

REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**



*Payper laid*  
*By leader of*  
*majority party*  
*Hon. Aden Duato*  
*on Tuesday*  
*9/6/2015*  
*[Signature]*

**REPORT  
OF  
THE AUDITOR-GENERAL  
ON**

**THE FINANCIAL STATEMENTS OF THE  
MINISTRY OF SPORTS, CULTURE  
AND THE ARTS**

**FOR THE YEAR ENDED  
30 JUNE 2014**

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# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-Mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON MINISTRY OF SPORTS, CULTURE AND THE ARTS FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Ministry of Sports, Culture and the Arts – Vote 113, which comprise the statement of financial assets as at 30 June 2014 and statement of receipts and payments, and the statement of cash flows, summary statement of appropriation (Recurrent and Development combined) 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 8 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**

The Accounting Officer is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Cash 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 4 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 9 of the Public Audit Act, 2003. The audit was conducted in accordance with the 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 Ministry'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**

#### **1. Pending Bills**

Records maintained by the Ministry indicate that bills totalling Kshs.143,967,837.30 relating to 2013/2014 and chargeable to Vote 113 for both Recurrent and Development accounts were not settled during the year but were instead carried forward to 2014/2015. Had the bills been paid and the expenditure charged to the accounts for 2013/2014, the statement of receipts and payments for the year would have reflected a surplus of Kshs.43,145,508.00 instead of surplus of Kshs.187,113,344.00 now shown a part from distorting the budget allocation for 2014/2015.

#### **2. Prior Year Adjustments**

The Statement of Assets as at 30 June 2014 reflects a figure of (Kshs.21,519,540.00) in respect of prior year adjustments without providing historical summaries to explain the nature of the errors or the particular line items in the financial statements that were affected by such errors and the year the errors occurred.

#### **3. Un-cleared Prior Year Balances**

- (i) The Statement of Assets and Liabilities for Vote R.141 reflects the following debit and credit balances relating to 2011/2012 and earlier years which had not been cleared as at 30 June 2014.

<b>Debit Account Balance</b>	<b>Amount (Kshs)</b>
Exchequer 2011-2012	22.00
Exchequer 2010-2011	387,600.00
Exchequer 2007-2008	417,600.00
Advance	573,381.80
Clearance	<u>9,131.00</u>
	<b><u>1,387,734.80</u></b>
<b>Credit Account Balance</b>	
GAV 2011-2012	788,968.90
GAV 2010-2011	2,030,442.00
GAV Previous Years 2006-2007	3,293,788.95
General Suspense	337,772.65
Excess A.I.A 2010-2011	1,447,722.35
Excess A.I.A 2011-2012	2,983,763.05
District Suspense Account	<u>5,256,068.30</u>
	<b><u>16,138,526.60</u></b>

No satisfactory explanation has been provided for non-clearance of the long outstanding balances.

- (ii) The Statement in addition reflects a District Suspense Account debit balance of Kshs.5,259,806.70 which apart from being unanalyzed also differs with the ledger balance of Kshs.2,461,857.25. The resultant difference of

Kshs.2,797,949.45 between the two (2) sets of records has not been explained or reconciled.

- (iii) The Statement of Assets and Liabilities for Vote D.141 reflects various debit and credit balances relating to 2011/2012 and earlier years which had not been cleared as at 30 June 2014. No explanation has been provided for failure to clear these long outstanding balances from the Ministry's books of account.

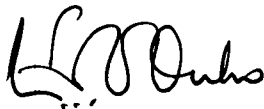
<b>Debit Balances</b>	<b>Amount (Kshs)</b>
Exchequer Account 2011 – 2012	7,400,217.60
Exchequer Account 2010 – 2011	3,519,000.00
General Suspense Account	5,750,000.00
District Suspense Account	4,009,007.45
	<b><u>20,678,225.05</u></b>
<b>Credit Balance</b>	
GAV 2011 – 2012	<b><u>12,673,874.15</u></b>

- (iv) The Statement of Assets and Liabilities for Vote 141 in addition show that Kshs.9,168,111.85 in respect of General Account Vote, relating to 2010/2011 was indicated as cleared in the year 2013/2013. No verifiable audit evidence has been provided to support the clearance.
- (v) The Statement further reflects under assets a balance of Kshs.5,000,000.00 against "Deficient AIA". This balance has not been supported with analysis and documentary evidence.

In view of the foregoing, management has explained that the Director General/Accounting Services had formed a task force to advice on how the prior year balances could be cleared off. However, the report of the task force which was to be completed by 28 February 2015 has not been made available for audit review.

### **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 the Ministry of Sports, Culture and the Arts – Vote 113 as at 30 June 2014, and of its financial operations and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards and comply with the Public Finance Management Act, 2012.



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

**Nairobi**

**15 May 2015**



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**MINISTRY OF SPORTS, CULTURE AND ARTS**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2014**

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

**MINISTRY OF SPORTS, CULTURE AND ARTS  
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**I: KEY MINISTRY INFORMATION AND THE MANAGEMENT**

**(A) Background Information**

Ministry of Sports, Culture and Arts was formed after delinking the department of Sports from Youth and also Culture and Arts from the Ministry of National Heritage and Culture.

The Department of Sports, Culture and Arts were merged to form one Ministry called Ministry of Sports, Culture and Arts. The Ministry of Sports, Culture and Arts is represented by the Cabinet Secretary for the year 2013/2014, who is responsible for the general policy and strategic direction of the Ministry.

**Principal Activities**

**Vision, mission and strategic objectives**

(i) **Vision:** A global leader in the provision of sports, arts and cultural services.

(ii) **Mission to develop,** promote, preserve and disseminate Kenya's diverse cultural and arts, heritage and promote sports and film industry to build national pride and improve livelihoods of the Kenyan people.

**Values:**

Appreciation of diversity: we recognize and value the diversity of our cultural and natural heritage.

- **Customer focus:** we are committed to upholding the highest standards in our service delivery.
- **Integrity:** we are committed to acting in an honest, impartial, fair and transparent manner.
- **Teamwork:** staff involvement and contribution of all levels shall be the hallmark of the Ministry.
- **Creativity and Innovation:** this will be a learning institution that encourages and facilitates creativity and innovative performance.
- **Professionalism:** we shall be patriotic to the cause of the Ministry and be guided by professional ethics in all our undertakings.
- **Participatory approach:** we shall undertake to seek the views of and involve stakeholders in all our programmes and activities.

**KEY STRATEGIC OBJECTIVES:**

- i. To undertake policy, legal and institutional reforms to facilitate implementation of the Ministry's mandate functions
- ii. To promote, preserve and maintain positive and diverse cultures for national identity, pride integration and cohesion
- iii. To harness, develop, preserve and promote Kenya's cultural heritage, sports and the arts
- iv. To improve and modernize records and archives management practices and enhances access to library and information services
- v. To build adequate capacity to enhance provision of quality and efficient services and enhance the image of the Ministry.

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**STRATEGIC PROGRAMMES**

- i. Policy, legislative and institutional reforms;
- ii. Enhance National Cohesion, Identity and Pride;
- iii. Develop a dynamic and Vibrant Creative Arts Industry;
- iv. Create an empowered and productive sporting sector;
- v. Enhance access to records and archival materials by the public;
- vi. Establish a vibrant natural products industry; and
- vii. Create a sustainable and vibrant film industry.

**KEY STRATEGIC PRIORITIES**

**Policy, legislative and institutional reforms;**

- a) Align national policy on Culture and Heritage with the constitution.
- b) Initiate the process of formulation of the Languages of Kenya Policy and the Legislative framework.
- c) Finalize formulation of the National Film Policy.
- d) Finalize the proposed Amendment of Cap. 19 – Public Archives and Documentation Service Act, Cap 19 of the Laws of Kenya in line with the new constitution.

**Enhanced National Cohesion, Identity and Pride**

- Implement the 2003 UNESCO convention;
- Honour Kenya's Heroes and Heroines; and
- Digitize 1,650 film titles focusing on the discovery and appreciation of our culture, tradition, history and national identity.

**Develop a dynamic and Vibrant Creative Arts Industry**

- Create a science theme park, develop heritage sites and cultural centres;
- Establish an international Arts and Culture Centre;
- Establish a library/archive for music and dance heritage;
- Organize 3 intensive youth training camps in music for 166 talented out of school youth to improve their proficiency skills in music;
- Prepare and present 8 youth musicians for international music examinations;
- Finalize the National Music Policy;
- Build capacity for 2,130 cultural practitioners.

**Create an empowered and productive sporting sector**

- Establish a Sports Academy;
- Operationalize the Sports Act, 2013;
- Rehabilitate Sports Stadia.

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**Enhance access to records and archival materials by the public**

- Give access to internal users in archives;
- Develop procedures for preserving E-records in the public sector;
- Manage and preserve E-records;
- Upload 1 million digitized documents to servers;
- Give access to internal users in Archives;
- Prepare documents for digitization;
- Develop an E-payment model for the digitized document.

**Establish a vibrant Natural Products Industry Initiative for Kenya**

- Establish and operationalize the Natural Products Industry Coordination Board (NPICB);
- Finalize, gazette and adopt the Draft Natural Products Industry Policy, 2012;
- Develop an investment and Financing Model for resource mobilization.

**Create a sustainable and vibrant film industry**

Establish a National Film Academy through;

- Constitution of a taskforce;
- Development of a legal, regulatory and institutional framework and a financing model.

**(B) Key Management**

The Ministry of Sports, Culture and Arts' day-to-day management is under the following key organs:

1. General Administration and Planning
2. Film Production Department
3. National Archives
4. Permanent Presidential Music Commission
5. Cultural Services Department
6. National Museums of Kenya
7. Library Services Department
8. Department of Sports

**(C) Fiduciary Management**

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

<u>No.</u>	<u>Designation</u>	<u>Name</u>
1.	Principal Secretary	Patrick Otulia Omutia ( <i>transferred from Ministry on 17-9-2014</i> )
2.	Director of Administration I	Amb. Ann Nyikuli
3.	Director of Administration II	Wenslas Ong'ayo
4.	SCFO	Samson Ouma Olala ( <i>transferred from Ministry in 2013/2014</i> )
5.	SCFO	Julius Roy Okello K'ojwang
6.	CFO	J. F. Olinga Longole
7.	Principal Accountant	Wilson O. Omwange
8.	Other AIE Holders	10 Directors

**NB: Ambassador Richard Titus Ekai took the office of Principal Secretary on 17<sup>th</sup> September, 2014 after Mr. Patrick O. Omutia was transferred.**

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**(D) Fiduciary Oversight Arrangements**

**i. Ministerial Audit Committee**

The Audit Committee is responsible for communicating with the internal and external auditors. In its oversight role, the Committee should focus on:

- (a) The changing business environment.
- (b) Changing financial reporting environment.
- (c) Audit findings, including comments on controls.
- (d) Proposed audit scope and audit coverage and approaches with respect to complex, high risks and judgement areas.
- (e) Management response to specific recommendations.

**The key role of an audit committee is to:**

- Assist the relevant accounting officer/board/council in carrying out oversight responsibility by monitoring and reviewing risk, control and governance processes which have been established.
- Provide additional assurance regarding the quality and reliability of both financial and operating information.
- Take special interest in all audit matters and therefore pay special attention to the plans and activities of both the internal and external auditors.
- Provide a channel of communication between management and the internal and external auditors and positive support of internal auditors' functions.
- Influence the organisation's status of internal auditing component and foster on independent climate for its operation.

The duties and responsibilities of the Audit Committees are clearly spelt out in the national Treasury Circular No.16/2005 and are expounded as here-under:

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- To review the assessment on internal controls, financial controls, accounting systems and reporting structure to ensure effectiveness and accuracy of information as well as compliance with policies, laws and regulations.
- Review risk assessment and management by ensuring that the system by which risks are identified, measured and prioritized and responded to is adequate.
- Review internal and external audit reports and recommendations to ensure that where major deficiencies or breakdowns in controls or.
- Procedures have been identified, appropriate and prompt remedial.
- Actions have been taken by management.
- Review the financial reporting process to ensure accuracy and adequate disclosure by co-ordinating with the external auditors and management who are responsible for them
- Prepare a report on the activities of the Audit Committee and disclose it in an annual report of the ministry/state corporation/county authority. Such reports must be signed by the chairperson.
- Review and approve the audit charter where there are applicable work-plans, budget and performance.

**ii. Ministerial Budget Implementation Committee**

The Terms of Reference (T.O.R.) for the MBIC is as follows:

- (a) Review and consider cash flow plans for the Ministry.
- (b) Review the utilization of cash limits and consider any changes as may be required.
- (c) Review the utilization of Donor Funds voted for the Ministry.
- (d) Advise the Accounting Officer on any problems related to budget implementation.
- (e) Review and recommend re-allocation for the Ministry.
- (f) Review and approve for submission of the expenditure returns for the Ministry to the National Treasury.
- (g) Review the commitments of the Ministry, including pending bills and recommend solutions to the Accounting Officer.

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This is a very important committee as far as the control of finances, expenditures and budget are concerned.

Please note that the attendance to the committee deliberations is imperative and should not be delegated whatsoever.

iii. **Ministerial Parliamentary committee**

It responds to the issues raised in the Parliamentary Proceedings.

iv. **Ministerial Development Partner Oversight**

There are no partners in financing Ministry's activities.

**(E) Ministry Headquarters**

Ministry of Sports, Culture and Arts  
Kencom House  
P. O. Box 49849-00100  
NAIROBI, KENYA

**(F) Ministry Contacts**

Telephone No. +254-020-2251164/005, 2250576  
Fax 254-020-316187  
Website [www.minspoca.go.ke](http://www.minspoca.go.ke)

**(G) Ministry's Banker**

Central Bank of Kenya  
Haile Selassie Avenue  
P. O. Box 60000  
City Square 00200  
NAIROBI, KENYA.

National Bank of Kenya  
Kenyatta Avenue Branch  
NAIROBI

**(H) Independent Auditors**

Auditor-General  
Kenya National Audit Office  
Anniversary Towers, University way

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P. O. Box 30084  
GPO-00100  
NAIROBI, KENYA

**(I) Principal Legal Advisor**

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

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**II. THE CABINET SECRETARY REPORT**

In the 2013/2014 financial year, the following strategic objectives and interventions were pursued by the Ministry within the context of Vision 2030, the Second Medium Term Plan and the Ministry's Strategic Plan.

The Ministry is implementing the Sports Act, 2013 through establishing institutions under the Act. Institutions established and operationalized during the period under review were Sports Dispute Tribunal, Sports Registrar, National Sports Fund, Kenya Sports Academy and Sports Kenya.

The Heroes Act 2014 is now in place and the Ministry is in the process of establishing the Heroes Council.

As part of the implementation of the Kenyan Constitution 2010, the Ministry has aligned the National Policy on Culture to the Constitution; and development of Draft Languages of Kenya Policy and Bill. To promote a vibrant Natural Products Industry Initiative for Kenya, the Ministry has facilitated the establishment of the Natural Products Industry Coordination Board (NPICB) which is now awaiting presidential assent. Post validation Draft Natural Products Industry Policy 2012 is in place; and a draft Investment and Financing Model for resource mobilization has been developed.

**THE KEY ACHIEVEMENTS OF THE MINISTRY IN THE 2<sup>ND</sup> MTP INCLUDE:**

**Rehabilitation and renovation of sports stadia and constructing new sports facilities:**

Mombasa Municipal Stadium: The rehabilitation work was 60% completed.

Moi-Kisumu Stadium: The rehabilitation work was 70% completed.

Kipchoge Keino Stadium in Eldoret: The rehabilitation work was 95% completed.

Renovation of Moi International Sports Centre, Kasarani: The refurbishment and renovation of Moi International Sports Centre Phase I is completed. Phase II is ongoing and is expected to be completed in December, 2014.

Kenya Sports Academy: Phase I: Construction of the six storey building is 55% completed. Phase II is 45% completed.

**Kenya@50 Legacy Projects:** Through these projects, the Ministry launched the rehabilitation works at the Paediatric Wing at Kenyatta National Hospital in conjunction with a private partner (at Kshs. 50 million). Rehabilitation works commissioned at the Kenya cultural Centre (at a cost of Kshs. 140 million) and Mathari Mental Hospital (at a cost of Kshs. 50 million). Work to be completed within one year. Initially, the structures in these institutions were dilapidated.

**Implementation of UNESCO 2003 Convention:** Kenya being a signatory to UNESCO 2003 Convention on safeguarding of intangible Cultural Heritage is obliged to implement programmes geared towards safeguarding the ICH in the country. During the past one year the Ministry implemented the Kaya Project on traditions and practices associated to the Kaya sacred forests of the Miji Kenda communities and also the rituals and practices associated with Kit Mikayi Cultural site of the Luo community.

**Smithsonian Folklife Festival:** Kenya Mambo Poa program: showcasing Kenya's Culture to the World: 25<sup>th</sup> June – 6<sup>th</sup> July, 2014, Washington D.C. The Smithsonian Folklife Festival is an international exposition of living cultural heritage that is free of charge and annually produced outdoors on the National Mall of the United States in Washington, D.C., by the Smithsonian Institution's Centre for Folklife and Cultural Heritage.

**New Library Products:** The Ministry established new library products targeting specific markets segments. They include health hubs in 15 libraries E-resource centres established in 10 rural libraries; completed construction of public libraries in Narok and Nakuru. The Nakuru

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is ready for commissioning, Narok Library is open; and 1 Tablet E-learning Project piloted in Kibera Library.

To enhance access to records and archival materials by the public, the Ministry undertook the continued accessing finding aids online to archives users through the LAN and internet; developed procedures for preserving E-records in the public sector; continued to migrate electronic records from obsolete media; 550,000 pages of digitized materials were uploaded to the CDS/ISIS data base; and designed an E-payment model from the digitized documents and developed an E-commerce module.

**Youth and women empowerment:** Tenders worth Kshs. 67,917,080 which is equal to 38% of the total allocation for procurement allocation (Kshs. 179,353,969) were awarded to the youth and women and persons with disability. This was above opportunities to youth interns and apprentices against targeted 116.

### **CHALLENGES**

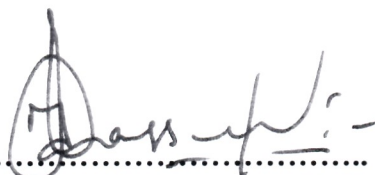
Inadequate allocation of funds to implement prioritized activities: This led to some planned activities being postponed or not implemented such as establishment of the International Centre for Arts and Culture.

**Low Staffing Levels:** This is a serious challenge that affects technical departments. It results in implementation processes taking longer periods than anticipated.

### **LESSONS LEARNT AND THE WAY FORWARD**

Successful implementation of projects and activities requires continuous participatory monitoring and evaluation as well as mitigation measures against external factors that may impede implementation. In addition, budgetary provision for the identified and prioritized projects is as critical as the committed and competent staff in implementation process.

Signature: .....



**Dr. Hassan Wario Arero, (PhD)  
CABINET SECRETARY**

Date: .....

23/4/2015

**MINISTRY OF SPORTS, CULTURE AND ARTS  
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FOR THE YEAR ENDED JUNE 30, 2014**

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**III. STATEMENT OF MINISTRY OF SPORTS, CULTURE AND ARTS MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for the Ministry of Sports, Culture and Arts shall prepare financial statements. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Ministry of Sports, Culture and Arts is responsible for the preparation and presentation of the Ministry of Sports, Culture and Arts financial statements, which give a true and fair view of the state of affairs of the Ministry of Sports, Culture and Arts 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 Ministry of Sports, Culture and Arts; (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 Ministry of Sports, Culture and Arts; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Ministry of Sports, Culture and Arts accepts responsibility for the Ministry of Sports, Culture and Arts financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Accounting Officer is of the opinion that the Ministry of Sports, Culture and Arts financial statements give a true and fair view of the state of Ministry of Sports, Culture and Arts transactions during the financial year ended June 30, 2014, and of the Ministry of Sports, Culture and Arts financial position as at that date.

The Accounting Officer charge of the Ministry of Sports, Culture and Arts further confirms the completeness of the accounting records maintained for the Ministry of Sports, Culture and Arts, which have been relied upon in the preparation of the Ministry of Sports, Culture and Arts financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Ministry confirms that the Ministry of Sports, Culture and Arts has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Ministry's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

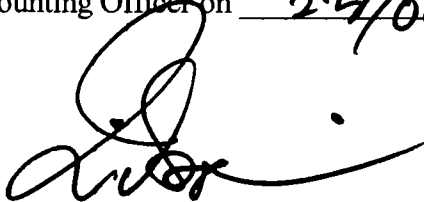
Further the Accounting Officer confirms that the Ministry of Sports, Culture and Arts financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

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FOR THE YEAR ENDED JUNE 30, 2014**

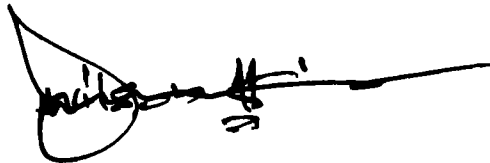
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**Approval of the financial statements**

The Ministry of Sports, Culture and Arts financial statements were approved and signed by the Accounting Officer on 22/04/15



**Amb. Richard T. Ekai, MBS  
PRINCIPAL SECRETARY**



**Wilson O. Omwange, CPA(K)  
ASSISTANT ACCOUNTANT GENERAL**

**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

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**IV. REPORT OF THE INDEPENDENT AUDITORS ON MINISTRY OF SPORTS,  
CULTURE & THE ARTS**

We have audited the accompanying (consolidated) financial statements of Ministry of Sports, Culture and the Arts for the year ended June 30, 2014, which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2014; and (v) a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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 auditors' 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 Ministry'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 Ministry's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2014 and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

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**Auditor General**

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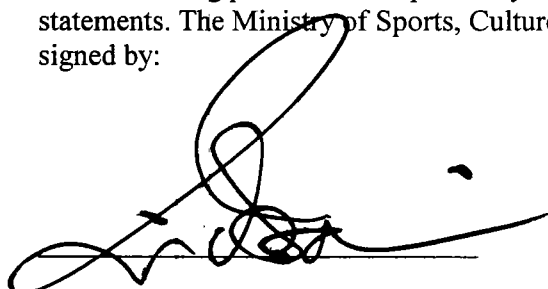
**Date**

**MINISTRY OF SPORTS, CULTURE AND ARTS  
 REPORTS AND FINANCIAL STATEMENT  
 FOR THE YEAR ENDED JUNE 30, 2014**

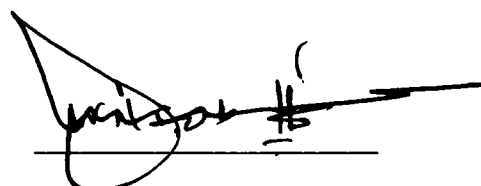
**V. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>RECEIPTS</b>			
Proceeds from Domestic and Foreign Grants	1	3,671,077	-
Transfers from National Treasury	2	4,327,000,000	2,265,000,000
Transfers from Counties	3	77,939,777	
Domestic Currency and Domestic Deposits	4	38,967,495	48,150,888
Proceeds from Sale of Assets	6	201,540	25,325,100
Other Revenues	7	11,565,597	7,683,996
<b>TOTAL REVENUES</b>		<b>4,459,345,487</b>	<b>2,346,159,984</b>
<b>PAYMENTS</b>			
Compensation of Employees	8	293,515,486	259,816,539
Use of goods and services	9	1,514,520,132	292,043,799
Transfers to Other Government Units	10	1,666,663,272	1,423,429,000
Other grants and transfers	11	111,268,000	2,765,751
Acquisition of Assets	12	633,910,162	302,278,202
Domestic Currency and Domestic Payments	13	52,355,092	13,628,286
<b>TOTAL PAYMENTS</b>		<b>4,272,232,143</b>	<b>2,293,961,577</b>
<b>SURPLUS</b>		<b>187,113,344</b>	<b>52,198,407</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ministry of Sports, Culture & Arts financial statements were approved on 23/04/2015 and signed by:



**Amb. Richard T. Ekai, MBS  
 PRINCIPAL SECRETARY**



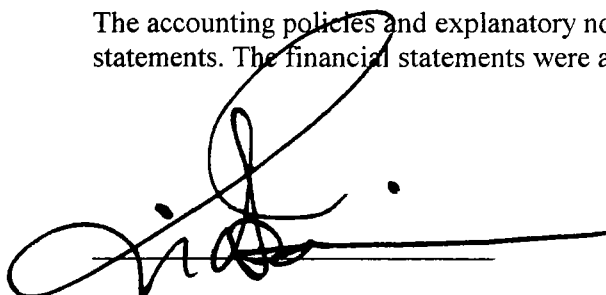
**W. Omwange, CPA(K)  
 ASSISTANT ACCOUNTANT GENERAL**

**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

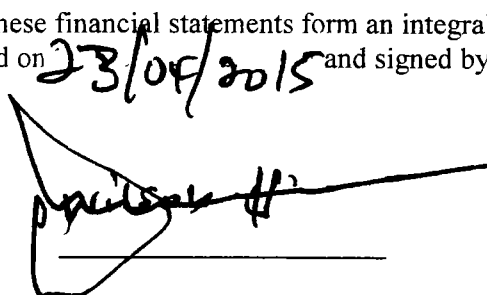
**VI. STATEMENT OF ASSETS**

	Note	2013-2014 Kshs	2012-2013 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	14	30,327,295	43,409,262
Cash Balances	15	266,002	1,572
Outstanding Imprests	16	135,310,107	290,016
Outstanding Advances	17	861,986	573,382
Clearance Accounts	18	65,097,468	21,994,828
<b>TOTAL FINANCIAL ASSETS</b>		<b>231,862,858</b>	<b>66,269,054</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	19	66,269,054	9,515,017
Surplus for the year		187,113,344	52,198,407
Prior year adjustments		(21,519,540)	4,555,630
<b>NET FINANCIAL POSITION</b>		<b>231,862,858</b>	<b>66,269,054</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23/04/2015 and signed by:



**Amb. Richard T. Ekai, MBS  
PRINCIPAL SECRETARY**



**W. Omwange, CPA(K)  
ASSISTANT ACCOUNTANT GENERAL**

**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

**VII. STATEMENT OF CASHFLOW**

	Note	2013 - 2014 Kshs	2012 - 2013 Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Proceeds from Domestic and Foreign Grants	1	3,671,077	-
Transfers from National Treasury	2	4,327,000,000	2,265,000,000
Transfers from Counties	3	77,939,777	
Other Revenues	7	11,565,597	7,683,996
<b>Payments for operating expenses</b>			
Compensation of Employees	8	(293,515,486)	(259,816,539)
Use of goods and services	9	(1,514,520,132)	(292,043,799)
Transfers to Other Government Units	10	(1,666,663,272)	(1,423,429,000)
Other grants and transfers	11	(111,268,000)	(2,765,751)
Domestic Currency and Domestic Payments	13	(52,355,092)	(13,628,286)
<b>Net cashflow from operating activities</b>		<b>781,854,471</b>	<b>281,000,620</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	6	201,540	25,325,100
Acquisition of Assets	12	(633,910,162)	(302,278,202)
<b>Net cash flows from Investing Activities</b>		<b>(633,708,622)</b>	<b>(276,953,102)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Domestic Currency and Domestic Deposits	4	38,967,495	48,150,888
<b>Net cash flow from financing activities</b>		<b>38,967,495</b>	<b>48,150,888</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at beginning of the year	19	187,113,344	52,198,407
		66,269,054	9,515,017
		(21,519,540)	4,555,630
<b>Cash and cash equivalent at end of the year</b>		<b>231,862,857</b>	<b>66,269,054</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23/04/2015 and signed by:

  
Amb. Richard T. Ekai, MBS  
**PRINCIPAL SECRETARY**

  
W. Omwange, CPA(K)  
**ASSISTANT ACCOUNTANT GENERAL**

**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

**VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Proceeds from Domestic and Foreign Grants	13,992,670	-	13,992,670	3,671,077	(10,321,593)	26.24
Exchequer releases	4,415,496,106	(88,496,106)	4,327,000,000	4,327,000,000	-	100.00
Proceeds from Sale of Assets (AIA)	-	-	-	201,540	201,540	N/A
Other Receipts	10,400,000	-	10,400,000	11,565,016	1,165,016	111.20
<b>TOTAL RECEIPTS</b>	<b>4,439,888,776</b>	<b>(88,496,106)</b>	<b>4,351,392,670</b>	<b>4,342,437,633</b>	<b>(8,955,038)</b>	<b>99.79</b>
<b>PAYMENTS</b>						
Compensation of Employees	347,691,259	62,073,345	409,764,604	293,515,486	(116,249,118)	71.63
Use of goods and services	730,865,432	829,056,960	1,559,922,392	1,514,624,003	(45,298,389)	97.10
Transfers to Other Government Units	1,607,063,110	65,000,000	1,672,063,110	1,666,663,272	(5,399,838)	99.68
Other grants and transfers	13,700,000	100,000,000	113,700,000	111,164,129	(2,535,871)	97.77
Acquisition of Assets	623,016,670	43,422,000	666,438,670	633,910,163	(32,528,508)	95.12
<b>TOTAL PAYMENTS</b>	<b>3,322,336,471</b>	<b>1,099,552,305</b>	<b>4,421,888,776</b>	<b>4,219,877,051</b>	<b>(202,011,725)</b>	<b>95.43</b>

The Ministry's financial statements were approved on 23/04/2015 - and signed by:

  
**PRINCIPAL SECRETARY**

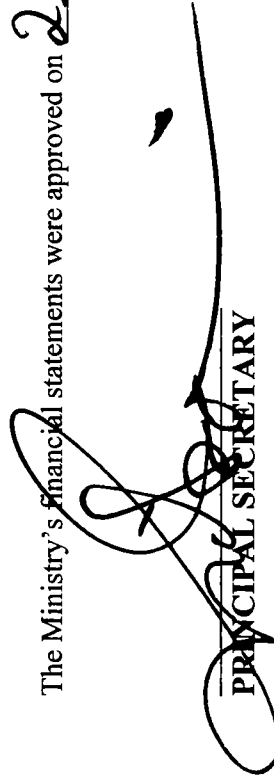
  
**ASSISTANT ACCOUNTANT GENERAL**

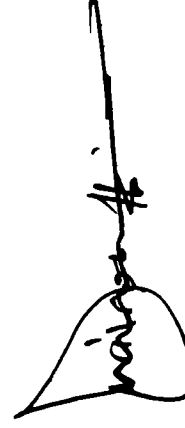
**REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

**IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	3,510,054,496	(48,054,496)	3,462,000,000	3,462,000,000	-	100.00
Proceeds from Sale of Assets (AIA)	-	-	-	201,540	201,540	N/A
Other Receipts	10,400,000	-	10,400,000	11,565,016	1,165,016	111.20
<b>TOTAL RECEIPTS</b>	<b>3,520,454,496</b>	<b>(48,054,496)</b>	<b>3,472,400,000</b>	<b>3,473,766,556</b>	<b>1,366,556</b>	<b>100.04</b>
<b>PAYMENTS</b>						
Compensation of Employees	347,691,259	62,073,345	409,764,604	293,515,486	(116,249,118)	71.63
Use of goods and services	659,205,432	841,756,960	1,500,962,392	1,477,005,792	(23,956,600)	98.40
Transfers to Other Government Units	1,422,009,900	65,000,000	1,487,009,900	1,462,733,616	(24,276,284)	98.37
Other grants and transfers	13,700,000	100,000,000	113,700,000	111,164,129	(2,535,871)	96.77
Acquisition of Assets	3,057,600	5,960,000	9,017,600	6,860,800	(2,156,800)	76.08
<b>TOTAL PAYMENTS</b>	<b>2,445,664,191</b>	<b>1,074,790,305</b>	<b>3,520,454,496</b>	<b>3,351,279,822</b>	<b>(169,174,674)</b>	<b>95.19</b>

The Ministry's financial statements were approved on 23/04/2015 and signed by:

  
**PRINCIPAL SECRETARY**



**ASSISTANT ACCOUNTANT GENERAL**

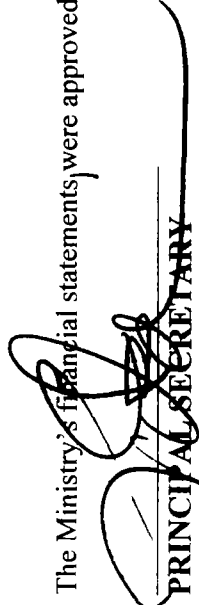
**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

**X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Proceeds from Domestic and Foreign Grants	13,992,670	-	13,992,670	3,671,077	(10,321,593)	26.24
Exchequer releases	905,441,610	(40,441,610)	865,000,000	865,000,000	-	100.00
<b>TOTAL RECEIPTS</b>	<b>919,434,280</b>	<b>(40,441,610)</b>	<b>878,992,670</b>	<b>868,671,077</b>	<b>(10,321,593)</b>	<b>98.83</b>
<b>PAYMENTS</b>						
Compensation of Employees						
Use of goods and services	71,660,000	(12,700,000)	58,960,000	37,618,211	(21,341,789)	63.80
Transfers to Other Government Units	185,053,210	20,000,000	205,053,210	203,929,656	(1,123,554)	99.45
Acquisition of Assets	619,959,070	37,462,000	657,421,070	627,049,362	(30,371,708)	95.38
<b>TOTAL PAYMENTS</b>	<b>876,672,280</b>	<b>44,762,000</b>	<b>921,434,280</b>	<b>868,597,229</b>	<b>(52,837,051)</b>	<b>94.27</b>

The Ministry's financial statements were approved on 23/04/2015 and signed by:

  
ASSISTANT ACCOUNTANT GENERAL

  
PRINCIPAL SECRETARY

**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

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**XI. SUMMARY STATEMENT OF PROVISIONINGS**

**Details of General Account on  
Vote**

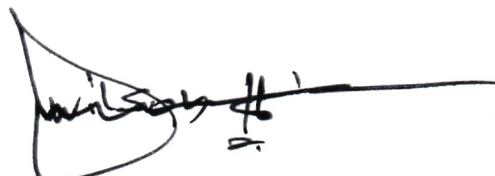
	2013 - 2014 Kshs	2012 - 2013 Kshs
GAV Provisioning account balance	190,933,416	88,496,106
<b>Total</b>	<u><u>190,933,416</u></u>	<u><u>88,496,106</u></u>

**Details on Exchequer Account**

	2013 - 2014 Kshs	2012 - 2013 Kshs
Exchequer Provisioning account balance	88,496,106	61,518,560
<b>Total</b>	<u><u>88,496,106</u></u>	<u><u>61,518,560</u></u>



**PRINCIPAL SECRETARY**



**ASSISTANT ACCOUNTANT GENERAL**

**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

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**XII. SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Ministry and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Ministry.

**2. Recognition of revenue and expenses**

The Ministry recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the Ministry. In addition, the Ministry recognises all expenses when the event occurs and the related cash has actually been paid out by the Ministry.

**3. In-kind contributions**

There were no In-kind contributions during the year.

**4. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya and at National Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

**1. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Ministry at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**2. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Ministry's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Ministry's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**3. Comparative figures**

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

**4. 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.

**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

**III. NOTES TO THE FINANCIAL STATEMENTS**

**1 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

Name of Donor	Date received	Amount in foreign currency	2013 - 2014	2012 - 2013
			Kshs	Kshs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>				
USAID			3,671,077	-
<b>Total</b>			<b>3,671,077</b>	<b>-</b>

**2 EXCHEQUER RELEASES**

Description and reference of the transfer	Date of transfer	2013 - 2014	2012 - 2013
		Kshs	Kshs
1st quarter transfer	Jul - Sept 2013	1,160,000,000	745,000,000
2nd quarter transfer	Oct - Dec 2013	996,000,000	653,000,000
3rd quarter transfer	Jan - Mar 2014	601,000,000	505,000,000
4th quarter transfer	Apr - Jun 2014	1,570,000,000	362,000,000
<b>Total</b>		<b>4,327,000,000</b>	<b>2,265,000,000</b>

**3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Transfers from various counties	77,939,777.00	-
	<b><u>77,939,777.00</u></b>	

**NB: This was refund of salaries paid to the National Staff in the counties who were later incorporated to the County Government payrolls.**

**4 DOMESTIC DEPOSITS/RECIEPTS**

	2013 - 2014	2012 - 2013
	Kshs	Kshs
Amounts received from Third Parties in CBK Account	34,774,945.45	48,150,888.25
Amounts received from Third Parties in National Bank of Kenya	4,192,550.00	

**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>Total</b>	<b>38,967,495.45</b>	<b>48,150,888.25</b>
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**NB: All the receipts in National Bank of Kenya were transferred to Central Bank of Kenya leaving a balance of Ksh. 4,192,550.00.**

**5 DOMESTIC DEPOSITS MOVEMENT  
SCHEDULE**

<b>Central Bank of Kenya</b>	<b>2013 - 2014 Kshs</b>	<b>2012 - 2013 Kshs</b>
<b>Opening Cash Book Balances</b>	<b>40,301,080.95</b>	<b>741,876.10</b>
Amounts Received from Third Parties	34,774,945.45	48,150,888.00
Amounts Received from Recurrent Vote	2,991,505.00	8,028,108.00
Amounts paid to Third Parties	52,355,091.50	13628,286.40
Amounts paid to the Recurrent Vote	212,000.00	2,991,505.00
<b>Closing Cash Book Balances</b>	<b>25,500,439.90</b>	<b>40,301,080.95</b>

<b>National Bank of Kenya</b>	<b>2013 - 2014 Kshs</b>	<b>2012 - 2013 Kshs</b>
<b>Opening Bank Balance</b>	<b>NIL</b>	
Amounts Received during the year	25,189,430.00	
Amounts transferred to Central Bank of Kenya	20,996,000.00	
Other Payments (Bank Charges)	880.00	
<b>Closing Bank Balance</b>	<b>4,192,550.00</b>	

<b>6 PROCEEDS FROM SALE OF ASSETS</b>	<b>2013 - 2014 Kshs</b>	<b>2012 - 2013 Kshs</b>
Receipts from the Sale Plant Machinery and Equipment	128,000	131,500
Receipts from the Sale of Inventories, Stocks and Commodities	73,540	25,193,600
<b>Total</b>	<b>201,540</b>	<b>25,325,100</b>

**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>7 OTHER REVENUES</b>	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Receipts from Administrative Fees and Charges - Collected as AIA:	1,969,785	1,213,925
Receipts from Sale of Incidental Goods	1,595,231	740,916
Other Receipts Not Classified Elsewhere	8,000,582	5,729,154
<b>Total</b>	<b>11,565,597</b>	<b>7,683,996</b>
<b>8 COMPENSATION OF EMPLOYEES</b>	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic salaries of permanent employees	194,645,853	157,898,892
Basic wages of temporary employees	2,157,943	2,163,403
Personal allowances paid as part of salary	93,595,262	95,710,851
Personal allowances paid as reimbursements	224,498	-
Other personnel payments - gratuities	2,891,929	4,043,393
<b>Total</b>	<b>293,515,486</b>	<b>259,816,539</b>
<b>9 USE OF GOODS AND SERVICES</b>	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	25,796,455	6,639,032
Communication, supplies and services	9,383,731	10,751,521
Domestic travel and subsistence	49,884,445	28,089,849
Foreign travel and subsistence	304,053,324	4,491,776
Printing, advertising and information supplies & services	30,346,501	8,981,439
Rentals of produced assets	42,908,313	43,347,429
Training expenses	16,661,401	18,559,683
Hospitality supplies and services	838,953,642	60,328,851
Specialised materials and services	110,594,622	41,532,496
Office and general supplies and services	8,728,363	9,797,999
Fuel, oil and lubricants	6,259,151	13,765,346
Other operating expenses	17,748,425	16,530,966
Routine maintenance – vehicles and other transport equipment	7,791,797	7,376,334
Routine maintenance – other assets	45,409,961	21,851,078
<b>Total</b>	<b>1,514,520,132</b>	<b>292,043,799</b>

**MINISTRY OF SPORTS, CULTURE AND ARTS  
REPORTS AND FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>TRANSFER TO OTHER GOVERNMENT ENTITIES</b>		
<b>10</b>	<b>2013 - 2014</b>	<b>2012 - 2013</b>
<b>Transfer to National Government Entities;</b>	<b>Kshs</b>	<b>Kshs</b>
Kenya Film Commission	107,122,110	-
Kenya Film Censorship Board	86,965,865	-
Museums HQ and regional museums	626,015,079	577,009,000
Institute of Primate Research	23,084,000	-
Library Services	560,000,000	734,220,000
Kenya Cultural Centre	17,058,002	-
Sports Headquarters	2,287,060	-
Sports Stadia Mgt Board	172,786,500	-
NGO Board	-	112,200,000
Moi Sports Centre	71,344,656	-
<b>Total</b>	<b>1,666,663,272</b>	<b>1,423,429,000</b>
<b>11</b>	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Other current transfers, grants	111,268,000	2,765,751
<b>Total</b>	<b>111,268,000</b>	<b>2,765,751</b>
<b>12</b>	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of Buildings	55,511,077	216,413,096
Refurbishment of Buildings	28,584,648	16,694,912
Construction and Civil Works	491,246,610	2,598,659
Purchase of Vehicles and Other Transport Equipment	-	2,256,486
Purchase of Office Furniture and General Equipment	-	11,644,589
Purchase of Specialised Plant, Equipment and Machinery	49,594,998	26,370,460
Rehabilitation and Renovation of Plant, Machinery and Equip.	1,655,610	-
Research, Studies, Project Preparation, Design & Supervision	3,033,020	26,300,000
Rehabilitation of Civil Works	4,850,000	-
<b>Total</b>	<b>633,910,162</b>	<b>302,278,202</b>

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**13 DOMESTIC DEPOSITS PAYMENTS**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Domestic deposits payments	52,355,091.50	13,628,286.40
	<b><u>52,355,091.50</u></b>	<b><u>13,628,286.40</u></b>

**14 BANK ACCOUNT  
(Balances Carried Forward)**

<b>Name of Bank, Account No. &amp; currency</b>	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Central Bank of Kenya Rec a/c no. 1000181621	559,875.85	2,896,910
Central Bank of Kenya Dev a/c no. 1000181807	74,429	211,271
Central Bank of Kenya Dep a/c no. 1000182261	25,500,440	40,301,081
National Bank a/c no. 01001091167900	4,192,550	-
<b>Total</b>	<b><u>30,327,295</u></b>	<b><u>43,409,262</u></b>

**15 CASH IN HAND  
(Balance Carried Forward)**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Ministry Headquarters (Recurrent Vote)	266,002.50	1,572.35
<b>Total</b>	<b><u>266,002.50</u></b>	<b><u>1,572.35</u></b>

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**16. OUTSTANDING IMPRESTS**

Name of Officer or Institution	Amount Taken	Amount Surrendered	2013 - 2014	2012 - 2013
			Balance	Balance
			Kshs.	Kshs.
J. F. Olinga (Commonwealth games)	120,000.00	-	120,000.00	
PS Foreign Affairs (Advance for Commonwealth games)	38,000,000.00	-	38,000,000.00	
PS Foreign Affairs (Advance for Commonwealth games)	8,448,000.00	-	8,448,000.00	
Sports Stadia Management (Advance for Commonwealth games)	84,558,060.00	-	84,558,060.00	
Benson Kariuki (Payment for County Sports Activities)	1,952,903.00	-	1,952,903.00	
Pascal Mwanzia (Payment for County Sports Activities)	604,296.00	-	604,296.00	
Dorothy Kuru	15,200.00	-	15,200.00	
Gerald Ombewa	385,500.00	385,000.00	500.00	
James Rutto	854,000.00	845,000.00	9,000.00	
Adan Arero	89,148.00	-	89,148.00	
Reuben Ngugi	47,500.00	44,500.00	3,000.00	
<b>Sub Total F/year 2013/2014</b>	<b>136,584,607.00</b>	<b>1,274,500.00</b>	<b>135,310,107.00</b>	
Dr. Hassan Wario				22,500
Dr. Hassan Wario				33,321
Simon Wachiye				40,000
Mohammed Halkano				18,000
David Murega				25,000
George Ombati				187,000
Jacob Kipchumba				30,000
Recoveries from Ministry of Gender				-33,871.40
James Kahiu				-28,574.40
George Oyugi				-1,000.00
Maryanne Wanyonyi				-813.40
Ronneck Manyibe				-1,562.80
<b>Total</b>	<b>136,584,607.00</b>	<b>1,274,500</b>	<b>135,209,846</b>	<b>290,010.00</b>

**NB:** - The Statement for 2012/2013 reflects a balance of Ksh. **290,009.60** due to the over-recoveries that were to be refunded to the officers and to Ministry of Gender.  
- The standing imprests have now been surrendered except for Mr. Pascal Mwanzia.

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**17 ADVANCES OUTSTANDING**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Balance</b>	<b>Balance</b>
Salary Advances outstanding	513,281	573,382
Advance to Ministry of Foreign affairs for Kenya @50	348,705	
<b>Total</b>	<b>861,986</b>	<b>573,382</b>

**18 OUTSTANDING CLEARANCE ACCOUNTS  
(Carried Forward)**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
District Suspense	14,097,468	21,994,828
Payment through Clearance Account	51,000,000	29,054
<b>Total</b>	<b>65,097,468</b>	<b>21,994,828</b>

**19 PRIOR YEAR ADJUSTMENTS**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
	<b>Kshs</b>	<b>Kshs</b>
Various uncleared accounts	(21,519,540)	4,555,630
<b>Total</b>	<b>(21,519,540)</b>	<b>4,555,630</b>

**OTHER IMPORTANT DISCLOSURES**

**20 PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
Construction of civil works	10,910,345	477,450
Supply of goods	21,970,825	1,751,540
Supply of services	111,086,667	6,475,180
<b>Total</b>	<b>143,967,837</b>	<b>8,704,170</b>

**21 OTHER PENDING PAYABLES (See Annex 2)**

Amounts due to National Government entities	-	45,555,690
<b>Total</b>	<b>-</b>	<b>45,555,690</b>

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**22. 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 & Designation)	Status: (resolved/ not resolved)	Time Frame for resolving the issue
1	MOSCA/2012/2013/26	Recurrent Vote unreconciled actual expenditure in the Appropriation Account with the Ledger	Reconciliation to ascertain the correct balance and appropriate adjustment done in appropriation Account	Peter Kimari Senior Accountant	Resolved	N/A
2	"	Overstatement of basic salaries, personal allowance and wages to Temporary employees by Ksh. 5,034,111.45	The overstatement was due to payments made outside the payroll system. Payments are available for verification	Florence Keitany Assistant Accountant General	Resolved	N/A
3	"	Difference of Current Grants in books of the agencies and the Appropriation Account	The difference in the books of National Museums of Keny was due to payment made to Institute of Primate Research. The NGO had been overpaid the previous year and hence the recovery during the year under review while the Kenya Library Service funds were reflected in their account after the end of financial year.	Florence Keitany Assistant Accountant General	Resolved	N/A
4	"	The Ministry had pending bills of Ksh 27,216,827.35 as at the end of the Financial Year.	The pending bills were due to inadequate exchequer release but were cleared as first charge during the following year.	W. Omwange Principal Accountant	Resolved	N/A
5	MOSCA/2012/2013/26	Recurrent Appropriation Account not reconciled with the Ledger	Reconciliation was done and the appropriate adjustment done in Appropriation Account	Peter Kimari Senior Accountant	Resolved	N/A

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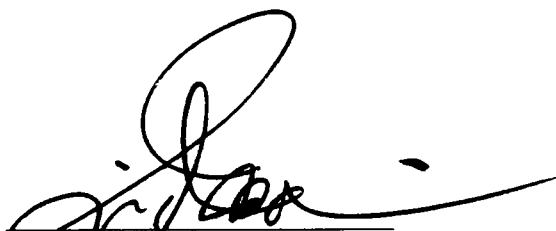
6	"	Basic Salaries and Personal Allowance not tallying with payroll	There were payments paid outside payroll and payments are available for verification	Peter Mogire Accountant I	Resolved	N/A
7	"	Mis-allocation of Expenditures	There was a typing error on the PV which was corrected and the expenditure was charged on the relevant item	Peter Mogire Accountant I	Resolved	N/A
8	"	Pending Bills	The bills were paid in the 2013/2014 F/Y	Florence Keitany Assistant Accountant General	Resolved	N/A
9	MOSCA/2012/2013/27	Irregular transfer of Funds from Deposit Account to Recurrent	The funds had been borrowed to pay personal emoluments due to delay in release of Exchequer but the funds have since been transferred back to Deposit A/C	Florence Keitany Assistant Accountant General	Resolved	N/A
10	"	PMG balance of Kshs. 6,212,414 in Statements of Assets and Liability differs with Cash Book Balance of Ksh 2,898,482	The difference is due to uncleared balances from prior years which the Ministry has continued to identify over the years and clear from the ledger.	Peter Mogire Accountant I	Ongoing	By 30th June 2014
11	2012/2013-1028	Unsigned Appropriation Accounts	The Accounting officer was outside the country on 30th September but upon his return he signed the Accounts.	W. Omwange Principal Accountant	Resolved	N/A
12	2012/2013-1031	Development Pending Bills	The Bills were paid as the first charge in 2013/2014 F/Y	Florence Keitany Assistant Accountant General	Resolved	N/A
13	2012/2013-1032	The Appropriation Accounts Lacked Footnotes	The footnotes have been written and available for verification	W. Omwange Principal Accountant	Resolved	N/A
14	2012/2013-1034	Long outstanding Uncleared Balances	A request has been made to National Treasury for Authority to clear the long outstanding items carried over the years.	Florence Keitany Assistant Accountant General	Ongoing	By 30th June 2014

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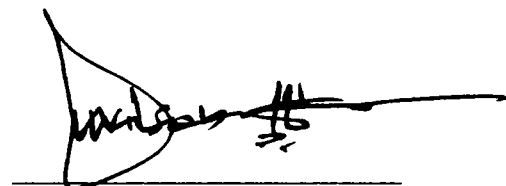
15	2012/2013-1035	Outstanding Imprests	The outstanding imprests were cleared in 2013/2014 and the documents are available for verification.	Peter Kimari Senior Accountant	Resolved	N/A
16	2012/2013-1036	District Suspense A/C	These are balances carried forward from previous years which we continue to reconcile in consultation with Treasury who keyed the data on behalf of the Ministry.	Peter Kimari Senior Accountant	Ongoing	By 30th June 2015
17	2012/2013-1037	Failure to sign Development Appropriation Account	The Accounting officer was outside the country on official duty but upon his return he signed the Accounts.	W. Omwange Principal Accountant	Resolved	N/A
18	2012/2013-1040	Development Appropriation Account lacked Footnotes to the Accounts	The footnotes have been written and are available for verification	W. Omwange Principal Accountant	Resolved	N/A
19	2012/2013-1043	Unanalysed figure of 5,000,0000	This was undercollection of AIA from development partners	Peter Kimari Senior Accountant	Resolved	N/A
20	2012/2013-1044	Cleared figure of Ksh 9,168,111.86 from the Statement of Assets and Liabilities	This was expenditure from the merger of Ministries without corresponding exchequer release.	Peter Kimari Senior Accountant	Resolved	N/A
21	2011/2012-1334	Difference in Payroll Expenditure and that reflected in Appropriation Account.	The difference between Appropriation and Payroll was due to Dividend payments reflected in the payroll. The analysis is available for verification.	Peter Mogire Accountant I	Resolved	N/A
22	2011/2012-1335	Unsupported Expenditure paid to casual workers	The expenditure relating to wages of casual workers is supported by the circular, relevant documents available for verification	Peter Mogire Accountant I	Resolved	N/A
23	2011/2012-1336	Misallocation of Expenditures	The funds used for Youth training Programme could not be charged under item 2210700 -Training reserved for Ministry's employees hence was charged to	Peter Kimari Senior Accountant	Resolved	N/A

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			domestic travel and specialised materials			
24	2011/2012/1339 (iv)	Unreturned Excess AIA 2010/2011	Treasury was requested to recover excess amount from the exchequer issue	W. Omwange Principal Accountant	Ongoing	By 30th June 2015
25	2011/2012-1340 (i)	Credit Balances - GAV 2006/07	Reconciliation analysis is available	Peter Mogire Accountant I	Resolved	N/A
26	2011/2012/1340 (ii)	Lack of Stale cheques analysis	The analysis was done and available for verification	Peter Mogire Accountant I	Resolved	N/A
27	2011/2012-1347	Unreconciled item in Bank Statement -Development	The outstanding item was double payment to Cultural Officer. The officer was asked to refund the amount and is now cleared from the Bank Reconciliation	Peter Kimari Senior Accountant	Resolved	N/A
28	2011/2012-1350	Deposit Register not updated	The register has since been updated and is available for verification	Peter Mogire Accountant I	Resolved	N/A



PRINCIPAL SECRETARY



PRINCIPAL ACCOUNTANT

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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

NO	PAYEE	SUPPLIER OF GOODS OR SERVICES		ORIGINAL AMOUNT	DATE CONTRACTED	AMOUNT PAID TO DATE	OUTSTANDING BALANCE 2014
		AMOUNT	AMOUNT				
		kshs	a	b	c	d=a-c	kshs
	<b>CONSTRUCTION OF CIVIL WORKS</b>						
1	Deckland International Ltd	769,525	769,525	30/06/2014	-	769,525	
2	Kaddii Construction Ltd	450,000	450,000	30/06/2014	-	450,000	
3	M/S Kaburn Cont.Co	468,000	468,000	30/06/2014	-	468,000	
4	M/S Ninjah Enterprises	2,560,320	2,560,320	30/06/2014	-	2,560,320	
5	M/S Romcom Agencies Ltd	4,500,000	4,500,000	30/06/2014	-	4,500,000	
6	Queens Rep Investment	2,162,500	2,162,500	30/06/2014	-	2,162,500	
	<b>Total</b>	<b>10,910,345</b>	<b>10,910,345</b>			<b>10,910,345</b>	
	<b>SUPPLY OF GOODS</b>						
7	Book Point ltd	158,120	158,120	30/06/2014	-	158,120.00	
8	Computer Pride ltd	37,120	37,120	30/06/2014	-	37,120.00	
9	Computer Pride ltd	357,280	357,280	30/06/2014	-	357,280.00	
10	Eastways general merchants	411,000	411,000	30/06/2014	-	411,000.00	
11	Gobhlen Provision Investments	303,200	303,200	30/06/2014	-	303,200.00	
12	Inside Africa Fashions	2,130,000	2,130,000	30/06/2014	-	2,130,000.00	
13	M/S Gatertin General Supplies	8,958,540	8,958,540	30/06/2014	-	8,958,540	
14	Mesh You Okay	401,000	401,000	30/06/2014	-	401,000	

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15	Prestige Bookshop	38,430	38,430	30/06/2014	-	38,430
16	Retail Masters Ltd	237,800	237,800	30/06/2014	-	237,800
17	Soloh world wide	72,000	72,000	30/06/2014	-	72,000
18	Sopphytech systems	55,000	55,000	30/06/2014	-	55,000
19	Text Book Centre	103,785	103,785	30/06/2014	-	103,785
20	The Copy Cat Ltd	270,000	270,000	30/06/2014	-	270,000
21	Ticket Master (K) Ltd	350,262	350,262	30/06/2014	-	350,262
22	Vinface General Agencies	124,700	124,700	30/06/2014	-	124,700
23	Wanderjoy Party World	7,657,160	7,657,160	30/06/2014	-	7,657,160
24	Zedka Technical services	305,428	305,428	30/06/2014	-	305,428
	<b>Total</b>	<b>21,970,825</b>	<b>21,970,825</b>			<b>21,970,825</b>
	<b>SUPLY OF SERVICES</b>					
25	African Touch Safaris	3,640,154	3,640,154	30/06/2014	-	3,640,154
26						
27	Appex Consulting Africa ltd	1,080,002	1,080,002	30/06/2014	-	1,080,002
28	Athletics Kenya	939,600	939,600	30/06/2014	-	939,600
29	Boxing Association of Kenya	1,477,050	1,477,050	30/06/2014	-	1,477,050
30	British Airways	1,122,520	1,122,520	30/06/2014	-	1,122,520
31	Esami	192,500	192,500	30/06/2014	-	192,500
32	Forliat Enterprises	183,700	183,700	30/06/2014	-	183,700
33	Heritage Insurance Co. Ke	668,585	668,585	30/06/2014	-	668,585
34	K.P.L.C	593,272	593,272	30/06/2014	-	593,272
35	Kenya Judo Association	575,000	575,000	30/06/2014	-	575,000
36	Kenya Tong II Modo	573,100	573,100	30/06/2014	-	573,100
37	Kenyatta International Conference centre	20,999,086	20,999,086	30/06/2014	-	20,999,086
38	KIE Nacee Resource Centre	447,000	447,000	30/06/2014	-	447,000
39	Masai lodge	177,600	177,600	30/06/2014	-	177,600

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40	Mombasa Beach Hotel	173,038	173,038	30/06/2014	-	173,038
41						
42	Nairobi sports house	1,798,375	1,798,375	30/06/2014	-	1,798,375
43	National Olympic Committee	712,500	712,500	30/06/2014	-	712,500
44	Ndenga Investments	338,334	338,334	30/06/2014	-	338,334
45	Pago Airways	25,710,650	25,710,650	30/06/2014	-	25,710,650
46	RABI Hotel	1,305,000	1,305,000	30/06/2014	-	1,305,000
47	Raydoll Tours and Travel	165,465	165,465	30/06/2014	-	165,465
48	St. Paul University	115,000	115,000	30/06/2014	-	115,000
49	The Standard Group	11,665,376	11,665,376	30/06/2014	-	11,665,376
50	Travel Plaza Ltd	1,414,113	1,414,113	30/06/2014	-	1,414,113
51	UAP Insurance	2,736,800	2,736,800	30/06/2014	-	2,736,800
52	Uniglobe North line travel	211,117	211,117	30/06/2014	-	211,117
53	Urysia ltd	90,676	90,676	30/06/2014	-	90,676
54	Director KNLS	15,000,000	15,000,000	30/06/2014	-	15,000,000
55	P.P.M.C	30,000	30,000	30/06/2014	-	30,000
56	Kenya Film Classification Board	10,000,000	10,000,000	30/06/2014	-	10,000,000
57	Institute Of Primate Research	3,000,000	3,000,000	30/06/2014	-	3,000,000
58	Sports Stadia Management Board	3,951,054	3,951,054	30/06/2014	-	3,951,054
	<b>Sub Total</b>	<b>111,086,668</b>	<b>111,086,667</b>			<b>111,086,667</b>
	<b>Grand Total</b>	<b>143,967,837</b>	<b>143,967,837</b>			<b>143,967,837</b>

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**ANNEX 2 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2014	Outstanding Balance 2013	Comment	
		a	b	c	d=a-c			
<b>Amounts due to National Govt Entities</b>								
1. National Museums of Kenya	Grant					21,620,000		
2. Kenya National Library Services	Grant					23,600,000		
3. Kenya School of Government	Courses for officers					205,320		
4. DC Machakos	Funds for public trustee					33,210		
5. DC Kisii	Funds for public trustee					16,520		
6. Kenya Institute of Highways & Buildings Technology	Officers refresher course					80,640		
<b>Total</b>							<b>45,555,690</b>	

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**ANNEX: 3 SUMMARY OF FIXED ASSETS REGISTER 2013/2014**

ASSET CLASS	Historical Costs	Historical Costs
	2013-2014 KSHS.	2012-2013 KSHS.
BUILDINGS AND STRUCTURES	574,776,534.70	235,706,667.00
INTAGIBLE ASSETS	3,033,020.00	26,300,000.00
OTHER MACHINERY AND EQUIPMENT	15,223,699.50	-
ICT EQUIPMENT, FURNITURE AND FITTINGS	34,371,298.00	40,271,534.50
<b>TOTAL</b>	<b>627,404,552.20</b>	<b>302,278,201.50</b>

