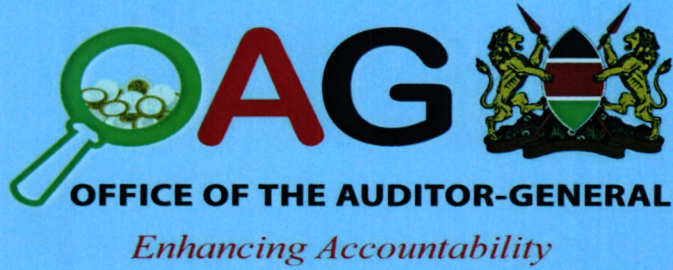



REPUBLIC OF KENYA



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**THE AUDITOR-GENERAL**

**ON**

**GOVERNMENT PRESS FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2020**



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OFFICE OF THE PRESIDENT  
MINISTRY OF INTERIOR AND CO-ORDINATION OF  
NATIONAL GOVERNMENT

GOVERNMENT PRESS FUND

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS FOR THE FINANCIAL YEAR  
ENDING 30TH JUNE, 2020**

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

**GOVERNMENT PRESS FUND**  
**ANNUAL REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE, 2020**

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## **KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The Government Press was established in 1895 in Mombasa by then colonial government to provide essential printed materials, official rubber stamps for the government, moved to Nairobi on 15th January, 1905 under the name of Kenya - Uganda Press. Later, the name was changed again to its present name—Government Press. In 1988 the Government Press Fund was established under the Exchequer and Audit (Government Press Fund) Regulations, 1988.

### **(b) Principal Activities**

The principal activity of the Fund is to purchase consumables for publish, print and disseminate literary, accountable and educational materials.

The Vision is to be the preferred organization in the printing and paper conversion industry within Kenya and beyond.

The mission is to provide printing services to the Kenya Government promptly and at the most economical costs and ensure adequate security and supply of all documents needed for the running of ministries, departments, state corporations, private sector and the general public, such as accountable, legal, secret and confidential documents.

### **(c) Key Management**

- Government Printer (Administrator)
- Management

### **(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June, 2020 and who had direct fiduciary responsibility were:

<i>No.</i>	<i>Designation</i>	<i>Name</i>
1.	Government Printer	<b>Mwenda Njoka</b>
2.	D/Government Printer	<b>Geoffrey Runoh</b>
3.	Head of Finance	<b>Lilian Mugambi</b>
4.	Head of Procurement	<b>John Munyua</b>

### **(e) Fiduciary Oversight Arrangements**

*Government Press has an Internal Audit Unit.*

### **(f) Entity Headquarters**

Government Press  
P. O. Box 30128-00100  
Nairobi, Kenya

**(g) Entity Contacts**

Telephone : ( 254)–020–2226596/7/8  
E-mail: governmentpress.go.ke  
Website: [www.go.ke](http://www.go.ke)  
Haile Selassie Avenue

**(h) Entity Bankers**

National Bank of Kenya  
Harambee Avenue  
P. O. Box 72866–00200, Nairobi, Kenya

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

**MANAGEMENT TEAM**

<p>1. Mr. MWENDA NJOKA GOVERNMENT PRINTER</p> 	<p>A well-trained and experienced <b>Print Media Manager</b> with valuable managerial and technical knowledge of print industry having worked for several years at managerial levels with leading <b>Print Media Houses</b> in the country.</p> <p>Joined Public Service in 2013 as a Communications Director/Communications Advisor to the Cabinet Secretary for Interior and Coordination of National Government. Appointed Government Printer in June 2019.</p> <p>Also, an award-winning Investigative Journalist and Communications Specialist with over 25 years of progressive experience in Media and Communications field.</p> <p>Among the professional awards won include CNN Africa Journalist of the Year (2004), Investigative Journalist of the Year (Kenya, 2003) and Best Script Writer for TV (<i>Kalasha Awards</i>, 2009).</p> <p>Has attained numerous professional and academic qualifications from local and international colleges such as Marquette University, Wisconsin, USA and Kenya Institute of Mass Communications among others. Currently studying for an MA in Security, Politics and Intelligence Studies from the American Military University.</p>
<p>2. MR. GEOFFREY RUNOH DEPUTY GOVERNMENT PRINTER</p> 	<p>Mr. Geoffrey Runoh has over 20 years working experience in the Printing and Publishing Industry. He is an accomplished manager having worked at the helm of various organizations namely; KNEC as a Senior Examination Secretary and headed the Print and Publications function at the KICD.</p> <p>He has an MBA degree specializing in Strategic Management and a Bachelor of Commerce degree (BCOM) specializing in Management Science, both from the University of Nairobi. He has also undertaken a Bachelor of Philosophy (BPhil) degree in Printing Technology from the Technical University of Kenya. He had previously pursued a Diploma and Higher National Diploma from the same institution.</p> <p>He is currently completing a Master of Science (MSc) Degree specializing in Publishing Studies at Moi University.</p>

## **REPORT OF THE GOVERNMENT PRINTER**

We provide quality printing services to the Kenya Government promptly and at the most economical costs and to ensure adequate security and supply of all documents needed for the running of Ministries, Departments, Parastatals, Private Sector and the General Public.

We adhere to improve capacity building at the Government Press for effective and efficient delivery of services.

My commitment is to ensure that public services delivered in the Department are in accordance with the Constitution;

I also ensure modernization of the services by introduction of modern technologies and innovative service delivery systems to improve service delivery;

Lastly I ensure that officers in the Department demonstrate professionalism, transparency and accountability in performing their duties and that they show courtesy, integrity and neutrality in provision of services.

## **CORPORATE GOVERNANCE STATEMENT**

Government Press does not have a Board of Directors but derive its mandate as stipulated in The Exchequer and Audit (Government Press Fund) Regulations 1988 and Public Finance Management Act, 2012 on establishment of Public Funds.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Government Press Fund was established under the Exchequer and Audit Act, 1988 to undertake production of various printing and publishing works and issue free of charge accountables and other materials in aid of revenue collection and in predetermined quantities to departments and ministries. In the recent past the non-chargeable jobs have had an upward trend constraining GPs finances. The department's performance is also affected by digitization which denies it revenue since most information/forms are downloaded online by various institutions.

## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Government Press is a department in the State Department for Interior. It is committed in staff training and development. During the year under review the department trained various members of staff on job skills, promotional and managerial courses. 2 Officers attended office Administrators summit, 200 officers were taken through counselling sensitization and 8 officers on senior management course.

It provides industrial placement for students from local colleges and universities. The department had 5 attaches in Accounts and 5 in procurement. In addition; it's a centre of excellence for printing and publishing industry hence used for benchmarking.



## **REPORT OF THE MANAGEMENT**

The report together with the audited financial statements for the year ended 30th June, 2020 which show the state of the Government Press Funds' affairs.

### ***Principal activities***

The principal activities of the Government Press are to publish print and disseminate literary, accountable and educational materials.

### ***Results***

The results of the entity for the year ended 30th June, 2020 are set out on page 1 of this report.

### ***Dividends/Surplus remission***

In accordance with section 219 (2) of the Public Finance Management Act Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Government Press Fund does not fall on this category but it's a public fund under the Ministry of Interior and Co-ordination of National Government, The Audit and Exchequer (Government Press Fund) 1988 states that the surplus shall be retained for the purpose for which the Fund was established.

### ***Auditors***

The Auditor-General is responsible for the statutory audit of the Government Press Fund in accordance with the section 14 the Public Audit Act, 2003.

By Order of the Accounting Officer

Government Printer,

Nairobi

Date: 23/09/2020.....

## **STATEMENT OF GOVERNMENT PRESS FUNDS' MANAGEMENT RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 requires the Accounting Officer to prepare financial statements in respect of *Government Press Fund*, which give a true and fair view of the state of affairs of the *Government Press Fund*, at the end of the financial year and the operating results of the *Government Press Fund*, for that year. The Accounting Officer is also required to ensure that the *Government Press Fund* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Government Press Fund*. The Accounting Officer is also responsible for safeguarding the assets of the *Government Press Fund*.

The Accounting Officer is responsible for the preparation and presentation of the *Government Press Fund's* financial statements, which give a true and fair view of the state of affairs of the *Government Press Fund* for and as at the end of the financial year ended on June 30, 2019. 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 *Government Press Fund*, (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting officer accept responsibility for the *Government Press 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 Public Finance Management Act, 2012. The management are of the opinion that the *Government Press Fund's* financial statements give a true and fair view of the state of *Government Press Fund's* transactions during the financial year ended 30th June, 2020, and of the *Government Press Fund's* financial position as at that date. The Management further confirm the completeness of the accounting records maintained for the *Government Press Fund*, which have been relied upon in the preparation of the *Government Press Fund's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Accounting Officer to indicate that the *Government Press 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 financial statements were approved by the Government Printer and signed on his behalf by:

  
Government Printer

  
Accounting officer  
State Department for Interior

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON GOVERNMENT PRESS FUND FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Government Press Fund set out on pages 1 to 14, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Government Press Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### Long Outstanding Debtors

The statement of financial position reflects receivables from exchange transactions balance of Kshs.235,470,668 as at 30 June, 2020. Included in the balance are long outstanding debts amounting to Kshs.183,816,360 which have been outstanding for more than five (5) years. No reason has been provided for failure to collect these debts whose recovery is doubtful. Further, no provision has been made in the financial statements for these long outstanding debts.

Under the circumstances, the receivables from exchange transactions balance of Kshs.235,470,668 may not be fairly stated as at 30 June, 2020.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Government Press Fund Management in accordance with ISSAI 130 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. There were no key audit matters to report in the year under review.

## **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, 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.

### **Basis for Conclusion**

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, RISK MANAGEMENT AND GOVERNANCE**

### **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 Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Poorly Maintained Stores**

Inspection of the Government Press Fund stores revealed that the stores are poorly ventilated, and a forklift used to deliver goods emits a lot of fumes hence making the working environment a health hazard to the officers. The stores are not fitted with CCTV cameras at various points within and outside the stores to monitor the events or activities taking place. Further, the Department does not have adequate safety and firefighting equipment for use in case of a fire outbreak or any emergency.

## **2. Risk Assessment on Revenue Management**

During the year under review, the Government Press Fund collected a total of Kshs.1,863,199 through receipts in cash from the bookshop. However, the Department does not have a formal risk assessment policy on revenue. In addition, the Department does not perform periodic risk assessments in relation to revenue so as to identify threats, assess vulnerability, and design automated systems that could help in revenue collection.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall 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 Public Sector Accounting Standards (Accrual Basis) 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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 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 applicable 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 Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease sustaining its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund 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.



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**07 April, 2021**

**GOVERNMENT PRESS FUND**  
**ANNUAL REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE, 2020**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2020**

	Notes	2019-2020	2018-2019
		KSh.	KSh.
<b>Revenue from exchange transactions</b>			
Rendering of services	7	506,506,832	411,047,706
<b>Total revenue</b>		<b>506,506,832</b>	<b>411,047,706</b>
<b>Expenses</b>			
General expenses	8	537,581,016	298,329,732
<b>Total expenses</b>		<b>537,581,016</b>	<b>298,329,732</b>
<b>Deficit for the year</b>		<b>(31,074,184)</b>	<b>112,717,974</b>

The notes set out on pages 5 to 12 form an integral part of these Financial Statements

**STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020**

	Notes	2019-2020	2018-2019
		KSh.	KSh.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	285,256,136	315,681,999
Receivables from exchange transactions	11	235,470,668	243,073,219
Inventories	12	774,633,835	767,679,605
<b>Total assets</b>		<b>1,295,360,639</b>	<b>1,326,434,823</b>
<b>Reserves</b>			
Accumulated surplus		1,265,360,639	1,296,434,823
Capital Fund		30,000,000	30,000,000
<b>Net Position</b>		<b>1,295,360,639</b>	<b>1,326,434,823</b>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Government Press Fund by—

Head of Finance

Government Printer

Accounting Officer

Name: LILIAN MUGANYI

Name: Mwendu Njoro

Name: DR. (ENG) Karanja Kibicho

ICPAK NO:10361

Sign: [Signature]

Sign: [Signature]

Sign: [Signature]

Date: 23/09/2020

Date: 23/09/2020

Date: 23/09/2020

**GOVERNMENT PRESS FUND**  
**ANNUAL REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE, 2020**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE, 2020**

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
At 1st July, 2018	-	-	-	1,183,716,849	-	30,000,000	1,213,716,849
At 30th June, 2019				1,296,434,823	-	30,000,000	1,326,434,823
At 1st July, 2019	-	-	-	1,296,434,823		30,000,000	1,326,434,823
Deficit for the year				(31,074,184)			(31,074,184)
At 30th June, 2020	-	-	-	1,265,360,639		30,000,000	1,295,360,639

*Note:*

**Capital Reserve Fund**

This relates to the initial funds received from the Government of Kenya upon the establishment of the fund in the Exchequer and Audit Act of 1988 Regulations.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2020**

		2019-2020	2018-2019
		KSh.	KSh.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services	7	506,506,832	411,047,706
<b>Total Receipts</b>		<b>506,506,832</b>	<b>411,047,706</b>
<b>Payments</b>			
Other payments	8	537,581,016	298,329,732
<b>Total Payments</b>		<b>537,581,016</b>	<b>298,329,732</b>
<b>Net cash flows from operating activities</b>		<b>(31,074,184)</b>	<b>112,717,974</b>
<b>Cash flows from investing activities</b>	13	0	0
Increase in current receivables	11	7,602,551	(37,560,609)
Increase in inventories	12	(6,954,230)	45,175,944
<b>Net cash flows used in investing activities</b>	13	<b>(30,425,863)</b>	<b>120,333,309</b>
<b>Cash flows from financing activities</b>			0
<b>Net cash flows used in financing activities</b>			(0)
<b>Net increase in cash and cash equivalents</b>		<b>(30,425,863)</b>	120,333,309
Cash and cash equivalents at 1 July 2019	9	315,681,999	195,348,690
<b>Cash and cash equivalents at 30th JUNE</b>		<b>285,256,136</b>	<b>315,681,999</b>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
Revenue	KSh. "000"	KSh. "000"	KSh. "000"	KSh. "000"	KSh. "000"
Rendering of services	480,000	(0)	480,000	506,506	25,506
<b>Total income</b>	<b>480,000</b>	<b>(0)</b>	<b>480,000</b>	<b>506,506</b>	<b>25,506</b>
<b>Expenses</b>					
Other payments	480,000	-	480,000	537,580	(57,581)
<b>Total expenditure</b>	<b>480,000</b>	<b>(0)</b>	<b>480,000</b>	<b>537,580</b>	<b>(57,581)</b>
<b>Deficit for the period</b>				<b>(31,074)</b>	

**Budget Notes**

1. We surpassed our collection by 5% this was due to mechanism for debt monitoring collection with the support of the Cabinet Secretary and Principal Secretary for Interior and Co-ordination of National Government. Utilization was above by 11.8% which was a result of maturing commitments from the previous financial year 2018/19 since most of Government Press raw materials like security paper used are sourced abroad.
2. The Government Press Fund has no approved budget; however Government Press has an estimate figure to realize. This figure is factored by the performance contract and the annual procurement plan.



## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Government Press Fund is established by and derives its authority and accountability from the Exchequer and Audit (Government Press Fund) Regulations, 1988. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to publish, print and disseminate literary, accountable and educational materials.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Government Press Fund's* accounting policies.

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

The financial statements have been prepared in accordance with the Public Finance Management Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### 3. ADOPTION OF NEW AND REVISED STANDARDS

#### i. Relevant new standards and amendments to published standards effective for the year ended 30th June, 2020

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1st January, 2019</b> <i>The standard was not relevant to Government Press Fund</i>

#### ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30th June, 2020

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1st January, 2022:</b> <i>The standard is not relevant to Government Press Fund.</i>
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1st January, 2022</b> <i>The standard is not relevant to Government Press Fund</i>

#### iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Revenue recognition**

###### **(i) Revenue from exchange transactions**

###### **Rendering of services**

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

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

###### **Sale of goods**

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

##### **(b) Budget information**

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

The Government Press Fund has no approved budget; however we have an estimate figure to realize. This figure is factored by the performance contract and the annual procurement plan.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section Statement of comparison of estimate and actual amounts of these financial statements.

##### **(c) Taxes**

No taxation is provided for in the financial statements.

##### **(d) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows—

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**(e) Nature and purpose of reserves**

This fund was created to procure supplies of raw materials for undertaking production of various printing and publishing works obtainable from Government press and sale thereof to government ministries and departments, state corporations or the general public. There are also supplies issued free of charge and in predetermined quantities to such departments and ministries as the officer administering the Fund may determine for the express and immediate use.

**(f) Changes in accounting policies and estimates**

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

**(g) 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 National Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include money orders which were not honoured at the end of the financial year.

**(h) Comparative figures**

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

**(i) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June, 2020.

## **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Government Press Fund's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Government Press Fund based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Government Press Fund. Such changes are reflected in the assumptions when they occur.

### **Provisions**

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

The management have no provisions for either bad debts or obsolete stocks however for obsolete stocks they have to adhere to the Public Procurement and Assets Disposal Act.

There were no revenue realised on this item.

## 6. TRANSFERS FROM OTHER GOVERNMENTS

### *Voted Provision*

The Exchequer and Audit (Government Press Fund) Regulations, 1988 states that the purpose and objective of the fund is to procure supplies of raw materials for undertaking production of various printing and publishing works. The component cost of labour, printing workshop overheads and capital outlay on procurement or replacements, additional machines, equipment, shall not be charged to the Fund but shall form a charge against the respective vote of the ministry. Therefore, the voted provision is purely for running the Department's operations as it is stated in the regulations. The voted provision is recognized and accounted for in the financial accounts of the Ministry of Interior and Coordination of National Government.

## 7. RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KSh.	KSh.
Proceeds from printing and sale of publications	506,506,832	411,047,706
<b>Total revenue from the rendering of services</b>	<b>506,506,832</b>	<b>411,047,706</b>

The proceeds are mainly from printing and sale of publications to government Ministries, Departments, Parastatals, Private sector and the general public.

This fund was set up for undertaking production of various printing and publishing works and issued free of charge and in predetermined quantities to such departments and ministries as the officer administering the Fund may determine in consultation with Treasury.

## 8. GENERAL EXPENSES

Description	2019-2020	2018-2019
	KSh.	KSh.
Consumables	537,581,016	298,329,732
<b>Total General Expenses</b>	<b>537,581,016</b>	<b>298,329,732</b>

## 9. CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KSh.	KSh.
Current account	281,134,496	315,020,219
Cash in hand/Transit	4,121,640	661,780
<b>Total cash and cash equivalents</b>	<b>285,256,136</b>	<b>315,681,999</b>

**10. DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

		2019-2020	2018-2019
Financial institution	Account number	KSh.	KSh.
a) <b>Current account</b>			
National Bank of Kenya			
	01001000903100	337,056,101	399,083,754
<b>Grand Total</b>		<b>337,056,101</b>	<b>399,083,754</b>

**11. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2019-2020	2018-2019
	KSh.	KSh.
<b>Current receivables</b>	235,470,668	243,073,219
Less: impairment allowance	0	(0)
<b>Total current receivables</b>	<b>235,470,668</b>	<b>243,073,219</b>
<b>Non-current receivables</b>		
Less: impairment allowance	0	(0)
<b>Total Receivables</b>	<b>235,470,668</b>	<b>243,073,219</b>

**12. INVENTORIES**

Description	2019-2020	2018-2019
	KSh.	KSh.
Consumable stores		
Publications	157,482,185	179,529,691
Bookshop	1,736,482	1,916,410
Dispatch	6,698,933	7,874,584
CRB Stores	94,872,302	95,968,466
Paper Store	164,161,735	187,427,299
Work-in-progress	349,682,258	294,963,155
<b>Total inventories at the lower of cost and net realizable value</b>	<b>774,633,895</b>	<b>767,679,605</b>

**13. CASH GENERATED FROM OPERATIONS**

	2019-2020	2018-2019
	KSh.	KSh.
<b>Surplus/Deficit for the year before tax</b>	(31,074,184)	112,717,974
Adjusted for:		
<b>Working Capital adjustments</b>		
Increase in inventories	(6,954,230)	45,175,944
Decrease in receivables	7,602,551	(37,560,609)
<b>Net cash flow from operating activities</b>	<b>(30,425,863)</b>	<b>120,333,309</b>

**14. FINANCIAL RISK MANAGEMENT**

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

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

**(i) Credit risk**

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

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

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount KSh.	Fully performing KSh.	Past due KSh.	Impaired KSh.
<b>At 30th June, 2020</b>				
Receivables from exchange transactions	235,470,668			
<b>Total</b>				
<b>At 30th June, 2019</b>				
Receivables from exchange transactions	243,073,219	243,073,219	166,473,100	0
<b>Total</b>	<b>243,073,219</b>	<b>243,073,219</b>	<b>166,473,100</b>	<b>0</b>

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal since we trade with Government ministries, state departments and state agencies.

The management sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

**(iii) Market risk**

The management has put in place an internal audit function to assist it in assessing the risk faced by the Government Press Fund on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

Government Press finance Department is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

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

**(iv) Capital Risk Management**

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

	2019-2020	2018-2019
	KSh.	KSh.
Retained earnings	1,265,360,639	1,296,434,823
Capital reserve	30,000,000	30,000,000
<b>Total funds</b>	<b>1,295,360,639</b>	<b>1,326,434,823</b>
Total borrowings		0
Less: cash and bank balances	(285,256,136)	(315,681,999)
Net debt (excess cash and cash equivalents)	1,010,104,503	1,010,752,824
<b>Gearing</b>		

## **15. RELATED PARTY BALANCES**

### **Nature of related party relationships**

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

### **Government of Kenya**

The Government of Kenya is the principal shareholder of the *Government Press Fund*, holding 100% of the *Government Press Fund's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include—

- i) The ministry of Interior and Co-ordination of National Government.
- ii) Government Printer.
- iii) Key management

## **16. DIVIDENDS/SURPLUS REMISSION**

In accordance with section 219 (2) of the Public Finance Management Act Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Government Press Fund does not fall on this category but it's a public fund under the Ministry of Interior and Coordination of National Government, The Audit and Exchequer (Government Press Fund) 1988 states that the surplus shall be retained for the purpose for which the Fund was established.

## **17. EVENTS AFTER THE REPORTING PERIOD**

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

## **18. ULTIMATE AND HOLDING ENTITY**

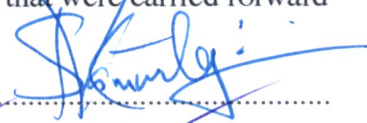
The entity is a Public Fund under the State Department of Interior in The Ministry of Interior and Co-ordination of national Government. Its ultimate parent is the Government of Kenya.


## **19. Currency**

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

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

All audit issues raised by the external auditor were resolved and concluded during the audit process. There are no audit issues that were carried forward

Government Printer ..... 

Accounting Officer ..... 

Date 23/9/2020 .....