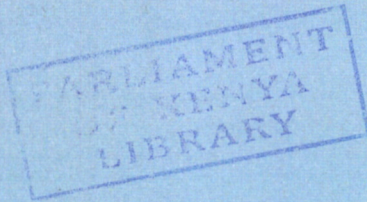
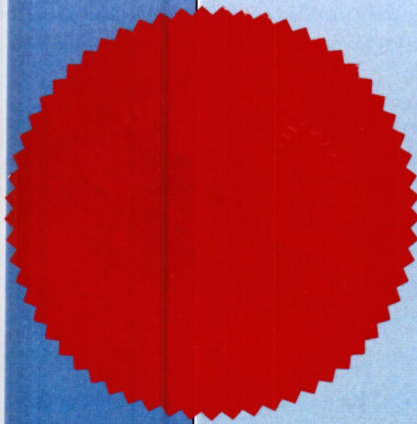


REPUBLIC OF KENYA



*Paper laid  
Thursday  
30/11/17  
Agh*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
UWEZO FUND OVERSIGHT BOARD**

**FOR THE YEAR ENDED  
30 JUNE 2015**



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# **UWEZO FUND OVERSIGHT BOARD**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2015.**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)**

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## KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The Uwezo Fund was launched by His Excellency the President of the Republic of Kenya on 8th September 2013 and enacted through a Legal Notice No. 21 of the Public Finance Management Act, 2014, and published on 21st February, 2014. At cabinet level, the Uwezo Fund is represented by the Cabinet Secretary for Ministry of Devolution and Planning, who is responsible for the general policy and strategic direction of the Fund.

### (b) Principal Activities

The Fund seeks to expand access to finances and promote women, youth and persons living with disability led enterprises at the constituency level. It also provides mentorship opportunities to enable the beneficiaries take advantage of the 30% government procurement preference through its Capacity Building Programme. Uwezo Fund, therefore, is an avenue for incubating enterprises, catalyzing innovation, promoting industry, creating employment, and growing the economy

### (c) Key Management

The Uwezo Fund's day-to-day management is under the following key organs:

- The Uwezo Fund Oversight Board headed by the C.E.O.
- Constituency Uwezo Fund Management Committees.
- Finance And Accounts Manager
- Human Resource Manager
- Programmes And Coordination Manager
- Senior Internal Auditor
- Procurement Manager

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Cabinet Secretary	Ms. Anne Waiguru, OGW
2.	Principal Secretary	Eng. Peter Mangiti
3.	Board Chairperson	Wanjiro Gathira
4.	Ag. C.E.O	Wilfred Buyema

### (e) Fiduciary Oversight Arrangements

- i. Programmes and publicity committee
- ii. Finance and administration committee
- iii. Audit and Complaints committee

**(f) Entity Headquarters**

**Uwezo Fund Oversight Board Secretariat**

P.O. Box 42009 - 00100  
Lonrho House 16th Floor  
Standard Street  
Nairobi, KENYA.

**(g) Entity Contacts**

E-mail: [info@uwezo.go.ke](mailto:info@uwezo.go.ke)  
Website: [www.uwezo.go.ke](http://www.uwezo.go.ke)

**(h) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Co-operative Bank of Kenya  
Kimathi Street  
P.O. Box 7512-00200  
Nairobi.





**(i) Independent Auditors**





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

**(j) Principal Legal Adviser**






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

## THE BOARD OF DIRECTORS

Name	Passport Size Photo	Professional/ Academic Qualifications	Experience
Wanjiru Gathira (Chairperson)		-Date of Birth 1966 -Global Executive Master in Business Administration (GEMBA) -Juris Doctor -B.Sc. Business Administration	-20 years
Wilfred Buyema (Ag. C.E.O)		- Date of Birth 1975 MA-Public Administration (MPA) Policy Management -- Major) BA -Development studies, -Diploma -Development studies	-11 years
Katherine Muoki		- Date of Birth -MA - Economics -BA- Economics and Business studies	21 years
Catherine Mootian		- Date of Birth 1986 -BHRM -Advanced certificate in BA	-5years

Caren Wakoli		<ul style="list-style-type: none"> <li>- Date of Birth 1981</li> <li>-Certificate in Navigating Research Literacies</li> <li>-Master in International Studies</li> <li>-BA Mass Communication and Sociology</li> </ul>	-7 years
Jumali Yussuf		<ul style="list-style-type: none"> <li>- Date of Birth 1986</li> <li>-BA Sociology</li> <li>-Advance Diploma in Business Management</li> </ul>	-5 years
Onderi Ontweka		<ul style="list-style-type: none"> <li>- Date of Birth 1957</li> <li>Bachelor of Arts, Diploma in Public Financial Management (Budgeting in Public Sector) Ag. Director of Budget, The National Treasury.</li> </ul>	-17 years
James Ndwiga		<ul style="list-style-type: none"> <li>- Date of Birth 1971</li> <li>-Post graduate diploma Housing and urban development</li> <li>-Master in Business Administration</li> <li>-Diploma in organization Development</li> <li>-Certificate in Participatory Rural appraisal methodology for community Based planning and Resource Mobilization</li> </ul>	

**MANAGEMENT TEAM**

	Name	Passport Size Photo	Professional/Academic Qualifications	Area of Responsibility
1	Wilfred Buyema		- Date of Birth 1975 MA-Public Administration (MPA) Policy Management Major) BA - Development studies, Diploma - Development studies	Ag. Chief Executive Officer
2	Gad Etyang		- Date of Birth 1968 B. Arts The University Of Nairobi 1992, Higher Dip HRM, TOT, Member IHRM, Trained in Corporate Governance	Human Resource
3	Peter N. Mogire		- Date of Birth 1965 Pursuing a B.Com [Accounting] from Catholic University of Eastern Africa (CUEA) In addition he is Certified Public Accountant of Kenya [CPA-K]	Finance & Accounts
4	Japheth M. Kiilu		Date of birth 1962 BA –Logistic and Chain management – Jaramogi Oginga Odinga University of Science and Technology, Diploma in Purchasing and Supplies –UON. Member KISM	Procurement
5	Peter Lengapiani		- Date of Birth 1981 MBA, B. Com, CPA (K)	Programmes

## CHAIRMAN'S STATEMENT

I am delighted to present the annual report of Uwezo Fund Oversight Board for the year ended 30th June, 2015. Uwezo Fund Oversight Board has made tremendous efforts towards realizing the mandate of the Fund.

As we are all aware, women and the youth form majority of the population in Kenya. However, the majority of them remain vulnerable since they lack capital and collaterals for investments. Uwezo Fund has provided appropriate solution to this perennial challenge by providing access to interest free loans, as well as mentorship opportunities to enable them take advantage of 30% government procurement opportunities, reserved for the youths, women and People living with disabilities (PWDs).

Uwezo Fund Oversight Board is proud to be associated with the immense achievements made towards expanding access to finances in the promotion of youth, women and persons living with disabilities businesses and enterprises at the constituency level for economic growth towards the realization of the goals of vision 2030.

During the Financial Year 2014/2015, the Board is proud to have overseen the development of policies and guidelines that provided direction to the Fund. This has enabled the smooth implementation of the Fund's mandate.

The Ministry of Devolution and Planning has continually offered technical and policy guidance and support that have seen the successful implementation of the Fund's mandate. This support cannot go unnoticed, as it has extensively ensured that Uwezo Fund Oversight Board has stood on its feet and is able to play its role effectively.

I wish to thank H.E the President of the Republic of Kenya, Hon. Uhuru Kenyatta, CGH, and The Deputy President, H.E. William Ruto for initiating Uwezo Fund which has become an implausible reality to the youth, women and persons with disabilities' involvement in gainful economic activities.

Finally, I wish to thank my fellow Board members for giving me support in providing guidance and leadership to the Board. The management and staff who are deployed to the Board have worked tirelessly and I greatly commend them on behalf of the Board.



**Wanjiru Gathira**  
(Chairperson)

## REPORT OF THE CHIEF EXECUTIVE OFFICER

It is a great honor to present the annual report for Uwezo Fund Oversight Board. This report highlights the milestones achieved by the Board since its inception. I am indeed delighted to be part of the team that delivered such impressive result within a short period of time.

Uwezo Fund Oversight Board has so far disbursed Kshs. 5,343,400,000 to all the 290 constituencies countrywide. The Board is delighted to report that to date, 42,801 groups have benefitted from the Fund. Out of these, 26, 838 are women groups, 14,986 are youth groups and 977 are groups of persons with disabilities (PWDs). The capacity building programme of the Fund has seen all the funded groups trained, mentored and linked to various Business Development Services available in their constituencies

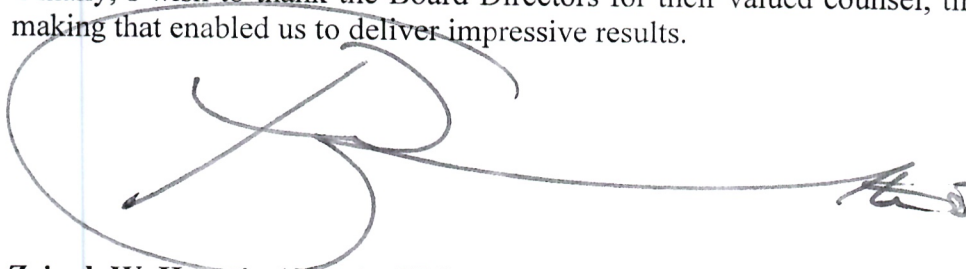
Further, through the table banking model, the Fund has enhanced the saving culture among the beneficiary groups. Table banking, by its very design ensures that persons with disabilities, women and youth groups are able to employ the availed resources for credit, while promoting and sustaining a saving culture amongst them. Uwezo Fund acts as a boost to the groups' contributions. These efforts, coupled with a robust capacity building and mentorship framework will propel the expected impacts into perpetuity and spur culture of saving.

The overwhelming number of applications for Uwezo Fund across the country is proof that increased Funding through the Fund will go a long way in ensuring comprehensive transformation of enterprises owned by youth, women and PWDs in the country. To date the Board has received over 55,000 applications for the Fund.

Despite the significant strides attained thus far, the Fund has encountered challenges. The main challenges being the overwhelming number of applications received at Constituency level vis-a-vis the Funds allocated to Constituencies, and the inadequacy of the Funds to facilitate the Board's activities and programmes countrywide. I believe that increased Funding would sufficiently address these challenges.

The impressive performance of the 2014/2015 would have not have been made possible without the continued commitment and dedication of the secretariat team who are deployed to the Board. I therefore wish to thank them for their loyalty and hard work.

Finally, I wish to thank the Board Directors for their valued counsel, timely guidance and decision making that enabled us to deliver impressive results.



**Zeinab W. Hussein (Mrs.), CBS**  
**Principal Secretary/ Fund Administrator**

## **CORPORATE GOVERNANCE STATEMENT**

Corporate Governance is the structure and system of rules, practices and processes by which an organization is directed, controlled and held accountable. At Uwezo Fund, we believe that Corporate Governance is core in ensuring the creation, protection and enhancement of stakeholder value and that the Board remains sustainable and viable.

The Board is in compliance with the Corporate Governance Guidelines as part of its continuing obligations. We also ascribe to the ethical standards prescribed by the Public Officer Ethics Act.

The Board is committed to the underlying principles of good governance as stipulated in the “Code of Governance of State corporations (MWONGOZO)”.

## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

Uwezo Fund Oversight Board is a public organization that is expected to exercise good corporate citizenship. The Board is committed to being a responsible corporate citizen, recognizing that we cannot operate in isolation of the environment around us. As such the Board has continually engaged in activities that impact positively on the social economic environment. The Board recognizes that, it has to integrate its operations to meet the expectations of its stakeholders and maintain a good rapport with them. To this end, the Board has increasingly invested in public awareness and engagements and thereby creating great public goodwill from Kenyans of all walks of life.

## **REPORT OF THE DIRECTORS**

The Directors have submitted their report together with the financial statements for the year ended June 30, 2015 which show the state of the Uwezo Fund affairs.

### **Principal activities**

The principal activities of the Fund are to expand access to finances and promote women, youth and persons living with disability led enterprises at the constituency level. It also provides mentorship opportunities to enable the beneficiaries take advantage of the 30% government procurement preference through its Capacity Building Programme. Uwezo Fund, therefore, is an avenue for incubating enterprises, catalysing innovation, promoting industry, creating employment, and growing the economy.

### **Results**

The results of the entity for the year ended June 30, 2015 are set out on page 1 to 8

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 11(e) of the Public Finance Management (UWEZO FUND) Regulations, 2014, require the Directors to prepare financial statements in respect of entities, which give a true and fair view of the state of affairs of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. The Directors are also required to ensure that the fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the fund. The Directors are also responsible for safeguarding the assets of the fund.

The Directors are responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year ended on June 30, 2015. 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 entity; (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 fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the fund's financial statements give a true and fair view of the state of fund's transactions during the financial year ended June 30, 2015, and of the fund's financial position as at 30<sup>th</sup> June, 2015. The Directors further confirm the completeness of the accounting records maintained for the fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

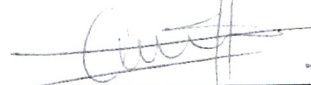
The Uwezo Fund's financial statements were approved by the Board on 30<sup>TH</sup> JUNE 2015 and signed on its behalf by:

: JUMALI ABDIRAHIM YUSUF



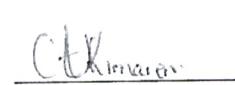
Director

Caren Kibeteli



Director

Catherine Mochira



Director

# REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON UWEZO FUND OVERSIGHT BOARD FOR THE YEAR ENDED 30 JUNE 2015

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Uwezo Fund Oversight Board set out on pages 1 to 16, which comprise the statement of financial position as at June 30 2015, and the statement of financial performance, statement of changes in net assets and statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant

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*Report of the Auditor-General on Uwezo Fund Oversight Board for the year ended 30 June 2015*

to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

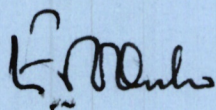
#### **Cash and Cash Equivalent**

The Board management did not prepare bank reconciliation statements for 9 bank accounts with balances totalling Kshs.1,831,106,831 out of the total bank balances of Kshs.1,993,553,997 reflected in the statement of financial position. The main Co-operative bank account reconciliation statement reflects receipts totalling to Kshs.7,124,845 in the bank not in cash book, hence omitted in the financial statements.

In the circumstance, it was not possible to ascertain whether all cash transactions made during the year and balances of the bank accounts as at 30 June 2015 are fairly stated.

### **Disclaimer of Opinion**

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

**Nairobi**

**09 November 2016**

**I. STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTES	2014-2015 Kshs	2013-2014 Kshs
<b>Revenue from non-exchange transactions</b>			
Grants- Administration	3	342,500,000	476,781,358
Donation from other public institution			226,000
Unspent fund b/f - Reserves		470,499,210	
Other Income (AIA)	4	46,000	
<b>Total revenue</b>		<b>813,045,210</b>	<b>477,007,358</b>
<b>Expenses</b>			
Staff costs	6	4,542,852	
Use of goods and services	7	133,321,324	6,212,549
Directors costs	8	15,222,600	
Finance Cost	10	233,855	15,045
Depreciation	11	7,262,054	280,554
Training Expenses- Capacity Building	9	268,603,818	
Transfers to Constituencies	5	163,477,308	
<b>Total expenses</b>		<b>592,663,812</b>	<b>6,508,148</b>
<b>Surplus for the period</b>		<b>220,381,398</b>	<b>470,499,210</b>

The notes set out on pages 9 to 17 form an integral part of the Financial Statements

**II. STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE, 2015**

	<b>NOTES</b>	<b>2014-2015 KSHS.</b>	<b>2013-2014 KSHS.</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and Cash Equivalent	12	1,993,534,816	5,802,635,861
Accounts receivables	14	2,022,917	7,206,050
		<u>1,995,557,733</u>	<u>5,809,841,911.00</u>
<b>Non- Current Assets</b>			
Property, Plant and Equipment	17	41,928,804	15,520,767
Loans to Groups	13	3,537,294,865	
		<u>3,579,223,669</u>	<u>15,520,767</u>
<b>Total assets</b>		<u><u>5,574,781,402</u></u>	<u><u>5,825,362,678</u></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	15		463,468
		-	<u>463,468</u>
<b>Non - Current Liabilities</b>			
<b>Total Liabilities</b>		-	<u>463,468</u>
<b>Net Assets</b>			
G.O.K Loan Grants - Capital Fund	13	5,354,400,004	5,354,400,000
Reserves			
Accumulated Surplus	16	220,381,398	470,499,210
		<u>5,574,781,402</u>	<u>5,824,899,210</u>
<b>Total net asset and Liabilities</b>		<u><u>5,574,781,402</u></u>	<u><u>5,825,362,678</u></u>

The Financial Statements set out on pages 1 to 16 were signed on behalf of the Board of Directors by:

Principal Secretary/ Fund Administrator

Chairperson of the Board

Date 30<sup>TH</sup> JUNE 2016

Date 30<sup>TH</sup> JUNE 2016

### III. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2015

#### Attributable to the owners of the controlling entity

	Self insurance reserve	Reserves Capital replacement development reserve	Housing reserve	Accumulated surplus	Minority interest	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 30 JUNE 2014	-	-	-	470,499,210	-	470,499,210
Surplus/(deficit) for the period	-	-	-	220,381,398	-	220,381,398
Transfers to/from accumulated surplus	-	-	-	(470,499,210)	-	470,499,210
Balance as at 30 JUNE 2015	-	-	-	220,381,398	-	220,381,398
Surplus for the period	-	-	-	220,381,398	-	220,381,398
Transfers to/from accumulated surplus	-	-	-	-	-	-
<b>Balance as at 30 JUNE 2015</b>	-	-	-	<b>220,381,398</b>	-	<b>220,381,398</b>

**IV. STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE, 2015**

	Notes	2014-2015	2013-2014
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
G.O.K Grants	3	342,500,000	476,781,358
Public contributions and donations			226,000
Other Income (AIA)	4	46,000	
		<b>342,546,000</b>	<b>477,007,358</b>
<b>Payments</b>			
Staff costs	6	4,542,852	
Use of goods and services	7	133,321,320	5,513,081
Directors Costs	8	15,222,600	
Training Expenses	9	268,603,818	236,000
Other Capital Grants and Transfers	5	163,477,308	
Finance Costs	10	233,855	15,045
Reduction in receivables	14	(5,183,133)	7,206,050
Increase in Payables	15	463,469	
		<b>850,682,089</b>	<b>12,970,176</b>
<b>Net Cash flows from operating activities</b>		<b>(238,136,089)</b>	<b>464,037,182</b>
<b>Cash flows from investing activities</b>			
Property plant and equipment purchased	17	(33,670,091)	(15,801,321)
<b>Net cash flows used in investing activities</b>		<b>(33,670,091)</b>	<b>(15,801,321)</b>
<b>Cash flows from financing activities</b>			
G. O. K. Grants/Loans to groups Loan	13	(3,537,294,865)	5,354,400,000
<b>Net cash flows used in financing activities</b>		<b>(3,537,294,865)</b>	<b>5,354,400,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,809,101,045)</b>	<b>5,802,635,861</b>
Cash and Cash Equivalents at 1 JULY	12	5,802,635,861	-
<b>Cash and cash equivalents at 30 JUNE</b>		<b>1,993,534,816</b>	<b>5,802,635,861</b>

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget 2014-2015	Adjustments 2014- 2015	Final budget 2014-2015	Actual on Comparable basis 2014-2015	Performance difference 2014-2015
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Revenue</b>					
G.O.K Grants	390,000,000		390,000,000	342,500,000	47,500,000
Balance of Funds B/f	1,794,677,389	(427,458)	1,794,249,931	1,794,249,931	-
Other Income - AIA		46,000	46,000	46,000	-
<b>Total income</b>	<b>2,184,677,389</b>	<b>(381,458)</b>	<b>2,184,295,931</b>	<b>2,136,795,931</b>	<b>47,500,000</b>
<b>Expenses</b>					
Domestic Loans to Non-Financial Public Enterprises	1,347,258,895		1,347,258,895	1,346,477,541	781,354
Basic Salaries - Permanent Employees	31,863,960		31,863,960	320,562	31,543,398
Basic Wages - Temporary Employees	4,800,000		4,800,000	2,129,642	2,670,358
Personal Allowance - Paid as Part of Salary	32,932,000		32,932,000	2,136,035	30,795,965
Employer Contributions to Compulsory National Social Security Schemes	10,177,828		10,177,828	43,613	10,134,215
	2,000,000				

Utilities Supplies and Services		2,000,000	2,097,787	(97,787)
Communication, Supplies and Services	2,416,000	2,416,000	2,530,979	(114,979)
Domestic Travel and Subsistence, and Other Transportation Costs	84,940,000	84,940,000	85,017,720	(77,720)
Foreign Travel and Subsistence, and other transportation costs	3,200,000	3,200,000	1,797,889	1,402,111
Printing , Advertising and Information Supplies and Services	13,800,000	13,800,000	14,172,885	(372,885)
Rentals of Produced Assets	9,000,000	9,000,000	9,268,497	(268,497)
Training Expenses	378,000,000	378,000,000	268,603,818	109,396,182
Hospitality Supplies and Services	15,040,000	15,040,000	20,071,057	(5,031,057)
Insurance Costs	11,400,000	11,400,000	439,628	10,960,372
Specialised Materials and Supplies	400,000	400,000	236,000	164,000
Office and General Supplies and Services	2,500,000	2,500,000	2,300,328	199,672
Fuel Oil and Lubricants	4,000,000	4,000,000	3,130,386	869,614
Other Operating Expenses	8,250,000	8,250,000	3,464,021	4,785,979
Routine Maintenance - Vehicles and Other Transport Equipment	1,500,000	1,500,000	1,271,512	228,489
Routine Maintenance - Other Assets	750,000	750,000	18,000	732,000
	5,177,172			

Refurbishment of Buildings		5,177,172	2,594,251	2,582,921
Purchase of Vehicles and Other Transport Equipment	24,422,828	24,422,828	24,422,829	(1)
Purchase of Office Furniture and General Equipment	7,368,706	7,368,706	7,255,240	113,466
Purchase of Specialised Plant, Equipment and Machinery	6,000,000	6,000,000	2,271,857	3,728,143
Other Capital Grants and Transfers	177,480,000	177,480,000	163,477,308	14,002,692
<b>Total expenditure</b>	<b>2,184,677,389</b>	<b>- 2,184,677,389</b>	<b>1,965,549,385</b>	<b>219,128,004</b>
<b>Surplus for the period</b>	<b>- (381,458)</b>	<b>(381,458)</b>	<b>171,246,546</b>	<b>(171,628,004)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

### 2. Summary of significant accounting policies

#### a) Revenue recognition

##### i) Revenue from non-exchange transactions – IPSAS 23

#### .Transfers from other government entities

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

#### b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of disposal.

Transfers are made to or from investment property only when there is a change in use.

#### c) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and

maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**e) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**f) Comparative figures**

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

**g) Subsequent events – IPSAS 14**

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, 2015.

<b>3. Government grants</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>
<b>(i) Budget Amount</b>	<b>Kshs.</b>	<b>Kshs.</b>
Cash book balances - CBK	1,347,258,895	
Cash book balances - Cooperative Bank	446,955,027	
Cash in hand	36,009	
Other Income – AIA	46,000	
Expected Receipt from the Ministry	390,000,000	6,000,000,000
<b>Total</b>	<b><u>2,184,295,931</u></b>	<b><u>6,000,000,000</u></b>

(ii) G.O.K. Grants/ Receipts

	2014 - 2015	2013 - 2014
	Kshs.	Kshs.
G.O.K. Grants as per the budget	390,000	476,781,358
Less: Funds not Received	47,500	
<b>Total</b>	<b>342,500</b>	<b>476,781,358</b>

4. Other Income

	2014 - 2015	2013 - 2014
	Kshs.	Kshs.
AIA Collection	46,000	
<b>Total</b>	<b>46,000</b>	

5. Transfers to Constituencies Administration expense

	2014 - 2015	2013 - 2014
	Kshs.	Kshs.
Total transfer	177,480,000	
Less: Unutilised funds - Bank balances	14,002,600	
<b>Total</b>	<b>163,477,300</b>	

6. Staff Costs

	2014 - 2015	2013 - 2014
	Kshs.	Kshs.
Basic Salaries - Permanent Employees	320,560	
Basic Wages - Temporary Employees	2,042,640	
Personal Allowance - Paid as Part of Salary	2,136,035	
Employer Contributions to Compulsory National Social Security Schemes	43,617	
<b>Total</b>	<b>4,542,852</b>	

## 7. Use of Goods and Services

	2014 - 2015	2013 - 2014
	Kshs.	Kshs.
Utilities Supplies and Services	2,097,787	
Communication, Supplies and Services	2,530,979	140,023
Domestic Travel and Subsistence, and Transportation Costs	79,478,120	1,553,907
Foreign Travel and Subsistence, and transportation costs	1,797,889	
Printing , Advertising and Information Supplies and Services	14,172,885	886,637
Rentals of Produced Assets	9,268,497	
Training and Capacity building		236,000
Hospitality Supplies and Services	10,475,057	1,640,593
Insurance Costs	439,628	
Specialised Materials and Supplies	236,000	
Office and General Supplies and Services	2,300,328	348,096
Fuel Oil and Lubricants	3,130,386	519,000
Other Operating Expenses	3,230,166	582,840
Routine Maintenance - Vehicles and Transport Equipment	1,271,512	3,500
Routine Maintenance - Other Assets	18,000	
Refurbishment of Buildings	1,924,655	301,952
Purchase of Vehicles and Other Transport Equipment		
Purchase of Office Furniture and General Equipment	171,000	
Purchase of Specialized Plant, Equipment and Machinery	778,436	
<b>Total</b>	<b>133,321,324</b>	<b>6,212,549</b>

## 8. Directors Costs

	2014 - 2015	2013 - 2014
	Kshs.	Kshs.
Honoraria	960,000	
Airtime	84,000	
Duty allowance	8,639,000	

Lunch allowance	116,000	
Accommodation allowance	5,334,000	
Taxi refund	89,000	
<b>Total</b>	<b>15,222,000</b>	

9. Training Expenses	Capacity	
	2014 - 2015	2013 - 2014
	Kshs.	Kshs.
Training Expenses	268,603,818	0
<b>Total</b>	<b>268,603,818</b>	<b>-</b>

10. Finance Costs	Capacity	
	2014 - 2015	2014
	Kshs.	Kshs.
Bank Charges	233,855	15,045
<b>Total</b>	<b>233,855</b>	<b>15,045</b>

11. Depreciation Charge	Capacity	
	2014 - 2015	2013 - 2014
	Kshs.	Kshs.
Motor Vehicles	4,077,210	129,167
Office Equipment	656,686	15,592
Office Furniture and Fittings	856,259	53,593
Computer Equipment and software	1,671,899	82,202
<b>Total</b>	<b>7,262,054</b>	<b>280,554</b>

<b>12. Cash and Bank Balances</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Bank balance - Central Bank of Kenya	20,781,354	131,418,494
Bank Balance - Co-operative Bank- Headquarters	141,645,632	2,748,601,383 36,009
Cash at hand		2,922,579,975
<b>Bank balances - Constituencies Funds</b>		
African Banking Cooperation	8,114,637	
Chase Bank	2,872,928	
Consolidated Bank	13,254,307	
Co-operative Bank	478,346,897	
Equity Bank	719,434,991	
Family Bank	71,090,839	
First Community Bank	112,839,280	
Kenya Commercial Bank	421,220,615	
National Bank of Kenya	3,933,337	
<b>Total</b>	<b><u>1,993,534,817</u></b>	<b><u>5,802,635,861</u></b>

<b>13. Development Funds to Groups</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Loan capital fund	5,354,400,004	5,354,400,004
Outstanding Loan fund to Constituencies		2,431,820,029
Balance in the Accounts	1,773,802,831	2,922,579,975
Loan Repayment a/c	43,302,308	
<b>Loan Outstanding a/c</b>	<b><u>3,537,294,865</u></b>	<b><u>2,431,820,029</u></b>

**14. Account Receivable (Staff Imprest)**

	2014 - 2015 Kshs	2013 - 2014 Kshs.
Outstanding at closure of the year	2,022,917	1,206,050
<b>Total</b>	<b>2,022,917</b>	<b>1,206,050</b>

**15. Accounts payable**

	2014 - 2015 Kshs.	2013 - 2014 Kshs.
Closing balance	-	163,468
<b>Total</b>	<b>-</b>	<b>163,468</b>

**16. Reserves**

	2014 - 2015 Kshs.	2013 - 2014 Kshs.
	220,381,398	470,409,210
<b>Total</b>	<b>220,381,398</b>	<b>470,409,210</b>

## 17. Property Plant and Equipment

Property, plant & equipment and depreciation. Depreciation is provided to expected useful life's of the assets concerned.

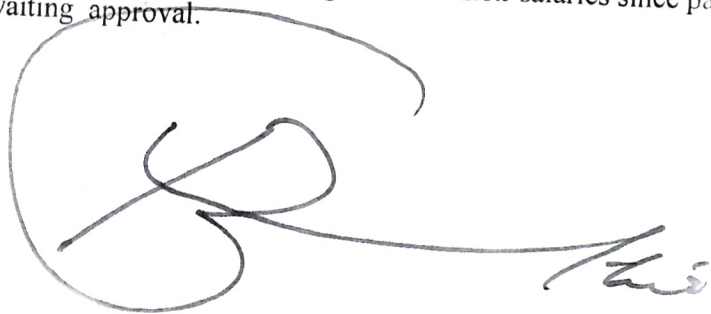
Property, plant and equipment is stated at cost or valuation less accumulated depreciation. Depreciation is provided to expected useful life's of the assets concerned. The annual rates for this purpose are:-

- Motor Vehicles - 25.00%
- Office Equipment - 12.50%
- Furniture - 12.50%
- Fixtures & Fittings - 12.50%
- Computers - 33.33%

### PROPERTY, PLANT AND EQUIPMENT

DETAILS	Motor Vehicles KShs	Office Equipment KShs	Office Furniture & Fittings KShs	Computer Equipment & Software KShs	Total KShs.
Cost / Valuation As At 1 July 2014	6,200,000	1,496,800	5,144,941	2,959,580	15,801,321
Additions (Purchases-June 2015)	24,282,829	4,759,155	1,911,882	2,576,225	33,670,091
Less: Disposal / Write Off	-	-	-	-	-
<b>As At 30 June 2015</b>	<b>30,282,829</b>	<b>6,255,955</b>	<b>7,056,823</b>	<b>5,535,805</b>	<b>49,471,412</b>
Depreciations					
At 1 July 2013	10,167	15,592	53,593	82,202	280,554
Charge For The Year	4,77,210	656,686	856,259	1,671,899	7,262,054
Total Accumulated Depreciation	4,87,377	672,278	909,852	1,754,101	7,542,608
Less: On Disposal	-	-	-	-	-
<b>Net Book Value</b>	<b>29,795,452</b>	<b>5,583,677</b>	<b>6,146,971</b>	<b>3,781,704</b>	<b>41,928,804</b>
At 30 June 2015	29,795,452	5,583,677	6,146,971	3,781,704	41,928,804
At 30 June 2014	70,833	1,481,208	5,091,348	2,877,378	15,520,767

18. The expenditures on staff are low since all Staffs are deployed from various Ministries. The Ministries continued paying them for their salaries since pay structure for the Board is awaiting approval.



Principal Secretary/ Fund Administrator

Date... 30<sup>TH</sup> JUNE 2016



Chairman of the Board

Date... 30<sup>TH</sup> JUNE 2016

