

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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THE AUDITOR-GENERAL

ON

THE PRESIDENT'S AWARD-KENYA

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





PRESIDENT'S AWARD - KENYA

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30034 - 00100, NAIROBI
REGISTRY

17 FEB 2020

Proud to be
**THE DUKE OF EDINBURGH'S
INTERNATIONAL AWARD**

in Kenya

Patron - His Excellency the President of the Republic of Kenya

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THE PRESIDENT'S AWARD - KENYA

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**THE PRESIDENT'S AWARD SCHEME OPERATING AS
THE PRESIDENTS AWARD - KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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

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KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The President's Award - Kenya (PA-K) was launched in Kenya in 1966 by the Founding Father of the Nation, the late Mzee Jomo Kenyatta, being the Patron. The President's Award-Kenya is a member of the Duke of Edinburgh's International Award for young people with the aim of building young people's character to enable them become responsible citizens in their communities, country and society in general. The President's Award-Kenya is licenced to operate in Kenya by the Duke of Edinburgh's International Award.

The programme has been able to nurture young people who have become leaders, thinkers and innovators and are making a significant contribution to national development. PA-K became a State Corporation in 2017 through an Act of Parliament. It's commencement as a state corporation was on 16 August 2017. The entity is domiciled in Kenya with it's Headquarters situated at 15 Elgon Road, Upper hill, Nairobi.

b) Principal activities

PA-K is a self-development and character building programme available to all young people countrywide between the ages of 14 and 24 equipping them with positive life skills to make a difference for themselves, their communities, country and the world. The program draws participation from learning institutions, mainly secondary schools, universities and tertiary institutions, faith based and community based organizations as well correctional institutions. The President's Award-Kenya is a Semi-Autonomous Government Agency through the President's Award Act No.30 of 2017.

Vision

To be the leading youth brand in Kenya and the International Award Programme of choice.

Mission

To develop and drive quality programmes that equip young people with leadership qualities and life-long skills to inculcate core national values for responsible citizenship.

PA-K's strategic objectives are:

- i. To facilitate the delivery of a quality youth programme inculcating core national values
- ii. To facilitate young people to contribute to national development priorities
- iii. To develop, operationalize and sustain a digital platform
- iv. To undertake research and development (R & D) on youth development trends
- v. To establish a sustainable resource base
- vi. To enhance the profile and visibility of PA-K
- vii. To strengthen PA-K's Corporate Governance

KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

c) Key Management

The President's Award-Kenya day-to-day management is under the following key organs

- The Chief Executive Officer
- Management Team

d) Fiduciary management

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

No.	Designation	Name
1.	Chief Executive Officer	Nellie Munala
2.	Head of Finance	Grace Musyoka
3.	Head of Procurement	Evans Okite

e) Fiduciary Oversight Arrangements

The President's Award-Kenya has Finance, audit and technical committees in place that carry out oversight activities.

f) Headquarters

P.O. Box 62185, 00200
15 Elgon Road, Upper hill
Nairobi, Kenya

g) Contacts

Telephone: (254) 722714122/ (254) 787419325/(254)202714829/30
E-mail: info@presidentsaward.or.ke

h) Banker

Kenya Commercial Bank
Kipande House Branch
P.O. Box 30012
Nairobi, Kenya

KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

i) Independent auditor

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




j) Principal legal adviser

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



THE BOARD OF TRUSTEES

 <p>1. Dr. Fr Wakimani Wamugunda D.</p>	<p>Dr. Fr Wakimani Wamugunda D was appointed as the President's Award – Kenya Board Chair on 18th March, 2019. He is the Dean of Students and a Lecturer of Sociology at the University of Nairobi.</p>
 <p>2. Prof. Eric Okoth Ogur, PhDCEng MIMechE</p>	<p>Prof. Eric Ogur was appointed as member of the President's Award – Kenya Board on 18th March, 2019 as an alternate to the CS Ministry of Education. He was previously an Associate Professor at the Technical University of Kenya</p> <p>He holds PhD in Engineering and Masters in Manufacturing Systems Engineering from University of Warwick Coventry, England. BEng (Hons) Mechanical and Manufacturing Engineering from University of Portsmouth, England, Higher Diploma and diploma in Mechanical Engineering from Kenya Polytechnic</p>
 <p>3. Susan Nkirote Omanga</p>	<p>Susan was appointed as member of the President's Award – Kenya Board on 18th March, 2019. She founded Exclamation Marketing Ltd in 1998, a fully-fledged marketing communications agency which serves local and international clients. Previously Susan was Head of Marketing, Standard Chartered Bank in East Africa and Marketing Manager, Barclays Bank of Kenya</p> <p>She holds a Bachelor of Science in Business Management and Marketing with minor in advertising from Rocky Mountain College, Billings, Montana, USA.</p>

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 <p>4. Sylvia Wairimu Mulinge</p>	<p>Sylvia was appointed as member of the President's Award – Kenya Board on 18th March, 2019. She is currently serving as a Chief Customer Officer at Safaricom. She has developed a track record in the strategic thinking, new business development, commercial execution and people development in the Fast Moving Consumer Goods and Telecommunications sector.</p> <p>She holds a BSc – Food Science and Technology degree from the University of Nairobi.</p>
 <p>5. Kennedy Martin Waituka Kihara, CBS, EBS</p>	<p>Kennedy was appointed as member of the President's Award – Kenya Board as a representative from the Office of the President. He is the Principal Administrative Secretary in the Executive Office of the President. He is also the Assistant Secretary to the Cabinet.</p> <p>He holds a Masters of Business Administration degree from Maastricht School of Business and a Bachelor of Arts degree in Political Science from the University of Nairobi. After basic paramilitary training, he has undertaken specialist training in Israel, Austria, India and the United Kingdom.</p>
 <p>6. Godfrey Busolo</p>	<p>Godfrey was appointed as a member of the President's Award – Kenya Board on 18th March, 2019 as an alternate to the Principal Secretary National Treasury. He is a Deputy Secretary at the National Treasury. He has previously held different positions in different Ministries.</p> <p>He holds a Masters of Arts (MA) – International Studies, Masters of Business Administration - Strategic Management from the University of Nairobi, Bachelor of Arts – Government, Diploma in Human Resource Management from Kenya Institute of Management, Diploma in Business Administration, - ABE, London.</p>

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 <p>7. Sachen Chandaria</p>	<p>Sachen was appointed as member of the President's Award – Kenya Board on 18th March, 2019. He is a well-rounded and influential businessman having been involved in running the family business traversing different countries like North America, Europe, Africa and the Middle East where he has gained both local and global wealth of experience.</p> <p>He is a graduate with Honours in Chemistry and Management from Imperial College in London.</p>
 <p>8. Edwin Otieno Joseph, OGW</p>	<p>Edwin was appointed as member of the President's Award – Kenya Board on 18th March, 2019.</p> <p>Current positions are Chairman, Elimu SACCO and Chairman, CIC General Insurance Company. He was previously the Executive Director for The President's Award-Kenya.</p>
 <p>9. Veronica Chematia Birgen, MBS</p>	<p>Veronica was appointed as member of the President's Award – Kenya Board on 18th March, 2019 as an alternate to the CS Ministry of Public Service, Youth and Gender Affairs. She is the Technical Advisor to the CS – Ministry of Public Service, Youth and Gender Affairs and Commissioner, Public Service Commission.</p> <p>She holds a Master's Degree in Science Organisational Development from U.S.I.U Africa. Bachelor of Arts (Hons) from University of Nairobi, Post Graduate Diploma in Human Resource Management at Institute of Human Resource Management (Kenya).</p>



10. Nellie Munala

Nellie is the Current Chief Executive Officer at The President's Award-Kenya. Her experience includes 11 years international development exposure, which includes, 4 years working in conflict and post conflict communities in Rwanda and the DR Congo with Voluntary Service Overseas and MONUC (UN Mission to Congo) in the child, youth and gender sectors and 7 years in Zambia with the Commonwealth Secretariat, Youth Affairs Division, in the youth development sector.




She holds a Master of Arts degree in Development Studies from Erasmus University, International Institute of Social Studies, The Hague, The Netherlands; a Bachelor of Arts degree in Sociology from the University of Nairobi; graduate and postgraduate qualifications in journalism and Mass Communication from the Kenya Institute of Mass Communication (KIMC) as well as Strategic Leadership Development Programme (SLDP) from Kenya School of Government.

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MANAGEMENT TEAM

 <p>Chief Executive Officer</p>	<p>1. Nellie Munala</p> <p>Master of Arts, Development Studies Strategic Leadership Development Programme (SLDP) Postgraduate Certificate in Mass Communication Postgraduate Certificate in Journalism Bachelor of Arts, Sociology</p>
 <p>Programme Manager, Resource Mobilisation</p>	<p>2. Christine Chacha</p> <p>Higher National Diploma in Entrepreneurship, Diploma in Technical Education</p>
 <p>Programme Manager, Research & Programme Development</p>	<p>3. Jinnarius Wambugu</p> <p>Bachelor of Arts in Community Development, Diploma in Technical Education</p>
 <p>Programme Manager, Monitoring & Evaluation</p>	<p>4. Harat Malenya</p> <p>Bachelor of Arts and Social Sciences, Post Graduate Diploma in Education</p>

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 <p>Programme Manager, Digital Platform</p>	<p>5. Wangari Kaburi</p> <p>Bachelor of Arts in Education, Diploma in Education</p>
 <p>Programme Manager, Training & Capacity Building</p>	<p>6. Joram Otieno</p> <p>Bachelor of Arts and Social Sciences</p>
 <p>Finance Officer</p>	<p>7. Grace Musyoka</p> <p>Masters of Business Administration Degree- Strategic Management, Bachelor of Business Administration (Finance and Accounting), CPA (K)</p>
 <p>Senior Supply Chain Management Officer</p>	<p>8. Evans Odhiambo Okite</p> <p>Higher National Diploma in Purchasing and Supplies Management (FIS)</p>

The President's Award Scheme operating as The President's Award - Kenya
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Office Manager

9. Phelister Wanjau
Diploma, Business Administration

CHAIRMAN'S STATEMENT

Dear Stakeholders,

It is with great pleasure that I present the President's Award – Kenya 2018/2019 Financial Statement and to assure you that as an organisation we have continued to deliver on the mandate to promote national values and integrity in our community. Through inculcating leadership skills and a spirit of service we prepare young people to be worldready and the world ready for young people!

The year has seen the organisation enhance the delivery of the Award programme on the digital platform, this was witnessed by a celebration of the Compass Award ceremony, the first batch of 200 Gold Awardees from 20 institutions across 10 counties sponsored to undertake the programme on the digital platform.

I am pleased that the first appointments of the Board of Trustees following the creation of the organisation through an Act of Parliament were made during this year. This Act has enabled the newly formed State Corporation to focus its efforts on managing the transition phase. One of the major challenges facing the President's Award - Kenya are it has not attained optimal staffing levels including financial constraints to support the delivery of the programme.

The President's Award – Kenya is now focussed on making a significant contribution to the development of young people in the country in order to make them resourceful citizens here and globally. I look forward to working closely with all stakeholders in enhancing the mandate of the organisation.

Finally, I wish to acknowledge with gratitude the Government of Kenya for its goodwill and invaluable support to the President's Award – Kenya as it strives to implement its goals and objectives.



**DR. (FR.) WAKIMANI WAMUGUNDA D.
CHAIRMAN, BOARD OF TRUSTEES**

REPORT OF THE CHIEF EXECUTIVE OFFICER

The President's Award – Kenya: 2018/2019

The President's Award – Kenya 2016 – 2020 Strategic Plan has been informed by Kenya's Vision 2030, the National Youth Policy 2007, the Constitution of Kenya 2010, the Duke of Edinburgh's Award Foundation Strategic Plan 2014-2020, the President's Award – Kenya Validation and Improvement Plan 2013 as well as the President's Award Act, No. 30 of 2017.

Some of the key highlights include:

1.0 Reach - Participation

- i) The licenced institutions were 111, of which 67 public and 44 private. 96 secondary schools, 4 non-academic and 11 post secondary
- ii) The uptake of the Award on the online platform was 1,541 while on the manual record book 5,304 participants
- iii) The entity activities were delivered in 35 of the 47 counties representing 74% coverage in the country.
- iv) 400 students from 40 schools across 17 counties participated in the programme through sponsorship from a World Fellow Diamond Benefactor. The donor has sponsored participation of the students on the digital platform through the Compass Project.
- i) Through an externally funded project, Mrembo project, 328 students from Kisima Girls and JoyTown Secondary School participated in the Award – the project specifically targets to build confidence and support girls and young women to actively participate in the development of their communities.
- v) Notable is the integration of person's with special needs in the programme. The programme was delivered in schools for the blind, deaf and persons with physical disabilities. The programme was also delivered to young offenders in prisons, correctional centres and Borstal institutions.

2.0 Relevance

- i) The entity focuses on contributing to the ideals of the Constitution of Kenya 2010;
Chapter 2, Article 10: Principals of Governance and National Values
Chapter 6 : Leadership and Integrity

REPORT OF THE CHIEF EXECUTIVE OFFICER

- ii) The entity focuses on promoting promoting young people's contribution to community, national and global development priority goals.
- iii) The new entrant participants spent an estimated 595,940 hours of service through community projects across the country. Examples of the projects they participated in included environmental conservation, construction of classrooms, home care services to orphans and the elderly, advocacy on children and young people's rights, medical camps and sign language training.

3.0 Structure

- i) The Secretariat comprised of 11 staff members, 6 staff were deployed from the Ministry of Education, the Ministry of Public Service, Youth and Gender Affairs as well as Ministry of Agriculture, Livestock, Fisheries and Irrigation.
- ii) The Secretariat has 5 staff members under Programmes department and 5 staff members under Administration. The Chief Executive Director oversees the Programmes and Administration departments.
- iii) The Ministry of Education, Directorate of Youth Affairs and Office of the President supported the delivery of the Programme.
- iv) The Board of Trustees appointments were contained in Kenya Gazette Notice Vol. CXXI – No. 34 dated 22 March 2019 in line with the transition of the organisation into a State Corporation of the President's Award Act, No. 30 of 2017. The Ministry of Education, the line Ministry, supported the operations of the entity.

4.0 Sustainability

- i) The Government of Kenya contributed Kshs. 39,400,000. Government provides annual subvention to support both recurrent and Development Expenditure
- ii) External donors through the Duke of Edinburgh's International Award World Fellowship programme equipped institutions through supply of ICT and outdoor equipment to enhance the delivery of the programme on the digital platform through the Compass project. A total of 400 students from 40 institutions across 17 counties benefitted from undertaking the programme on the digital platform.

REPORT OF THE CHIEF EXECUTIVE OFFICER

5.0 Visibility

- i) Award participants (young people's) contribution to achieving the Big4 agenda were reflected in the community service interventions that they undertook in regard to environmental conservation at their respective institutions as well as designated forest cover areas. Respective institutions will benefit from the fruit trees that young people planted within their institutions while the tree planting exercise in Nyeri county by Tumu Tumu Girls High School in conjunction with President's Award – Kenya and World Wide Fund for Nature (WWF) will support forestation efforts in the county.
- ii) The Award Holder's Alumni strengthened the delivery of the Award through fundraising, service to community and awareness raising activities e.g. Partnership with Ministry of Health in the National Blood donation drive as well as working arrangement with Kenya Wildlife Services for young people to undertake community service at National Game Parks and Reserves.

6.0 Significant developments

- i) The President's Award – Kenya Board of Trustees was gazetted in line with the President's Award Act, No. 30 of 2017.

7.0 Challenges

The entity identified the following key areas needing attention;

i) Visibility

The awareness of the President's Award – Kenya brand in the community and especially beyond the capital city and its environs is limited. This has an implication on the enrolment rates of young people on the Award programme as well as engagement of adults and potential supporters. The entity continues to explore opportunities to engage in spaces to influence policy and practice in youth development and national development.

ii) Human Resources

The current President's Award – Kenya staff compliment is inadequate to achieve its stated mandate. Sixty (60%) of the staff is seconded or deployed staff and key positions required to deliver on the PA-K mandate have not been filled.


The proposed staff establishment report awaits Board approval to facilitate its implementation.

REPORT OF THE CHIEF EXECUTIVE OFFICER

iii) Financial Resources

The current annual Government subvention to the President's Award – Kenya is insufficient to meet the budgetary requirements to deliver the programmes and projects effectively. The President's Award – Kenya received an estimated 30% of its budgetary requirement.

The entity embarked on diversifying its revenue sources and prioritised the operationalization of the President's Award - Kenya Foundation, a facility focussing on raising the financial resource base of the organisation to effectively deliver on its mandate.



Nellie Munala
CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE STATEMENT

The entity's Board of Trustees was gazetted and contained in Kenya Gazette Notice Vol. CXXI – No. 34 dated 22 March 2019 vide Gazette Notice No. 2579 and 2571.

The following are the President's Award – Kenya approved Board Committees;

- i) Technical Committee
 - a) Sylvia Mulinge
 - b) Edwin Otieno
 - c) Sachen Chandaria

- ii) Finance and General Purpose Committee
 - a) Veronica Birgen
 - b) Godfrey Busolo
 - c) Edwin Otieno
 - d) Sachen Chandaria

- iii) Audit, Risk and Compliance Committee
 - a) Susan Omanga
 - b) Kennedy Kihara
 - c) Prof. Eric Ogur
 - d) Godfrey Busolo

The Board of Trustees held their inaugural meeting during the financial year, on 11th June 2019. The gazetted Boards' operations are guided by the President's Award Act, 2017, the State Corporation's Act as well as Mwongozo in its undertakings.

MANAGEMENT DISCUSSION AND ANALYSIS

The President's Award – Kenya's broad strategy is to support young people to contribute significantly to national development priorities; plug into key national youth development processes; build its resource base, and devolve its structures to be closer to its youth constituencies at regional and county levels.

The entity was able to achieve some of its broad strategies reported on young people's contributions to national development through the President's Delivery Unit (PDU). Young people participated in community service, a mandatory section in the Programme, that provided an opportunity to contribute towards achieving Food Security at community level.

To strengthen its youth development delivery, the entity embarked on a project to acquire an outdoor training facility to equip young people with leadership and life-long skills and to inculcate core national values for responsible citizenship. These programs are geared towards building the character of young persons to enable them become responsible citizens in their communities, country and society in general.

THE OUTWARD BOUND SCHOOL

The Outward Bound Training Center is a government training facility which is used for training and team building activities for government and other corporate organizations. The school is located on a 30(thirty) acre piece parcel of land in Loitokitok, on the base of Mt. Kilimanjaro, 265km South East from Nairobi overlooking the expansive Maasai Plains of Southern Kajiado and worlds famous national parks of Tsavo and Amboseli.

The school has facilities that includes group tentage accommodation of up to 100 participants, four (4) bandas that accommodated 10 participants each, totaling to 40 participants, a guest house for 10(ten) participants, a hall for 40(forty) participants, a dining hall for 60 (sixty) participants, a swimming pool that is currently run down and staff houses.

The National Youth Service (NYS), through the Ministry of Public Service, Youth and Gender Affairs embarked on an upgrade of the Outdoor facility on behalf of the President's Award – Kenya. The upgrade works involved renovating the structures, constructing an obstacle course as well as drilling a borehole. The National Youth Service moved from the site in April 2018. The upgrade works, however, not fully completed, the facility provides an opportunity for groups especially young people to utilize the facility. The President's Award – Kenya is expected to equip the facility, however this awaits the finalization of the agreement framework between the President's Award – Kenya and current management of the facility under the Outward Bound Trust – Kenya.

NEW ENTRANTS

The Programmes participation levels have been increasing gradually over the years. The programme has enhanced its reach and currently delivers the Award in 35 counties across the country. The Programme has diversified the categories of young people it reaches to include young people with disabilities, in difficult circumstances and in marginalized communities. The uptake of the Award on the online platform for the year 2018/2019 was 1,541 while manual record book registered 5,304 participants.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

NEW AWARD UNITS

All new Award units are issued with a mandatory annual Licence certificate by the National Award office, and given a mandate to deliver the Award to its young people. During the period under review The President's Award-Kenya licenced 111 institutions (units) of which 67 were public and 44 were private. The licenced units were 96 secondary schools, 4 non-academic and 11 were post-secondary units.

AWARD ACTIVITIES

Gold Adventurous Journey



Participants from Joy Town Secondary School, on an exploration at Mt. Kenya



Participants from Kabete National Polytechnic on an expedition at Mt. Longonot

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Physical Recreation



Lang'ata Women Maximum Prison Award participants Physical recreation activity

Skills



Participant from Kirigiti Rehabilitation School practicing her skill in blow drying

A

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Community Service



Moi Girls Nairobi Award participants undertaking a Service activity during a Residential project in Ngong forest

Gold award ceremony at state house

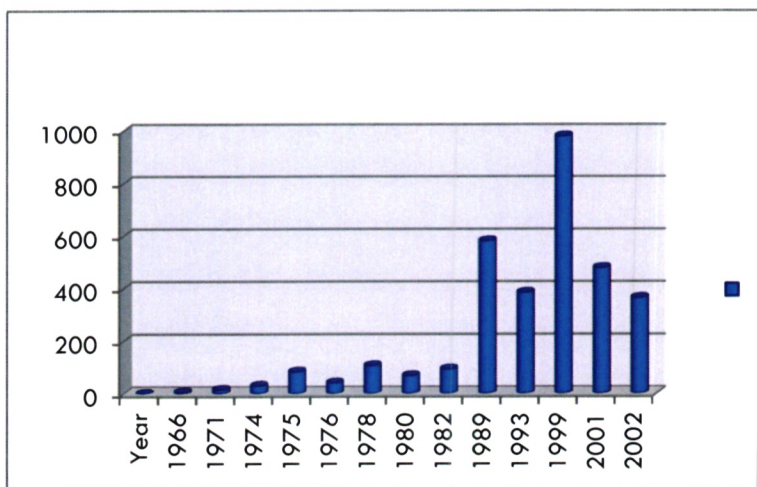


A Gold Awardee from Nyeri Main Prison during the Gold Award Presentation Ceremony at State House

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

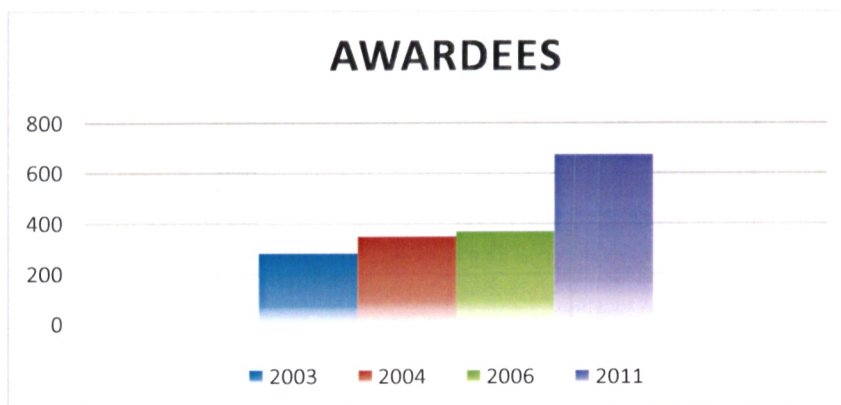
GOLD AWARDEES 1966-2002

Year	Awardees
1966	5
1971	15
1974	30
1975	83
1976	41
1978	106
1980	68
1982	93
1989	581
1993	384
1999	981
2001	478
2002	364



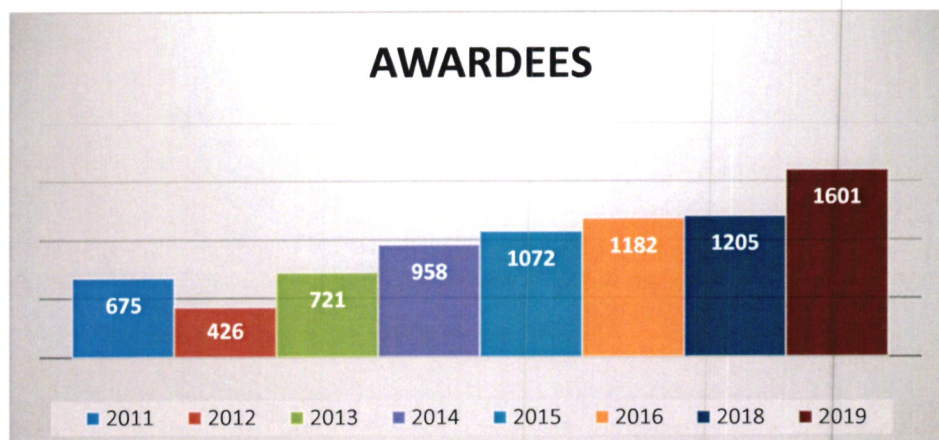
GOLD AWARDEES 2003 TO 2011

YEAR	AWARDEES
2003	283
2004	349
2006	369
2011	675



GOLD AWARDEES 2011 TO 2019

Year	Awardees
2011	675
2012	426
2013	721
2014	958
2015	1072
2016	1182
2018	1205
2019	1601



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

President's Award-Kenya Special Projects



Project Mrembo:- Kisima Girls High School (Samburu County) participants learning map reading and Navigations in preparation during an adventurous Journey.



Compass Project:- Participants following a session in a Manyatta by one of the mentor's Mr. Isaac Awuondo, Group Managing Director, Commercial Bank of Africa

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CORPORATE SOCIAL RESPONSIBILITY (CSR)



Award Participants from United State International University (USIU) preparing grounds for the construction of a classroom at Machakos Institute for the Blind. Over 50 projects are undertaken annually by different institutions across the country ranging from environment conservation, construction, awareness campaigns on youth development issues including conflict resolution and health care as well as contributing to the Big 4 Agenda.

REPORT OF THE BOARD OF TRUSTEES

The Trustees submit their report and financial statements for the year ended June 30, 2019 which show the state of The President's Award - Kenya affairs.

Principal activities

The principal activities of the entity are equipping young people with positive life skills to make a difference for themselves, their communities, country and the world.

Results

The results of the entity for the year ended June 30, 2019 are set out on page 1 to 7

Trustees

The members of the Board of Trustees who served during the year are shown on page v-vii

Auditors

The Auditor General is responsible for the statutory audit of The President's Award - Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board of Trustees



Nellie Munala

CHIEF EXECUTIVE OFFICER

Date: 28.09.2019

STATEMENT OF TRUSTEES RESPONSIBILITIES

Section 81 of the Public Finance Management (PFM) Act, 2012, section 14 of the State Corporations Act and The President's Award Act, 2017 No. 30 of 2017 require the Trustees to prepare financial statements in respect of The President's Award - Kenya, which give a true and fair view of the state of affairs of the organization at the end of the financial year and the operating results of the organization for that year. The Trustees are also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy the financial position of the organization. The Trustees are also responsible for safeguarding the assets of the organization.

The Trustees are responsible for the preparation and presentation of The President's Award - Kenya financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting year; (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 President's Award - Kenya ; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

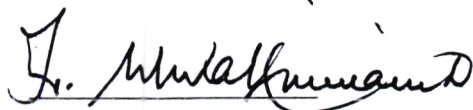
The Trustees accept responsibility for the organization's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act).

The Trustees are of the opinion that the President's Award - Kenya financial statements give a true and fair view of the state of organization's transactions during the financial year ended June 30, 2019, and of the organization's financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the organization which have been relied upon in the preparation of the organization's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Trustees to indicate that the President's Award - Kenya 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 President's Award - Kenya's financial statements were approved by the Trustees on 28.09.2019 and signed on its behalf by:



Dr. (Fr.) Wakimani Wamugunda D.
CHAIRMAN, BOARD OF TRUSTEES



Nellie Munala
EXECUTIVE DIRECTOR

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON THE PRESIDENT'S AWARD-KENYA FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of The President's Award-Kenya set out on pages 1 to 21, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, the financial statements present fairly, in all material respects, the financial position of The President's Award-Kenya 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 President's Award Act No.30 of 2017 and the Public Finance Management Act,2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The President's Award-Kenya 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 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 are no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Scheme 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.

The Board of Trustees is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Scheme 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 overall 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 overall 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 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 Scheme's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Scheme to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Award - 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

29 January, 2021

The President's Award Scheme operating as The President's Award - Kenya
Annual report and financial statements
For the year ended June 30, 2019

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Notes	2018/2019	2017/2018
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	5	-	10,000,000
Transfers from ministries, departments and agencies	6	39,400,000	50,000,000
Grant income	7	972,600	3,056,250
Licenses		1,220,000	1,262,000
Deferred Income	8	1,651,808	2,202,410
Other income	9	30,000	-
Sub total		43,274,408	66,520,660
Revenue from exchange transactions			
Sale of goods	10	4,253,250	3,407,525
Rental income from regional office- Africa	11	1,139,106	774,060
Interest income	12	8,056,286	5,661,534
Sub total		13,448,642	9,843,119
Total revenue		56,723,050	76,363,779
Expenses			
Programme development costs	13	5,143,213	4,638,871
Employee costs	14	11,897,403	10,115,655
Gratuity	15	1,306,070	3,440,246
Depreciation and amortization expense	16	1,911,739	2,526,077
Repairs and maintenance	17	483,937	472,582
Grants and transfers to other institutions	18	2,476,370	655,970
General expenses	19	8,614,209	4,824,965
Total expenses		31,832,941	26,674,366
Surplus for the year		24,890,109	49,689,413

The notes set out on pages 7 to 21 form an integral part of these Financial Statements

The President's Award Scheme operating as The President's Award - Kenya
Annual report and financial statements
For the year ended June 30, 2019

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Notes	2018/2019 KShs	2017/2018 KShs
Assets			
Current assets			
Cash and cash equivalents	20	68,302,188	60,672,702
Rent receivable	21	3,593,166	2,454,060
Other financial assets	22	106,595,665	86,241,045
		178,491,019	149,367,807
Non-current assets			
Property, office and other equipment	23	12,714,981	14,626,720
		12,714,981	14,626,720
Total assets		191,206,000	163,994,527
Liabilities			
Current liabilities			
Trade and other payables	24	3,922,979	1,255,877
Non-current liabilities			
Retirement benefits obligation	25	4,746,316	3,440,246
Total liabilities		8,669,295	4,696,123
Fund balances			
Surplus/Deficit Reserve		173,142,946	148,252,837
Capital fund		9,393,759	11,045,567
Total fund balances		182,536,705	159,298,404
Total funds and liabilities		191,206,000	163,994,527

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Trustees by:



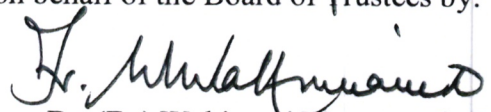
Nellie Munala
Executive Director

Date: 26.09.2019



Grace Musyoka
Finance Officer

ICPAK No: 24686
Date: 26.09.2019



Dr. (Fr.) Wakimani Wamugunda D.
Chairman, Board of Trustees

Date: 26.09.2019

The President's Award Scheme operating as The President's Award - Kenya
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STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	Surplus/Deficit Reserve	Capital Fund	Total
	KShs	KShs	KShs
At July 1, 2017	98,563,425	13,247,977	111,811,402
Surplus for the year	49,689,412	-	49,689,412
Transfer to income	-	(2,202,410)	(2,202,410)
At June 30, 2018	148,252,837	11,045,567	159,298,404
Surplus for the year	24,890,109	-	24,890,109
Transfer to income	-	(1,651,808)	(1,651,808)
At June 30, 2019	173,142,946	9,393,759	182,536,705

Note:

Capital fund - these are assets donated to The President's Award - Kenya realised in the income statement over their useful life.

The President's Award Scheme operating as The President's Award - Kenya
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For the year ended June 30, 2019

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

		2018/2019	2017/2018
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	5	-	10,000,000
Government transfers	6	39,400,000	50,000,000
Grant income	7	972,600	3,056,250
Licenses		1,220,000	1,262,000
Deferred Income	8	1,651,808	2,202,410
Other income	9	30,000	-
Sale of goods	10	4,253,250	3,407,525
Rental receivable from regional office-Africa	11	1,139,106	774,060
Interest income	12	8,056,286	5,661,534
Total receipts		56,723,050	76,363,779
Payments			
Programme development costs	13	5,143,213	4,638,871
Employee costs	14	11,897,403	10,115,655
Gratuity	15	1,306,070	3,440,246
Repairs and maintenance	17	483,937	472,582
Grants and subsidies expenses	18	2,476,370	655,970
General expenses	19	8,614,209	4,824,965
Total payments		29,921,202	24,148,289
Net cash flows from operating activities		26,801,848	52,215,490
Cash flows from investing activities			
Purchase of property, office equipment and intangible assets		-	(435,704)
Donated assets			
Plaque		-	67,500
Increase in current receivables		(1,139,106)	(774,060)
Increase in investments		(20,354,620)	(5,159,701)
Net cash flows used in investing activities		(21,493,726)	(6,301,965)
Cash flows from financing activities			
Transfer from capital funds		(1,651,808)	(2,202,410)
Increase in payables		3,973,172	4,261,145
Net cash flows used in financing activities		2,321,364	2,058,735
Net increase/(decrease) in cash and cash equivalents		7,629,486	47,972,260
Cash and cash equivalents at 1 st July 2018		60,672,702	12,700,442
Cash and cash equivalents at 30 June 2019		68,302,188	60,672,702

The President's Award Scheme operating as The President's Award - Kenya
Annual report and financial statements
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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Performance Difference	Explanation of material variances
	2019	2019	2019	2019	2019		
Revenue	KShs	KShs	KShs	KShs	KShs		
Government transfers	50,000,000	-	-	39,400,000		-	
Grants and subsidies received	972,600	-	-	972,600		-	
Licenses	1,220,000	-	-	1,220,000		-	
Deferred Income	1,651,808	-	-	1,651,808		-	
Other Income	30,000	-	-	30,000			
Sale of goods	4,253,250	-	-	4,253,250		-	
Finance Income	8,056,286	-	-	8,056,286		-	
Total income				55,583,944		-	
Expenses							
Compensation of employees	16,697,903	-	-	11,897,403	4,800,500	29%	(a)
Goods and services	9,156,383	-	-	9,098,146	58,237	0%	
Programme development cost	5,564,798	-	-	5,143,213	421,585	8%	
Grants and subsidies paid	2,585,990	-	-	2,476,370	109,620	4%	
Total expenditure				28,615,132			
Surplus for the period				26,968,812			

**The President's Award Scheme operating as The President's Award – Kenya
Annual report and financial statements
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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2019 (CONTINUED)**

BUDGET NOTES

- a) Employee costs – Gratuity budgeted for was not paid during the year.

**RECONCILIATION BETWEEN THE SURPLUS AS PER THE BUDGET AND AS PER
STATEMENT OF FINANCIAL PERFORMANCE**

DESCRIPTION	SURPLUS (KShs)
Surplus under statement of financial performance	24,890,109
Surplus under the statement of budgeted and actual amounts	26,968,812
Difference	(2,078,703)

Explained by:

Rental income	(1,139,106)
Provision for payment of gratuity in the financial statement	1,306,070
Depreciation expense in the financial statement	1,911,739
Total	(2,078,703)

The difference between surplus as per statement of budget and actual amounts and as per the statement of financial performance arises from basis differences. This is because the statement of budget and actual amounts is prepared under the cash basis while the statement of financial performance is prepared using accrual basis of accounting.

**The President's Award Scheme operating as The President's Award – Kenya
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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The President's Award - Kenya is established by and derives its authority and accountability from The President's Award Act, No.30 of 2017. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activities are equipping young people with positive life skills to make a difference for themselves, their communities, country and the world.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity'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 on note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the President's Award Act, 2017, Mwongozo and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of financial performance. Development/capital grants are recognized in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

Grant income

These are receipts from International donors. The funds are recognized on receipt.

Licences

The entity recognizes revenues from licences paid by institutions to carry out the award programme. The funds are recognized on accrual basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Revenue recognition (continued)

i) Revenue from non-exchange transactions (continued)

Transfer from capital fund

The amounts include capitalization of assets that were donated to President's Award - Kenya by the Government of Kenya. The amounts are realised in the statement of financial performance over their useful life.

ii) Revenue from exchange transactions

Sale of goods

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

Interest income

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

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 revenue.

b) Budget information

The original budget for the financial year 2017-2018 was approved by the board of trustees on 23 March 2018. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget information (continued)

The original budget for the financial year 2017-2018 was approved by the board of trustees on 23 March 2018. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

In addition to the basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 of these financial statements.

c) Taxes

The President's Award - Kenya is a non – commercial state corporation that receives substantial revenue from non – exchange transactions (especially from the National Government in form of transfers and grants) and therefore income tax has not been provided for in the financial statements. However, other taxes accruing from employees are recovered through the payroll and remittances filled as appropriate.”

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Property, office and other equipment

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

Buildings are not depreciated. Depreciation on all other assets is calculated on the straight line basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

Motor vehicles	25% Per annum
Furniture and fittings	12.5% Per annum
Computers	30% Per annum
Property, office and other equipment	12.5% Per annum

e) Financial instruments

Financial assets

Initial recognition and measurement

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the organization has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Provisions

Provisions are recognized when the organization has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

g) Changes in accounting policies and estimates

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

h) Employee benefits

Retirement benefit plans

PA-K provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged in the statement of financial performance in the year in which they become payable.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Kenya Commercial Bank at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests to authorised public officers which were not surrendered or accounted for at the end of the financial year.

j) Comparative figures

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

The President's Award Scheme operating as The President's Award – Kenya
Annual report and financial statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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 organization 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 organization. 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 organization
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions are raised and management determine an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 28. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

5. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2018/2019	2017/2018
	KShs	KShs
The National Treasury- Donation from H.E The President for PA-K Foundation	-	10,000,000
Total public contributions and donations	-	10,000,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Financial Performance KShs	Amount deferred under deferred income KShs	Total grant income during the year	2019
			KShs	KShs
Ministry of Education	19,800,000		19,800,000	19,800,000
Ministry of Public Service, Youth and Gender Affairs	19,600,000		19,600,000	19,600,000
Total	39,400,000		39,400,000	39,400,000

7. GRANT INCOME

Description	2018/2019	2017/2018
	KShs	KShs
Unconditional grants		
World fellow	972,600	2,056,250
Duke of Edinburghs Award	-	-
World fellow diamond benefactor	-	1,000,000
Total government grants and subsidies	972,600	3,056,250

8. DEFERRED INCOME

Description	2018/2019	2017/2018
	KShs	KShs
Transfer from capital fund	1,651,808	2,202,410
Total other income	1,651,808	2,202,410

9. OTHER INCOME

Description	2018/2019	2017/2018
	KShs	KShs
Miscellaneous income - Exchange Programme (Source)	30,000	-
Total other income	30,000	-

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10. SALE OF GOODS

Description	2018/2019	2017/2018
	KShs	KShs
Manual record books	2,652,250	2,670,500
Online record books	1,541,000	683,000
T-Shirts	51,600	32,800
Badges	6,900	14,700
Bucket hats	1,500	4,300
Newspapers	-	2,225
Total sale of goods	4,253,250	3,407,525

11. RENTAL INCOME – REGIONAL OFFICE (AFRICA)

Description	2018/2019	2017/2018
	KShs	KShs
Rental income	1,139,106	774,060

12. INTEREST INCOME

Description	2018/2019	2017/2018
	KShs	KShs
Interest income from investments in treasury bills	8,056,286	5,661,534

NOTE: FY2018/2019 includes interest amounting Kshs. 1,062,075 for the PA-K Foundation

13. PROGRAMME DEVELOPMENT COSTS

Description	2018/2019	2017/2018
	KShs	KShs
Programme development activities	4,847,213	4,494,966
Award Holders Alumni expenses	-	-
Outward bound expenses	296,000	41,400
International Gold Award expenses	-	102,505
Total programme development costs	5,143,213	4,638,871

14. EMPLOYEE COSTS

	2018/2019	2017/2018
	KShs	KShs
Salaries and wages	8,374,830	8,003,120
Travel, motor car, accommodation, subsistence and other allowances	49,370	31,690
Staff medical expenses	2,160,832	950,032
Staff training	-	25,561
Staff professional membership fees	27,200	-
DPSM consultancy costs-staff establishment	1,285,171	1,105,253
Employee costs	11,897,403	10,115,656

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15. GRATUITY

Description	2018/2019	2017/2018
	KShs	KShs
Gratuity provision	1,306,070	3,440,246
Total Gratuity	1,306,070	3,440,246

16. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018/2019	2017/2018
	KShs	KShs
Land and Building	-	-
Furniture and Fittings	24,427	27,916
Motor vehicles	1,651,808	2,202,410
Computers	118,964	169,949
Property, office and other equipment	116,540	125,802
Total depreciation and Amortization expense	1,911,739	2,526,077

NB: Calculation for depreciation has been explained on Page 10

17. REPAIRS AND MAINTENANCE

Description	2018/2019	2017/2018
	KShs	KShs
Property	76,940	76,791
Equipment and machinery	6,890	-
Vehicles	387,807	387,291
Computers and accessories	12,300	8,500
Total repairs and maintenance	483,937	472,582

18. GRANTS AND TRANSFERS TO OTHER INSTITUTIONS

Description	2018/2019	2017/2018
	KShs	KShs
Special projects	214,600	148,900
Compass project	2,261,770	507,070
Total grants and transfers to other institutions	2,476,370	655,970

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19. GENERAL EXPENSES

Description	2018/2019	2017/2018
	KShs	KShs
Printing and stationery	691,437	227,124
Meals and entertainment	151,440	476,186
Courier services	387,205	499,993
Fixed assets tagging	-	191,400
Regional directors conference	-	519,228
Electricity	201,248	176,869
Fuel and oil	494,000	402,600
Insurance	-	-
Membership and meeting expenses (VIO)	-	-
Hire of mobile toilet	300,000	200,000
Professional fees	31,800	52,632
Review of strategic plan costs	2,030,800	-
Water	141,787	161,687
Postage	9,450	27,225
Security costs	1,516,430	793,430
Board expenses	199,260	8,672
Internet	550,676	572,650
Telephone	309,130	163,620
Email hosting	40,600	35,000
Bank charges	99,590	70,921
Prequalification of tenders expenses	1,265,276	-
Office expenses	194,080	245,728
Total general expenses	8,614,209	4,824,965

20. CASH AND CASH EQUIVALENTS

Description	2018/2019	2017/2018
	KShs	KShs
Current account	38,728,038	26,123,628
91 Day Treasury bills	29,574,150	34,518,274
Cash in hand	-	30,800
Total cash and cash equivalents	68,302,188	60,672,702

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21 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

		2018/2019	2017/2018
	Account number	KShs	KShs
a) Current account			
Kenya Commercial Bank	1104068737	38,728,038	26,123,628
Sub- total		38,728,038	26,123,628
b) Investment in 91 Day Treasury bills			
CBK	137363-1	29,574,150	34,518,274
Sub- total		29,574,150	34,518,274
c) Others (specify)			
Cash in hand		-	30,800
Sub- total		-	30,800
Grand total		68,302,188	60,672,702

21. Rent Receivable

Description	2018/2019	2017/2018
	KShs	KShs
Current receivables		
Rent Receivables	3,593,166	2,454,060

22. OTHER FINANCIAL ASSETS

Description		2018/2019	2017/2018
		KShs	KShs
Investment in treasury bills	Period		
CBK	182 days	106,595,665	86,241,045
Sub - total		106,595,665	86,241,045
Grand total		106,595,665	86,241,045

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23. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Furniture and fittings	Motor vehicles	Computers	Property, office and other equipment	Total
Cost	KShs	KShs	Khs	KShs	KShs	KShs
At July 1, 2018	6,495,213	704,189	16,707,125	2,740,153	2,828,242	29,474,922
Additions	-	-	-	105,500	330,204	435,704
At June 30, 2018	6,495,213	704,189	16,707,125	2,845,653	3,158,446	29,910,626
Additions	-	-	-	-	-	-
At June 30, 2019	6,495,213	704,189	16,707,125	2,845,653	3,158,446	29,910,626
Accumulated depreciation						
At July 01, 2018	-	480,858	7,897,485	2,279,158	2,100,328	12,757,829
Depreciation	-	27,916	2,202,410	169,949	125,802	2,526,077
At June 30, 2018	-	508,774	10,099,895	2,449,107	2,226,130	15,283,906
Depreciation	-	24,427	1,651,808	118,964	116,540	1,911,739
At June 30, 2019	-	533,201	11,751,703	2,568,071	2,342,670	17,195,645
Net book values						
At June 30, 2018	6,495,213	195,415	6,607,230	396,546	932,316	14,626,720
At June 30, 2019	6,495,213	170,988	4,955,422	277,582	815,776	12,714,981

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. TRADE AND OTHER PAYABLES

Description	2018/2019	2017/2018
	KShs	KShs
Other payables	220,426	205,986
Trade payables	3,702,553	1,049,891
Total trade and other payables	3,922,979	1,255,877

25. RETIREMENT BENEFITS OBLIGATION

Description	Long service leave	Gratuity	Other Provisions	Total
	KShs	KShs	KShs	KShs
Bal b/d		3,440,246		3,440,246
Provision for the year		1,306,070		1,306,070
Bal c/d		4,746,316		4,746,316

26. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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

(i) Credit risk

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

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

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

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	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At June 30, 2018				
Receivables from exchange transactions	3,593,166		3,593,166	-
At June, 30, 2017				
Receivables from exchange transactions	2,454,060		2,454,060	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

(ii) Liquidity risk management

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month KShs	Between 1-3 months KShs	Over 5 months KShs	Total KShs
At June 30, 2018				
Trade payables	-	3,702,553	-	3,702,553
Retirement benefits obligation	-	-	4,746,316	4,746,316
Other payables	220,426	-	-	220,426
Total	220,426	3,702,553	4,746,316	8,669,295
At June 30, 2017				
Trade payables	-	1,049,891	-	1,049,891
Retirement benefits obligation		-	3,440,246	3,440,246
Other payables	205,986			205,986
Total	205,986	1,049,891	3,440,246	4,696,123

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. CAPITAL COMMITMENTS

Capital commitments	2018/2019	2017/2018
	KShs	KShs
Authorised for acquisition of PA-K office space	80,000,000	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and on-going)

28. EVENTS AFTER THE REPORTING PERIOD

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

29. ULTIMATE AND HOLDING ENTITY

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

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APPENDIX I: INTER-ENTITY TRANSFERS

	ENTITY NAME:	The President's Award - Kenya		
	Breakdown of Transfers from other Governments			
	FY 2018/19			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	Indicate the FY to which the amount relate
	Ministry of Education	22/08/2018	5,000,000	2018/2019
		07/12/2018	4,900,000	2018/2019
		29/01/2019	5,000,000	2018/2019
		16/05/2019	4,900,000	2018/2019
		Total	19,800,000	
	Ministry of Public Service, Youth and Gender Affairs	13/08/2018	5,000,000	2018/2019
		10/12/2018	5,000,000	2018/2019
		28/01/2019	5,000,000	2018/2019
		04/06/2019	4,600,000	2018/2019
		Total	19,600,000	
		Grand Total	39,400,000	
b.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	
	James Ndegwa	12/04/2019	972,600	2018/2019
		Total	972,600	

Sign.....
Nellie Munala
CHIEF EXECUTIVE OFFICER