corporation's transactions during the financial year ended June 30, 2017, and of the Corporation's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

Approval of the financial statements

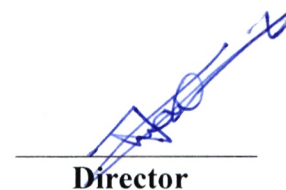
The Kenya National Trading Corporation's financial statements were approved by the Board on 16th July 2018 and signed on its behalf by:



Director



Director



Director

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL TRADING CORPORATION FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya National Trading Corporation set out on pages 1 to 32, which comprise the statement of financial position as at 30 June 2017, and the statement of profit and loss & other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya National Trading Corporation as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Property, Plant and Equipment

1.1. Lack of Ownership Documents

As reported in the previous year, the property, plant and equipment balance of Kshs.2,685,521,280 as at 30 June 2017 includes three parcels of land situated at Nanyuki, Nyahururu and Kapsabet valued at Kshs.5,600,000 as shown below whose ownership documents were not availed for audit verification.

Report of the Auditor-General on the Financial Statements of Kenya National Trading Corporation for the year ended 30 June 2017

<u>Locality</u>	<u>Registration No.</u>	<u>Size</u>	<u>Value (Kshs)</u>
Nanyuki	2787/514	0.4645 hectares	3,000,000
Nyahururu	6585/323/2	0.405 hectares	2,100,000
Kapsabet	Kapsabet/54	0.112 hectares	<u>500,000</u>
Total			<u>5,600,000</u>

Although the management had explained that the Kapsabet plot was allocated to an individual and that the Corporation has engaged the services of an advocate to pursue ownership of the Kapsabet plot with the Kapsabet Lands board, the process or outcome of the process has not been disclosed.

Management had also explained that it undertook a mapping exercise together with Kenya Railways Corporation in regard to Nanyuki plot and then requested Kenya Railways Corporation to fast track registration of the parcel. Further, the management explained that it has been following up with the National Lands Commission for processing of title deed of the Nyahururu plot. However, until the title deeds are processed and issued to the Corporation, the ownership status of the properties cannot be confirmed.

1.2. Exclusion of Nakuru Municipality Plot

As similarly reported in the previous year, plot No. 6/42 in Nakuru town measuring 0.2788 hectare whose title deed dated 29 October 2001 and registered in the name of the Corporation, was illegally apportioned to create Plot No.6/158, apparently, without the knowledge of the Corporation. According to information available, the hived off plot was registered in the name of a private developer and a godown constructed on it. The Corporation had explained that it is fast tracking the issue through their lawyers, the National Lands Commission and the Ethics and Anti-Corruption Commission (EACC).

1.3. Irregular Surrender of Loita Street Plot

As per Note 18 to the financial statements, Loita Street plot LR.209/103430 valued at Kshs.30,462,543 (1991) was irregularly surrendered to the commissioner of lands under unclear circumstances. Although management has explained that it is working with the parent Ministry, the National Lands Commission and the Directorate of Criminal Investigations to revert ownership of the Loita street plot to the Corporation, no success has been reported in this regard. Further, this plot was excluded from the valuation of assets conducted in December 2014.

In view of the foregoing, it has not been possible to confirm the accuracy and ownership of the property, plant and equipment balance of Kshs.2,685,521,280.

2. Trade and Other Receivables

As reported in the previous year, the trade and other receivables balance of Kshs.100,628,091 as at 30 June 2017 includes an amount of Kshs.24,816,298 relating to various private debtors which have been outstanding since the year 1994. The receivables balance also includes an amount of Kshs.7,380,834 relating to claims receivable and Kshs.7,632,748 relating to Government debtors which have similarly remained outstanding for a long period of time. As disclosed in Note 21 to the financial statements, other receivables balance of Kshs.67,955,695 includes rent receivable from Uchumi Supermarkets Limited amounting to Kshs.18,487,593 as at 30 June 2017. However, information available indicates that the Supermarket is facing financial difficulties leading to existence of a material uncertainty about the ability of Supermarket to continue as a going concern and thus making recoverability of the rent receivable of Kshs.18,487,593 doubtful. Further, rental debtors comprised of ex-tenants with rent arrears totalling Kshs.3,198,930 which have remained outstanding for long with minimal chances of recovering these amounts. The Corporation has made a specific provision of Kshs.18,271,635 to cover long outstanding debts.

In addition, the accounts receivables includes bounced cheques for rent receivable amounting to Kshs.3,999,947 of which the Corporation had filed a court case and was ruled in its favour. The Corporation received Kshs.1,050,000 from one of the tenants leaving a balance of Kshs.2,949,947 still outstanding.

Under the circumstances, it has not been possible to ascertain the recoverability of the trade and other receivables balance of Kshs.100,628,091.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI's). I am Independent of the Kenya National Trading Corporation in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis of my qualified opinion.

Key Audit Matters

Key audit matters are those matters, in my professional judgement, are of most significance in the audit of financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, there were no other Key Audit Matters to report in the current year under review.

Other Matter

1. Financial Performance

The Corporation recorded a loss of Kshs.12,804,177 (2015/2016 - loss Kshs.8,475,252) which brought the cumulative losses to Kshs.226,627,634 as at 30 June 2017. As reported in the previous year, the Corporation is evidently experiencing liquidity challenges and its continued existence as a going concern is dependent on continued support from the Government and its creditors.

2. Finance cost

The Corporation obtained a loan from Industrial and Commercial Development Corporation (ICDC) of Kshs.25 million. Out of which, the principal was repaid by March 2014 leaving an interest balance of Kshs.2,217,809. The amount remains unpaid, and has continued to accrue interest for the last four years resulting in a balance of Kshs.3,992,737.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to have the Corporation cease operations.

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.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in

accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Corporation to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

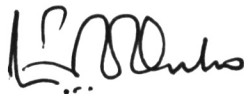
I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

REPORT ON LEGAL AND OTHER REGULATORY REQUIREMENT.

As required by the Kenyan Companies Act, 2015, I report based on my audit that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the company and returns adequate for their audit have been received from the Company's branches not visited, so far as appears from examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.



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

Nairobi

06 August 2018

XII. STATEMENT OF PROFIT AND LOSS & OTHER COMPREHENSIVE INCOME

	Note	2016/2017 Kshs	2015/2016 Kshs
REVENUES			
Sales	6	128,127,652	128,122,925
Cost of Sales	7	(109,671,038)	(120,105,904)
Gross Profit		18,456,614	8,017,021
Net Commission Income	8	21,720,640	18,965,498
Trading Income		40,177,254	26,982,519
Other Income	9	72,959,086	90,177,260
Total Revenues		113,136,340	117,159,779
OPERATING EXPENSES			
Administration Costs	10	23,898,449	30,276,472
Staff Costs	11	52,929,228	49,924,153
Directors Emoluments	12	7,538,576	5,469,404
Depreciation of Property & Equipment	13	28,648,641	28,648,641
Other Expenses	14	7,566,933	6,928,222
Total Operating Expenses		120,581,827	121,246,892
Operating Profit/(Loss)		(7,445,487)	(4,087,112)
Finance Costs	15	3,443,818	4,388,140
Profit/(Loss) Before Taxation		(10,889,304)	(8,475,252)
Income Tax Expense/(Credit)	16(a)	1,914,872	-
Profit/(Loss) After Taxation		(12,804,177)	(8,475,252)
Earnings per share – Basic and diluted	17	-40%	-26%
Dividends per Share		-	-
OTHER COMPREHENSIVE INCOME			
(Loss)/Profit for the Year		(12,804,177)	(8,475,252)
Surplus on Revaluation of Property plant & Equipment		-	2,033,760,736
Other Comprehensive Income/(Loss)			
Total Comprehensive income/(Loss) for the year		(12,804,177)	2,025,285,484

Kenya National Trading Corporation Ltd

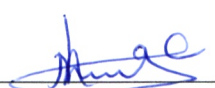
Reports and Financial Statements

For the year ended June 30, 2017

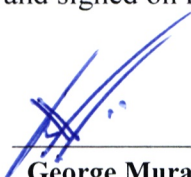
XIII. STATEMENT OF FINANCIAL POSITION

ASSETS	Note	<u>2016/2017</u> Kshs	<u>2015/2016</u> Kshs
Non-Current Assets			
Property, plant and equipment	18	2,685,521,280	2,714,107,539.00
Intangible assets	19	880,400	880,400.00
Total Non-Current Assets		2,686,401,680	2,714,987,939.00
Current Assets			
Inventories	20	12,963,593	10,202,408.00
Trade and other receivables	21	100,628,091	79,713,974.28
Income Tax Recoverable	16(c)	2,852,215	3,616,903.00
Bank and cash balances	22	1,489,599	3,432,555.00
Total Current Assets		117,933,498	96,965,840.28
Total Assets		2,804,335,178	2,811,953,779.28
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	23	32,000,000	32,000,000.00
Revaluations Reserve	24	2,810,642,777	2,890,737,668
Retained Earnings	25	(226,627,634)	(213,823,457.12)
Capital and Reserves		2,616,015,143	2,708,914,210.88
Long Term Liabilities			
Finance Leases	26	-	3,219,732.76
Deferred Tax Liability	34	80,094,891	
Rent Leases	32	4,504,328	8,180,865.00
Total Non-Current Liabilities		84,599,219	11,400,597.76
Current Liabilities			
ICDC Loans	26	3,962,736	3,388,125.11
Finance Leases	26	14,133,911	18,000,000.00
Trade and other payables	27	85,624,169	70,250,845.53
Total Current Liabilities		103,720,816	91,638,970.64
TOTAL EQUITY AND LIABILITIES		2,804,335,178	2,811,953,779.28

The financial statements were approved on 16th JULY 2018 and signed on its behalf by:


Lucy M. Anangwe
 Finance & Accounts Manager


Paul M. Mathiu
 Ag. Managing Director


George Murathe
 For Chairman

XIV. STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	REVALUATIONS RESERVE	RETAINED EARNINGS	TOTAL
	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July 2015	32,000,000	733,219,770.00	(200,969,550)	564,250,220
Restatement (Prior year adjustment)			(4,378,655)	(4,378,655)
Revaluation Gain		2,157,517,898.00		2,157,517,898
Net Profit/(Loss) for the year			(8,475,252)	(8,475,252)
Balance as at 30th June 2016	32,000,000	2,890,737,668.00	(213,823,457)	2,708,914,211
Balance as at 1st July 2016	32,000,000	2,890,737,668.00	(213,823,457)	2,708,914,211
Deferred Tax on Revaluation		(80,094,891.33)		(80,094,891)
Net Profit/(Loss) for the year			(12,804,177)	(12,804,177)
Balance as at 30th June 2017	32,000,000	2,810,642,776.67	(226,627,634)	2,616,015,143

Kenya National Trading Corporation Ltd

Reports and Financial Statements

For the year ended June 30, 2017

XV. STATEMENT OF CASH FLOWS

	Note	<u>2016/2017</u>	<u>2015/2016</u>
		Kshs	Kshs
Cashflows from Operating Activities			
Net Profit/(Loss) for the year		(12,804,176.65)	(8,475,252)
Adjustment for;			
Depreciation	13	28,648,641.00	28,648,641
Provision for Staff Leave pay	28	2,585,984.70	(15,102)
Provision for obsolescence	30	(622,334.00)	413,690
Provision for bad & Doubtful debts	29	6,090,545.00	6,090,545
Interest Expense	31	4,406,201.56	4,388,140
Income Tax Expense /(Credit)	16(a)	1,914,872.49	-
Deficit/Surplus before working capital changes		30,219,734.10	31,050,662
Decrease/(Increase) in Trade & Other Receivables	21	(20,914,116.39)	(13,884,681)
Decrease/(Increase) in Inventories	20	(2,761,185.43)	(2,322,433)
Decrease/(Increase) in Income Tax Recoverable	16(c)	764,688.49	(1,431,628)
Increase/(Decrease) in Trade & Other Payables	27	15,373,323.02	6,588,868
Deficit/Surplus After working capital changes		22,682,443.78	20,000,788.0
Income Tax Paid	16(c)	(6,100,438.57)	(1,431,628)
Provision for Leave Pay	28	(1,319,487.00)	(2,196,869)
Interest Paid	31	(6,955,344.00)	(6,835,083)
Net cash generated from/(used in) operating activities		8,307,174.21	9,123,518
Cashflows from Investing Activities			
Purchase of Office Equipment	18	(62,382.00)	-
Increase/(Decrease) in Rent lease deposits	32	(3,676,537.40)	588,240
Net cash generated from/(used in) investing activities		(3,738,919.40)	588,240
Cashflows from Financing Activities			
Net Increase (decrease) in Loans	26	574,611.00	(5,894,360)
Net Increase (decrease) in Finance Leases	26	(7,085,821.81)	(1,271,469)
Net cash generated from/(used in) financing activities		(6,511,210.81)	(7,165,829)
Increase/(Decrease) In Cash & Cash Equivalents		(1,942,956.00)	2,545,928
Cash & Cash Equivalents at the beginning of the Year	22	3,432,555.00	886,627
Cash & Cash Equivalents at the end of the Year	22	1,489,599.00	3,432,555

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30TH JUNE 2017

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Performance Difference	Explanation Note
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	
	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Revenue							
Net Sales	23,455,000.00	(3,336,026.38)	20,118,974	18,456,614.48	(1,662,359.14)	-8%	1
Commission Income	32,400,000.00	(1,077,364.36)	31,322,635.64	21,720,639.91	(9,601,995.73)	-31%	2
Rental Income	82,503,000.00	(12,123,401.15)	70,379,598.85	67,537,198.74	(2,842,400.12)	-4%	3
Profit from Sale of Fixed Assets	50,000,000.00	(50,000,000.00)	-	-	-		4
Transport Income	7,560,000.00	(6,310,336.00)	1,249,664.00	848,398.03	(401,265.97)	-32%	5
Miscellaneous Income	-	1,080,000.00	1,080,000.00	3,951,155.07	2,871,155.07	266%	6
Decrease in Provision for stocks			-	622,334.00	622,334.00		
Total Income	195,918,000.00	(71,767,127.88)	124,150,872.12	113,136,340.22	(11,014,531.90)	-9%	
Expenses							
Personnel Emoluments	62,900,000.00	(19,699,581.64)	43,200,418.36	52,929,227.94	(9,728,809.58)	-23%	7
Administration Costs	45,310,000.00	(16,274,171.00)	29,035,829.00	28,075,640.55	960,188.45	3%	8
Board Expenses	6,000,000.00	3,820,745.60	9,820,745.60	7,538,576.19	2,282,169.41	23%	9
Repairs & Maintenance	53,500,000.00	(47,685,489.00)	5,814,511.00	3,389,741.14	2,424,769.86	42%	10
Depreciation	19,080,000.00	11,728,237.00	30,808,237.00	28,648,641.00	2,159,596.00	7%	11
Finance Cost	6,400,000.00	(2,768,884.00)	3,631,116.00	3,443,817.56	187,298.44	5%	
Taxation	1,440,000.00	(640,000.00)	800,000.00	1,914,872.49	(1,114,872.49)	-139%	12
Total Expenditure	194,630,000.00	(71,519,143.04)	123,110,856.96	125,940,516.87	(2,829,659.91)	-2%	
Surplus for the Period	1,288,000.00	(247,984.84)	1,040,015.16	(12,804,176.65)	(13,844,191.81)		

BUDGET VS ACTUAL PERFORMANCE EXPLANATORY NOTES

- Net Sales:** This represents the gross profit earned from sale of products. The original budget was adjustment downwards due to forecasted sales revenues projected to be less than the budgeted amounts. The Performance difference of -8% arose when we were unable to meet our sales targets for the year.
- Commission Income** was adjusted downwards to provide for the drop in commission sales due to lower stock levels by Tata Chemicals. The underperformance by 31% was because of stock outs occasioned by the supplier.
- Budgeted **Rental Income** was adjusted downwards by 12 million due to non renewal of expired lease contracts by some tenants and slow uptake of vacant godowns by new tenants.
- The budgeted **sale of fixed assets** was not approved by the National Treasury.
- Transport Income** was adjusted to Kshs.1,249,664 from Kshs. 7,560,000 to provide for the unfavourable transport rates in the market.
- Miscellaneous Income** Warehousing income was not initially budgeted for but was included in the adjusted budget after the board of directors approved the warehousing policy.
- Personnel Emoluments** were adjusted downwards by kshs 19.7 million. By the end of the year, the vote was overspent by 23% due to salary adjustments as advised by SRC and employment of new staff members during the year.
- Administration Costs** were adjusted downwards because of the projected underperformance of sales which are directly related. The budgeted amounts were underspent by 1.8 million because the adjusted sales revenues were not achieved.
- Board Expenses** were adjusted upwards by Kshs 3.8 million in the adjustments to the budget. The adjustment was meant to cater for special board meetings expected in the year due to funding negotiations with the Ministry and the National Treasury.
- The original Budgeted **Repairs and maintenance** was dependent on a grant from the parent ministry for upgrading the godowns. The grant was however not received hence the adjustment in the amended budget. The vote was underspent by 42% when the Corporation was unable to raise funds for repairs.
- Depreciation** was adjusted upwards by 11.7 million to provide for the assets valuation done at the end of the previous financial year.
- Taxation** was adjusted downwards by 640,000 after a review of the performance in December. The corporation however spent 139% over the adjusted budget

Kenya National Trading Corporation Ltd

Reports and Financial Statements

For the year ended June 30, 2017

XVII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Kenya National Trading Corporation Ltd was established under the Companies Act (Cap 486) in 1965. At cabinet level, the Corporation who is represented by the Cabinet Secretary for the Ministry of Industry, Trade & Co-operatives is responsible for the general policy and strategic direction of the Corporation. The principal activity of the Corporation is to Promote and increase wholesale and retail trade. The Corporation also participates in the distribution of a wider range of products such as; Cement, Lime, Fertilizer, Magadi Salts, Paints, Building Materials, Human Salt, Farm inputs and products, Plastic ware, Sugar etc.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the Notes

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Corporation.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS
i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard/Amendment to a standard	Effective date	Impact
IFRS 14 <i>Regulatory Deferral Accounts (issued in January 2014)</i>	1 st Jan 2016	The new standard, effective for annual accounting periods beginning on or after 1 January 2016, defines a regulatory deferral account balance and allows entities to continue to apply their existing policy for regulatory deferral account balances, but requires certain disclosures. The application of this amendment did not result in any impact on the financial statements.
Amendments to IFRS 11 titled <i>Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014)</i>	1 st Jan 2016	The amendments, require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to apply all of the business combinations accounting principles and disclosure in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The application of this amendment did not result in any impact on the financial statements.
Amendments to IAS 16 and IAS 38 titled <i>Clarification of Acceptable Methods of Depreciation and Amortisation (issued in May 2014)</i>	1 st Jan 2016	The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances. The amendment did not result in any impact on the financial statements.
Amendments to IAS 27 titled <i>Equity Method in Separate Financial</i>	1 st Jan 2016	The amendments reinstate the equity method option allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

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For the year ended June 30, 2017**

Standard/Amendment to a standard	Effective date	Impact
<i>Statements (issued in August 2014)</i>		The amendment did not result in any impact on the financial statements.
Amendment to IAS 19 <i>(Annual Improvements to IFRSs 2012–2014 Cycle , issued in September 2014)</i>	1 st Jan 2016	The amendment, clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The amendment did not result in any impact on the financial statements.
Amendment to IFRS 5 <i>(Annual Improvements to IFRSs 2012–2014 Cycle , issued in September 2014)</i>	1 st Jan 2016	The amendment adds specific guidance when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued. The amendment did not result in any impact on the financial statements.
Amendment to IFRS 7 <i>(Annual Improvements to IFRSs 2012–2014 Cycle , issued in September 2014)</i>	1 st Jan 2016	The amendment, applicable to annual periods beginning on or after 1 January 2016, adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. The amendment did not result in any impact on the financial statements.
Amendments to IAS 1 titled <i>Disclosure Initiative (issued in December 2014)</i>	1 st Jan 2016	The amendments, clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment did not result in any impact on the financial statements.
<i>Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)</i>	1 st Jan 2017	The amendments clarify that: <ul style="list-style-type: none"> • Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. • The carrying amount of an asset does not limit the estimation of probable future taxable profits.

Standard/Amendment to a standard	Effective date	Impact
		<ul style="list-style-type: none"> Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. <p>An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.</p> <p>The amendment did not result in any impact on the financial statements</p>
<i>Disclosure Initiative (Amendments to IAS 7: Statement of Cash flows)</i>	1 st Jan 2017	<p>The amendments' objective is that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.</p> <p>The application of this amendment did not result in any impact on the financial statements.</p>
<i>Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12 Disclosure of interests in other entities</i>	1 st Jan 2017	<p>Clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with <u>IFRS 5 Non-current Assets Held for Sale and Discontinued Operations</u>.</p> <p>The application of this amendment did not result in any impact on the financial statements.</p>

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ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

Standard	Effective Date	Impact
FRS 15 <i>Revenue from Contracts with Customers</i> (issued in May 2014)	1 Jan 2018	The new standard, replaces IAS 11, IAS 18 and their interpretations (SIC-31 and IFRIC 13, 15 and 18). It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance.
IFRS 9 <i>Financial Instruments</i> (issued in July 2014)	1 Jan 2018	This standard will replace IAS 39 (and all the previous versions of IFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition: <ul style="list-style-type: none">• IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.• For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch• For the impairment of financial assets, IFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognised.
IFRS 16: <i>Leases</i> (issued in January 2016)	1 Jan 2019	The new standard introduces a new lessee accounting model, and will require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

iii) Early adoption of standards

The Corporation did not early – adopt any new or amended standards in year 2017.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) **Revenue recognition**

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the Corporation's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Corporation's activities as described below.

- i) **Revenue from the sale of goods and services** is recognized in the year in which the Corporation delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Rental income** is recognized in the income statement as it accrues using the effective lease agreements.
- iii) **Commission income** is recognized as it accrues.
- iv) **Miscellaneous income** comprises interest receivable from bank deposits, investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.

b) **In-kind contributions**

In-kind contributions are donations that are made to the Corporation in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Corporation includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) **Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Buildings and civil works	2%
Machinery & Office Equipment	15%
Motor vehicles	20%
Computers and related equipment	33.33%
Furniture and fittings	15%

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

5 Depreciation and impairment of property, plant and equipment (Continued)

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

e) Intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

f) Amortisation and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

g) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the Corporation, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

h) **Finance and operating leases**

Leases which confer substantially all the risks and rewards of ownership to the entity are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset.

All other leases are treated as operating leases and the leased assets are recognised in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

i) **Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

j) **Quoted investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

k) **Unquoted investments**

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities.

l) **Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the First in first out (FIFO) method.

m) **Trade and other receivables**

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

n) **Taxation**

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 Entity 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the various commercial banks at the end of the financial year.

p) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Finance charges are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

q) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the Corporation or not, less any payments made to the suppliers.

r) Retirement benefit obligations

The Corporation operates a defined contribution staff retirement scheme for its current employees. The scheme is administered by Insurance Company of East Africa (ICEA). The Corporation's contributions to the defined contribution retirement benefit scheme are charged to the income statement account in the year to which they relate. The assets of funded scheme are held independently in a separate trustee administered funds account.

The Corporation also contributes to the National Social Security Fund (NSSF). The company's contributions to the defined contribution scheme and NSSF are charged to the profit & loss account in the year to which they relate. The corporation's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200 per employee per month.

s) Provision for staff leave pay

Employees' entitlements to annual leave are recognized as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

t) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Corporation operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

u) Budget information

The original budget for FY 2016-2017 was approved by the PS in the Ministry of Industry, Trade and Co-operatives in February 2016. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Corporation upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Corporation recorded additional appropriations on the 2016-2017 budget following the Board of Directors' approval.

The Corporation's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

v) Comparative figures

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

w) 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, 2017.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Corporation'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. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The Corporation based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Corporation. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 Corporation
- 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 assets
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in the notes.

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.

Provision for Staff Leave Pay: Employees' entitlements to annual leave are recognised as they accrue to the employees.

Provision for Bad & Doubtful Debts. The estimated provision for doubtful debts is based on the period for which the debt was outstanding.

Provision for stocks obsolescence. The provision for stocks obsolescence is based on the condition of the stock item and whether the corporation stands to recover its investment from the stock item.

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For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>2016/2017</u>	<u>2015/2016</u>
	Kshs	Kshs
6 SALES		
Local Sales	128,127,652	128,122,925
Exports	-	-
Total	128,127,652	128,122,925
7 COST OF SALES		
Cost of Sales	109,048,704	
Cost of Disposed Items	622,334.00	120,105,904
	<u>109,671,038</u>	<u>120,105,904</u>
8 COMMISSION INCOME		
Commission Earned	23,628,719	21,553,237
Less Handling Costs related to commission income	(1,908,079)	(2,587,739)
Net Commission Income	<u>21,720,640</u>	<u>18,965,498</u>
9 OTHER INCOME		
Rent Income	67,537,199	85,604,443
Decrease in provision for Obsolescence	622,334	15,102
Miscellaneous Income	3,951,155	-
Transport Income	848,398	4,557,715
	<u>72,959,086</u>	<u>90,177,260</u>
10 ADMINISTRATION COSTS	<u>2016/2017</u>	<u>2015/2016</u>
Electricity	461,307	533,716
Water	198,057	225,847
Telephone & Postage	1,653,944	1,677,188
Legal & Professional Fees	316,552	2,844,074
Licences	456,533	662,143
Printing & Stationery	1,168,420	1,073,880
Publications & Advertising	883,589	841,540
Education & Training	298,709	508,229
Insurance	3,363,562	3,922,295
Property Repairs & Maintenance	250,143	414,308
Office Equipment Repairs	77,880	103,719
Motor Vehicle Expenses	3,061,718	6,472,271
Rent & Rates	5,783,777	4,603,744
Security	5,368,996	5,780,874
Subscriptions & Memberships	190,700	245,900
Bank Charges	364,563	366,746
	<u>23,898,449</u>	<u>30,276,472</u>

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For the year ended June 30, 2017
NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 STAFF COSTS	<u>2016/2017</u>	<u>2015/2016</u>
Salaries & Wages	37,315,963	32,168,426
N.S.S.F.	130,800	133,000
Pension & Gratuities	1,741,481	1,989,683
Medical Expenses	2,326,167	2,167,753
Staff Welfare Expenses	3,391,979	2,789,011
Provision for Leave Pay	2,585,985	-
Travelling & Entertainment other staff	5,436,854	4,162,250
Redudancy	-	6,514,029
	<u>52,929,228</u>	<u>49,924,153</u>
The number of Employees at the end of the year was;		
Permanent Employees - Management	58	55
Permanent Employees - Unionisable	1	1
Temporary & Contract Employees	1	2
Total	<u>60</u>	<u>57</u>
12 DIRECTORS' EMOLUMENTS	<u>2016/2017</u>	<u>2015/2016</u>
Board Travel & Entertainment	2,248,301	1,678,692
Board Sitting Allowances	3,846,000	2,680,000
Chairman's Honoraria	1,044,000	1,044,000
Board Medical Expenses	400,275	66,713
	<u>7,538,576</u>	<u>5,469,404</u>
13 DEPRECIATION	<u>2016/2017</u>	<u>2015/2016</u>
Depreciation of Property plant & Equipment	28,648,641	28,648,641
14 OTHER EXPENSES	<u>2016/2017</u>	<u>2015/2016</u>
Miscellaneous Expenses	239,233	59,103
V.A.T	74,771	164,884
Audit Fees	200,000	200,000
Increase in Provision for obsolence	-	413,690
Increase in Provision for Doubtful Debts	6,090,545	6,090,545
Interest on Rent & Rates	962,384	-
	<u>7,566,933</u>	<u>6,928,222</u>
15 FINANCE COSTS	<u>2015/2016</u>	<u>2015/2016</u>
Interest expense on Loans & Finance leases	3,443,818	4,388,140
	<u>3,443,818</u>	<u>4,388,140</u>

Kenya National Trading Corporation Ltd

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 TAXATION

16(a) INCOME TAX EXPENSE/(CREDIT)	<u>2016/2017</u>	<u>2015/2016</u>
Income tax on profits calculated at domestic rate - 30% (2016: 30%)	-	-
Current Tax: Prior year under/(over) provision	1,267,954	-
Current year deferred tax charge	323,459	-
Under/(over) provision of deferred tax in prior years	323,459	-
Income Tax Charge	<u>1,914,872</u>	-

16 (b) Reconciliation of tax expense /(credit) to the expected tax based on accounting profit

Profit before tax	<u>(10,889,304)</u>	
Tax at applicable tax rate 30%	(3,266,791)	-
Current tax: 2015/2016 under provision	1,267,954	-
Tax effects on expenses not deductible for tax	12,279,925	-
Tax effects on income not taxable	(186,700)	-
Tax effects of excess capital allowances over depreciation/armorization	(8,179,515)	-
Deferred tax prior year over-provision	-	-
	<u>1,914,872</u>	<u>-</u>

16(c) TAX RECOVERABLE

	<u>2016/2017</u>	<u>2015/2016</u>
At the beginning of the year	(3,616,903)	(2,185,275)
Income tax Charge for the year-note 16(a)	1,914,872	-
Under/(over) provision in prior years	4,950,255	-
Income Tax Paid during the year	(6,100,439)	(1,431,628)
At the end of the year	<u>(2,852,215)</u>	<u>(3,616,903)</u>

17 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit after tax by the average number of ordinary shares in issue during the year of 32,000,000. There were no dilutive or potentially dilutive ordinary shares as at the reporting date. The corporation reported a loss of ksh 12.8 Million during the financial year.

18 SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	LAND	BUILDINGS	MACHINERY AND	COMPUTERS	FURNITURE &	MOTOR	TOTAL
			OFFICE				
COST OR VALUATION	KSHS	KSHS	KSHS		KSHS	KSHS	KSHS
As at 1st July 2015	244,762,540	427,800,000	9,295,963	5,550,702	6,759,111	48,089,668	742,257,984
Revaluation surplus/(Loss)	1,484,910,000	572,812,200	(6,455,983)	(2,952,702)	(3,663,111)	(13,689,668)	2,033,760,736
Less Provision for Loss on Loita Street Plot	(30,462,540)						(30,462,540)
As at 30th June 2016	1,699,210,000	1,000,612,200	2,839,980	2,598,000	3,096,000	34,400,000	2,742,756,180
DEPRECIATION							
As at 1st July 2015		68,448,000	8,068,587	4,925,980	6,183,860	36,130,736	123,757,162
Charge for the year		20,012,244	425,997	866,000	464,400	6,880,000	28,648,641
Eliminated on Revaluation		(68,448,000)	(8,068,587)	(4,925,980)	(6,183,860)	(36,130,736)	(123,757,162)
As at 30th June 2016	-	20,012,244	425,997	866,000	464,400	6,880,000	28,648,641
NET BOOK VALUE							
As at 30th June 2016	1,699,210,000	980,599,956	2,413,983	1,732,000	2,631,600	27,520,000	2,714,107,539
2017							
COST OR VALUATION							
As at 1st July 2016	1,699,210,000	1,000,612,200	2,839,980	2,598,000	3,096,000	34,400,000	2,742,756,180
Additions			62,382				62,382
As at 30th June 2017	1,699,210,000	1,000,612,200	2,902,362	2,598,000	3,096,000	34,400,000	2,742,818,562
DEPRECIATION							
As at 1st July 2016	-	20,012,244	425,997	866,000	464,400	6,880,000	28,648,641
Charge for the year		20,012,244	425,997	866,000	464,400	6,880,000	28,648,641
As at 30th June 2017	-	40,024,488	851,994	1,732,000	928,800	13,760,000	57,297,282
NET BOOK VALUE							
As at 30th June 2017	1,699,210,000	960,587,712	2,050,368	866,000	2,167,200	20,640,000	2,685,521,280

a) Loita Street plot LR.209/103430 valued at ksh 30,462,543.5 in the accounts was irregularly surrendered to commissioner of lands in November 1991.

b) Part of Nakuru plot LR.6/158 was irregularly acquired by a private developer and a godown constructed on it.

c) Nairobi plot LR.209/8607 is charged against the loan and guarantees with ICDC Ltd.

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For the year ended June 30, 2017
NOTES TO THE FINANCIAL STATEMENTS (Continued)**19 INTANGIBLE ASSETS**

Intangible assets represent computer software purchased in 2012 but not fully implemented. Therefore it has never been amortized since purchase.

Cost	880,400	880,400
Amortization	-	-
Written down Value	<u>880,400</u>	<u>880,400</u>

20 INVENTORIES

	<u>2016/2017</u>	<u>2015/2016</u>
Inventories	13,169,684	11,030,833
Provision for Obsolescence	(206,091)	(828,425)
	<u>12,963,593</u>	<u>10,202,408</u>

21 TRADE & OTHER RECEIVABLES

	<u>2016/2017</u>	<u>2015/2016</u>
(a) TRADE RECEIVABLES		
Private Debtors	24,816,297	24,816,297
Government Debtors	26,073,809	22,192,128
Sundry Debtors	53,925	53,925
Prepaid Stock	-	-
Less Provision for Doubtful debts	(18,271,635)	(12,181,090)
Total Trade Receivables	<u>32,672,396</u>	<u>34,881,260</u>
(b) OTHER RECEIVABLES		
Rent Receivable	33,635,401	20,131,288
Commission receivable	13,396,762	3,934,804
Transport Receivable	1,774,872	1,831,549
Staff Welfare Scheme	77,010	31,005
Receivable bank Guarantees	1,000,000	1,000,000
A/c Receivable D.I.T.	603,182	603,182
Salary advance	49,475	56,167
Travel Advance	571,900	210,715
Claims Receivable	11,746,270	10,682,343
Bounced Cheques receivable	2,949,947	3,699,947
Prepaid Expenses	313,738	319,967
Prepaid Insurance	1,376,187	1,792,876
Deposits	850,920	845,920
VAT Recoverable	(389,968)	(307,047)
	<u>67,955,695</u>	<u>44,832,714</u>
Total Trade & Other Receivables	<u>100,628,091</u>	<u>79,713,974</u>

At June 30 2017, the ageing analysis of the receivables was as follows:

Less than 30 days	17,612,748	10,156,950
Between 30 and 60 days	3,198,887	15,860,592
Between 61 and 90 days	3,920,098	2,903,261
Between 91 and 120 days	29,348,841	5,412,794
Over 120 days	64,819,153	38,657,398

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 BANK AND CASH BALANCES	<u>2016/2017</u>	<u>2015/2016</u>
Cash at Bank	480,206.50	2,599,631.05
Cash in Hand	1,009,392.50	832,924.00
	<u>1,489,599.00</u>	<u>3,432,555.05</u>

All of the cash at bank was held at Barclays Bank of Kenya, National Bank and Co-operative Bank, the Corporation's main bankers.

The make – up of bank balances and short term deposits is as follows:

Financial institution	Account number	2016-2017	2015-2016
		KShs	KShs
a) Current account			
Barclays Bank	0701788990	1,972,844	346,852
National Bank	01003002924900	1,164,093	657,183
Co-operative Bank	01136028861700	(2,662,104)	1,584,876
Co-operative Bank	01136028861701	5,374	10,721
Sub- total		480,207	2,599,631
b) Others			
Petty Cash Balances		193,944	317,734
Undeposited Funds		7,670.00	36,625
M pesa		807,779.00	478,565
Sub- total		1,009,393	832,924
Grand total		1,489,599	3,432,555

23 SHARE CAPITAL	<u>2017</u>	<u>2016</u>
Ordinary shares Issued and fully paid		
1.6million shares of ksh.20 each	32,000,000	32,000,000

24 REVALUATIONS RESERVE

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

	<u>2017</u>	<u>2016</u>
Balance as at 1st July 2016	2,890,737,668	733,219,770
Revaluations during the year		2,157,517,898
Deferred Tax Liability on Revaluation	(80,094,891)	
Balance as at 30th June 2017	<u>2,810,642,777</u>	<u>2,890,737,668</u>

Kenya National Trading Corporation Ltd

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For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 RETAINED EARNINGS

The retained earnings represent amounts available for distribution to the entity's shareholders. Undistributed retained earnings are utilised to finance the Corporation's business activities. The retained earnings are as per the statement of changes in Equity.

26 BORROWINGS

Finance Leases	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	21,219,733	19,434,676.50
Interest Accrued during the year	1,567,059	2,841,443
Additional Borrowing during the year	2,064,281	2,188,977
Repayments of Finance Leases during the year	(10,717,162)	(3,245,364)
Finance Lease balance at end of the year	14,133,911	21,219,732
Less Amounts Due within 1 Year (Current Portion)	14,133,911	18,000,000
Amounts Due after 1 Year (Non-Current Portion)	-	3,219,733

ICDC Loans

Balance at the beginning of the year	3,388,125	9,282,485
Interest Accrued during the year	574,611	1,476,332
Repayments of Loans during the year	-	(7,370,693)
ICDC Loan balance at end of the year	<u>3,962,736</u>	<u>3,388,125</u>
Less Amounts Due within 1 Year (Current Portion)	(3,962,736)	(3,388,125)
Amounts Due after 1 Year (Non-Current Portion)	-	-

The analyses of both Finance leases and Loans are as follows:

Kshs 24.18 million Finance Lease from ICDC	12,179,449	19,906,346
Kshs Insurance financing from NIC bank	1,954,462	1,313,386
Kshs 25 million Loan from ICDC	3,992,737	3,418,126
Kshs 20 million Loan from ICDC	(30,001)	(30,001)
Total	<u>18,096,647</u>	<u>24,607,858</u>

27 TRADE & OTHER PAYABLES

	<u>2016/2017</u>	<u>2015/2016</u>
Trade Payables	54,386,415	45,659,979
Accrued Charges	19,071,111	13,924,063
Accrued Audit Fees	1,500,000	1,900,000
Claims Payable	822,616	822,616
Accrued Leave Days	4,487,010	3,220,513
Accrued Salaries	1,046,947	1,013,407
Accrued Directors Fees	274,000	100,000
Accrued Gratuity/Pension	615,193	588,568
Statutory Creditors	686,567	554,166
Withholding VAT	2,734,310	2,467,534
	<u>85,624,169</u>	<u>70,250,846</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 PROVISION FOR STAFF LEAVE PAY	2016/2017	2014/2015
Provision for leave pay b/f	3,220,513	3,235,614
Additional provision for the year	2,585,985	2,181,767
Leave paid out or utilised during the year	<u>(1,319,487)</u>	<u>(2,196,869)</u>
Provision for leave pay c/f	<u>4,487,010</u>	<u>3,220,513</u>
Provision for annual leave pay is based on services rendered by full-time employees up to the end of the year.		
29 PROVISION FOR BAD DEBTS	2016/2017	2015/2016
Provision for bad debts b/f	12,181,090	6,090,545
Additional provision at end of year	6,090,545	6,090,545
Provision for bad debts c/f	<u>18,271,635</u>	<u>12,181,090</u>
30 PROVISION FOR INVENTORIES	2016/2017	2015/2016
Provision for Inventories b/f	828,425	414,735
Additional provision at end of year	(622,334)	413,690
Provision for inventories c/f	206,091	828,425
31 INTEREST PAID	2016/2017	2015/2016
Arrears of interest b/f	3,566,265	6,013,209
Interest charge for the year	3,443,818	4,388,140
Interest Paid for the Year	<u>(6,955,344)</u>	<u>(6,835,084)</u>
Arrears of interest c/f	<u>54,739</u>	<u>3,566,265</u>
32 RENT LEASE DEPOSITS		
Rent lease deposits b/f	(8,180,865)	(7,592,625)
Deposits by tenants	1,547,803	(588,240)
Refunds paid to Tenants	(5,224,340)	-
Rent lease deposits c/f	<u>(4,504,328)</u>	<u>(8,180,865)</u>
33 RELATED PARTY TRANSACTIONS	2016/2017	2015/2016
Borrowings		
ICDC Loans & ICDC Finance Leases balance	8,216,713	23,294,472
Employer Contributions to		
NSSF	130,800	133,000
Defined contribution pension scheme	1,741,481	1,989,683
Key management compensation		
Salaries and other short-term employment benefits	8,120,306	7,064,944
Pension and gratuity	522,426	418,515
Directors' remuneration		
Fees for services as a director	7,138,301	5,402,692
Sales to Employees through Staff Welfare scheme		
Sales for the year	78,850	-
Staff Welfare scheme c/f	77,010	31,005

Kenya National Trading Corporation Ltd

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For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 DEFERRED TAX LIABILITY

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2017	2016
	Kshs	Kshs
Accelerated Capital Allowance	1,079,200.69	
Revaluation surplus	100,024,909.82	
Tax losses carried forward	(16,812,004.34)	
Provisions	<u>(4,197,214.83)</u>	-
Net deferred tax liability	<u>80,094,891.34</u>	

The movement on the deferred tax account is as follows:

Balance at beginning of the year	-	-
Credit to revaluation reserve	100,024,909.82	
Under provision in prior years	(20,253,477.97)	-
Income statement charge/(credit)	<u>323,459.49</u>	
Balance at end of the year	<u>80,094,891.34</u>	-

35 FINANCIAL RISK MANAGEMENT

The Corporation's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The company's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Corporation has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2017				
Receivables from non- exchange transactions	100,628,091	24,731,732	33,268,938	42,627,420
Bank balances	1,489,599	1,489,599		
Total	102,117,690	26,221,331	33,268,938	42,627,420
At 30 June 2016				
Receivables from non exchange transactions	79,713,974	38,633,057	8,316,056	32,764,861
Bank balances	3,432,555	3,432,555		
Total	83,146,529	42,065,612	8,316,056	32,764,861

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Corporation has significant concentration of credit risk on amounts due from government institutions. The board of directors sets the corporation's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Corporation's directors, who have built an appropriate liquidity risk management framework for the management of the Corporation's short, medium and long-term funding and liquidity management requirements. The Corporation manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Corporation under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2017				
Trade payables	35,414,849	18,278,632	3,427,243	57,120,724
Other Payables	15,600,763	2,600,127	3,466,836	21,667,727
Current portion of borrowings	847,598	2,542,794	6,780,783	10,171,175
Provisions	580,008	1,121,752	21,262,975	22,964,736
Employee benefit obligation	6,835,717			6,835,717
Total	59,278,936	24,543,305	34,937,838	118,760,079
At 30 June 2016				
Trade payables	30,135,586	13,697,994	1,826,399	45,659,979
Other Payables	16,055,939	2,484,848	573,426	19,114,213
Current portion of borrowings	1,217,656	3,652,969	9,741,250	14,611,875
Provisions	1,352,502	4,057,507	10,820,018	16,230,028
Employee benefit obligation	5,476,653			5,476,653
Total	54,238,337	23,893,317	22,961,094	101,092,748

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

35 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Corporation on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Corporation's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Internal Audit Committee) and for the day to day implementation of those policies.

There has been no change to the Corporation's exposure to market risks or the manner in which it manages and measures the risk.

iv). Capital Risk Management

The objective of the Corporation's capital risk management is to safeguard the Board's ability to continue as a going concern. The Corporation capital structure comprises of the following funds:

	2016-2017	2015-2016
	Kshs	Kshs
Revaluation reserve	2,810,642,777	2,890,737,668
Retained earnings	(226,627,634)	(213,823,457)
Capital reserve	32,000,000	32,000,000
Total funds	2,616,015,143	2,708,914,211
Total borrowings	18,201,332	24,607,858
Less: cash and bank balances	(1,489,599)	(3,432,555)
Net debt/(excess cash and cash equivalents)	16,711,733	21,175,303
Gearing	4%	3%

36 INCORPORATION

The Corporation is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

37 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

38 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the Auditor General and management comments that were provided to the auditor. The Corporation nominated focal persons as shown below with the associated timelines within which the issues are expected to be resolved.

Audit Query Ref No.	Issue/Observations from the Auditor General	Management Comments	Focal Point person to Resolve the Issue	Status
1.1	Lack of Land Ownership Documents Three Parcels of land situated in Nanyuki, Nyahururu and Kapsabet valued at Kshs. 5,600,000 did not have ownership documents.	The management is fast tracking the issue through our lawyers, the National Lands Commission and the EACC to ensure the documents are obtained.	Corporate Affairs and Legal Services Manager	In progress
1.2	Nakuru Municipality Plot Plot No 6/42 in Nakuru Municipality measuring 0.2788ha and registered in the name of the Corporation was illegally apportioned to create plot No. 6/158 and registered in the name of a private developer.	The management is fast tracking the issue through our lawyers, the National Lands Commission and the EACC	Corporate Affairs and Legal Services Manager	In Progress
1.3	Loita Street Plot Loita Street Plot L.R.209/103430 was irregularly surrendered to the Commissioner of Lands under unclear circumstances and no efforts are being made to recover the plot	The management is fast tracking the issue through our lawyers, the National Lands Commission and the EACC	Corporate Affairs and Legal Services Manager	In Progress
2.1	Trade and Other Receivables Trade and other receivables balance includes an amount of kshs 24,816,298 relating to various private debtors which has been outstanding since 1994. Further, rental debtors comprised of ex-tenants with rent arrears totalling to ksh 2,473,573 have remained outstanding for long with minimal chances of recovering these amounts.	The management has increased the provision for bad and doubtful debts and developed a write off policy. Implementation will commence once all the necessary approvals have been obtained	Finance & Accounts Manager	Resolved
2.2	Included in the accounts receivable are bounced cheques for rent receivable of kshs. 3,999,947 for which the corporation has filed a court case whose outcome is yet to be determined	The court ruled in favour of the Corporation and the defaulting customer has started repaying. The balance as at 30 th June 2017 was kshs 2,949,947	Corporate Affairs and Legal Services Manager	In Progress
3	Unaccounted Revenue (Sales) Sales Proceeds of 253.5 tons of cement worth Kshs. 3,599,700 could not be accounted for as at 30th June 2015. The cement was delivered on various dates in September vide Bamburi Customer RN 172. Though a claim has been made with insurance company and an amount recognized as a receivable in the books, the payment is yet to be made.	The claim was lodged with the insurers and the corporation is awaiting compensation.	Corporate Affairs and Legal Services Manager	In Progress

Kenya National Trading Corporation Ltd

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XIX. Appendix 1: PROJECTS IMPLEMENTED BY THE CORPORATION

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A					

Status of Projects completion

N/A

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A						

XX. Appendix 2: INTER-CORPORATION TRANSFERS

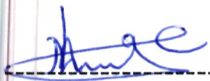
ENTITY NAME:		KENYA NATIONAL TRADING CORPORATION LTD	
Break down of Transfers from the State Department of Trade			
FY 16/17			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>2016/2017</u>
N/A			
Total			
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>2016/2017</u>
N/A			
Total			
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>2016/2017</u>
N/A			
Total			
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>2016/2017</u>
N/A			
Total			

The above amounts have been communicated to and reconciled with the parent Ministry

Finance & Accounts Manager

Head of Accounting Unit
Ministry of Industry Trade & Co-operatives

Sign



Sign-----

XXI. Appendix 3: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution	N/A								N/A
Ministry of Planning and Devolution	N/A								N/A
USAID	N/A								N/A
Ministry of Planning and Devolution	N/A								N/A
Total									