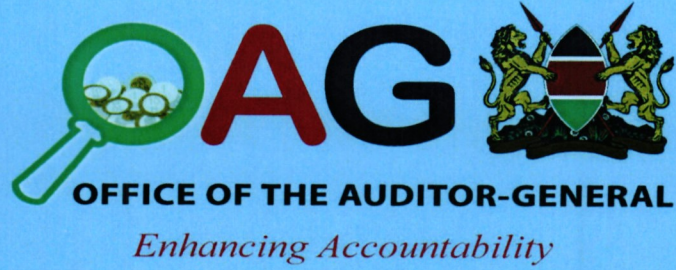


REPUBLIC OF KENYA



**REPORT**

**OF**

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**KENYA SCOUTS ASSOCIATION**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



**THE KENYA SCOUTS ASSOCIATION**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

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

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**KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Kenya Scouts Association is an educational, voluntary, and non-political movement for young people open to all without distinction of origin, race, creed, tribe and gender. It is an Education for peace, national and international cohesion and development through young people.

Kenya Scouts Association was established by an Act of Parliament Cap 219 of the Laws of Kenya and is the largest youth organization in Kenya catering for young people between the ages 6-26 years with a membership of over 1000,000 scouts and 40,000 adult leaders in 2015. It is a registered member of the World Organization of Scout Movement (WOSM) whose headquarters is based in Malaysia and Geneva.

The Kenya Scouts Association, since its inception in 1910 has grown to a dynamic Youth Movement in Kenya today and continues to mould and impact the lives of the young people in Kenya. It has maintained, improved and upgraded relevant structures and infrastructure so as to facilitate quality scouting.

The Association aims at developing the youth at their formative ages so that they become responsible citizens through physical, social, intellectual and spiritual development.

Kenya Scouts Association is the only National Scout Organisation in Kenya with its membership of (over 1000,000 boys and girls and 40,000 Adult Leaders) being part of the global youth movement with over 40 million members worldwide.

**(b) Principal Activities**

The principal activity of the Association is to contribute to the educational development of young people by promoting their intellectual, physical, social, emotional and spiritual wellbeing, equipping them with knowledge, positive attitudes and skills useful to themselves and their communities through a value based on the scout law and promise. The Association also sells uniforms to scouts countrywide.

**Vision**

Creating a Better World.

**Mission**

Educating young people to play a constructive role in society.

i.

**Purpose**

To contribute to the development of young people in achieving their full physical, intellectual, emotional, spiritual and social potentials, and character formation; equipping them with knowledge skills and positive attitudes useful to themselves and their local, national and international communities.

**Core Values of the Organization**

Our Strength lies in the fundamental Principles of Scouting found in the Scout promise and law:

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**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**The Fundamental Principles**

- Duty to God - commitment to a Supernatural being
- Duty to others - loyalty to ones country in harmony with the promotion of Local, National and International peace and cooperation.
- Duty to Self - responsibility for self-development

**(c) Key Management**

The Association's day to day management is under the following key organs;

- i. The Kenya Scouts Council
- ii. The National Scouts Board
- iii. The National Secretariat

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	National Executive Commissioner	Moses Ochieng
2.	Head of Finance	Caroline Muema
3.	Head of Procurement	Dorcas Mwangi
4.	Head of Internal Audit	Gladys Njigo
5.	Head of Programmes	Zachariah Munayi
6.	Head of Training	Peter Mwema
7.	Head of Projects & Partnerships	Patrick Wambua
8.	Head of Security & Special Programme	Musa Mukagwa
9.	Head of Communications & IT	Risper Omala
10.	Head of Scouts Shop	Fred Mosaisi

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**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(e) Fiduciary Oversight Arrangements**

Name of the Committee	Members
Executive Committee	<ol style="list-style-type: none"> <li>1. Lydia Kiburu (Chair)</li> <li>2. Patrick Ngenga - Member</li> <li>3. Moses Danda - Secretary</li> <li>4. Agnes Gatere - Member</li> <li>5. Rosemary Imbayi - Member</li> </ol>
Board Finance Committee	<ol style="list-style-type: none"> <li>1. Patrick Ngenga - Chair</li> <li>2. Anne Musalia - Member</li> <li>3. Agnes Gatere - Member</li> <li>4. Ole Nanyokie - Member</li> <li>5. Ruth Mutisya - Member</li> <li>6. Caroline Muema - Secretary</li> </ol>
Board Audit and Risk Committee	<ol style="list-style-type: none"> <li>1. Francis Kooli - Chair</li> <li>2. Wilson Outa - Member</li> <li>3. Col. Joyce Sitienei - Member</li> <li>4. Caleb Otuoma - Member</li> <li>5. Gladys Njigo - Secretary</li> </ol>
Board Shop and Centres Committee	<ol style="list-style-type: none"> <li>1. Wilson Outa - Chair</li> <li>2. Desmond Chepkwony - Member</li> <li>3. Anthony Gitonga - Member</li> <li>4. Rosemary Imbayi - Member</li> <li>5. Fred Mosaisi - Secretary</li> </ol>
Technical Committee	<ol style="list-style-type: none"> <li>1. Anthony Gitonga - Chair</li> <li>2. Eric Masaba - Member</li> <li>3. Anne Musalia - Member</li> <li>4. Francis Kooli - Member</li> <li>5. David Ole Nanyokie - Member</li> <li>6. Zachariah Munayi - Secretary</li> <li>7. Peter Mwema - Secretary</li> </ol>

**(f) Entity Headquarters**

P.O Box 41422,  
Rowallan Scouts Camp,  
Jamhuri Park, Kibera Drive,  
Nairobi, Kenya

**(g) Entity Contacts**

Telephone: (254) 2020819  
Email: [info@kenyascouts.org](mailto:info@kenyascouts.org)  
Website: <http://kenyascouts.org/>

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**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(h) Entity Bankers**

- 1) Equity Bank Ltd.  
P. O. Box 75104 - 00200  
NAIROBI
- 2) Kenya Commercial Bank Ltd  
P. O. Box 46950  
NAIROBI
- 3) I&M Bank  
P. O. Box 30238  
NAIROBI
- 4) Barclays Bank  
P. O. Box 30120 - 00100  
NAIROBI

**(i) Independent Auditors**

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









**(j) Principal Legal Adviser**

Wilson Rading Outa  
P.O Box 389-00200  
Nairobi









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**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**NATIONAL SCOUT BOARD**

	Photo	Name/Title	Profile
1.		<b>Victor Radido</b> Chief Commissioner	DOB: 1982 University Graduate Speciality: IT Length of service: 1 Year
2.		<b>Ms Lydia Kiburu</b> Deputy Chief Commissioner/ Chairman, Strategic Planning & Management	DOB: 1969 University Graduate Speciality: Communications Length of Service: 7 Years
3.		<b>Mr Patrick Ngenga</b> National Treasurer	DOB: 1968 University Graduate Speciality: Accountant Length of Service: 4 Years
6.		<b>Mr Moses Ochieng Danda</b> National Executive Commissioner	DOB: 1965 University Graduate Speciality: Education Administration Length of service: 5 Years
7.		<b>Mr. Eric Masaba</b> Member	DOB: 1991 Diploma Speciality: Information & Technology Length of service: 2 Years
8.		<b>Mr. Maurice Odindo</b> Member, Community Development Commissioner	DOB: 1962 University Graduate Speciality: Education Length of service: 2 Years
9.		<b>Rosemary Imbayi</b> Member, Gender & Children Welfare Commissioner	DOB: 1960 Diploma Speciality: Education Length of service: 2 Years
10.		<b>Mr. Anthony Gitonga</b> Member, International Commissioner	DOB: 1988 University Graduate Speciality: Communications Length of Service: 2 Years

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11.		<b>Mr. Caleb Musa</b> Member, Special Needs Commissioner	DOB: 1958 Masters Speciality: Religious Studies Length of service: 2 Years
12.		<b>Mr. Wilson Rading Outa</b> Member, Legal Adviser	DOB: 1982 Master's Degree Speciality: Law Length of Service: 2 Years
13.		<b>Agnes Gatere</b> Member	DOB: 1963 Masters Speciality: Strategic Management Length of service: 1 Year
14.		<b>Col. J.C Sitienei</b> Member	DOB: University Graduate Speciality: Education Length of service: 1 Year
15.		<b>Desmond Chepkwony</b> Member	DOB: 1993 Level of Ed: Diploma Speciality: General Agriculture Length of service: 1 Year
16.		<b>Anne Musalia</b> Member	DOB: 1962 Level of Ed: Masters Speciality: Education Length of service: 1 Year
17.		<b>Francis Kooli</b> Member	DOB: Level of Ed Speciality: Length of service: 2 Years
18.		<b>David Ole Nanyokie</b>	DOB: 1964 Level of Ed: Diploma Speciality: Education Length of Service: 1 Year

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**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**MANAGEMENT TEAM**

1. Moses Ochieng Danda – National Executive Commissioner University Graduate, Specialized in Education	Oversees the operations of the Secretariat as a whole
2. Caroline Muema – Finance and Administration Officer Bachelor of Commerce( Finance ), and a CPAK	In charge of finance and administration of the Association
3. Gladys Njigo – Internal Audit Masters of Science (Finance ), BCoM (Finance) and a CPAK	In charge of Internal Audit
4. Peter Mwema – HoD Training Bachelor of Arts Education	In charge of Training
5. Zachariah Munayi – HoD Programmes Degree-Gender, Women and Development Studies	In charge of Scouting programmes
6. Risper Omala – HoD Communication and IT Degree- Communications & Marketing	In charge of Communication and IT
7. Musa Mukagwa – HoD Special Programs Diploma-Religious Studies	In charge of Security and Special programmes
8. Fred Mosaisi – Shops Manager Bachelor of Commerce( Finance)	In charge of Scouts Shops
9. Dorcas Mwangi – Procurement Officer Bachelor of Commerce-HRM	In charge of Procurement
10. Patrick Wambua – HoD Resource Mobilization and Projects	In charge of Resource Mobilisation, Projects and Partnerships

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**CHAIRMAN'S STATEMENT**

I welcome you to the 2019 session of the Kenya Scout Council Annual General Meeting. It is already one year since this mantle was passed to me by my brother Hon. Francis Ole Kaparo. I am very glad that we have all made it back here to review the performance of our Movement for the past one year, and make decisions that will govern the Movement for the next one year.

An annual general meeting is the opportunity for stakeholders to congregate and take account of the milestones so far made in the past one year and sometimes even further back into the significant past. As I stand here today I am very confident because I know great achievements have been made and the Association is in a good place both in terms of its programmes, finances and its global standing among its peers in the world movement.

During my one year stint I have interacted with the members of the National Scout Board, members of Secretariat, some national trainers including those from other countries of Africa, and most importantly with the Scouts both at the Rowallan camp and in Nyeri during the Founder's Day celebrations. I have also been able to inspect our facilities at Embu Centre, Rowallan Camp and Baden Powel Memorial Park in Nyeri.

I have developed a deep understanding of the Movement and the organization. I have witnessed how Scouting as an educational opportunity for young people has attracted many young Kenyans in schools and other institutions who really enjoy the game of Scouting but most importantly is how being Scouts has impacted positively on their lives and of those around them. I recognize the sizeable number of adults, mostly teachers, who are willing to volunteer to support the Scouts enjoy the experience of scouting. These two must complement each other very well to make Scouting impactful.

As Kenya Scout Council we need to create a strong Scout brand. This is not a brand of colors and taglines, but a brand of character. When I was young my mother always told me to run like a Scout, eat like a Scout, walk like a Scout, and basically to do everything like a Scout. I grew up to believe that all the good things were done by Scouts. I still believe that Scouting as a brand stands for discipline, orderliness, honesty, Godliness, speed, and usefulness. We need to continue upholding these values.

For us who remain we must ensure that we elect a progressive individual who will fit well in the shoes of the out-going Chief Commissioner. It is my prayer that we will conduct a very peaceful and transparent election that will give us the best candidate from among the six contenders. The plane already has its systems both electronic, electric and mechanical. A pilot cannot change them. What will show your expertise is how well you will make use of the systems to take KSA to the next level swiftly, safely and still guarantee comfort for your passengers. The honor is for you delegates to choose the type of candidate I am describing.

God bless you all.



**VICTOR OWUOR RADIDO  
CHIEF COMMISSIONER**

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**REPORT OF THE CHIEF EXECUTIVE OFFICER**

It is about two years since we promulgated a new Kenya Scouts Association Constitution and had the assumption to office of an 80% new group of leaders both at Board and at the county level. We have witnessed a lot of activities particularly targeting young people and I am convinced that we have lived our mandate. You may remember last year I cautioned that three years is a very short time and if one does not begin to work in earnest then not much will have been achieved by the end of their term of office. We only have two years to go now so we all need to ask ourselves what we have done in the past one year.

This is a session of the Annual Kenya Scouts Council meeting in which I am supposed to particularly report the progress of the Association in the last one year. However, this will be a report with a difference because we just came to the end of our Strategic Plan 2013-2017 and I would wish to highlight, in my report, our performance in regard to that strategic plan as a precursor to unveiling the new Strategic Plan 2018-2020. I will divide my report into a few broad areas of focus:

**Youth Program and Training**

We all know that whatever else we do in this Association, Youth Program and Training remain our core business. All other activities and intervention are only meant to provide means and support for proper delivery of the two. It must never be lost on us that Scouting is an educational Movement for young people supported by adults.

In the last 5 years of the Strategy we had planned to raise both the quantity and the quality of both the youth program aspects and those of adult training. In the Youth Program we had planned to register 4 million Scouts whom we were to take through a quality dynamic, need based Youth Program, expose them internationally through international Jamborees and other gatherings and the exchange programs and ensure they attain the highest badges.

Many activities were organized and implemented by you and we had various levels of achievements in all that was planned (see detailed SP report matrix). It is important to particularly note that we did not register 4 million Scouts but reached over 1.4 million which represented 35% achievement score. The impact of this is:

- More young people in Kenya are now consuming the Youth Program;
- We have achieved global recognitions from WOSM
- There is increased interest from partners in working with KSA
- There has been marked rise in sale of Scout uniform, proceeds from which support the KSA budget.

In adult training we had intended to reduce the ratio of Scout Leaders to Scouts from 1:150 to 1:32. However, we only managed to bring it down to 1:74 which is an achievement level of about 50%. The import of this is that the quality of youth program implementation has improved. This was particularly exemplified by a social impact survey that was carried out in May 2017 that found Scouting to be most impactful on the development of the young persons in Kenya. That is exactly what Scouting meant to do: impact positively on the lives of the young people.

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**REPORT OF THE CHIEF EXECUTIVE OFFICER (Continued)**

**Governance**

With the promulgation of the new KSA constitution the Association has continued to grapple with challenges of devolution. Through various committees it has managed to have decisions made and actioned to move the Association forward. Management of the conduct of adults was improved by the formation of Ethics Committee and later the Adult Resources Committee. We now have a predictable way in which adults who come into Scouting are selected, processed, on-boarded, reassigned, and exited. The POR and other attendant policies have been revised to regulate the conduct thereof of all adults in Scouting.

**Institutional Sustainability**

Some of the key pillars in the 2013-2017 Strategic Plan were focused on ensuring institutional sustainability. The focus areas were development of camps and sites, ensuring all KSA property is secured and forging partnerships with institutions that have shared objectives with the Association.

Over the five years, improvements were made in Embu Centre, Kilifi Centre, Siaya Centre and Rowallan Camp. Rowallan and Kilifi were secured with a perimeter wall and chain link respectively. The Ngong Scout Centre was also fenced and a gate erected. More investment on KSA facilities has been slowed down majorly by lack of land ownership documents. Most challenging has been Miritini Centre.

Plans are still underway to develop physical infrastructure in Bungoma, Embu, Nyeri, Busia, Machakos, Uasin Gishu, Kilifi and Miritini.

In the area of forging strategic partnerships the Association may not have raised direct money from them but had its youth program enriched by working with institutions such as Equity Bank, NBK, NCIC, NACADA, Kenya Film Classification Board, Communications Authority of Kenya, Kenya Defence Forces, among others.

I also wish to recognize a special category of partners with whom we have worked very closely:

- Kenya Girl Guides Association
- World Scout Bureau - Africa Support Centre

We also remain very indebted for the support we have received from the Ministry of Education and the Teachers' Service Commission. In the last five years the MOE gave an annual grant in aid to KSA of Ksh 76.962 million. TSC on the other hand seconded three officers to serve at the KSA HQ as senior staff. This has ensured that pedagogy is maintained in the development of learning materials and preparing educational programs for the young people.

**Human Resource**

An institution cannot go very far if it does not have a strong Secretariat. In the last five years, the National Executive Committee, later, the National Scout Board has endeavoured to build a strong and professional secretariat that has supported it to achieve its mandate. It is my conviction that as we move on as an Association we must put in place mechanism to develop a well-trained, motivated and result driven

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**REPORT OF THE CHIEF EXECUTIVE OFFICER (Continued)**

Secretariat. In this case the Board will be left to perform its role of giving strategic direction and policy while the secretariat implements the strategy.

**Awards and Recognitions**

I will not be fair to Board members and the rest of the delegates if I do not enumerate the continental and global awards that the Association has achieved in the last five years. We all deserve to have bragging rights because of these achievements:

- SGS/GSAT accreditation in 2016.
- Achieving position one in Africa and 6th globally in regard to size of Scout memberships
- Position one on an NSO that has registered 'Absolute Growth' within three years. This recognition was received during the World Scout Conference in Azerbaijan in 2017.
- Position one 'An NSO that has achieved highest increase of young people' within three years. This was also awarded during the World Scout Conference in Azerbaijan in 2017.
- A continental award for the NSO that has achieved 'Best Growth and Development' in the Africa region. This was presented during the 2019 Africa Scout Day in Harare, Zimbabwe.

We all need to be proud of ourselves for making it possible for the Association to achieve all these recognitions within a period of five years.

**Strategic Plan 2018-2020**

Having learnt critical lessons during the implementation of the 2013-2017 Strategic Plan the National Scout Board charted a progress plan for the next three years in a document called 'Strategic Plan 2018-2020'.

This is a well-researched plan that is leaner, taking a shorter period of only 3 years and is aligned to the SDGs, Vision 2030 and the WOSM triennial plan.

It has only 5 key focus areas (see detailed document)

- Innovating Scouting
- Social and Environmental Impact
- Communications and Relations
- Governance
- Institutional Sustainability

The general strategic objectives of this SP were:

- Recruit Scouts, provide them with a good program and sufficient trained leaders to guide them;
- Ensure what the Scouts do are impactful in the communities they come from;
- Be able to effectively tell the story of scouting internally and externally.
- Ensure the Association is well managed as is provided for by the Constitution and other laws of the land.
- Be able to sustain itself and build even a bigger resource base.

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**REPORT OF THE CHIEF EXECUTIVE OFFICER (*Continued*)**

This plan, at the very inception, was shared with all members of the Scout Council for input. It is now complete and ready for dissemination and implementation. The Board will roll out a plan for dissemination in April.

**Conclusion**

Let me conclude by recognizing the role all of you delegates have played in your various capacities to build this Association to where it is now. I want to give special thanks to the National Scout Board for running the Association on behalf of the Kenya Scout Council. I also want to recognize the fact that we now have the Teacher' Service Commission, the Kenya Defence Force, the Judiciary, National Police Service as part of our Board.

I also want to recognize the critical role played by the Executive Committee of the National Scout Board chaired by Ms Lydiah Kiburu that has worked very closely with the Secretariat to ensure Board decisions are implemented. Alongside the EXCOM is the Secretariat that has exhibited high levels of professionalism to support the volunteers in achieving the mandate of the Association. Congratulations to all of you in the Board, the Committee and the Secretariat.

BRAVO!



**MOSES JONATHAN OCHIENG  
NATIONAL EXECUTIVE COMMISSIONER**

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**CORPORATE GOVERNANCE STATEMENT**

The Kenya Scouts Association is committed to implementing good corporate governance principles and adhere to integrity, high ethical values and professionalism in all its activities. As at 30<sup>th</sup> June 2019, the National Scout Board (hereafter referred to as the Board) was made of 18 members comprising the Chief Commissioner as the Chairman, the Deputy Chief Commissioner, the National Treasurer, the Legal Affairs Commissioner, the National Executive Commissioner (Chief Executive) as the Secretary and eighteen (18) other members: four (4) of whom are elected by the teams (Youth Programme, Training, Administration, and County Youth Leaders), Six appointed for their special professional skills. And four (3) co-opted from Ministry of Education, Teachers' Service Commission, and Kenya Defense Forces.

Prior to the promulgation of the new KSA Constitution towards the end of the 2<sup>nd</sup> quarter of the financial year on 6<sup>th</sup> Dec 2019 the Board (then called the National Executive Committee) had nine (9) committees that exercise delegated responsibilities, namely: Audit & Risk Management, Finance, Youth Program, Adult Training, Resource Mobilization, Camps and Sites, Security & Special Programs, Corporate Communications & ICT, Ethics & Quality Assurance, and finally Strategic Planning and Management (which includes Human Resource).

The National Board's skills and collective experience engenders healthy oversight over Management. The division of responsibilities between the Chairman and the Chief Executive is clearly established and adhered to.

The Board members are provided with necessary resources to undertake their duties. Appropriate induction is offered to all Board members on appointment and on an on-going basis. The terms of reference for each of the Board's committees are available.

Board and Committee papers are supplied to members on time, in appropriate form and quality to facilitate effective deliberations and all the Board members have access to relevant information through the office of the Chief Executive.



**MOSES JONATHAN OCHIENG  
NATIONAL EXECUTIVE COMMISSIONER**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**(a) Liquidity Risk**

Liquidity risk is the risk that the Association will not have sufficient financial resources to meet its obligations when they fall due or will have no funds at its disposal. This risk can arise from mismatches in the timing of cash flows from revenue and capital/ operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been inconsistent. During the year under review, this risk was well managed as the Association was able to meet all its obligations when they fell due.

**(b) Credit risk**

The Association is exposed to credit risk which is the risk that a creditor will not be able to pay the full amount of debts when they fall due.

**Management of Credit risks**

The Association has a well-established credit control procedures that monitor activities on customer accounts and allow for remedial action should the customer fail to comply with the payment terms.

These procedures include:

- Follow up of the customers by telephone or in-person
- Negotiation for mutually accepted payment arrangements terms
- Withdrawal of credit facilities
- Writing of debt demand letters to debtors

Legal action for those who fail to pay

**c) Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Association's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior.

Some of the key risks the Association has identified in its operations are

- (a) The sustainability of the Association in the event the grant in aid is withdrawn.
- (b) Encroachment of organizations land of 25.55 hectares valued at kshs 78,956,800 by squatters and land grabbers

Operational risks are documented in the risk management policy and are managed by the Audit and risk committee established to spearhead and coordinate risk management activities.

The measures taken include proactively identifying, analyzing and mitigating risks in all areas of the Association.

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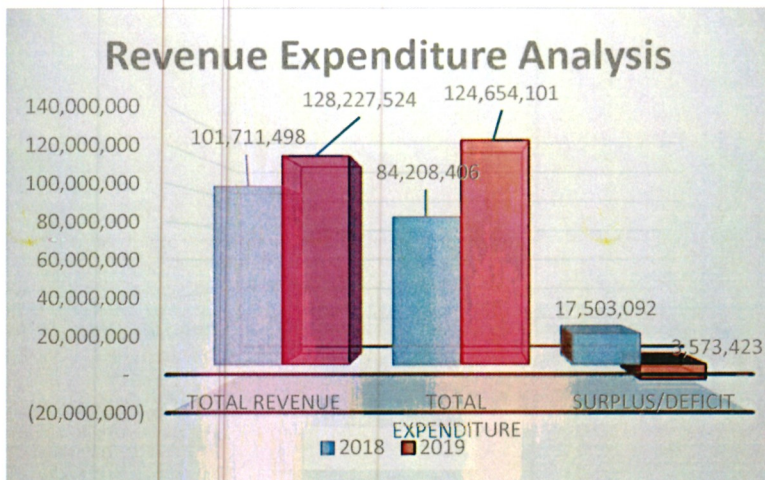
**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

**Material arrears in statutory/financial obligations**

During the year under review the Association does not have any material arrears, in statutory, loan defaults, pending bills, tax default, and pension obligations.

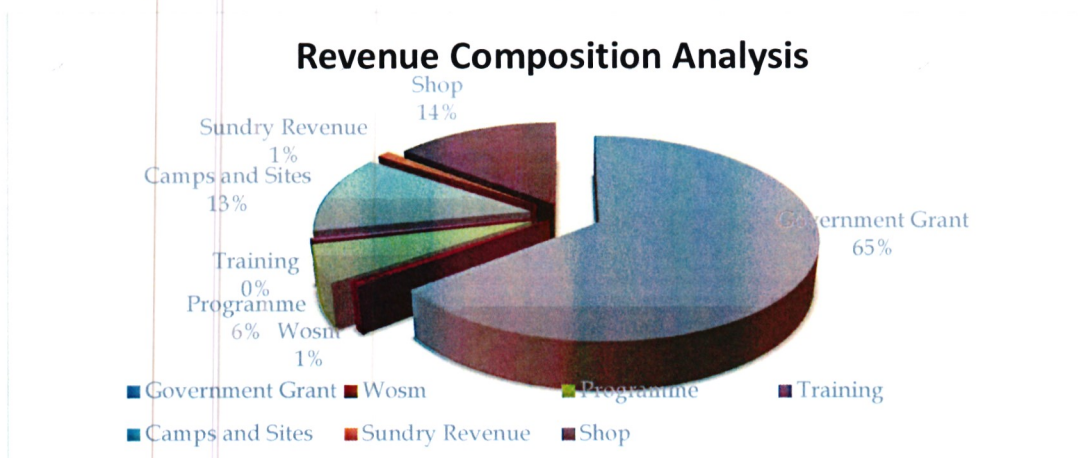
**Statement of Financial Performance Analysis**

Total Revenues stood at Kshs. 128,227,524 which represents a marginal increase of 17% from the previous period which stood at Kshs.101, 711,498. This is majorly attributed the increase in net profit from the BP shop. Below is a bar graph that compares Total Revenues, Total expenditure and surplus for the two periods.



From the above graph, the difference in performance for the two periods is clear.

The below pie chart shows the revenues composition for year 2019

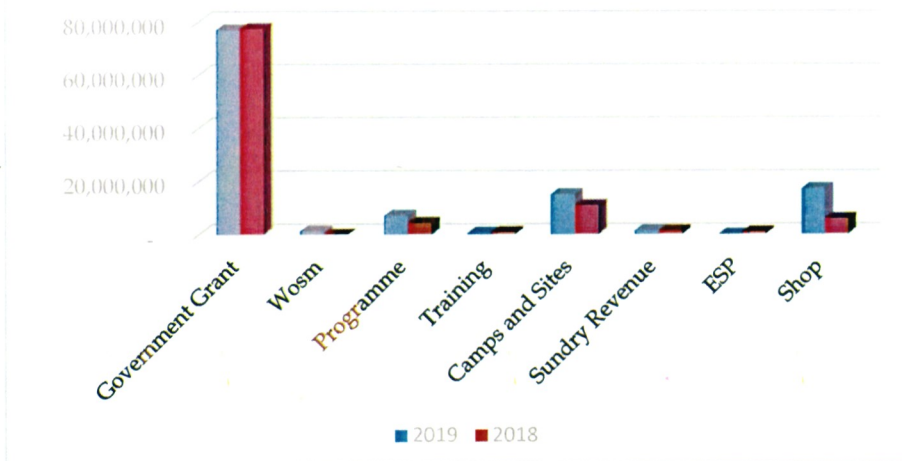


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**MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

From the above pie chart it's clear that the Association still depends greatly on the grant in Aid from the government. From the Association's main income generating activities are Camps and sites and Scouts Shop. The Scouts shop performed slightly better than Camps and sites in terms of revenue. For more details on how the revenues changed over the two period see below graph;

**Revenue Trend Analysis**



The Association needs to employ measures to maintain steady growth rates in all its revenue streams to enhance sustainability.

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**CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

This report is about how the KSA takes account of its economic, social and environmental impact in the way it operates as a Movement. By demonstrating our commitment to community social development we aim to align our activities, purpose, and strategy with the needs of our members, whilst embedding such responsible and ethical principles into everything we do.

The elements of this report cover our approach in dealing with our members and the local community principles in an effort to support reducing our energy, transport, water use and other business usage to reduce our carbon footprint and environmental impact.

**Environment**

Protection on the environment in which we live and operate is part of Kenya Scouts Association's values and principles and we consider it to be sound business practice. Care for the environment is one of our key responsibilities and an important part of the way we work.

During 2018/19, the Association was committed to:

- Complying with all relevant environmental legislation, regulations and approved codes of practice.
- Continued to work with the Government in planting over 50 million trees countrywide.
- Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air and water.
- Managing and disposing of all waste in a responsible manner.
- Providing training for staff so that we all work in accordance within an environmentally aware culture.
- Regularly communicating our environmental performance to our employees and other significant stakeholders.
- Developing our management processes to ensure that environmental factors are considered during planning and implementation.

The National Secretariat will ensure that the Association reduces the environmental impact on the Association by:

- Sourcing and buying locally to save fuel costs wherever possible.
- Ensuring all lights and equipment is switched off when not required.
- Ensuring that water is used efficiently.
- Using scrap paper for drafts and notes
- Printing in mono and double sided wherever possible.
- Sourcing recycled materials wherever possible.

**The Kenya Scouts Association  
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**CORPORATE SOCIAL RESPONSIBILITY STATEMENT (*Continued*)**

**Local Community**

The National Scout Board will also ensure that our work with the local community involves:

- Working with and supporting local charities
- Encouraging volunteer work in community activities.

During year 2018/19, a number of initiatives were undertaken within the local community including support in Community projects within Kibera Slums, and allowing the use of the Rowallan Scout playing fields to be used as training grounds by two soccer teams from the same slums.

**Responsibility to Stakeholders**

The National Executive Committee also ensures that we deal responsibly, openly and fairly with members and potential members by:

- Being open and honest about our activities
- We listen to our members to help us improve the Scouting activities.

The operational and ultimate responsibility for the commitment to our community social development lies with the National Scout Board. Every employee of the Association is expected to give their full co-operation to the above principles in their activities at work.



**MOSES JONATHAN OCHIENG  
NATIONAL EXECUTIVE COMMISSIONER**

**The Kenya Scouts Association  
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**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the entity's affairs.

**Principal activities**

The principal activities of the entity continue to be to contribute to the educational development of young people by promoting their intellectual, physical, social, emotional and spiritual wellbeing, equipping them with knowledge, positive attitudes and skills useful to themselves and their communities through a value based on the scout law and promise. The Association also sells uniforms to scouts countrywide.

**Results**

The results of the entity for the year ended June 30, 2019 are set out on page 1 to 27

**Directors**

The members of the Board of Directors who served during the year are shown above.

**Dividends/Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year as the surplus was not as a result of funds received from the government but generated from its various income generating activities and hence no remittance to the Consolidated Fund.

**Auditors**

The Auditor General is responsible for the statutory audit of the Association in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



**MOSES OCHIENG DANDA  
NATIONAL EXECUTIVE COMMISSIONER**

Nairobi.

Date: 12.09.2019

**The Kenya Scouts Association  
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - require the Directors to prepare financial statements in respect of that association, which give a true and fair view of the state of affairs of the association at the end of the financial year/period and the operating results of the association for that year/period. The Directors are also required to ensure that the association keeps proper accounting records which disclose with reasonable accuracy the financial position of the association. The Directors are also responsible for safeguarding the assets of the association.

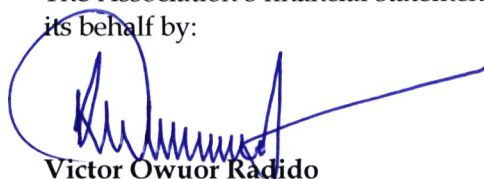
The Directors are responsible for the preparation and presentation of the association's financial statements, which give a true and fair view of the state of affairs of the association for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the association (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the association's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Directors are of the opinion that the association's financial statements give a true and fair view of the state of association's transactions during the financial year ended June 30, 2019, and of the association's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the association, which have been relied upon in the preparation of the association'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 association 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 Association's financial statements were approved by the Board on 25<sup>th</sup> August 2019 and signed on its behalf by:



**Victor Owuor Radido**  
**Chief Commissioner**



**Moses Jonathan Ochieng**  
**National Executive Commissioner**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON KENYA SCOUTS ASSOCIATION FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kenya Scouts Association set out on pages 1 to 27, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Scouts Association as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Scouts Act, 2008 (Revised) and Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1.0 Property, Plant and Equipment

##### 1.1 Parcels of Land Without Title Deeds

As reported in the previous year, property, plant and equipment balance of Kshs.1,829,989,128 as at 30 June, 2019 includes land valued at Kshs.1,665,824,709 as disclosed under Note 30 to the financial statements. Included in the figure of Kshs.1,665,824,709 are fourteen (14) parcels of land with book values totaling Kshs.78,956,800 located in various counties and whose titles were not availed for audit review. The ownership status of the parcels of land is therefore not known and the parcels of land are at risk of encroachment by informal settlers and private developers.

##### 1.2 Parcels of Land Omitted from the Financial Statements

Further, as previously reported, the property, plant and equipment balance of Kshs.1,829,989,128 excludes twelve (12) parcels of land with undetermined values

owned by the Association located in various counties. Although Management is aware of the above conditions, there is no evidence of the steps being undertaken to value the parcels of land and subsequently recognize them in the books of accounts.

### **1.3 Incomplete Works**

In addition, included in the property, plant and equipment balance of Kshs,1,829,989,128 was Kshs.11,350,420 relating to work in progress for a boundary wall for the Kenya Scouts Association Headquarters and Camp. The Management has however, not given any disclosure in the financial statements as to the nature and measurements of these works.

In the circumstances it has not been possible to confirm the accuracy, validity and completeness of property, plant and equipment balance of Kshs.1,829,989,128 as at 30 June, 2019.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Scouts Association Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

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

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

## **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Associations ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to terminate the Association or to cease operations.

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

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

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

## **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Association to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Association to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

**Nairobi**

**19 April, 2021**

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**STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2019**

	Notes	2019 KSHS	2018 KSHS
<b>Revenue from Non - Exchange transactions</b>			
Grant from Government	2	76,962,500	77,500,000
Partners' Contribution	3	2,685,319	-
Programmes Revenue	4	6,278,824	4,398,933
Training Revenue	5	1,690,630	852,500
		<u>87,617,273</u>	<u>82,751,433</u>
<b>Revenue from exchange transactions</b>			
Camps & Sites	6	17,291,260	10,906,609
Sundry Revenue	7	5,649,027	1,284,000
Extended Scouting Programmes	9	-	837,596
Net Profit/(Loss) from Shop	8	17,669,963	5,931,860
		<u>40,610,251</u>	<u>18,960,065</u>
<b>Total Revenue</b>		<u><b>128,227,524</b></u>	<u><b>101,711,498</b></u>
<b>Expenses</b>			
Programmes Expenses	10	20,327,673	13,994,037
Training Expenses	11	4,302,720	4,825,780
Committees & Meetings	12	14,329,798	9,079,661
County Scouts Support	13	5,682,467	1,390,044
International events	14	3,136,657	1,914,053
Salaries and Staff Benefits	15	32,744,468	21,932,305
Establishment/Secretariat	16	11,883,716	8,443,778
Communication & Corp Affairs	17	1,091,073	2,543,426
Ethics & Awards	18	-	117,600
Headquarters expenses for camps & sites	19	1,242,748	3,754,996
Messengers of Peace-WOSM	20	1,672,886	-
Security & Special Programmes Expenses	21	4,380,017	900,646
Projects & Partnerships Expenses	22	2,820,169	745,280
Camps & Sites Expenses	23	15,221,344	9,133,119
Depreciation and Amortisation	30	6,489,135	5,433,681
		<u>125,324,870</u>	<u>84,208,406</u>
<b>Total Expenses</b>		<u><b>125,324,870</b></u>	<u><b>84,208,406</b></u>
<b>Surplus for the period</b>		<u><b>2,902,654</b></u>	<u><b>17,503,092</b></u>

The notes set out on pages 7 to 27 form an integral part of the Financial Statements

**The Kenya Scouts Association  
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**STATEMENT OF FINANCIAL POSITION AS AT 30, JUNE 2019**

	Notes	2019 KSH	2018 KSH
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & cash equivalents	24	117,387,967	128,063,193
Receivables from Exchange Transaction	25	3,914,913	9,232,052
Receivables from Non- Exchange Transaction	26	1,768,516	585,695
Inventories	27	10,234,609	10,936,347
County Scout Support		-	2,893,836
		<u>133,306,004</u>	<u>151,711,123</u>
<b>Non - Current Assets</b>			
Property, plant & equipment	30	1,829,989,128	1,816,961,140
Intangible Assets	30	1,096,200	1,763,398
		<u>1,964,391,332</u>	<u>1,970,435,661</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and Accruals	29	2,488,199	16,754,428
Pre-paid Grant		-	19,375,000
		<u>2,488,199</u>	<u>36,129,428</u>
<b>NET ASSETS</b>			
		<u>1,961,903,133</u>	<u>1,934,306,233</u>
<b>FUNDS</b>			
General Fund		950,532,433	925,408,132
Revaluation Reserve		1,006,753,186	1,006,753,186
Restricted Fund		4,617,514	2,144,915
		<u>1,961,903,133</u>	<u>1,934,306,233</u>

The notes set out on pages 7 to 27 form an integral part of the Financial Statements



MOSES OCHIENG JONATHAN  
NATIONAL EXECUTIVE COMMISSIONER



VICTOR OWUOR RADIDO  
CHIEF COMMISSIONER

**The Kenya Scouts Association  
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	General Fund KSHS	Restricted Fund KSHS	Revaluation Reserve KSHS	Total KSHS
Balance as at 30.06.2016	871,363,097	1,189,892	6,156,501	878,709,490
Surplus for the period	39,341,322	-	-	39,341,322
Net movement during the period	-	80,466	1,001,581,995	1,001,662,461
Transfers to/from accumulated surplus	-	-	-	-
Prior year adjustment	(969,796)	-	(985,310)	(1,955,106)
<b>Balance as at 30th June 2017</b>	<b>909,734,623</b>	<b>1,270,358</b>	<b>1,006,753,186</b>	<b>1,917,758,167</b>
Balance as at 01.07.2017	909,734,623	1,270,358	1,006,753,186	1,917,758,167
Surplus for the period	17,503,092	-	-	17,503,092
Net movement during the period	-	874,557	-	874,557
Transfers to/from accumulated surplus	-	-	-	-
Prior year adjustment	(1,829,583)	-	-	-
<b>Balance as at 30.06.2018</b>	<b>925,408,132</b>	<b>2,144,915</b>	<b>1,006,753,186</b>	<b>1,934,306,233</b>
Balance as at 01.07.2018	925,408,132	2,144,915	1,006,753,186	1,934,306,233
Surplus for the period	2,902,654	-	-	2,902,654
Net Movement during the year	-	2,472,599	-	2,472,599
Prior year adjustment	22,221,647	-	-	22,221,647
<b>Balance as at 30.06.2019</b>	<b>950,532,433</b>	<b>4,617,514</b>	<b>1,006,753,186</b>	<b>1,961,903,133</b>

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**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 Kshs	2018 Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
<b>Revenue from Non - Exchange transactions</b>			
Grant from Government	2	76,962,500	77,500,000
Partners' Contribution	3	2,685,319	-
Programmes Revenue	4	6,278,824	4,398,933
Training Revenue	5	1,690,630	852,500
<b>Revenue from exchange transactions</b>			
Camps & Sites	6	17,291,260	10,906,609
Sundry Revenue	7	5,649,027	1,284,000
Extended Scouting Programmes	9	-	837,596
Net Profit/(Loss) from Shop	8	17,669,963	5,931,860
Decrease in Inventories		-	11,663,265
Increase Payables and Accruals		-	13,418,203
Cash Received from Restricted Fund		-	1,932,136
Increase in Other Payables		-	(104,239)
<b>Total Revenue</b>		<b>128,227,524</b>	<b>128,620,863</b>
<b>Payments</b>			
Programmes Expenses	10	20,327,673	13,994,037
Training Expenses	11	4,302,720	4,825,780
Committees & Meetings	12	14,329,798	9,079,661
County Scouts Support	13	5,682,467	1,390,044
International events	14	3,136,657	1,914,053
Salaries and Staff Benefits	15	32,744,468	21,932,305
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Ethics & Awards	18	-	117,600
Headquarters expenses for camps & sites	19	1,242,748	3,754,996
Messengers of Peace-WOSM	20	1,672,886	-
Security & Special Programmes Expenses	21	4,380,017	900,646
Projects & Partnerships Expenses	22	2,820,169	745,280
Camps & Sites Expenses	23	15,221,344	9,133,119
<b>Total Expenses</b>		<b>120,723,596</b>	<b>78,774,725</b>
<b>Net Cash From Operating Activities</b>		<b>7,503,928</b>	<b>49,846,138</b>
<b>Cash Flows From Investing Activities</b>			
Purchase of Property, Plant & Equipment	30	(18,179,155)	(2,633,112)
Increase in Intangible Assets		-	(1,566,000)
<b>Net Cash From Investing Activities</b>		<b>(18,179,155)</b>	<b>(4,199,112)</b>
<b>Cash Flows from financing activities</b>			
Accrued Expenses		-	(10,166,935)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(10,166,935)</b>
<b>Net Increase in cash and cash equivalents</b>		<b>(10,675,227)</b>	<b>35,480,091</b>
Cash & cash equivalents at beginning of the period		128,063,193	128,063,193
<b>Cash &amp; cash equivalents at end of the period</b>		<b>117,387,966</b>	<b>128,063,192</b>

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original Budget	Adjustments	Revised Budget	Actual on Comparable Basis	Performance Difference	Explanation of Differences
Revenue from Non - Exchange transactions	KSHS	KSHS	KSHS	KSHS	KSHS	%
Grant from Government	77,500,000	-	77,500,000	76,962,500	537,500	1%
Programmes Revenue	9,237,500	(2,000,000)	7,237,500	6,278,824	958,676	13%
Training Revenue	4,400,000	(3,354,000)	1,046,000	1,690,630	(644,630)	(62)%
	91,137,500	(5,354,000)	85,783,500	84,931,954	851,546	
Revenue from exchange transactions						
Camps & Sites	21,600,000	-	21,600,000	17,291,260	4,308,740	20%
Sundry Revenue	1,320,000	-	1,320,000	5,649,027	(4,329,027)	
Projects & Partnerships	13,200,000	(6,800,000)	6,400,000	2,685,319	3,714,681	58%
County Activities Support	500,000	-	500,000	-	500,000	
Net Profit/(Loss) from Shop	20,621,967	-	20,621,967	17,669,963	2,952,004	14%
Total Revenue	57,241,967	(6,800,000)	50,441,967	43,295,570	7,146,397	
Expenses	148,379,467	(12,154,000)	136,225,467	128,227,524	7,997,943	
Programmes Expenses	37,378,750	(13,800,000)	23,578,750	20,327,673	3,251,077	14%

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	Original Budget	Adjustments	Revised Budget	Actual on Comparable Basis	Performance Difference	Performance Difference	Explanation of Differences
	KSHS	KSHS	KSHS	KSHS	%	KSHS	
Training Expenses	11,135,680	(4,900,872)	6,234,808	4,302,720	31%	1,932,088	This reduced since there were trainings that were being fully sponsored.
Committees & Meetings	8,350,000	2,000,000	10,350,000	14,329,798	(38)%	(3,979,798)	This increase because finance guidelines was revised resulting into hire sitting allowances.
County Scouts Support	10,000,000	(4,000,000)	6,000,000	5,682,467	5%	317,533	Within the limit
International events	4,600,000	-	4,600,000	3,136,657	32%	1,463,343	This was due to review of rates of subsistence allowances.
Salaries and Staff Benefits	29,940,000	5,000,000	34,940,000	32,744,468	6%	2,195,532	Within the limit.
Establishment/Secretariat	12,841,250	4,774,552	17,615,802	11,883,716	33%	5,732,086	This reduced since there was saving in certain areas e.g. Motor vehicle costs.
Communication & Corp Affairs	6,961,000	(802,000)	6,159,000	1,091,073	82%	5,067,927	This was lower because some costs were not undertaken during the financial year.
Ethics & Awards	1,750,000	(1,750,000)	-	-	-	-	
Headquarters expenses for camps & sites	-	-	-	1,242,748		(1,242,748)	This is because camps are being developed to improve on income. This had not been budget for.
Messengers of Peace-WOSM	-	2,000,000	2,000,000	1,672,886		327,114	This a donor funded project that is still on going
Security & Special Programmes Expenses	7,400,000	(2,000,000)	5,400,000	4,380,017	19%	1,019,983	This was due to addition of security guards to man scout shops.
Projects & Partnerships Expenses	2,367,000	48,000	2,415,000	2,820,169	(17)%	(405,169)	The delay of funds from Vi Agroforestry led to this variance the money was later refunded.
Camps & Sites Expenses	8,611,000	7,235,000	15,846,000	15,221,344	4%	624,656	Within the limit
Depreciation & Amortization	-	-	-	6,489,135		(6,489,135)	Not a cash item
Contingency	7,628,509	-	7,628,509	-		7,628,509	
<b>Total Expenses</b>	<b>148,963,189</b>	<b>(6,195,320)</b>	<b>142,767,869</b>	<b>125,324,870</b>		<b>17,442,999</b>	
<b>Surplus for the period</b>	<b>(583,722)</b>		<b>(583,722)</b>	<b>2,902,654</b>		<b>(3,486,376)</b>	

**The Kenya Scouts Association  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the association's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 32 (a)

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the association

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue Recognition**

The Association recognizes income and revenue when earned. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**b) Receivables**

Receivables are stated at nominal value, less provision for any amounts to be irrecoverable.

**c) Sales of Goods**

Revenue from 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's probable that the economic benefits or service potential associated with the transaction will flow to the Association.

**d) Rental income**

Rental Income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms and included in the revenue.

**e) Budget information**

The annual budget is prepared on the accrual basis, that is, all planned costs and incomes are presented in a single statement to determine the needs of the Association.

The annual budget is prepared on the accrual basis, that is, all planned costs and incomes are presented in a single statement to determine the needs of the Association.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**f) Investment Property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement costs of the components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day maintenance of investment property.

**g) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. The cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

**Depreciation**

Property, plant and equipment are initially recorded at cost/valuation. Depreciation is calculated on reducing balance basis to write down the cost of each asset to its residual value over its predetermined useful life. The annual depreciation rates in use are as shown below:

Land	Nil
Building	2.5%
Motor vehicle	25%
Computers	30%
Furniture & Fittings	12.5%
Equipment & Machinery	12.5%
Amortization	30%
Work in Progress	Nil

**h) Leases**

Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or if lower, at the present value of the future minimum lease payments.

**i) Inventories**

Inventories are measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is measured at the lower cost and current replacement value.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j) Provisions**

Provisions are recognized when the Association 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 obligation.

**k) Contingent Liabilities**

The Association 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 can be made of the amount of the obligation.

**l) Contingent Assets**

The Association does not recognize a contingent asset, but discloses details of 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 Association. Expenditure on acquired ERP software programs is capitalized and amortized on the straight-line basis over their expected useful lives, normally not exceeding three years.

**m) Intangible assets**

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.

**n) Reserves**

The Association creates and maintains reserves in terms of specific requirements

**o) Employee Benefits**

The Association operates a staff retirement benefit scheme for its employees. The scheme which was established in 1<sup>st</sup> January, 2019 operates in accordance with the provisions of the Retirement Benefits Act, 1997. The assets of the scheme are held in a separate trustee administered fund that is funded by contributions from both employees and The Kenya Scouts Association as the sponsor.

**p) Related Parties**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**q) Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the period ended 30, June 2019.

**r) Bad Debts**

Bad debts are written off when all reasonable steps to recover them have been taken without success in the year in which they are identified as irrecoverable.

**s) Trade Payables**

Payables are stated at nominal values less amounts not expected to be payable.

**t) Tax Status**

The Association is exempted from payment of Income Tax under Section 13 (2) of the Income Tax Act (Cap 470)

**u) Liquidity risk management**

Liquidity risk is the risk that the association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation. The Association manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**v) Financial risk management**

The Kenya Scouts Association seeks to minimise its exposure to financial risk by investing only in secure government bills and bonds. There are no financial liabilities like loan overdraft other than suppliers' liabilities.

✓ **Currency Risk**

The Kenya Scouts Association bank accounts are denominated in Kenya Shillings as shown in Note 25, except for Equity Dollar Account which is domiciled at Equity Kibera Branch and KCB Dollar account domiciled at KICC Brank. Income and expenses are settled in Kenya Shillings hence there is minimal or no exposure to currency risk.

✓ **Interest rate risk**

Interest rate risk arises from possible impact of changes in interest rates on the value of financial instruments. By investing only in government treasury bills, The Kenya Scouts Association has minimal exposure to interest rate risk.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

✓ **Interest rate risk**

Interest rate risk arises from possible impact of changes in interest rates on the value of financial instruments. By investing only in government treasury bills, The Kenya Scouts Association has minimal exposure to interest rate risk.

✓ **Credit risk**

Credit risk is a risk that a party to financial instrument transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The association is exposed to minimum credit risk on the debtors account. The risk is minimised since most payment are made in advance for instance sale of uniform and camping fees.

**w) 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 various commercial banks and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to members of staff which were not surrendered or accounted for at the end of the financial year.

**x) Comparative figures**

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

**y) Significant judgments and sources of estimation uncertainty**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Estimates and assumptions**

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

**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 association
- 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

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**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2019</b>	<b>2018</b>
	<b>KSHS</b>	<b>KSHS</b>
<b>2 Government grant</b>		
Transfer during the year	76,962,500	77,500,000
	<u>76,962,500</u>	<u>77,500,000</u>
<b>3 Partners' Contribution</b>		
Messengers of Peace-WOSM	1,635,089	-
WWF-K	643,230	-
WEB Rangers	407,000	-
	<u>2,685,319</u>	<u>-</u>
<b>4 Programmes Revenue</b>		
Youth Programmes Certificates	2,699,425	720,430
Competition Fees	592,255	1,425,340
Founderee & Centenary	868,647	1,717,850
Registration	1,949,473	535,273
Sundry Others	89,824	-
Jamboree	79,200	-
	<u>6,278,824</u>	<u>4,398,893</u>
<b>5 Training Revenue</b>		
Woodbage Receipts & ALT Fees	1,690,630	612,600
Training Certificates	-	239,900
	<u>1,690,630</u>	<u>852,500</u>
<b>6 Camps &amp; Sites Revenue</b>		
Embu	9,101,818	7,505,382
Kilifi Camp	-	-
Rowallan Camp	7,772,462	3,163,252
Machakos	35,600	-
Nyeri	261,760	237,975
Siaya Camp	119,620	-
Muranga Camp	-	-
	<u>17,291,260</u>	<u>10,906,609</u>
<b>7 Sundry Revenue</b>		
B.P. House Rent	1,284,000	1,284,216
Staff Loan Interest	142,360	-
Other Sundries	4,222,667	-
	<u>5,649,027</u>	<u>1,284,216</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2019</b>	<b>2018</b>
	<b>KSHS</b>	<b>KSHS</b>
<b>8 Gross Revenue from Shop</b>		
Sales of Scouts Uniforms & Camping gears	77,158,127	54,197,948
Cost of Sales		
Opening Stock	10,936,347	22,569,613
Add : Purchases	57,429,421	36,127,310
Less: Closing Stock	<u>(10,234,609)</u>	<u>(10,936,347)</u>
	<b>58,131,159</b>	<b>47,760,576</b>
Gross Profit	<b>19,026,968</b>	<b>6,437,372</b>
Less Operating Expenses	<u>1,357,005</u>	<u>505,512</u>
Net Profit/(Loss) from Shop Operations	<u><b>17,669,963</b></u>	<u><b>5,931,860</b></u>
<b>9 Extension Scouting Programmes-(ESP)</b>		
Sales	-	2,863,150
Cost of Sales: Materials	-	(1,876,860)
Expenses: Other	-	<u>(148,694)</u>
Net Profit	<u>-</u>	<u><b>837,596</b></u>
<b>10 Programmes Expenses</b>		
Certificates	2,723,400	2,659,020
Competition	8,227,874	4,676,305
Founderee	95,000	1,460,120
Jamboree	1,140,780	244,000
National Youth Forum	535,290	252,875
Work Camp and Service week	-	349,500
Africa Scouts Day	2,610,040	-
ESP Camp	-	174,820
National Day Celebrations	-	51,600
Data Entry	200,000	73,857
Program Material Review	-	228,500
Patrol Leader Training	-	1,417,240
Brass Band	-	1,907,700
IUC Moot	-	498,500
Rover Centenary	4,451,789	-
Zonals Planning	<u>343,500</u>	<u>-</u>
	<u><b>20,327,673</b></u>	<u><b>13,994,037</b></u>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2019	2018
	KSHS	KSHS
<b>11 Training Expenses</b>		
Woodbadge	1,607,420	1,172,780
Training of Trainers	-	1,259,800
Finance for non-finance Training	-	343,200
Induction	-	2,050,000
ALT Training	1,109,400	-
Capacity Building	1,585,900	-
	<u>4,302,720</u>	<u>4,825,780</u>
<b>12 Committees &amp; Meetings' Expenses</b>		
Annual general Meeting	3,679,066	2,101,960
Management & Strategy Planning	-	393,400
National Scouts Board	2,398,700	2,235,104
Programme Committee	237,250	151,600
Task Force and Adhoc Meetings	847,700	120,500
Camps & Sites	23,600	-
National Youth Committee	1,616,200	-
Training committee	198,180	136,200
Adult Resources Committee	-	941,249
National Admin	3,740,100	2,131,848
Audit & Risk Committee	97,400	47,550
Executive Committee	388,531	435,750
County Youth Rep Meeting	-	300,100
Finance Committee Meeting	215,882	18,200
Scouts Shop Meeting	-	24,600
Technical Committee Meeting	647,300	41,600
Disciplinary Meeting	58,189	-
Adults in Scouting Meeting	181,700	-
	<u>14,329,798</u>	<u>9,079,661</u>
<b>13 County Scouts Support</b>		
	<u>5,682,467</u>	<u>1,390,044</u>
	<u>5,682,467</u>	<u>1,390,044</u>
<b>14 International events</b>		
	<u>3,136,657</u>	<u>1,914,053</u>
	<u>3,136,657</u>	<u>1,914,053</u>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2019	2018
	KSHS	KSHS
<b>15 Salaries and Staff Benefits</b>		
Salaries & Wages	25,588,402	17,175,490
Medical Expenses	4,518,810	3,478,314
Staff Welfare	1,529,691	1,114,951
Communication	731,500	-
Group Life Insurance	159,665	-
Benevolent Fund	164,000	-
Staff Other Expenses	52,400	163,550
	<u>32,744,468</u>	<u>21,932,305</u>
<b>16 Establishment /Secretariat Expenses</b>		
Communication Cost	-	551,500
Postage & Courier	793,168	412,658
Office Stationery	378,830	446,034
Printing and Production	658,166	199,602
Subscription Fees	2,424,602	520,500
Utilities	1,364,684	1,265,976
Office Expenses	767,474	-
Bank and Mpesa Charges	229,342	82,136
Audit Cost	580,000	-
Professional Fees	358,800	377,250
Repairs and Maintenance - Office	266,884	919,059
Vehicle costs	2,868,861	1,372,366
Cleaning & sanitation	168,749	147,825
Hotel Expenses	-	800,250
Chief Scout/Commissioner	440,350	320,000
Insurance	-	548,938
Land Documentation	29,000	94,282
Asset Tagging	83,076	11,902
Monitoring and Evaluation of Camps, Centres and Shops	-	373,500
Local Travel	168,500	-
Centres Visits	303,230	-
	<u>11,883,716</u>	<u>8,443,778</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019	2018
	KSHS	KSHS
<b>17 Communication &amp; Corp Affairs</b>		
Advertisement	300,480	285,360
ASK Show	-	321,000
Software/ICT	-	118,200
Website Maintenance	241,500	242,000
Signage	-	250,000
Printing & Production	-	359,500
Internet	519,093	676,686
Bulk SMS	-	60,080
Communications Intern	30,000	-
IT Maintenance	-	114,500
IEC Materials	-	12,000
ERP Costs	-	34,100
Event Coverage	-	70,000
	<u>1,091,073</u>	<u>2,543,426</u>
<b>18 Ethics &amp; Awards</b>		
Elections & Induction	-	117,600
	<u>-</u>	<u>117,600</u>
<b>19 Headquarters expenses: For Camps &amp; Sites</b>		
Siaya	662,201	-
Kilifi Support	24,626	74,000
Machakos scouts centre	174,278	1,139,900
Busia Fence	-	38,750
Kakamega Shop Repair	-	739,075
Murang'a Camp	61,050	-
Nyamira	44,100	-
BP Shop	180,593	1,558,871
Rowallan Camp	95,900	204,400
	<u>1,242,748</u>	<u>3,754,996</u>
<b>20 Messengers of Peace-WOSM</b>	<u>1,672,886</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2019	2018
	KSHS	KSHS
<b>21 Security &amp; Special Programmes</b>		
Safety and Security	1,897,327	687,156
Investiture	245,350	-
National Days Celebrations	434,600	-
Nacada Kisumu Event	40,000	-
Patron's Day	1,372,740	-
Capacity Building	338,000	123,190
Twinning & Work Camp	-	90,300
Souvenirs	52,000	-
	<u>4,380,017</u>	<u>900,646</u>
<b>22 Projects &amp; Partnerships Expenses</b>		
Tailoring	2,820,169	745,280
	<u>2,820,169</u>	<u>745,280</u>
<b>23 Camps &amp; Sites Expenses</b>		
Miritini	-	-
Embu	8,820,736	6,426,104
Rowallan	5,876,049	2,291,278
Nyeri	524,559	415,737
	<u>15,221,344</u>	<u>9,133,119</u>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2019	2018
	KSHS	KSHS
<b>24 Cash and Cash Equivalents</b>		
Barclays Bank - A/C No. 0821086574	(3,900)	-
Barclays Bank - A/C No. 0821086558	496,083	512,699
Equity Bank Operations - A/C No. 1170299559323	1,459,428	(4,771,639)
Equity Bank Main - A/C No.1510260829573	61,961,291	66,186,240
I & M Bank - A/C No. 00200081541201	3,226,680	949,480
KCB US Dollar - A/C No. 1112620192	249,383	217,136
KCB Moot 1 - A/C No. 1108788971	2,182,595	467,504
 Pay bill - 963350	 27,262,981	 37,876,799
 <b>Centre &amp; Camps Accounts</b>		
Embu Centre, Equity Bank - A/C No. 1510262146188	2,066,489	2,149,057
Kilifi Centre, Equity Bank - A/C No. 1510262196329	3,814	4,054
Machakos Centre, Equity Bank - A/C No. 1510262146295	2,878	(2,441)
Rowallan Camp, Equity Bank - A/C No. 1510262213835	6,519,636	5,973,223
Siaya Centre, Equity Bank - A/C No. 1510262146312	134,080	31,700
Nyeri Centre, Equity Bank - A/C No. 1510262146255	93,369	221,583
Miritini Centre, Equity Bank - A/C No. 1510263534201	1,680,642	1,680,882
USD Account Equity-A/C No. 1510263534342	60,813	48,503
 <b>Shop Accounts</b>		
Barclays Bank - A/C No, 0821086582	1,012,594	940,744
Equity Bank - A/C No. 1510260829601	7,187,639	13,815,356
Equity Agency - 0240260966845	5,496	5,496
Equity Agency 0242260966777	111,010	115,410
 <b>County Scouts Accounts</b>		
Equity Bank -KSA Nairobi	12,312	8,312
Equity Bank - KSA Mombasa	980	23,090
Equity Bank- KSA Kwale	9,035	145,550
Equity Bank Kilifi	6,468	1,893
Equity Bank - KSA Tana River	94	73,974
Equity Bank Taita Taveta	34,012	135,692
Equity Bank Marsabit	486	(486)
Equity Bank Meru	105	390

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2019	2019
	KSHS	KSHS
<b>County Scouts Accounts</b>		
Equity Bank Embu	195,449	104,064
Equity Bank Mwingi	83,963	177,568
Equity Bank Machakos	3,322	113,052
Equity Bank Makueni	132,261	5,411
Equity Bank Nyeri	44,146	476
Equity Bank Kirinyaga	1,405	2,425
Equity Bank - KSA Muranga	173,210	230
Equity Bank Kiambu	54,635	1,220
Equity Bank Tharaka Nithi	486	486
Equity Bank - KSA Turkana	65,165	65,165
Equity Bank - KSA Trans Nzoia	96,008	48,968
Equity Bank - KSA Uasin Gishu	10,768	51,663
Equity Bank Elgeyo Marakwet	77,135	135
Equity Bank Nandi	174	174
Equity Bank Laikipia	1,118	51,478
Equity Bank -KSA Nakuru	71,841	54,661
Equity Bank - KSA Narok	65,086	(66)
Equity Bank Kajiado	4,353	453
Equity Bank Kericho	865	945
Equity Bank Bomet	1,883	97,283
Equity Bank Kakamega	5,022	9,942
Equity Bank Bungoma	117	73,887
Equity Bank Busia	963	1,073
Equity Bank Siaya	675	1,275
Equity Bank Kisumu	71,100	96,547
Equity Bank Homa Bay	130,696	1,198
Equity Bank Migori	154,866	986
Equity Bank Kisii	241	41,041
Equity Bank Nyamira	21,184	(360)
Equity Bank Nyandarua	110,981	5,161
Equity Bank - KSA West Pokot	168	100,448
Equity Bank Baringo	356	(343)
Equity Bank Vihiga	1,155	15,185
Equity Bank Wajir	16,085	16,085
Equity Bank Garissa	86	86
Equity Bank Samburu	560	560
Equity Bank Isiolo	13,951	114,431
	<b>117,387,967</b>	<b>128,063,194</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2019	2018
	KSHS	KSHS
<b>25 Receivables from Exchange Transaction</b>		
BP Shop Debtors		6,653,585
Receivable from Bosco Sombe	190,000	200,000
Prepaid Insurance-APA Insurance	2,761,609	1,730,684
BP House Rent	963,304	647,784
	<u>3,914,913</u>	<u>9,232,053</u>

<b>26 Receivables from Non- Exchange Transaction</b>		
Staff Salary Advances	1,768,516	585,695
	<u>1,768,516</u>	<u>585,695</u>

<b>27 Inventories</b>		
Rowallan	6,157,318	7,730,681
Tailoring	195,500	1,209,100
BP Shop	3,881,790	1,996,566
Total	<u>10,234,609</u>	<u>10,936,347</u>

**28 Restricted Funds**

Details	As at	Transfers	Payments	As at
	01.07.2018			30.06.2019
	KSHS	KSHS	KSHS	KSHS
Barclays ESP A/C No - 0821086558	512,699	-	19,136	493,563
I & M CRS - A/C No - 00200081541201	949,480	2,685,319	408,120	3,226,679
KCB Dollar A/C No - 1112620192	250,366	-	-	250,366
KCB MOYA A/C No. 1112039279	(1,904)	-	-	(1,904)
KCB MOOT 1 A/C No - 1108788971	467,504	214,536	-	682,040
	<u>2,178,145</u>	<u>2,899,855</u>	<u>427,256</u>	<u>4,650,744</u>

	2019	2018
Details of Creditors	KSHS	KSHS
BP Shop Creditors	-	18,571,220
HQ Creditors	2,488,199	1,096,195
Embu Creditors		245,954
Rowallan Creditors		1,671,080
	<u>2,488,199</u>	<u>21,584,449</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

30	Fixed Assets	Land	Buildings	Motor vehicles	Computers	Furniture, Fixtures & Fittings	Equipment	Work in Progress	Total
30	Cost/Valuation								
	As at 30/06/2017	1,663,800,000	158,200,000	10,736,500	2,264,885	4,018,080	906,310	11,350,420	1,851,276,195
	Additions				224,415	618,000	1,702,412		2,544,827
	Disposals								
	Adjustment								
	As at 30/06/2018	1,663,800,000	158,200,000	10,736,500	2,489,300	4,636,080	2,608,722	11,350,420	1,853,821,022
	Additions	2,024,709	13,272,204	669,120	394,849	568,840	1,249,433		18,179,155
	Disposals								
	Adjustment								
	As at 30/06/2019	1,665,824,709	171,472,204	11,405,620	2,884,149	5,204,920	3,858,155	11,350,420	1,872,000,177
	Depreciation and Impairment								
	As at 30/06/2017	-	22,110,882	4,743,165	1,510,856	2,239,586	906,310	-	31,510,800
	Disposals								
	Charge for the year		3,402,228	1,498,334	226,209	222,312	-	0	5,349,082
	As at 30/06/2018	-	25,513,110	6,241,499	1,737,065	2,461,898	906,310	-	36,859,882
	Disposals		-	-	-	-	-	-	
	Charge for the year		3,317,172	1,123,750	225,671	271,773	212,801		5,151,167
	As at 30/06/2019	-	28,830,282	7,365,249	1,962,735	2,733,671	1,119,112		42,011,049
	Disposals		-	-	-	-	-		

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Charge for the year			3,566,048	1,010,093	115,177	308,906	821,713		5,821,937
As at 30/06/2019			32,396,330	8,375,342	2,077,912	3,042,577	1,940,825	-	47,832,986
Net Book Value									
As at 30/06/2019	1,665,824,709		142,641,922	4,040,371	921,414	2,471,249	2,739,043	11,350,420	1,829,989,128
As at 30/06/2018	1,663,800,000		132,686,890	4,495,001	752,235	2,174,182	1,702,412	11,350,420	1,816,961,140
As at 30/06/2017	1,663,800,000		136,089,118	5,993,335	754,029	1,778,494	-	11,350,420	1,819,765,396

30 INTANGIBLE ASSETS-ERP

System	2018/2019	2017/2018	2016/2017
	KSHS	KSHS	KSHS
Cost	2,819,973	2,819,973	2,819,973
30th June 2018	1,566,000	2,819,973	2,819,973
Additions	-	1,566,000	
Cost As at 30/06/2018	4,385,973	4,385,973	2,819,973
Amortization			
Accumulated Amortization	2,622,575	2,537,976	1,691,984
Charge for the year	667,198	84,599	845,992
30th June	3,289,773	2,622,575	2,537,976
Net Book Value	1,096,200	1,763,398	281,997

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**31. General Fund**

Balance as at 01.07.2018			925,408,132
Surplus for the period			2,902,654
Net Movement during the year			
Prior year adjustment	Govt Grant	19,375,000	22,221,647
	County Scout Support	2,893,836	
Balance as at 30.06.2019			950,532,433

The management noted that the grant amount to Kshs 19, 375, 000 which was received towards the end of the financial year 2018 was erroneously captured as a liability which should not have been the case.

Kshs. 2,893,836 for County scouts support had been erroneously included in the current assets yet the same amount was also captured under cash and cash equivalents.

Note that the correction of the error is applied to all prior period comparative amounts affecting the omission. Current year's surplus is therefore unaffected by the correction of prior period error.

**Major Capital Commitment**

The association entered into contractual obligation which entailed major capital commitment during the year. The capital commitment related to renovation of BP House. The project was geared towards enhancing security at the scouts shop as well as generate revenue in terms of rental income for the association. The contactors were Ruqma Holdings Ltd. The procurement of Ruqma Holdings Ltd was through an open tender.

**32. FINANCIAL RISK MANAGEMENT (Continued)**

**i) Capital Risk Management**

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

	2018-2019	2017-2018
	Kshs.	Kshs.
General Fund	950,414,848	925,408,132
Revaluation Reserve	1,006,753,186	1,006,753,186
Restricted Fund	4,617,514	2,144,915
<b>Total funds</b>	<b>1,961,785,548</b>	<b>1,934,306,233</b>
Total borrowings	-	-
Less: cash and bank balances	(117,387,967)	(128,063,193)
Net debt/(excess cash and cash equivalents)	1,844,397,581	1,806,243,040
<b>Gearing</b>	<b>0.9%</b>	<b>0.9%</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**33. RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

	2019	2018
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of goods to xxx	-	-
Sales of services xxx	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>b) Grants from the Government</b>		
Grants from National Govt	76,962,500	77,500,000
Grants from County Government	-	-
Donations in kind	-	-
<b>Total</b>	<b>76,962,500</b>	<b>77,500,000</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>d) Key management compensation</b>		
Directors' emoluments	-	-
Compensation to the CEO	-	-
Compensation to key management	-	-
<b>Total</b>	<b>76,962,500</b>	<b>77,500,000</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**34. SEGMENT INFORMATION**

The Association has the following camps and centres

- a. Rowallan Camp
- b. Embu Scouts Centre
- c. Siaya Camp
- d. Machakos Camp
- e. Kilifi Camp

The revenues and expenses from this centres have been included in the report.

**35. EVENTS AFTER THE REPORTING PERIOD**

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

**36. ULTIMATE AND HOLDING ENTITY**

The entity is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**37. CURRENCY**

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

**APPENDIX 1: 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.1	Parcels of land without title Deeds	Have a taskforce constituted to pursue land documentation	Moses Danda NEC	Not Resolved	In 3 Years
1.2	Parcels of land omitted from financial statements	The Taskforce in collaboration with county scouts commissioners to pursue land documentation	Moses Danda NEC	Not Resolved	In 2 Years
2	Statement of Cash flows	This will be rechecked to ascertain where the challenge is and have it corrected.	Caroline Muema	Not Resolved	1 Year

**(Chief Commissioner)  
Chairman of the Board**

Date:12.09.2019


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**APPENDIX II: INTER-ENTITY TRANSFERS**

ENTITY NAME: The Kenya Scouts Association				
Break down of Transfers from the State Department of Ministry of Education				
FY 18/19				
a. Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		<b>Total</b>	-	
b. Development Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		<b>Total</b>	-	
c. Direct Payments				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Quarter 1	22/08/2018	19,375,000	2018/2019
	Quarter 2	26/11/2018	19,162,500	2018/2019
	Quarter 3	29/01/2019	19,181,250	2018/2019
	Quarter 4	16/05/2019	19,243,750	2018/2019
		<b>Total</b>	<b>76,962,500</b>	
d. Donor Receipts				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		<b>Total</b>	-	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Officer  
The Kenya Scouts Association

Sign  -----