

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 23 JUL 2013

DAY:
TUESDAY

REPORT

TABLED
BY:

MAJORITY WHIP

CLERK-AT
THE TABLE:

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
SCHOOL EQUIPMENT PRODUCTION
UNIT

FOR THE YEAR ENDED
30 JUNE 2018

PARLIAMENT
OF KENYA
LIBRARY







SCHOOL EQUIPMENT PRODUCTION UNIT

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2018

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

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018

A company limited by guarantee and not having share capital

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**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

Corporate Information

Board of Directors Chairman Board of Directors
Managing Director/ Secretary to the Board

Registered Office **University of Nairobi,**
Kenya Science Campus,
Ngong Road,
P.O. Box 25140-00603,
Nairobi, Kenya.

Principal Bankers **National Bank of Kenya Limited,**
Harambee Avenue Branch,
P.o Box 41862,
Nairobi, Kenya.

Kenya Commercial Bank Limited.
Milimani Branch,
P.O. Box 69695,
Nairobi, Kenya.


Co-operative Bank of Kenya Limited,
Haille Selassie Avenue,
P.O. Box 48231-00100,
Nairobi, Kenya.

Auditors **The Auditor General,**
Anniversary Towers
P.O. Box 30084-00100,
Nairobi.

SCHOOL EQUIPMENT PRODUCTION UNIT

**Annual Report and Financial Statements
For the year ended 30 June, 2018**

THE BOARD OF DIRECTORS

DIRECTOR'S NAME	KEY QUALIFICATIONS AND EXPERIENCE
<p data-bbox="55 557 363 584">1. Dr. Julius Ouma Jwan</p>  <p data-bbox="81 1081 456 1193">The Chief Executive Officer, Kenya Institute of Curriculum Development,</p> <p data-bbox="81 1240 204 1267">Chairman</p>	<p data-bbox="571 557 874 584">Dr. Julius Ouma Jwan</p> <p data-bbox="571 633 1513 965">Dr. Julius Jwan, year of birth 1965. He holds a PhD Degree in Educational Leadership & Management from the UK. He holds three masters degrees: a Master of Science (MSc) Degree in Educational Research Methods from the UK; a Master of Philosophy (MPhil) Degree in Education Communication & Management from Norway and another Master of Philosophy (MPhil) Degree in Linguistics from Moi University – Kenya, where he also graduated with a Bachelor of Education Degree.</p> <p data-bbox="571 1039 1513 1323">He was the Director – Programmes and Technical Services at the National Cohesion and Integration Commission (NCIC). Before joining the Commission, he was a lecturer at Moi University, School of Human Resource Development for over thirteen years – rising from the position of Tutorial Fellow to Senior Lecturer. Prior to that he was a teacher at a Secondary School in Homa-bay County and Kaimosi Teachers' College for cumulative five years.</p> <p data-bbox="571 1375 1513 1704">Dr. Jwan has attended several fellowships and short courses including: <i>Procurement and Tendering Processes</i>; and <i>Senior Management Course for Public Officers</i> (both in Kenya); <i>Education for Sustainable Peace</i> (Germany); <i>Enhancing Governance and Financial Administration in Africa</i> (Botswana); <i>Transitional Justice and Governance in Africa</i> (South Africa); <i>Reconciliation as Process and Practice</i> (Sweden); <i>Democratic Governance for Development in Africa</i> (Uganda), among others.</p>

2. Mr. Robert Masese



Alternate to Principal Secretary, State Department of Education, Ministry of Education,

Mr. Robert Masese,OGW

Mr. Robert Masese, year of birth 1956. He holds a masters degree in Education Management From University of Nairobi and Bachelor of Education (science) from the same University.

He is currently the Acting Director General, Ministry of Education prior to the current position he was Director of Secondary and Tertiary Education in the same Ministry. He was a teacher and Principal in several Secondary Schools and a Technical Training Institute.

He represents the Principal Secretary, Ministry of Education, as stipulated by the School Equipment Production Unit (SEPU) Act. A member of Finance and General Purposes and Human Resource Committee of the Board.

Served as a *Board of Director up to 9th May,2018*

3. Mr. Jamleck Maina



Chief Principal
Kenya Technical Teachers College

Mr. Jamleck Maina

Mr. Jamleck Maina Kinyua, year of birth 1960. He is currently the Chief Principal of Kenya Technical Trainers College on job group R since 19th December 2014.

He has participated in Technical Education Conferences, African Common wealth Association of Polytechnics in Africa (CAPA)

Currently he is the Nairobi Regional KATTI Secretary.

He has previously been promoted to various job groups rising from L to R.

In 2011, he was appointed chief principle in job group R.

He has also participated in Kenya Association of Technical Training Institutions (KATTI) and workshop.

He graduated from University of Nairobi BED. Mathematics and Physics in the year1985.

Served as a *Board of Director up to 31st May,2018*

4. Mr. Solomon Thuo Ngahu



FA CPA Solomon Ngahu

Alternate to Principal Secretary
National Treasury

FA. CPA Solomon Ngahu, year of birth 1977. Pursuing PhD In Business administration (Finance Option) at JKUAT. He holds a Master's degree (MBA-Finance) from JKUAT, Master of Science Public Finance (Msc-On-going)-University of London, Bachelor degree (Bcom)-First Class Honours from JKUAT, ESAMI: Preparation and Interpretation of Financial Statements.

IMF; Government Financial Statistics Harmonization for EAC-Kigali Rwanda, IMF; Credit Management :Certified Credit Management Professional (CCP)K, Pedagogy Training; Overview to learning Process and Methodology-JKUAT, HIV & AIDS Mainstreaming Course, National Aids Control Council, Induction Training on Government Operations(GTI-Mombasa).

Holds three Single Subject Diploma: Accounting Purchasing & Cost control (ICM) UK, Project Management (ICM) UK and Auditing & Taxation (ICM) UK. Finance & Banking; Certified Investment & Security Analyst (CISA) K, Administration; Certified Public Secretary (CPS) K, Certified Public Accountant (CPA) K. He is a member of ICPAK, ICIFA and KIM professional bodies

5. Ms. Teresia Nyawira



Alternate to Director General,
National Commission for Science and
Technology Innovation

Ms. Teresia Nyawira

Ms. Teresia Nyawira was born in 1972. She has a Bachelor of Education (Science) and a Master of Science from Kenyatta University. She has undergone short course trainings in Research Ethics (UNESCO), Project Planning and Management (Capacity Africa), Senior Management Course and Strategic Leadership Development Programme (Kenya School of Government). She is currently pursuing a PhD in Molecular Medicine from Jomo Kenyatta University of Agriculture and Technology, and a Master of Art degree in Monitoring and Evaluation.

She has 14 years' experience of teaching sciences in both secondary and tertiary institution. For the last eight years, she has been involved in coordinating national programmes which include the Science Technology and Innovation research grant and the National Research Ethics programme. She is also well versed in policy formulation having participated in drafting several national policies and guidelines in research regulation.

She sits in the SEPU Board as an alternate representative of the Director General, National Commission for Science Technology and Innovation.

THE MANAGEMENT TEAM

I.Mr. Dickson L. Ole Keis



Managing Director

Mr. Dickson L. Ole Keis

He has been the *Managing Director with effect from 1st August, 2017*

Mr. Dickson L. Ole Keis, year of birth 1958.

He holds a Masters degree in Education Management, Policy and Curriculum studies from Kenyatta University and a Bachelors Degree in Arts from the University of Nairobi.

He has served in the following Districts as a District Education Officer; Trans Mara, Turkana and Kilifi.

He has also served as a County Director of Education in Kilifi County and Regional Co-ordinator of Education in Coast Region.

He also served as a Chief Executive Officer for National Council for Nomadic Education in Kenya (NACONEK).

He has visited the following Countries on Educational related assignments: Turkey, Bangladesh and Japan among others.

2 FA Perpetua S. Wanaswa, OGW



Sales and Marketing Manager

FA Perpetua S. Wanaswa, OGW

She is currently the sales and marketing manager.

Mrs. Perpetua Wanaswa, year of birth 1961. Pursuing PhD in Business Administration (Strategic Management option) at UON. She is a holder of (Masters degree in Business Administration (Strategic Management option) from Daystar University. Bachelor of Business Administration (Finance and Accounting option) from Kenya Methodist University. CPA 1 and ACNC from Institute of Certified public Accountants, and Computer Application from Computer for Schools. Has offered services during the National Elections in Kenya in the year 2002 and 2007 as a Clerk and deputy Presiding Officer respectively in Nairobi County.

She is a member of Board of Management for Kivaywa Secondary School, ICIFA and KIM Professional Studies. Has attended various seminars and workshops in various Institutions. Employed by SEPU as a Junior Clerk in Accounts Department and rose up the ranks of Head of Finance Department. Awarded the order of the Grand Worrier of Kenya, (OGW) by His Excellency the President in 2013. For the outstanding performance.

3. Mr. Philip Onyango



Production Manager (Ag.)

Mr. Philip Onyango

Mr Philip Onyango, year of birth 1976. He has a Diploma in Mechanical Engineering (Production Option) from Jomo Kenyatta University Of Agriculture and Technology. He is currently pursuing a Degree in Project Planning and Management from the University of Nairobi.

5. CPA Salome Odek



Accountant

CPA Salome Odek

Mrs. Salome Odek, year of birth 1982.

She holds Certified Public Accountant (CPA) K and a registered member of ICPAK.

She holds a Degree in Bachelor of Commerce Finance Option from Kenyatta University.

6. Ms. Rachael Achieng Wanyanga



Human Resource Officer

Ms. Rachael Achieng Wanyanga

Miss. Rachael Achieng' Wanyanga, year of birth 1985.

Holds a Higher Diploma in Human Resource Management and Industrial Relations (2006) from Technical University of Mombasa

Currently pursuing Degree in Bsc Human Resource Management at Moi University.

Associate member of the Institute of Human Resource Management (IHRM) – Kenya.

SCHOOL EQUIPMENT PRODUCTION UNIT

Annual Report and Financial Statements For the year ended 30 June, 2018

CHAIRMAN'S STATEMENT

Introduction

It is with great pleasure and honor that I on behalf of the Board of Directors announce another impressive year of record turnover of School Equipment Production Unit (SEPU) contained in the Annual financial reports and statements for the period ended 30th June, 2018. In this financial year, Gross Revenue is Kshs. 11,463,679 Million compared to Kshs. 4,247,168 in 2016/2017 representing an increase of 169%. This year had opportunities where the Primary Science Kit and mobile laboratory were sold across the country. To boost staff morale, the Unit reviewed employees' salary after evaluation by the Salary and Remuneration Commission. The employees' emoluments were increased as per the SRC recommendations.

OPERATING ENVIRONMENT

During the year under review there was increased marketing activities in Counties and through partnerships with Kenya Secondary Schools Heads Association, Kenya Primary Schools Heads Association and Kenya Private Schools Association in which the Unit got an opportunity to do presentations in County and Annual conferences. It is in these conferences that the Unit was able to show case SEPU's product range and services.

STRATEGIC POSITIONING

The Unit is in the process of reviewing and developing its strategic plan for 2019-2023. This plan will determine and guide the long term performance of the Unit.

The 'Big Four' initiatives especially manufacturing will take a Centre stage in the strategic plan as the Unit plays a big role in ensuring 100% transition in secondary schools through manufacturing of educational scientific equipment to schools which will accelerate attainment of Vision 2030.

The Unit will endeavor to design, manufacture and distribute high quality science teaching and learning materials for educational institutions. To increase market share by 10% annually, maximize Stake Holders value and penetrate the regional market SEPU plans to grow and enhance external linkages through Public private partnerships by working closely with NGOs and private companies that support educational activities.

Towards enhancing the institutional Human Resource capital the Unit will conduct capacity building for employees within their area of specialization.

SCHOOL EQUIPMENT PRODUCTION UNIT

Annual Report and Financial Statements For the year ended 30 June, 2018

OVERVIEW OF FINANCIAL RESULTS

The Net Loss during the current financial year 2017/2018 is Kshs. 18,180,529.00 compared to net loss of Kshs. 21,026,341 in 2016/2017 representing a decrease in net loss by 13%. Gross Revenue is Kshs. 11,463,679 Million compared to Kshs. 4,247,168 in 2016/2017 representing an increase of over 100%.

FUTURE PROSPECTS

The outlook for 2019 is favorable with the economic growth targeted at 6.2% and with the 'Big Four Agenda' the Unit will position itself as a driver of manufacturing agenda. The Unit intends to manufacture science equipment and materials for both Primary and Secondary schools to meet the demand of the 100% transition.

The Unit will support value addition and raise the manufacturing sector share of GDP. We envisage a conducive operating environment even though the uncertainty related to the Curriculum review and its implementation may slow down sales.

The Unit will continue with implementation of the Strategic Plan 2019-2023, Quality Management System and Performance Contracts based on sound leadership, prudent financial management, innovation, creativity and team spirit.

Appreciation

The Unit appreciates the great financial support provided by the Government of Kenya, through our Parent Ministry, the Ministry of Education, the Board of Directors for providing Strategic direction and leadership, the management team for their commitment to work as well as our Stakeholders, Business Partners and Clients for the business growth.



Chairman Board of Director

SCHOOL EQUIPMENT PRODUCTION UNIT

Annual Report and Financial Statements For the year ended 30 June, 2018

REPORT OF THE MANAGING DIRECTOR

INTRODUCTION

The year under review has maintained a strong drive for result across all Departments of the Unit. The strategies that have been developed are being implemented and will yield positive results which will increase the revenue in the next few years to come.

We continue to enhance the staff competence, attraction and retention by investing in Human Capital Development and improvement of the terms and conditions for employees. This is evidenced by high staff morale and commitments towards excellence performance.

PERFORMANCE REVIEW

The Unit registered a loss of Kshs. 18,180,529.00 in the financial year 2017/2018 compared to a loss of Kshs. 21,026,341 in 2016/2017. In order to improve on the performance of the Unit, various strategies will be implemented such as advertising through the website and recruiting mainly sales people from different Counties who will work on commission and also advertising the products through different medias to create awareness of the Unit's products.

The Unit is in the completion stage of upgrading Secondary School Science Kit. These products will be made accessible to all counties.

Even though the Unit has been facing financial challenges, we are determined to improve on internal operations and generate revenue through effective strategies that have been set. These will be enhanced through sound leadership so that the Unit remains economically viable and contribute to the Country's growth.

BUSINESS REVIEW

The Unit continues to grow its products' portfolio in different segments through partnership with Centre for Mathematics, Science & Technology of Education in Africa (CEMASTEA) to ensure improvement in its production, modification and marketing of its science equipment and materials through workshops and seminars for teachers. This will be extended to other Regions.

SEPU being a Government Agency which manufactures and supply science equipment has had major achievements in the era of devolution as it has marketed its products through the County Governments and National Government.

The Unit has continued to implement the Government policy toward 30% orders to the Youth, Women and Persons with Disability Mainstreaming.

SCHOOL EQUIPMENT PRODUCTION UNIT

Annual Report and Financial Statements For the year ended 30 June, 2018

PERFORMANCE CONTRACT AND ISO CERTIFICATION

SEPU entered into a negotiated performance contract for 2017/2018 (13th Cycle) with the Government of Kenya by setting targets in line with Strategic Plan 2014-2018, second medium term 2014-2018 and the approved budgets for the financial Year 2017/2018.

The Unit embrace the best practice by committing to ISO 9001-2008 quality Management system and improving processes. SEPU has been certified on ISO 9001:2008 in the Financial Year 2017/2018.

The Management of SEPU has set up various strategies focused on improving profits and reducing organizational losses as follows;

- Reducing overall direct costs by negotiating better prices on raw materials and direct Importation of finished goods such as glass wares and other lab equipment.
- Finding new customers; the management has ensured that sales promotion and marketing of SEPU products to public schools, private schools and non-profit making organization is done to generate additional revenue.
- Reviewing current pricing structure; the Unit is in the process of reviewing the correct prices and costing of products and services accordingly.
- Controlling Inventory; the management is currently engaged in streamlining the business through control of inventory to improve cash flow, avoid money tied in slow- moving inventory and to avoid losses that might arise as a result of expired or obsolete stock.

Appreciation

The Unit acknowledges the great support provided by the Government of Kenya, through our Parent Ministry, the Ministry of Education by giving us grants which have made the Unit to continue improving on its operations. We appreciate the Board of Directors for providing Strategic direction and leadership and finally the Management staffs for working tirelessly to be where we are as well as our Stakeholders and Business Partners including our Clients for the business growth.



Managing Director

SCHOOL EQUIPMENT PRODUCTION UNIT

Annual Report and Financial Statements For the year ended 30 June, 2018

STATEMENT OF CORPORATE GOVERNANCE

The Board of Management implements effective governance through processes and policies linked to the core value and ethics as stated in the code of Ethics which was revised based on Leadership and integrity Act 2012. Corporate governance is a key element contributing to School Equipment Production Unit business success.

The Board

The Board of Management is responsible for providing overall leadership through oversight, review and guidance in addition to setting the strategic and policy direction. It is the primary decision making organ for all policy matters of the Unit. The Board is endowed with the appropriate mix of skills, knowledge and experience to perform its duties effectively. The areas of expertise of the Directors are as follow:

Name		Area of expertise
Dr. Julius O. Jwan	-	Education, Leadership and Research Management
Robert Masese	-	Education Management
Teresia Nyawira	-	Education and Science Policy
Jamleck Maina	-	Education Management
Solomon Ngahu	-	Finance and Accounting
Dickson L Ole Keis	-	Education Management

The Board continues to offer oversight and review matters related to their duties including the Unit's strategy, financial performance, corporate governance, ensuring the maintenance of sound internal control system and risk management framework, delegation and monitoring of the authority for expenditure and commitments.

Board Composition.

The Board has five (5) members: The Chairman, Representative of Principal Secretary, Ministry of Education, National Treasury, Chief Principal Kenya Technical Trainers College, Director General National Commission for Science and Technology Innovation, and Managing Director, as per the Company Act Cap 486 of 1976 that established SEPU.

SCHOOL EQUIPMENT PRODUCTION UNIT

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The role of Chairman and Managing Director.

The separate roles of the Chairman/ Chairperson and Chief Executive Officer are clearly defined in the Board Charter except for the strategic direction and general policy guidance. The Board has delegated the conduct of the day to day business to the Chief Executive Officer.

Board Evaluation and Performance

The Annual Board evaluation has been conducted. The purpose of annual Evaluation is to assess its effectiveness in discharging its mandate. The process entails a self- Evaluation for each Director, the Chairperson to the Board on overall Board interactions and conduct of business, meetings and evaluation of Managing Director.

BOARD AUDIT COMMITTEE

Members

Teresia Nyawira	-	Chairperson
Robert Masese	-	Member
Solomon Ngahu	-	Member
Dickson L Ole Keis	-	Managing Director

Role and function

The Audit Committee is responsible for continually evaluating the effectiveness of the internal control system and receives reports from the finance function on a quarterly basis. It reviews aspects relevant to governance, internal control procedures, risk management and internal audit. It also reviews external Auditor's report and Management responses. The Internal Audit functions reports directly to the full Board through the Management Committee.

Attendance

Number of meetings scheduled for 2017/2018

		No. of meetings held.
Teresia Nyawira	- Chairperson	1 out of 4
Solomon Ngahu	- Member	1 out of 4
Robert Masese	- Member	1 out of 4
Dickson L Ole Keis	- Managing Director	1 out of 4

SCHOOL EQUIPMENT PRODUCTION UNIT

Annual Report and Financial Statements For the year ended 30 June, 2018

BOARD FINANCE, GENERAL PURPOSES & HUMAN RESOURCE COMMITTEE

Members

Jamleck Maina	-	Chairman
Solomon Ngahu	-	Member
Robert Masese	-	Member
Dickson L Ole Keis	-	Managing Director

Role and functions

The Finance and General Purpose Committee plays a vital role in assuring the integrity of the financial statements before they are reviewed and approved by the full Board. It reviews and recommends for approval of the quarterly and annual accounts. It also undertakes the monitoring and evaluation of the implementation of strategies, policies, management performance criteria and business plans on a regular basis; ensuring the adequate resources is employed to realize the goals and objectives of the Unit. It is also charged with the role of considering the Unit's annual and supplementary budgets and recommending them to the Board for approval. The Committee assesses the adequacy and effectiveness of the internal controls and financial management procedures and overall compliance with financial regulations.

Role and functions Human Resource committee

- I. Ensure effective Human Resource policies and strategies that support the Unit's Values, Vision, Mission and aspirations.
- II. Review and where significant, report to the Board best practices, trends, new technologies and current emerging public policy issues in human resource matters including but not limited to Occupational Health and Safety.
- III. Ensure the review of the position description of the Managing Director and the Board Chair's performance against corporate and personal objectives.
- IV. Carry out any other related initiatives as may be necessary or desirable to enhance Board performance, including but not limited to Board learning and development.
- V. Annually review the total compensation guidelines and philosophies covering salary, bonus, long term incentives and benefits for Management and the Unit's staff, and review the market comparator groups.
- VI. Review at least annually, and recommend to the Board for approval, the Managing Director compensation, based on the evaluation of the Managing Directors performance in light of corporate and individual objectives. Periodically review and recommend to the Board of approval, the Board's Chair total compensation package.

SCHOOL EQUIPMENT PRODUCTION UNIT

Annual Report and Financial Statements For the year ended 30 June, 2018

- VII. Assess the learning and development needs of SEPU's Directors and staff and recommend learning opportunities which can be used by them to meet their needs for development.
- VIII. Handle disciplinary cases.
- IX. Review terms of services.
- X. Review and recommend changes in remuneration for Delegates and Directors.
- XI. Carry out Recruitment and Selection.

Attendance

Number of meetings scheduled for 2017/2018

	No. of meetings held.
Jamleck Maina - Chairman	2 out of 4
Robert Masese - Member	2 out of 4
Solomon Ngahu - Member	2 out of 4
Dickson L Ole Keis - Managing Director	2 out of 4

SCHOOL EQUIPMENT PRODUCTION UNIT

Annual Report and Financial Statements For the year ended 30 June, 2018

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

SOCIAL RESPONSIBILITY

The Unit emphasizes on promoting positive social and environmental change on the community where it operate to uplift the standard of living.

The Unit is committed to social, economic and environmental sustainability. There are initiatives that have been geared to promote the social responsibilities which include:-

- I. The Unit donates a primary Science Kit to at least one school during functions. This promotes the learning of science to young learners.
- II. The Unit donates three (3) Secondary Schools kits during the Secondary Schools Science Congress every year to improve learning of Science subjects in schools. The Science equipment donated are used in the science laboratories.
- III. The Unit recognizes that employees are the most important assets of the Unit and has come up with internal social responsibility where one is encouraged to develop some savings to improve their standard of living by initiating different welfare programs for employees and are encouraged to develop themselves by giving them permission to leave early and attend evening classes.
- IV. The Unit has maintained a clean environment by establishing Committee to ensure that the environment around is clean secure, and sustainable as per the Environmental Management Coordination Act (EMCA).

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

Report of the Board of Directors

The directors submit their report together with the audited financial statements for the Year ended 30th June 2018 which disclose the state of affairs of the company.

PRINCIPLE ACTIVITY

The Principle activity of the company is Designing, Producing and selling science educational equipment.

RESULTS

The results of the company are shown on page 1

The Company's Article of Association prohibits payment of dividends.

RESERVES

The Directors propose to carry forward the balance of the retained earnings amounting to 38,960,368

DIRECTORS

The Directors who served during the year were:

- | | | |
|----------------------------------|--|---------------------------------|
| 1) Dr. Julius Ouma Jwan | Kenya Institute of Curriculum Development | -Chairman |
| 2) Mr. Jamleck Maina | Kenya Technical Teachers College | -Member |
| 3) Mr. Robert Masese | Ministry of Education, Science & Technology | -Member |
| 4) Mrs. Teresia Nyawira | National Commission for Science, Technology and Innovation | -Member |
| 5) Mr. Solomon Ngahu | National Treasury | -Member |
| 6) Mrs. Perpetua S. Wanaswa, OGW | School Equipment Production unit | -Managing Director |
| 7) Mr. Dickson L. Ole Keis | School Equipment Production unit | -Managing Director (1. 8. 2017) |

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

Statement of Directors Responsibilities

The Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Operating results of the Company for that year. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements that have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International accounting standards and the requirements of the Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

The financial statements were approved by the Board of directors on 28th day of Sept and signed on its behalf by:

_____)
Chairman Board of Directors

_____)
Managing Director/ Secretary to the Board

Date: 28th Day of Sept. 2018

REPUBLIC OF KENYA

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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON SCHOOL EQUIPMENT PRODUCTION UNIT FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of School Equipment Production Unit set out on pages 1 to 13 which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows, 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 School Equipment Production Unit as at 30 June 2018, 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.

Basis for Qualified Opinion

1. Receivables and Prepayments

As previously reported, the receivables and prepayments balance of Kshs.82,224,089 as at 30 June 2018, includes debts totalling to Kshs.32,076,205 out of which Kshs.21,816,268 have been outstanding for more than nine (9) years and whose supporting documents were not availed for audit review. Further, the figure of Kshs.82,224,089 also includes staff advances of Kshs.1,017,941 out of which Kshs.829,984 are in respect of staff advances due from deceased employees and those who have since left the Unit and whose recoverability is doubtful. The management has however, indicated that fire broke out in the Unit's headquarters in 2007 and destroyed supporting schedules relating to receivables and that recovery of debtors has been affected by lack of evidence.

In the circumstances, it has not been possible to confirm the validity, accuracy and full recovery of the receivables and prepayments balance of Kshs.82,224,089 as at 30 June, 2018.

2. Trade and Other Payables

As previously reported, the trade and other payables balance of Kshs.27,988,792 as at 30 June 2018 includes trade payables of Kshs.12,071,248 out of which payables totalling

Report of the Auditor-General on the Financial Statements of School Equipment Production Unit for the Year Ended 30 June 2018

to Kshs.7,860,823 have been outstanding for more than nine (9) years and whose supporting documents were not availed for audit review. The management has however, indicated that fire broke out in the Unit's headquarters in 2007 and destroyed supporting schedules relating to the payables. The management also placed advertisement in the daily newspapers in November 2016 to inform relevant creditors to present documents supporting the services offered to the Unit but with little success. In the circumstances, it has not been possible to confirm the validity and accuracy of the trade and other payables balance of Kshs.27,988,792 as at 30 June 2018.

3. Land

As previous reported, the property, plant and equipment balance of Kshs.94,936,307 as at 30 June 2018 includes land at a cost of Kshs.63,000,000. The piece of Land identified as plot No. LR.209/14009, measuring 5.1 hectares, is situated at Imara Daima Estate, Industrial area and is registered under the Unit's name. However, although the land was allocated to the Unit in 1996, the Unit has not been able to develop it due to subsequent invasion by squatters. The management has however indicated that a letter vide reference number SEPU/NLC/2018 of 23 February 2018 was written to the chairman, National Land Commission requesting for assistance to claim their land by evicting the squatters to develop the land. However, no response to the letter or evidence of possession of land has been availed for audit review as at the date of this report. In the circumstances, it has not been possible to ascertain the ownership status of the piece of land and to confirm that the property, plant and equipment balance of Kshs.94,936,307 as at 30 June 2018 is fairly stated.

4. Supply of School Equipment

As reported in the previous years, the Unit entered into a contract in the year 2006 with a local Company for the supply of various pieces of laboratory equipment, chemicals and teaching aids to 1,457 secondary schools across the country, at a contract price of Kshs.226,772,450. According to records available, the Unit in 2008/2009 financial year received an amount of Kshs.261,326,532 from the parent Ministry of Education for the purpose. However, and despite availability of other suitable methods, the Unit used direct procurement to identify the supplier, besides making an advance payment of Kshs.75,086,880 to the supplier.

Additional information indicate that the officials of the Ethics and Anti-Corruption Commission intercepted the funds immediately after the advance payment was made and various officers of the Unit have since been arraigned in a Court of Law and charged over the contract. A review of the matter in December 2017 revealed that judgement was entered in favour of the plaintiff Vulcan Lab Equipment on 7 December 2017 and against the 1st defendant School Equipment Production Unit (SEPU) for a sum of Kshs.150 million cost and interest and no stay of execution given to SEPU. The management has availed evidence that the Supplier made a refund of Kshs.70,000,000 to the National Treasury in 2013/2014 financial year leaving a balance of Kshs.5,086,880 and undetermined interest on the principle amount. A review of the matter in 2017/2018 indicated that the management expected the court would compel the plaintiff Vulcan Lab Equipment to pay

the balance plus interest earned. However, the funds had not been paid and remitted to the Unit as at the date of this report.

Further, and as previously indicated under the Statement of changes in equity for year 2014/2015, out of the Kshs.261,326,532 received from the parent Ministry, for acquiring laboratory equipment, chemicals and teaching aids, Kshs.40,044,282 was paid to the Kenya Revenue Authority to cover tax arrears and penalties. It was therefore not possible to ascertain whether the amount of Kshs.261,326,532 was expended as appropriated.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of School Equipment Production Unit in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the 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 for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no Key Audit Matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed except for the matters described in the Basis for Qualified Opinion

section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless the management either intends to liquidate the Unit or to cease operations, or have no realistic alternative but to do so.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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. 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 and weakness 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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Project's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement 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.
- 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 ability to continue as a going concern. 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 unit to cease to continue as a going concern.

- 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 and business activities of the Unit to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

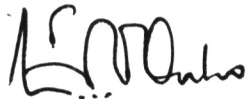
I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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 OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenya 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, proper books of account have been kept by the Unit, so far as appears from my examination of those books; and,
- (iii) The Unit's statement of financial position and statement of comprehensive income are in agreement with the books of account



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

Nairobi

22 March 2019

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

Statement of Comprehensive Income

	Notes	2018 Kshs	2017 Kshs
Turnover	[2]	36,456,668	16,261,006
		36,456,668	16,261,006
Less cost of Sales	[3]	(24,992,989)	(12,013,838)
Gross Profit		11,463,679	4,247,168
Grants	[4a]	30,000,000	15,000,000
Investment income	[5]	3,692,624	5,168,327
Total Gross Income		45,156,303	24,415,495
EXPENDITURE			
Establishment Expenses	[6]	(1,467,008)	(884,049)
Board Expenses	[7]	(2,358,542)	(2,594,120)
Staff Costs	[8]	(21,414,540)	(20,280,353)
Operating Expenses	[9]	(22,292,855)	(9,684,126)
Other Operating Expenses	[10]	(4,741,642)	(8,990,958)
Selling expenses	[11]	(10,945,233)	(2,984,647)
Finance Costs	[12]	(117,012)	(23,583)
Total Expenses		(63,336,832)	(45,441,836)
Loss for the year		(18,180,529)	(21,026,341)
Less Corporation Tax	[13]	-	-
Loss for the year		(18,180,529)	(21,026,341)

The significant accounting policies and the notes set out on pages 6 to 13 forms an integral part of these financial statements.

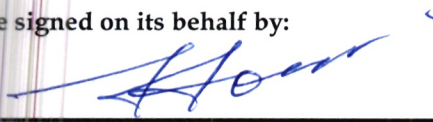
**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
AS AT 30 JUNE, 2018**

Statement of Financial Position

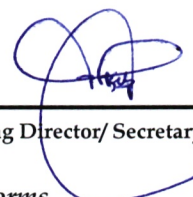
ASSETS	NOTE	2018 Kshs	2017 Kshs
Non current assets			
Property, Plant & Equipment	[14]	94,936,307 <u>94,936,307</u>	95,549,641 <u>95,549,641</u>
Current assets			
Inventories	[15]	34,002,282	37,917,531
Receivables & Prepayments	[16]	82,224,089	81,944,212
Cash and bank balance	[17]	17,653,281	5,145,636
Investment (Call Deposit)	[18]	<u>40,906,354</u>	<u>64,054,439</u>
TOTAL ASSETS		174,786,006 269,722,313	189,061,818 284,611,459
CAPITAL & RESERVES			
Retained Earnings	[19.i]	38,960,368	57,140,897
Revaluation Reserve	[19.ii]	67,633,650	67,633,650
Capital Reserves	[19.iii]	71,085,064	69,993,064
Deferred Special Grant	[19.iv]	64,054,439	64,054,439
TOTAL CAPITAL AND RESERVES		241,733,521	258,822,050
LIABILITIES			
Current Liabilities			
Trade & other Payables	[20]	27,988,792 <u>27,988,792</u>	25,789,409 <u>25,789,409</u>
TOTAL CAPITAL RESERVES & LIABILITIES		269,722,313	284,611,459

The financial statements were approved by the Board of Directors on 28th day of Sept. 2018

and were signed on its behalf by:



Chairman Board of Directors



Managing Director/ Secretary to the Board

The significant accounting policies and the notes set out on pages 6 to 14 forms an integral part of these financial statements.

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

Statement of Changes in Equity

	Retained earnings Kshs	Revaluation Reserves Kshs	Capital Reserves Kshs	Deffered Special Grant Kshs	Total Kshs
Balance as at 01.07.2015	64,582,266	67,633,650	64,161,064	110,853,510	307,230,490
Provision for Corporation tax (Adjusted)	-	-	-	-	-
Government Development Grant Secondary school science kits	-	-	1,944,000	(35,341,860)	(33,397,860)
Profit for the period	13,584,972	-	-	-	13,584,972
Balance as at 30.06.2016	78,167,238	67,633,650	66,105,064	75,511,650	287,417,602
	Retained earnings Kshs	Revaluation Reserves Kshs	Capital Reserves Kshs	Deffered Special Grant Kshs	Totals Kshs
Balance as at 01.07.2016	78,167,238	67,633,650	66,105,064	75,511,650	287,417,602
Government Development Grant Differed Special Grant Utilized	-	-	3,888,000	-	3,888,000
				(11,457,211)	(11,457,211)
Loss for the period	(21,026,341)	-	-	-	(21,026,341)
Balance as at 30.06.2017	57,140,897	67,633,650	69,993,064	64,054,439	258,822,050
Balance as at 01.07.2017	57,140,897	67,633,650	69,993,064	64,054,439	258,822,050
Government Development Grant Differed Special Grant Utilized	-	-	1,092,000	-	1,092,000
Loss for the period	(18,180,529)	-	-	-	(18,171,188)
Balance as at 30.06.2018	38,960,368	67,633,650	71,085,064	64,054,439	241,733,521

Capital reserve represents:

The accumulated grants and loans received from/ or through the Kenya Government net of accumulated trading losses prior to incorporation in 1976.

The Loss realised in the current period is Kshs. 18,180,529.00

The management of SEPU has set up various strategies focused on reducing Company's losses as follows;

- i.) Reducing overall direct costs by negotiating better prices on raw materials and direct importation of finished goods such as glass wares and other lab equipment.
- ii.) Finding new customers; the management has ensured that sales promotion and marketing of SEPU products to public schools, private schools and non-profit making organization is done to generate additional revenue.
- iii.) Reviewing current pricing structure; the Unit is in the process of reviewing the correct prices and costing of products and services accordingly.
- iv.) Controlling Inventory; the management is currently engaged in streamlining the business through control of inventory to improve cash flow, avoid money tied in slow- moving inventory and to avoid losses that might arise as a result of expired or obsolete stock.

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

Statement of Cash Flows

	Notes	2018 Kshs	2017 Kshs
Loss before taxation		(18,171,188)	(21,026,341)
Add Depreciation for the year	[14]	1,264,057	1,224,988
Cash flows from operating activities		(16,907,131)	(19,801,353)
Less: Investment Income		3,692,624	(5,168,327)
		(13,214,507)	(24,969,680)
Changes in Working Capital			
Increase/(Decrease) in operating assets:			
Increase/ Decrease in Receivables & Prepayments		(707,366)	9,685,844
Increase/ Decrease in Payables & Accruals		2,199,383	10,534,570
Increase/ (Decrease) in inventory		3,915,249	2,534,215
		5,407,266	22,754,629
Tax paid			
Net cash flows from operating activities		(7,807,241)	(2,215,051)
Cash flows from Investing activities			
Purchase of Property plant & Equipment	[14]	(650,995)	(4,513,075)
Add: Investment income	[5]	3,692,624	5,168,327
Net Cash Generated from Investing activities		3,041,629	655,252
Cash flows from Financing activities			
Increase/ (Decrease) in Deferred Special Grant		(6,966,828)	(11,457,211)
Development Grant		1,092,000	3,888,000
Net Cash Generated from Financing activities		(5,874,828)	(7,569,211)
Net increase/(decrease) in cash and cash equivalents		(10,640,440)	(20,936,662)
Cash and cash equivalents at 1st July 2017		69,200,075	90,136,737
Cash and cash equivalents at 30 June, 2018	[17 i.]	58,559,635	69,200,075

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below: These policies have been consistently applied to all years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with and comply with international Financial Reporting Standards (IFRS) for Small and Medium Sized Entities.

Critical Judgements and Estimates

In the process of applying the IFRS for SME, the directors are required to use certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on the directors best knowledge of current events and actions and other factors including expectations of future events that are believed to be reasonable under the circumstances, although actual results may differ from those estimates

Basis of accounting

The financial statements have been prepared under the historical cost convention basis of accounting. The principal accounting policies adopted remain unchanged from previous year and are set out below:

Revenue recognition

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

- i). **Revenue from the sale of goods and services** is recognized in the year in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii). **Grants from National Government** are recognized in the year in which the company actually receives such grants. Grants for development projects are treated as deferred income as per IAS 20.

Currency

The accounts are prepared in Kenya shillings (Kshs) which is the official currency of the republic of Kenya.

Accounting period

The Company prepares its accounts for 12 months period ending 30th June every year

Country of incorporation and registered office

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

Depreciation

Fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is calculated on reducing balance method to write off

the cost (carrying values) of each asset to their residual values over their estimated useful lives as follows:

Depreciation rates applicable

Buildings	2.5%
Motor Vehicles	25%
Computers & Accessories	30%
Machinery & Equipment	15%
Furniture & Fittings	12.5%

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand balances and deposits held at call with banks.

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Other Reserves

The Capital reserves represents the accumulated grants and loans received from/or through the Kenya Government net of accumulated trading losses prior to incorporation in 1976 and after incorporation.

Inventories

Stock and work in progress are stated at the lower of cost and net realisable value . Cost comprises the cost of raw materials and attributable production overheads appropriate to the location and condition of the stock at the balance sheet date.

Stock consists of stock taking as at 30th June 2018.

Comparatives

Comparative figures have been recorded to conform to changes in presentation in the current period.

Financial risk management objectives and policies

The company's activities expose it to a variety of financial risks, which involves receivables, payables and cash and cash equivalents. The company's overall risk management programme focuses on the unpredictable conditions by the unit which seeks to minimise potential adverse effects on its financial performance.

i.) Credit risk

This is a risk of financial loss to the company whereby a customer of a financial instrument fails to meet its contractual obligations, and arises mainly from the company's receivables with the customers.

The amount that best represents the company's maximum exposure to credit risk as at 30th June 2017 and 30th June 2016 is as shown below:

	30 June, 2018	30 June, 2017
	Kshs.	Kshs.
Receivables & Prepayments	82,651,578	87,803,929
Cash and cash equivalent	58,029,281	69,200,075

Revenue recognition

Revenue is recognized only when the unit has substantially completed a revenue generation process i.e revenue is recorded when it is earned.

ii.) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The unit implements prudent liquidity risk management which involves maintaining sufficient cash to meet company's obligations.

The unit has been experiencing financial problems which has not enabled it to maintain adequate cash balances in the bank.

The amount of trade and other payables of the unit as 30th June 2018 and 30th June 2017 are as below:

	30 June, 2018	30 June, 2017
	Kshs.	Kshs.
Trade & Other Payables	27,988,792	25,789,409

iii) Market risk

Market risk is the risk that the value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks; currency risk, interest rate risk and other price risk.

iv) Interest rate risk

SEPU's interest rate risk arises from short term bank deposits or investment on call deposit because of changes in market interest rates

v) Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency. SEPU has no trade receivables, nor trade payables, nor borrowings which are denominated in foreign currency as at the reporting date.

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Related Party Disclosures

The unit regards a related party as a person with ability to exert control individually or jointly, or to exercise significant influence over the unit or vice versa.

i.) Government of Kenya

The government of Kenya is a related party to the unit as it provides the unit with various grants including; Recurrent grant and Development grant as below:

	30-Jun-18	30-Jun-17
	Kshs	Kshs
Recurrent grant	30,000,000	15,000,000
Development grant	1,092,000	3,888,000
	<u>31,092,000</u>	<u>18,888,000</u>

ii.) Directors Remuneration

Allowance and other expenses	2,358,542	2,594,120
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Contingencies

The unit does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements. Contingent liabilities are assessed by the unit to ensure that the provision are made after the contingency is valued.

The following are the contingencies which exists within the unit;

Litigations - There exists litigations against the unit which are in progress and related to the following matters;

i.) HCCC No. 110 of 2010

Vulcan Lab Equipment Vs School Equipment Production Unit and Kenya Anti- Corruption Commission.

ii) Nairobi Industrial Court Case No.77 of 2014 Kenya engineering Workers Union VS SEPU.

iii) Land encroched and the Unit is in the process of reclaiming the land

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	2018 Kshs	2017 Kshs
[2] Turnover		
Turnover for the year	36,456,668	16,261,006
Less sales Returns	-	
Net Turnover	36,456,668	16,261,006
<p>The turn over for the current period went up compared to the previous period. In the previous period, SEPU had done sales and marketing of science kits in all the counties country wide.</p>		
[3] Cost of Sales		
Opening stock	37,917,531	40,451,746
Add-purchases	21,077,740	9,479,623
Less- closing Stock	(34,002,282)	(37,917,531)
	24,992,989	12,013,838
[4] Government Grants		
a Recurrent Grant	30,000,000	15,000,000
b Development Grant	1,092,000	3,888,000
[5] Investment Income		
Interest earned	3,692,624	5,168,327
	3,692,624	5,168,327

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

SCHEDULE OF EXPENDITURE

	2018 Kshs	2017 Kshs
[6] Establishment Expenses		
Repairs & maintenance of Equipment & Building	355,555	237,030
Motor vehicle running expenses & repairs	1,111,453	647,019
	1,467,008	884,049
[7] Board Expenses		
Sitting Allowance	1,672,000	882,000
Honoraria	580,000	672,000
Lunch & Snacks	64,542	271,370
Transport	42,000	132,750
Tax Expenses (WHT)	-	636,000.00
Training	-	-
	2,358,542	2,594,120
[8] Staff Costs		
Salaries & wages	18,907,190	14,674,242
Staff welfare	1,460,961	2,152,513
Staff uniform	130,625	179,773
Leave travelling allowance	156,960	174,000
Pension Expenses- employer	405,588	502,105
Staff medical expense	353,216	3,600
Insurance premiums (Medical)	-	2,594,120
	21,414,540	20,280,353
[9] Operating Expenses		
Telephone & faxes	632,256	399,266
Printing and stationery	468,523	407,324
Insurance premiums (General)	241,815	259,102
Local Travelling & subsistence	5,831,240	546,350
Subscriptions and Donations	100,000	60,000
Office expenses	2,644,275	1,830,959
Training & recruitment	822,890	34,474
Building & Construction Expenses	1,964,712	-
Electricity & water	355,307	303,015
ISO Training Expenses	259,874	88,000
Secondary school science kit	7,427,511	4,696,746
IT Expenses	893,000	640,675
Security services	457,452	418,215
Team Building & End of Year Party	194,000	-
	22,292,855	9,684,126

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018**

SCHEDULE OF EXPENDITURE (CONT.)

	2018 Kshs	2017 Kshs
[10] Other Operating Expenses		
Audit fees	350,000	350,000
Professional & Legal fees	969,483	671,059
Depreciation Expense	1,264,057	1,224,988
Increase Provision for bad debts	-	5,509,717
Restructuring Expenses	791,700	-
Tax Expenses	1,366,402	1,235,194
	4,741,642	8,990,958
[11] Selling expenses		
Advertising, sales promotion & marketing	8,333,669	1,880,270
Packing materials (Stores Expenses)	13,148	30,437
Transport-Despatch & postage	2,598,416	1,073,940
	10,945,233	2,984,647
[12] Finance Costs		
Bank charges	117,012	23,583
	117,012	23,583
[13] Corporation Tax		
Loss for the year	(18,180,529)	(21,026,341)
Tax for the year (30%)	-	-

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

[14] PROPERTY, PLANT & EQUIPMENT

	Land	Buildings 2.50%	Motor vehicles 25%	Computers & Accessories 30%	Machinery & Equipment 15%	Furniture & Fittings 12.50%	TOTAL
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
COST							
Balance as at 01.07.2016	63,000,000	31,226,958	3,321,155	1,052,053	9,221,336	370,600	108,192,102
Additions	-	3,847,575	-	-	307,300	358,200	4,513,075
Disposal	-	-	-	-	-	-	-
Balance as at 30.06.2017	63,000,000	35,074,533	3,321,155	1,052,053	9,528,636	728,800	112,705,177
DEPRECIATION							
Balance as at 01.07.2016	-	3,653,565	2,710,501	739,186	8,767,722	59,574	15,930,548
Charge for the year	-	780,674	152,664	93,860	114,137	83,653	1,224,988
Balance as at 30.06.2017	-	4,434,239	2,863,165	833,046	8,881,859	143,227	17,155,536
NET BOOK VALUE							
Balance as at 30.06.2016	63,000,000	30,640,294	457,990	219,007	646,777	585,573	95,549,641
Balance as at 30.06.2015	63,000,000	27,573,393	610,654	312,867	453,614	311,026	92,261,554
COST							
Balance as at 01.07.2017	63,000,000	35,074,533	3,321,155	1,052,053	9,528,636	728,800	112,705,177
Additions	-	-	-	372,995	39,500	238,500	650,995
Balance as at 30.06.2018	63,000,000	35,074,533	3,321,155	1,425,048	9,568,136	967,300	113,356,172
DEPRECIATION							
Balance as at 01.07.2017	-	4,434,239	2,863,165	833,046	8,881,859	143,227	17,155,536
Charge for the year	-	766,007	114,498	177,601	102,942	103,009	1,264,057
Balance as at 30.06.2018	-	5,200,246	2,977,663	1,010,647	8,984,801	246,236	18,419,593
NET BOOK VALUE							
Balance as at 30.06.2018	63,000,000	29,874,287	343,493	414,401	583,062	721,064	94,936,307
Balance as at 30.06.2017	63,000,000	30,640,294	457,990	219,007	646,777	585,573	95,549,641

Note:

- i) Buildings constructed on land leased to the company from University of Nairobi Kenya Science campus at a peppercorn rental.
- ii) Additions under computer and accessories represents televisions and water dispenser.
- iii) Additions under furniture represents executive chairs and desk for Managing Directors office.
- iv) Additional machinery represents a fan heater.

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	2018 Kshs	2017 Kshs
[15] Inventories		
Chemical Stocks	6,426,353	8,804,459
Equipment stock	24,155,678	25,428,640
Work shop stocks	3,420,251	3,684,432
Work in progress	-	-
	34,002,282	37,917,531
[16] Receivables & Prepayments		
Trade Receivables	32,076,205	30,545,340
Other Current Assets		
Government grant	-	972,000
Staff Advances	1,017,941	869,440
	33,094,146	32,386,780
Less Provision for doubtful debts	(25,956,938)	(25,529,449)
	7,137,208	6,857,331
Add Receivable from Ministry of Education	75,086,881	75,086,881
Total Net Debtors	82,224,089	81,944,212
<p>The receivable from Ministry of Education represent the amount of down payment to Vulcan Lab Equipment. After the court ruling, the Kshs. 75,086,881 was transferred to National Treasury and further to Ministry of Education.</p>		
[17] Cash & Bank balances		
Kenya Commercial Bank Limited	17,264,981	4,639,646
National Bank of Kenya Limited	374,050	499,888
Cash at Hand	14,250	6,102
	17,653,281	5,145,636
[17 i.] Cash and Cash Equivalents		
<p>Cash and Cash Equivalents consists of cash on hand, cash at bank and Investments.</p>		
Cash in hand and at bank	17,653,281	5,145,636
Investment (Call Deposit) (18)	40,906,354	64,054,439
Cash and Cash Equivalents	58,559,635	69,200,075

**SCHOOL EQUIPMENT PRODUCTION UNIT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2018**

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	2018 Kshs	2017 Kshs
[18] Investment (Call Deposit)		
Co-operative Bank of Kenya Limited	40,906,354	64,054,439
	40,906,354	64,054,439
19 i.) Retained Earnings		
Retained Earnings	57,140,897	78,167,238
Loss	(18,180,529)	(21,026,341)
	38,960,368	57,140,897
ii.) Revaluation Reserve		
Revaluation Reserve on land	63,000,000	63,000,000
Revaluation Reserve on Buildings	4,633,650	4,633,650
	67,633,650	67,633,650
iii.) Capital & Reserves	Kshs	Kshs
Opening balance	69,993,064	66,105,064
Government Development Grant	1,092,000	3,888,000
	71,085,064	69,993,064
The accumulated grants and loans received from/ or through the Kenya Government net of accumulated trading losses prior to incorporation in 1976.		
iv.) Deferred Special Grant		
Opening balance	64,054,439	75,511,650
Development Grant utilized	-	(11,457,211)
	64,054,439	64,054,439
[20] Trade & Other Payables		
Trade Payables	12,071,248	8,767,910
Accrued Audit Fees	350,000	350,000
Retirement benefits (pensions)	816,066	816,066
Provision for Dividend to National Treasury	1,500,000	1,500,000
Gratuity for Pension Scheme	1,404,070	1,404,070
J.O Juma & Co. Advocates	115,560	500,000
Provision for Corporate tax	11,681,848	11,681,848
Nyamweya & Mamboleo Advocates	50,000	769,515
	27,988,792	25,789,409





SPECIAL REPORT OF THE AUDITOR GENERAL ON PENDING BILLS OF THE 47 COUNTY GOVERNMENTS AS AT 30 JUNE 2018

Special Audit Report on Pending Bills.

The accompanying special report of pending bills as at 30 June 2018 of the **47 County Governments of Kenya**, which comprise of the summary of pending bills as reported by Controller of Budget, summary of all pending bills as presented for special audit by each county Government, Summary of eligible pending bills, summary of ineligible pending bills and a schedule of payments of eligible bills paid by 15 February 2019 has been prepared, on my behalf, by **various Certified Public Accountants (CPAs)**, auditors appointed under Section 23 of the Public Audit Act, 2015 and in accordance with the provisions of Article 229 of the Constitution of Kenya. The auditors have duly reported to me the results of their special audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the special audits were obtained.

The summary of the results of the special audits of the 47 county governments (list attached) are as follows:

Schedule 1: Comparison of Controller of Budget (COB) list of pending bills Vs the Actual list presented for audit as at 30 June 2018

Details	COB List Kshs	Actual List presented Kshs	Difference Kshs
Pending bills at 30 June 2018	108,411,470,000	88,984,628,752	19,426,841,248

Schedule 2: Summary of Findings of Actual List Presented for Special Audit as at 30 June 2018

Details	Actual List Kshs	Eligible Bills Kshs	Ineligible Bills Kshs
Pending bills at 30 June 2018	88,984,628,752	51,284,830,129	37,701,100,378

Schedule 3: Current Status of the Eligible Bills as at 15 February 2019

Details	Eligible Bills as at 30/06/2018 Kshs	Eligible Bills paid between 30/06/2018 and 15/02/2019 Kshs	Outstanding Eligible Bills as at 15/02/2019 Kshs
Pending bills	51,284,830,129	10,805,292,308	40,479,537,821

Schedule 4: Summary of the ineligible pending bills as at 30 June 2018

Reason for ineligibility	Ineligible Bills as at 30/06/2018 Kshs
Lack of documentation and work/services not done or delivered	37,701,100,378

Responsibilities of Managements and Those Charged with Governance

Management of each county is responsible for the preparation and fair presentation of list and schedules pertaining to pending bills in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of pending bills statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

Management is also responsible for the submission of accurate statements of pending bills as at 30 June 2018 to the Auditor-General in accordance with the Terms of Reference set out for purposes of auditing the county government pending bills.

In addition to the responsibility for the preparation and presentation of the pending bills statements described above, management is also responsible for ensuring that procurement laws, the activities, pending bills transactions and information reflected in the lists and schedules are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the County Executive of each county pending bills reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and

effectiveness of the control environment in relation procurement processes and payment for procured services and goods.

Auditor-General's Responsibilities for the Audit

The audit was conducted in accordance Terms of Reference (TOR) designed and agreed upon between Office of the Auditor General (OAG) and the appointed auditor as guided by ISSAI 1315 and ISSAI 1330. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

The audit objectives are to obtain reasonable assurance about whether the Pending Bills statements and supporting schedules as a whole are free from material misstatement, whether due to fraud or error. In addition I reviewed each and every bill to confirm its authenticity and legibility for payment and issue my audit findings to:

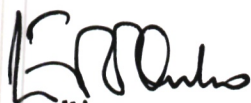
- 1: The National Treasury
- 2: The County Government
- 3: The Controller of Budget (COB)

In addition to the audit of the Pending Bills statements, a compliance audit was planned and performed to express a conclusion about whether, in all material respects, the activities, pending bills transactions and information reflected in the pending bills statements are in compliance with the authorities that govern them and that public resources are applied in an effective way.

I communicated with the management regarding, among other matters, the planned scope and timing of the special 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.

I have issued separate detailed individual special certificate for each County Government. The summary of detailed reports of the 47 County Governments is hereby attached.



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

Nairobi

20 May 2019

COUNTY GOVERNMENTS PENDING BILLS AS AT 30 JUNE 2018							
COUNTY PENDING BILLS FINAL REPORTS	PENDING BILLS PER COB LIST AS AT 30 JUNE 2018 (Kshs Million)	ACTUAL PENDING BILLS PRESENTED FOR AUDIT AS AT 30 JUNE 2018 (Kshs)	DIFFERENCE	INELIGIBLE PENDING BILLS AS AT 30 JUNE 2018 (Kshs)	ELIGIBLE PENDING BILLS AS AT 30 JUNE 2019 (Kshs)	ELIGIBLE PENDING BILLS PAID BETWEEN JUNE 2018 AND 15 FEBRUARY 2019 (Kshs)	ELIGIBLE PENDING BILLS AS AT 15 FEBRUARY 2018 2019 (Kshs)
1 Nairobi City	64,802,990,000	23,139,794,066	41,663,195,934	11,355,964,991	11,783,829,075	954,064,754	10,829,764,321
2 Mombasa	3,705,510,000	5,347,786,393	(1,642,276,393)	1,801,985,966	3,545,800,427	213,166,328	3,332,634,099
3 Garissa	980,060,000	2,553,348,202	(1,573,288,202)	245,817,795	2,307,530,407	380,393,315	1,927,137,092
4 Wajir	2,619,580,000	2,357,171,365	262,408,635	317,429,198	2,039,742,167	320,293,330	1,719,448,837
5 Turkana	633,670,000	5,660,295,760	(5,026,625,760)	3,843,895,306	1,816,400,454	99,087,340	1,717,313,114
6 Kisumu	2,047,600,000	2,475,722,126	(428,122,126)	683,522,048	1,792,200,078	89,160,603	1,703,039,475
7 Narok	1,725,450,000	2,056,439,795	(330,989,795)	75,703,725	1,980,736,070	428,455,121	1,552,280,949
8 Meru	2,000,930,000	2,265,112,691	(264,182,691)	419,567,513	1,845,545,178	315,523,679	1,530,021,499
9 Kiambu	785,760,000	2,312,759,531	(1,526,999,531)	481,141,501	1,831,618,030	669,556,431	1,162,061,599
10 Isiolo	101,330,000	1,334,674,795	(1,233,344,795)	76,302,092	1,258,372,703	200,021,433	1,058,351,270
11 Vihiga	1,184,810,000	2,037,052,291	(852,242,291)	885,903,769	1,151,148,522	151,278,752	999,869,770
12 Migori	290,940,000	1,275,275,208	(984,335,208)	267,876,798	1,007,373,410	42,108,881	965,264,529
13 Machakos	975,460,000	1,286,526,181	(311,066,181)	344,162,574	942,363,607	-	942,363,607
14 Muranga	469,480,000	2,038,047,918	(1,568,567,918)	506,269,910	1,531,778,008	659,373,424	872,404,584
15 Bomet	1,155,470,000	1,253,551,181	(98,081,181)	63,383,304	1,190,167,877	505,625,519	684,542,358
16 Kisii	865,070,000	1,412,777,874	(547,707,874)	213,530,710	1,200,573,919	531,973,136	668,600,783
17 Nandi	1,394,230,000	1,447,847,605	(53,617,605)	505,539,764	942,307,841	313,735,751	628,572,090
18 Tharaka Nithi	260,780,000	1,112,652,892	(851,872,892)	410,780,973	701,871,919	93,103,430	608,768,489
19 Siaya	614,500,000	709,770,239	(95,270,239)	72,459,541	637,310,697	64,882,386	572,428,311
20 Kilifi	1,224,710,000	1,377,012,031	(152,302,031)	260,968,473	1,116,043,558	582,339,222	533,704,336

21	Kirinyaga	250,090,000	1,328,459,563	(1,078,369,563)	587,378,600	741,080,963	227,245,701	513,835,262
22	Tana River	946,030,000	1,202,679,386	(256,649,386)	695,596,755	507,082,631	12,133,078	494,949,553
23	Trans Nzoia	781,580,000	1,079,983,912	(298,403,912)	413,936,297	666,047,614	172,967,492	493,080,122
24	Marsabit	799,160,000	776,411,110	22,748,890	48,151,280	728,259,830	243,021,969	485,237,861
25	Busia	993,600,000	1,013,493,163	(19,893,163)	40,597,280	972,895,883	501,427,507	471,468,376
26	Kitui	1,167,090,000	1,443,011,641	(275,921,641)	870,978,222	572,033,419	150,057,871	421,975,548
27	Taita/Taveta	239,660,000	451,282,264	(211,622,264)	61,013,152	390,269,112	15,025,709	375,243,403
28	Embu	1,278,740,000	1,362,958,792	(84,218,792)	927,844,360	435,114,432	63,599,575	371,514,857
29	Samburu	792,660,000	846,492,795	(53,832,795)	83,913,621	762,579,174	396,023,751	366,555,423
30	Mandera	107,580,000	552,137,062	(444,557,062)	202,703,749	349,433,313	-	349,433,313
31	West Pokot	113,060,000	1,725,540,240	(1,612,480,240)	1,242,486,979	483,053,261	160,843,401	322,209,860
32	Nyandarua	906,920,000	1,138,159,128	(231,239,128)	841,080,349	297,078,779	-	297,078,779
33	Nakuru	2,379,810,000	2,504,561,905	(124,751,905)	2,084,397,301	420,164,604	151,333,479	268,831,125
34	Bungoma	326,400,000	601,481,507	(275,081,507)	225,442,714	376,038,793	146,402,323	229,636,469
35	Kericho	1,255,280,000	1,094,470,974	160,809,026	604,286,232	490,184,742	306,946,159	183,238,583
36	Kakamega	634,740,000	593,950,376	40,789,624	10,856,924	583,093,452	401,989,630	181,103,821
37	Nyamira	1,349,590,000	435,328,993	914,261,007	159,630,866	275,698,127	110,697,900	165,000,227
38	Elgeyo/Marakwet	136,760,000	908,679,275	(771,919,275)	683,462,880	225,216,395	98,557,638	126,658,757
39	Nyeri	1,411,370,000	360,535,590	1,050,834,410	208,338,821	152,196,769	52,098,703	100,098,066
40	Uasin Gishu	319,350,000	366,384,594	(47,034,594)	289,818,363	76,566,231	-	76,566,231
41	Laikipia	760,610,000	989,444,917	(228,834,917)	911,905,209	77,539,708	18,137,049	59,402,659
42	Lamu	179,490,000	143,663,524	35,826,476	58,612,625	85,050,899	36,116,896	48,934,003
43	Homa Bay	746,480,000	1,663,245,610	(916,765,610)	1,622,798,590	40,447,020	-	40,447,020
44	Kwale	1,830,120,000	2,501,631,907	(671,511,907)	1,691,897,514	809,734,393	795,090,445	14,643,948
45	Baringo	63,600,000	45,765,998	17,834,002	21,719,172	24,046,826	10,598,744	13,448,082
46	Makueni	33,570,000	34,902,732	(1,332,732)	1,884,530	33,018,202	32,642,842	375,360
47	Kajiado	769,800,000	366,353,651	403,446,349	278,162,041	88,191,610	88,191,610	-
	Total	108,411,470,000	88,984,628,752	19,426,841,248	37,701,100,378	51,284,830,129	10,805,292,308	40,479,537,821