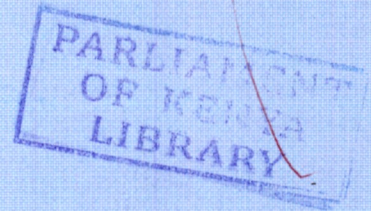


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA VETERINARY BOARD

FOR THE YEAR ENDED
30 JUNE 2014





KENYA VETERINARY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014

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

Table of Content

Page

I. KEY BOARD INFORMATION AND MANAGEMENT	1
II. THE BOARD MEMBERS	3
III. MANAGEMENT TEAM	4
IV. CHAIRMAN’S STATEMENT.....	5
V. REPORT OF THE Ag. CHIEF EXECUTIVE OFFICER.....	6
VI. REPORT OF THE DIRECTORS	8
VII. STATEMENT OF BOARD MEMBERS’ RESPONSIBILITIES.....	13
VIII REPORT OF THE INDEPENDENT AUDITORS ON THE KENYA VETERINARY BOARD	14
IX. STATEMENT OF FINANCIAL PERFORMANCE.....	15
XII STATEMENT OF FINANCIAL POSITION.....	16
XIII.STATEMENT OF CHANGES IN NET ASSETS.....	17
XIVSTATEMENT OF CASH FLOWS.....	18
XV NOTES TO THE FINANCIAL STATEMENTS	20
XVI PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	35

I. KEY BOARD INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Veterinary Board was established under the Veterinary Surgeons and Veterinary Paraprofessionals Act, 2011.

(b) Principal Activities

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

(c) Key Management

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

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

i). Finance and Administration Committee (FAC) activities

Development of Human Resource Policy, Finance Policy, Procurement Policy, Project Management and Budgeting procedures.

ii). Audit Committee

Develop audit programme and work plan and enhance oversight, governance, accountability and transparency.

(f) The Board's Headquarters

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

(g) Board Contacts

Telephone: 0722305253
Email: info@kenyavetboard.org
Website: www.kenyanvetboard.org

(h) Board Bankers

- 1) Co-operative Bank of Kenya
Westlands Branch
P.O. Box 66589 - 00800
Nairobi, Kenya

- 2) Standard Chartered Bank
Westlands Branch
P.O. Box 14438 - 00800
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. THE BOARD MEMBERS

The following Board members are currently in the office with effect from 30th January, 2015

1	Dr. Bedford Mwenda Mbaka	Board Chairperson
2	Dr. Alice Kivinya Mathew	Board Vice Chairperson
3	Prof. Fred Segor	PS , State Department of Livestock
4	Ms. Jane Wambugu	Ps Rep. The National Treasury
5	Dr. Kiza Juma Ngeiywa	Director of Veterinary Service
6	Dr. Victor Yamo	Chairman, Kenya Veterinary Association
7	Dr. Francis Gakuya	Representing wildlife sector
8	Mrs Alice Kalya	Rep. Animal Resource Industry
9	Francis Bargoge Komen	Rep. Animal Resource Industry
10	Nyaigoti Einray Nyamwaka	Rep. Veterinary Para-professional
11	Prof. Charles Mulei	Dean, Faculty of Veterinary Medicine (UoN)
12	Dr. Esther Ngethe	Principal, Veterinary Paraprofessional Institute
13	Mr. Paul Kariuki Ndungu	Rep. Veterinary Para-professional
14	Dr. Monicah Maichomo	Rep. Veterinary Research Institute
15	Prof. Demesi Mande	Elected Member
16	Dr. Christopher Wanga	Elected Member
17	Mr. Joseah K. Siele	Elected Member

The following Board members were in office during the year under review and left the office on 29th January, 2015

1	Dr. J. A. Omega	Board Chairperson
2	Dr. Mwikali Mugachia	Board Vice Chairperson
3	Mr. Harrison Mathenge	Rep. PS, Ministry of Livestock
4	Dr. Grace Murilla	Rep. Veterinary Research Institute
5	Dr. Francis Gakuya	Representing wildlife sector
6	Mr. Abraham Koech	Rep. PS, The National Treasury
7	Mr. Mohammed G. Jattani	Rep. Animal Resource Industry
8	Dr. Geoffrey K. Muttai	Chairman Kenya Veterinary Association
9	Dr. Peter Ithondeka	Director of Veterinary Service
10	Dr. Grace Gachacha	Principal, Veterinary Paraprofessional Institute
11	Prof. Charles Mulei	Dean, Faculty of Veterinary Medicine (UoN)
12	Prof. Demesi Mande	Elected Member
13	Dr. V. Yamo	Elected Member

III. MANAGEMENT TEAM

1. Dr. Barnabas Odhiambo Godia Registrar/ Ag. Chief executive Officer
2. Simon Gathata Wainaina Finance and Administration Officer

IV. CHAIRMAN'S STATEMENT

Kenya Veterinary Board is a regulatory Board established and incorporated by section 3(1) of the Veterinary Surgeons and Veterinary Paraprofessionals Act No. 29 of 2011 which became operational on 2nd December, 2011 repealing the Veterinary Surgeons Act Cap 366.

The current Board was gazetted in January 2012 and thereafter constituted seven committees to assist it develop structures and systems to enable it execute its mandate outlined in the Act.

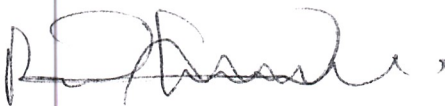
During the financial year under review, the Board embarked on implementation of the Act following gazettment of the Regulations operationalizing it the previous year. This required more staff that were mainly acquired through attachment from the State Department of Livestock and Fisheries.

The main activities during the year included development of Schemes of Service for staff, holding of regional sensitization workshops, conducting regional registration programs, carrying out inspection of animal health training Institutions and animal health practices, approval of Continuous Professional Development (CPD) providers and supervision of CPD activities. Some of these activities were being implemented by the Board for the first time given the expanded mandate in the VSVP Act 2011. The Board also developed draft Regulations for establishment of the Veterinary Medicines Directorate as prescribed in the Act and the draft Code of Professional Ethics for Veterinary Surgeons and Veterinary Paraprofessionals.

The regional sensitization workshops for stakeholders followed by regional registration programs enabled the Board to register about 4800 Veterinary paraprofessionals that had never been registered before. This will go along way in enhancing enforcement of professional ethics badly needed to streamline professionalism in the animal industry which will promote production and economic development in the Country.

The challenges the board faced in the year included inadequate financial resources, shortage of staff, inadequate office accommodate and inadequate transport facilities.

The Board will in future intensify collection of fees to improve its financial strength which will enable it address some of these challenges.



Dr. B. Mwenda Mbaka
CHAIRPERSON

V. REPORT OF THE Ag. CHIEF EXECUTIVE OFFICER

The Veterinary Surgeons and Veterinary Paraprofessional Act, 2011 requires the Board to keep proper records and accounts relating to the income, expenditure, assets and liabilities of the Board and be audited by the Auditor General. The financial statement for the period ending 30th June, 2014 has been submitted in compliance with the rules stipulated.

During the 2013/2014 Financial year, the Kenya Veterinary Board focussed on implementation of the provisions of the Veterinary Surgeons and Veterinary Para professions Act 2011 following gazettment of the Regulations operationalizing it in March , 2013. The Board organized regional workshops which were attended by stakeholders across the country to continue its sensitization campaign on its mandate as provided for in the Act.

The Board also organized for regional registration of veterinary paraprofessionals who were being registered for the first time in the country. A total of 4832 paraprofessionals were registered during the exercises conducted across the country. Besides, the Board for the first time embarked on inspection and approval of animal health courses offered by various institutions. The inspections were conducted in six (6) Universities and five (5) Colleges and findings relayed to them accordingly for corrective actions to be taken as appropriate.

Facilities offering animal health services to the public which Board staff inspected in the year included 507 agrovets/chemists, 40 clinical centres, 134 ambulatory services and 74 AI providers. Appropriate corrective measures were taken after the inspections. The inspections are meant to improve competence of animal health graduates from the institutions and quality of services to the public by the facilities. This is in accordance with the provisions of the Act and the Regulations.

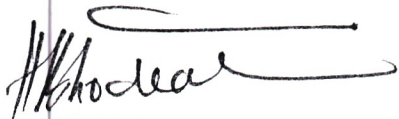
The Board also implemented the Continuous Professional Development (CPD) requirements and approved 29 providers and supervised CPD activities in the country during the year under review attended by animal health professionals. This was meant to improve the competence and relevance of the professionals in the ever changing world of science.

The Kenya Veterinary Board developed draft Regulations for establishment of the Veterinary Medicines Directorate meant to improve regulation of Veterinary Medicines and Poisons as prescribed in the VSVP Act 2011. This will go along way in addressing problems of antimicrobial resistance in the country which is on the increase and besides reducing incidences of drug residues in livestock food products. The Board also embarked on the development of the Professionals Code of Conduct for veterinary surgeons and veterinary paraprofessionals. This is meant to regulate and streamline professional conduct of animal health service providers and hence quality of services offered to the public.

The Board sponsored the Chairman and Ag. Chief Executive Officer to attend the OIE (World Animal Health Organization) Conference held in Brazil in December, 2013 for Veterinary Statutory Bodies and Deans of Animal Health Training Institutions. The Board Chairman was also sponsored to accompany the Director of Veterinary Services as a member of Kenyan Delegation to the OIE World Conference held in Paris-France in May, 2014.

The Board and Committees held a number of meetings in the year to continue developing structures for the Board. However, the Board Committee activities have drastically reduced since most of them have completed the tasks for which they were constituted.

With the Board getting engaged in many new tasks not performed before, the expenditure increased accordingly. However, the Act also expanded the scope of fees collection and the gazetted Regulations increased fees paid for Board services. The fees collection during the year under review therefore, increased by a big margin. Going forward, the Board will intensify fees collection in a bid to provide financial base for carrying out the expanded mandate of the Board and envisaged increase in staffing levels in future.



DR. B. O. GODIA
AG. CEO. KENYA VETERINARY BOARD

VI. CORPORATE GOVERNANCE STATEMENT

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

The Role of the Board

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

Composition of the Board

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

by the Cabinet Secretary to represent the Wildlife sector; two persons, not being veterinary surgeons or veterinary para-professionals, appointed by the Cabinet Secretary from the animal resource industry.

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

- i). Act Implementation Committee (AIC) activities**
Engage the Minister and other relevant Offices to actualize establishment of the institutions under Section 39 Allocation of land for Kenya Veterinary Board Offices and continuously engage the other Committees to ensure that they are active and running.
- ii). Inquiries, Investigations and Disciplinary Committee (IIDC) activities**
Upgrade and implement the Code of professional Ethics to include Veterinary Paraprofessionals, Implement in full part VI Section 34-37 of the VSVP Act and Handle all disciplinary matters under the jurisdiction of KVB and give recommendations to the Board on action to be taken on each case.
- iii). Procedures, Rules and Regulations Committee (PRRC) activities**
Develop procedures, rules and regulations required to operationalize the Act especially those listed in Part VIII Section 45 and Pick out any ambiguities, spelling errors, content/context errors, grammatical errors, omissions, repetitions etc in the Act that need to be corrected/amended/rephrased etc and recommend how this will be finalized.
- iv). Publicity and Communications Committee (PCC) activities**
Develop and publish the Public relations and Communications Strategy of the Board, Develop communication materials, including a quarterly newsletter for the Board, Ensure visibility of the Board by participating in shows, workshops, seminars field days etc, Update the KVB website, make it interactive, source for adverts, post information for general consumption of the vets and general public and a way of getting private email channels for registered members and Recommend to the Board ways of managing communication to the vet professionals and general public as and when the need arises.
- v). Continuous Professional Development Committee (CPD) activities**
Draw regulations for CPD providers, CPD sessions, CPD points determination for both vets and paravets etc, Continuously receive and act on applications from CPD providers and ensure all CPD activities are of the required standards and Continuously receive correspondence and act on all matters concerning CPDs
- vi). Technical Committee on Education and Quality Assurance (TeCEQA) activities**
Develop evaluation tools for all Animal Health training institutions, Develop minimum curriculum content for the various cadres of Animal Health courses e.g Certificate, Diploma, Degree, BVM etc, Develop guidelines for setting up vet consultant colleges, Recommend for accreditation or otherwise, institutions already training Animal Health courses or those yet to begin training, Organize interviews or examinations for foreigners who want temporary permits or Kenyans who trained in Animal Health institutions not recognized by KVB and Generally implement Part II Section 7 and Part IV Section 29 of VSVP Act.

vii). Finance and Administration Committee (FAC) activities

Development of Human Resource Policy, Finance Policy, Procurement Policy, Project Management and Budgeting procedures.

viii). Audit Committee

Develop audit programme and work plan and enhance oversight, governance, accountability and transparency.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

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

Further, the Board is dedicated to creating a workplace that is safe, fair and enriching. Safety procedures and programs are constantly monitored and improved to help ensure that our employees work safely. We foster a workplace culture in which the rights, needs and unique contributions of each employee are respected. We also support professional development opportunities for every employee.

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

VIII. REPORT OF THE DIRECTORS

The Board submit its report together with the audited financial statements for the year ended June 30, 2014 which show the state of the Board's affairs.

Principal activities

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

Results

The results of the Board for the year ended June 30, 2014 are set out on page 15.

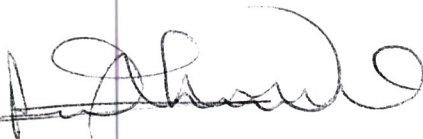
Directors

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

Auditors

The Auditor General is responsible for the statutory audit of the Board in accordance with the Section 30 of the Veterinary Surgeons and Paraprofessional Act, 2011, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

The Auditor General shall carry out the audit of the Board for the year ended June 30, 2014.



Dr. B. Mwenda Mbaka
CHAIRPERSON

IX. STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

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

The Board members are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year (period) ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Board Members are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2013, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

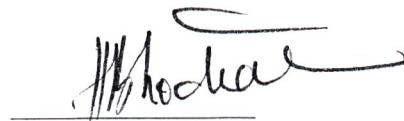
Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The board's financial statements were approved by the Board on 17th September, 2014 and signed on its behalf by:



**Board Chairperson
Dr. B. Mwenda Mbaka**



**Registrar/ Ag. Chief Executive Officer
Dr. Barnabas Odhiambo Godia**

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenad.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA VETERINARY BOARD FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Veterinary Board set out on pages 15 to 34, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

Cash and Cash Equivalents

(i) Co-operative Bank Account No.01141151721300

The bank reconciliation statement for Co-operative Bank Account reflects deposits in bank totalling Kshs.855,219.50 out of which deposits totalling Kshs.798,379.50 had not been recorded in the cashbook as at 30 June 2014, although they relate to the period between 11 July 2011 and 30 May 2014, contrary to the requirements of Paragraph 5.9.1.1 of the Government Financial Regulations and Procedures which require the cashbook to be updated daily.

(ii) Standard Chartered Bank Account No.0108033914300

The bank reconciliation statement for Standard Chartered Bank Account reflects deposits in bank totalling Kshs.12,500.00 that had not been recorded in the cashbook as at 30 June 2014, contrary to the requirements of Paragraph 5.9.1.1 of the Government Financial Regulations and Procedures which require the cashbook to be updated daily.

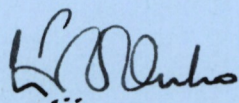
No explanation has been provided for the above anomalies, as a result of which, the accuracy of the cash and cash equivalents balance of Kshs.21,947,297.00 could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Kenya Veterinary Board as at 30 June 2014 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with the Veterinary Surgeons and Veterinary Professionals Act, 2011.

Other Matter

The office of the Chief Executive Officer of Kenya Veterinary Board has been held in acting capacity for the last three years, since 9th May 2012. No explanation has been provided for the failure by the Board of Directors to have the position filled substantively in order to enhance independence in decision-making.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

8 May 2015

XI. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2014

	Note	June-14	June-13
Revenue from Non-Exchange Transactions		Kshs	Kshs
Government Grant		31,900,149	21,360,000
Licences and Fees	2	22,892,950	3,892,125
Donations		-	50,000
Total Revenue		54,793,099	25,302,125
Expenses			
Board and Committees Allowances	3	10,912,600	19,456,735
Staff Costs	4	5,471,730	2,895,101
Administration Expenses	5	7,501,519	10,136,299
Operating Expenses	6	11,234,163	12,401,051
Total Expenses		35,120,012	44,889,186
Other gains/(losses)			
Gain/ (Loss) on sale of investments		-	409,000
Asset transfer loss	9	(98,189)	-
		(98,189)	409,000
Surplus/ (Loss) before Tax		19,574,898	(19,178,061)
Taxation*		-	-
Surplus/ (Loss) after Tax		19,574,898	(19,178,061)

* The Board is exempt from taxation

The notes set out on pages 20 to 34 form an integral part of the Financial Statements

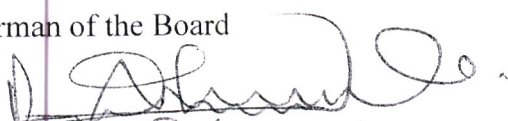
XII. STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	Jun-14 Kshs	Jun-13 Restated Kshs
CURRENT ASSETS			
Cash and cash equivalents	7	21,947,297	(94,067)
Receivables from exchange transactions	8	<u>211,542</u>	<u>251,760</u>
		22,158,839	157,693
NON-CURRENT ASSETS			
Property and Equipment	9	6,466,739	8,472,606
Total Assets		<u>28,625,578</u>	<u>8,630,299</u>
Current Liabilities			
Trade and other payables from exchange transactions	10	698,953	348,000
Trade and other payables from non-exchange transactions	11	473,095	900,014
Staff gratuity provision	12	747,673	290,825
Prepaid income	13	<u>131,500</u>	<u>92,000</u>
		2,051,221	1,630,839
Accumulated Reserves and Liabilities			
Capital Reserves	14	-	-
Revenue Reserves	14	26,574,357	6,999,460
Total Reserves and Liabilities		<u>28,625,578</u>	<u>8,630,299</u>

The Financial Statements set out on pages 11 to 15 were signed on behalf of the Board Chairperson and Registrar/ Ag. Chief Executive Officer.

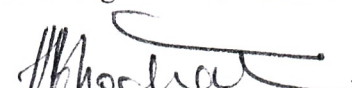
Chairman of the Board

Date.....


 20/4/2015

Registrar/ Ag. Chief Executive Officer

Date.....


 20/4/2015

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

	Accumulated Reserves Kshs.	Capital Reserves Kshs.
As at 30 JUNE 2012	7,427,522	18,750,000
Deficit for the year	(19,178,062)	-
AS AT 30TH JUNE 2013(as previously reported)	(11,750,540)	18,750,000
Prior year adjustments (Note 14)*	18,750,000	(18,750,000)
Balance at 30TH JUNE 2013 (Restated)*	6,999,460	-
Surplus for the year	19,574,897	-
AS AT 30TH JUNE 2014	26,574,357	-

* Restated - Note 14

XIV. STATEMENT OF CASH FLOWS

	Note	Jun-14 Kshs	Jun-13 Kshs
Cash flows from Operating Activities			
Receipts			
Government Grant		31,900,149	21,360,000
Licences and Fees		23,024,450	4,393,125
Donation		-	50,000
		<u>54,924,599</u>	<u>25,803,125</u>
Payments			
Board and Committees		9,889,000	16,947,135
payment to staff		3,953,966	2,623,218
Adminstrative		3,009,801	2,867,978
Operating expenses		5,368,137	2,942,154
Bank charges		30,528	21,651
Payment of taxes		4,191,435	3,248,825
Vehicle insurance, maintenance & Fuel		1,535,947	1,285,620
Consultancy		-	4,900,123
Publicity and communication		1,855,052	2,996,388
Regional workshops		2,386,955	5,374,509
		<u>32,220,821</u>	<u>43,207,601</u>
Net Cash flows from operating Activities	15	22,703,778	(17,404,476)
Cash flows from investing activities			
Disposal of investment		-	3,799,716
Purchasing of Non-Current Assets	9	<u>(662,414)</u>	<u>(6,387,379)</u>
Net cash generated from (used in) Investing Activities		(662,414)	(2,587,663)
Cash flows from Financing Activities			
(Increase) decrease in Capital Grant		-	-
Net cash generated from (used in) Financing Activities		-	-
Increase/(decrease) in Cash & Cash Equivalents		22,041,364	(19,992,141)
Cash and Cash equivalents at the beginning of the year		<u>(94,067)</u>	<u>19,898,074</u>
Cash and Cash equivalents at the end of the year		<u>21,947,297</u>	<u>(94,067)</u>

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Budget	Adjustments	Adjusted Budget	Actual	Performance Difference
Income					
Government Grant	292,500,000	261,375,000	31,125,000	31,900,149	(775,149)
Internally Generated	20,900,000	(2,100,000)	23,000,000	22,892,950	107,050
Total Income	313,400,000	259,275,000	54,125,000	54,793,099	(668,099)
Expenditure					
Administrative Expenses	5,852,000	-	5,852,000	5,894,827	(42,827)
Bank Charges	18,000	-	18,000	30,528	(12,528)
Board and Committees	16,824,000	6,720,000	10,104,000	10,912,600	(808,600)
Operating Expenses	11,825,000	5,125,000	6,700,000	6,619,756	80,244
Payment to Staff	34,140,000	24,140,000	10,000,000	5,471,730	4,528,270
Publicity & Communication	3,000,000	1,000,000	2,000,000	1,855,051	144,949
Regional Workshops/ Activities	3,000,000	-	3,000,000	2,818,955	181,045
Vehicle Insurance, Maintenance and Fuel	3,000,000	1,500,000	1,500,000	1,576,165	(76,165)
Purchase of Vehicles	18,000,000	8,000,000	10,000,000	-	10,000,000
Purchase of furniture, Equipment, Computers and Softwares	8,000,000	6,000,000	2,000,000	662,414	1,337,586
Office Construction	210,000,000	209,000,000	1,000,000	-	1,000,000
Total Expenses	313,659,000	261,485,000	52,174,000	35,842,026	16,331,974
Difference	(259,000)	(2,210,000)	1,951,000	18,951,073	(17,000,073)

Variance analysis

Staff were not engaged as planned due to lack of resources

Vehicles were not bought as planned due to expiry of contract document

The procurement of computers were not done since the anticipated employees were not engaged

Board expenses increased due to funding chairman tour to Brazil and extraordinary board meetings

Office construction was not carried out due to challenges with obtaining land and relevant approvals

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

The Board's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) and Veterinary Surgeons and Veterinary Paraprofessionals Act, 2011, which requires the Board to keep proper records and accounts relating to the income, expenditure, assets and liabilities of the Board and be audited by the Auditor General. The financial statement for the period ending 30th June, 2014 has been submitted in compliance with the rules stipulated. The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and Licences

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue

can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Board.

Interest income

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

b) Budget information

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

c) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

d) Sales tax

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

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Board recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The Board policy is to depreciate as follows;

Asset	Depreciation Rate (%)
Motor Vehicles	25%
Furniture and Fittings	12.5%
Computers and Printers	30%
Office Equipment	12.5%

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

h) Financial instruments

Financial assets

Initial recognition and measurement

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

i) Financial liabilities

Initial recognition and measurement

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

j) Provisions

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

The Board does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The Board does not create or maintain any reserves.

l) Changes in accounting policies and estimates

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

m) Employee benefits

(i) Defined contribution scheme

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

ii) Gratuity

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

n) Foreign currency transactions

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

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Standard Chartered Bank and Co-operative Bank at various commercial banks at the end of the financial year.

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty

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

Key going concern assumption

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

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

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

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

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

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

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

U) Financial Risk Management

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

Fair values

Set out below, is a of the carrying amounts and fair value of the boards financial instruments.

	Carrying amount	Fair value
	KSh	KSh
Financial Assets		
At 30 June 2014		
Receivables exchange transactions	211,542	211,542
Cash and cash equivalents	21,947,297	21,947,297
	<u>22,158,839</u>	<u>22,158,839</u>

	KSh	KSh
Financial Assets		
At 30 June 2013		
Receivables exchange transactions	251,760	251,760
Cash and cash equivalents	(94,067)	(94,067)
	<u>157,693</u>	<u>157,693</u>

	Carrying amount	Fair value
	KSh	KSh
Financial Liabilities		
At 30 June 2014		
Trade & other payables from exchange transactions	698,953	698,953
Trade & other payables from non-exchange transactions	473,095	473,095
	<u>1,172,048</u>	<u>1,172,048</u>

	Carrying amount	Fair value
	KSh	KSh
Financial Liabilities		
At 30 June 2013		
Trade & other payables from exchange transactions	348,000	348,000
Trade & other payables from non-exchange transactions	900,014	900,014
	<u>1,248,014</u>	<u>1,248,014</u>

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Credit risk

Credit risk is the risk of financial loss to the Board if customers or counterparties to financial instruments fail to meet their contractual obligations. The Board's credit risk is primarily attributable to its receivables and cash and cash equivalents. The company's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors before extending credit. The carrying amount of financial assets represents the maximum credit exposure. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings. There was no exposure to credit risk in the year under review

Receivables

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

Liquidity risk

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

2 Licences and Fees	Jun-14	Jun-13
	Kshs	Kshs
Certificate fee	12,000	1,000
Board Examination Fee	9,500	-
CPD Activity Fee	839,400	169,625
Hip Dysplasia	124,500	73,500
Application	42,000	-
Penalties	166,000	93,000
Inspection	5,481,000	-
Licence Fee	800,000	-
Practicing Licence	1,906,000	584,500
Registration Fee	4,132,500	1,561,000
Retention Fee	9,380,050	1,409,500
	<u>22,892,950</u>	<u>3,892,125</u>

3 Board & Committees Allowances	Jun-14	Jun-13
	Kshs	Kshs
Act Implementation Committee	238,000	950,000
Audit Committee	56,000	-
Board	1,660,000	2,330,000
Continuous Professional Develop	1,326,000	859,000
Finance and Admin Committee	696,000	776,000
Honorarium - Chairman	720,000	720,000
IIDC	364,000	360,000
Other allowances	87,000	120,750
PCC	898,000	2,547,000
PRRC	380,000	1,267,600
Stakeholders Activities	1,987,000	1,523,800
TeCEQA	1,290,000	2,680,000
Transport and Accommodation	1,210,600	5,322,585
	10,912,600	19,456,735
4 Staff Costs	Jun-14	Jun-13
	Kshs	Kshs
Gratuity	526,532	362,700
NSSF Pension	16,880	9,600
Staff Salaries	4,560,240	2,440,741
Wages	368,078	82,060
	5,471,730	2,895,101

5 Administration Expenses	Jun-14	Jun-13
	Kshs	Kshs
Accommodation	465,000	1,170,500
Auditing	348,000	348,000
Awards	150,960	120,000
Consultancy	-	4,900,123
Computers - Depn	268,896	181,970
Furniture & Fitting Depn	42,297	46,696
Motor Vehicle Depn	2,237,858	1,035,508
Office Equipment Depn	21,041	19,068
General office expenses	22,649	61,715
Motor Vehicle Insurance	377,884	182,045
Motor Vehicle Fuel	791,045	614,047
Motor Vehicle Maintenance	407,236	256,264
Office Welfare	330,187	145,584
Postage	62,670	49,205
Printing & Stationeries	422,974	282,169
Subsistence	795,900	251,700
Telephone expenses	260,857	211,392
Training and Education	121,500	81,059
Transport	334,088	125,055
Website, E-mail and Networking	9,950	32,550
Bank Charges	30,528	21,651
	<u>7,501,519</u>	<u>10,136,300</u>

6 Operating Expenses	Jun-14	Jun-13
	Kshs	Kshs
Conferences & Seminars	1,027,350	2,792,735
CPD Supervision	610,500	-
Hip Displasyia	50,000	-
Inspection	1,529,450	-
Magazines and periodicals	13,593	14,629
Publicity & Communication	1,855,052	2,996,388
Regional Workshops	2,759,355	6,462,509
Registration	588,508	-
Repairs and Maintenance	53,775	134,790
Training Institution Inspection	2,746,580	-
	<u>11,234,163</u>	<u>12,401,051</u>

7 Cash and Cash Equivalents	Jun-14	Jun-13
	Kshs	Kshs
Co-operative Bank	1,461,463	(203,520)
FAO Control A/c	2,083	6,311
Petty Cash	187	373
Standard Chartered	20,483,564	102,769
	<u>21,947,297</u>	<u>(94,067)</u>

8 Receivables from exchange transactions	Jun-14	Jun-13
	Kshs	Kshs
<u>Fuel Card</u>		
Kenol Kobil	285	26,355
Total Kenya	5,603	18,018
<u>Insurance Prepayment</u>		
Madison Insurance	205,654	207,386
	<u>211,542</u>	<u>251,760</u>

9 Property & Equipment

	Furniture and Fittings	Office Equipment	Computer Equipment	Motor Vehicle	Total
COST (Kshs)					
At 01 July 2012 b/fwd	746,191	186,753	845,572	3,587,911	5,366,427
Additions	7,000	93,379	483,000	5,804,000	6,387,379
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30 June 2013	753,191	280,132	1,328,572	9,391,911	11,753,806
Additions	10,000	42,695	609,719	-	662,414
Disposals	-	-	-	-	-
Transfer/Adjustment*	-	(77,699)	(670,322)	-	(748,021)
At 30 June 2014	763,191	245,128	1,267,969	9,391,911	11,668,199
DEPRECIATION					
At 01 July 2012 b/fwd	373,206	86,368	641,506	896,878	1,997,958
Depreciation	46,696	19,068	181,970	1,035,508	1,283,242
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 June 2013	419,902	105,436	823,476	1,932,386	3,281,200
Depreciation	42,297	21,041	268,896	2,237,858	2,570,091
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfers/Adjustment*	-	(36,483)	(613,349)	-	(649,832)
At 30 June 2014	462,199	89,994	479,024	4,170,244	5,851,291
NET BOOK VALUES					
At 30 June 2013 - B/fwd	333,289	174,696	505,096	7,459,525	8,472,606
At 30 June 2014 - C/fwd	300,992	155,134	788,946	5,221,667	6,466,739
*Transfer Adjustment					
	Furniture and Fittings	Office Equipment	Computer Equipment	Motor Vehicle	Total
Cost of assets transferred	-	77,699	670,322	-	748,021
Depreciation of Assets transferred	-	(36,483)	(613,349)	-	(649,832)
Assets Transfer Loss	-	41,216	56,974	-	98,189

10 Trade and Other payables from exchange transactions	Jun-14	Jun-13
	Kshs	Kshs
Creditors		
Kenya National Audit	696,000	348,000
Safaricom Limited	2,953	-
	<u>698,953</u>	<u>348,000</u>
11 Trade and Other payables from non-exchange transactions	Jun-14	Jun-13
	Kshs	Kshs
Creditors		
PAYE	473,095	900,014
	<u>473,095</u>	<u>900,014</u>
12 Staff Gratuity Provision	Jun-14	Jun-13
	Kshs	Kshs
Balance B/fwd	290,825	49,625
Provision for the year	526,532	362,700
Payment during the year	-69,684	-121,500
	<u>747,673</u>	<u>290,825</u>
13 Prepaid income*	Jun-14	Jun-13
	Kshs	Kshs
Inspection Fee	30,000	-
Practice Licence	8,000	6,000
Retention Fee	93,500	86,000
	<u>131,500</u>	<u>92,000</u>

*Fees received in advance from veterinary professionals

***Restated Reserves**

The restated reserves was done to correct the revenue reserve position as a result of capitalized grants used to finance Board operations. The cause of high deficit in the 2013/2014 financial year was as result of the new Veterinary Surgeons and Veterinary Paraprofessionals Rules and Regulations that was gazetted in March, 2013 to operationalize the Veterinary Surgeons and Paraprofessionals Act, gazetted in March 2011 which expanded the Board mandate. This was necessary to make the Board effective too carry out its expanded mandate under the new Act therefore reulting in capital reservesto be fully utilized. Therefore restatement of the capital reserve is necessary to adjust retained to reflect the true position of reserves for the year ended June 2013.

a) Impact on capital reserves after reclassification of capital grants

	30-Jun-13		30-Jun-13
	As previously reported	Prior Year adjustment transfer to Revenue Reserves	As restated
Capital reserves	<u>18,750,000</u>	<u>(18,750,000)</u>	<u>-</u>

b) Impact on equity after reclassification of capital grants

	30-Jun-13		30-Jun-13
	As previously reported	Prior Year adjustment transfer from capital reserves	As restated
Revenue reserves	<u>(11,750,540)</u>	<u>18,750,000</u>	<u>6,999,460</u>

15 Cash generated from operations

	Jun-14	Jun-13
	Kshs	Kshs
Surplus/(Deficit) for the year before tax	19,574,898	(19,178,062)
Adjustment for: Depreciation	2,570,092	1,283,242
Loss on Disposal	98,189	-
Staff Gratuity	<u>456,848</u>	<u>290,825</u>
Net Cash flows from operating activities before changes in working capital	22,700,027	(17,603,995)
Changes in Working Capital		
Decrease (Increase) in Receivables	40,218	(55,365)
Increase (decrease) in Payables	(75,966)	228,383
Increase (decrease) in Deferred income	<u>39,500</u>	<u>26,500</u>
Net Change in Working Capital	<u>3,752</u>	<u>199,518</u>
Net Cash flows from operating Activities	22,703,778	(17,404,476)

16 Events after the reporting period

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

XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

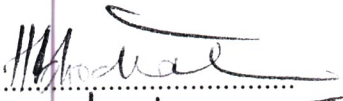
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

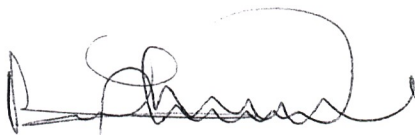
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
No issues raised by the auditor that required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

Guidance Notes:

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

Registrar/ Ag. Chief Executive Officer

Date..... 
 20/4/2014


 Chairman of the Board

Date..... 20/4/2015