

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



**THE NATIONAL ASSEMBLY**  
**PAPERS LAID** **REPORT**  
**DATE:** 18 AUG 2019 **DAY:** Thursday  
**TABLED BY:** Majority <sup>WMP</sup>  
**CLERK-AT THE-TABLE:** Catherine Chebet



**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA WILDLIFE SERVICES**

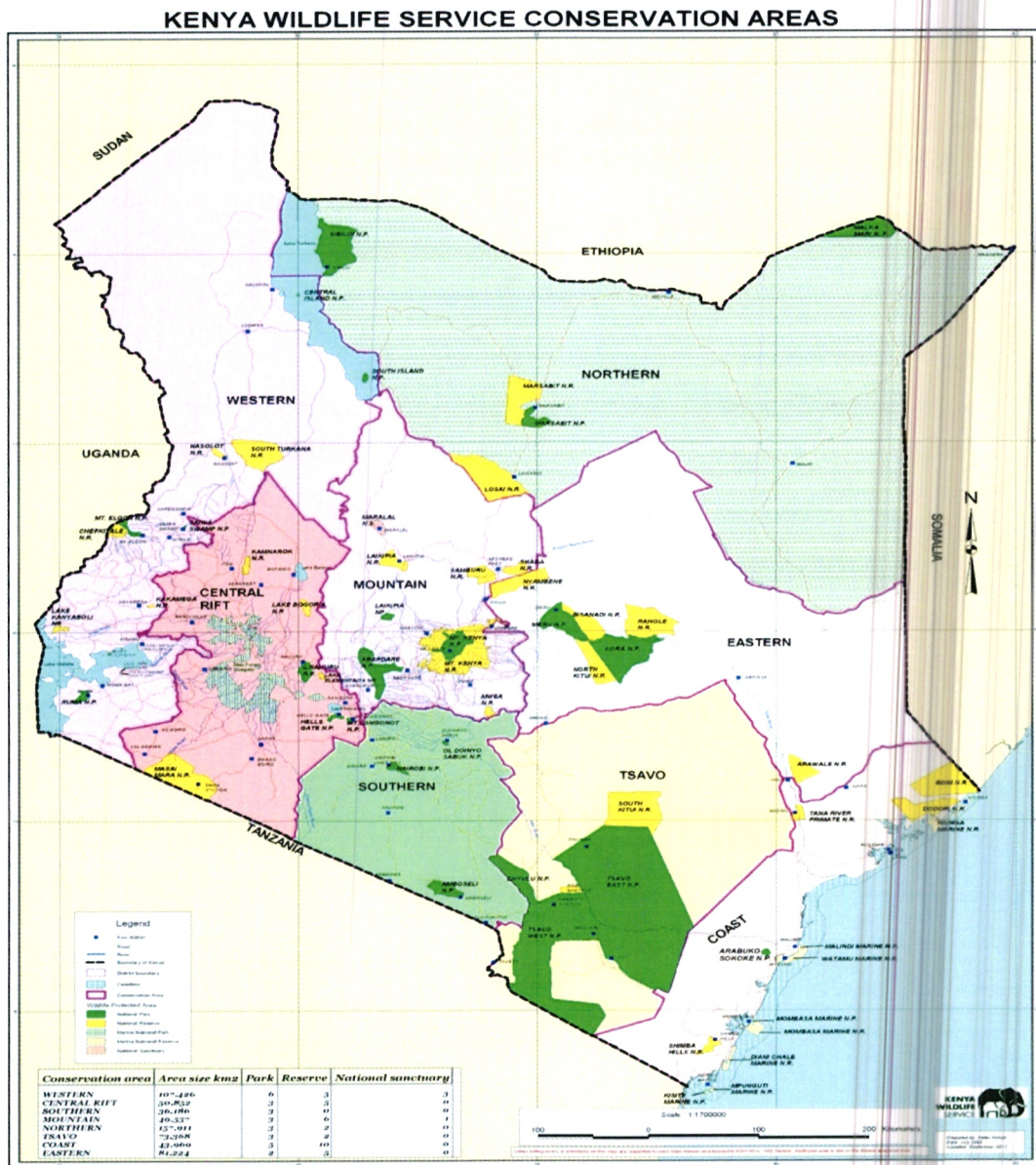
**FOR THE YEAR ENDED  
30 JUNE 2018**



**CORPORATE INFORMATION (CONTINUED)**

**Area of operation**

The Service operates 23 National Parks, 29 National Reserves, 6 Marine National Parks, 6 Marine National Reserves and 6 National Sanctuaries. KWS is divided into 8 regions, headquarters and three semi-independent institutions for ease of administration. These include: Western conservation, Central Rift conservation, Southern conservation, Mountain conservation, Northern conservation, Tsavo conservation, Coast conservation, Eastern conservation, Main headquarters, Airwing, Kenya Wildlife Service Training Institute (KWSTI) and Law Enforcement Academy-LEA (Manyani). Figure 1 below shows the location of these conservation areas.



## **I. CORPORATE INFORMATION**

### **Background information**

Kenya Wildlife Service (KWS) was established by the Wildlife Conservation and Management Act, 1989 (now repealed and replaced by Wildlife Conservation and Management Act, 2013). The overall mandate of KWS is to conserve and manage wildlife in Kenya.

### **Our Vision**

To conserve Kenya's wildlife and its habitats for posterity.

### **Our Mission**

To sustainably manage Kenya's wildlife and its habitats for the benefits of nature and humanity.

### **Corporate Values**

KWS has adopted four main corporate values, which serve as guiding principles in the provision of quality and acceptable services to our customers. These values include;

- i. Passion
- ii. Professionalism
- iii. Innovation
- iv. Quality

### **Principal Activities**

The principal activity of the KWS is to sustainably conserve, manage and enhance Kenya's wildlife and its habitats, and provides a wide range of public uses in collaboration with stakeholders, in pursuit of this commitment;

### **We shall;**

- i. Understand our customer and stakeholder challenges, and identify their requirements.
- ii. Continually improve our products and services to meet and exceed customer expectations.
- iii. Ensure that objectives are established and implemented at relevant levels in line with the set strategic directions.
- iv. Improve the effectiveness of the Quality Management System.
- v. Ensure that this policy is well communicated and reviewed for continued suitability.

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**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2018**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)**

## **CORPORATE INFORMATION (CONTINUED)**

### **Key Management**

The day-to-day management of the Service is entrusted to the Director General who is the Secretary to the Board and Chief Executive Officer of the Service. The Director General is assisted by a management team of Deputy Directors. The Service is classified as a State Corporation under PC 3A.

### **Fiduciary Management**

KWS is managed by a ten (10) member Board of Trustees, comprising of four (4) Government representatives, five (5) independent members, and the Director General who is the Secretary to the Board and Chief Executive Officer of the Service.

The terms of the current membership of the Board of Trustees are shown below;

### **Board of Trustees**

The Trustees serving Kenya Wildlife Service Board as at the date of this report are as follows:

1) Dr. John Waitthaka	Board Chairman	Appointed on May 21, 2018
2) Ms. Betty Sereya Maitoyo	Board Vice Chairperson	Appointed on July 30, 2018
3) Mr. Ian Hamish Craig	Board Member	Appointed on July 30, 2018
4) Mr. Jochen Zetch	Board Member	Appointed on July 30, 2018
5) Mr. Fred Ojiambo	Board Member	Appointed on July 30, 2018
6) Dr. Susan J. Koech	Principal Secretary Ministry of Tourism & Wildlife	
7) Mr. Arthur Nduati	Rep. Principal Secretary the National Treasury	
8) Ms. Mary Coletta Kemunto	Rep. Principal Secretary Devolution and Planning	
9) Mr. Henry Kipkosgei Barmao	Rep. General Kenya Police Service	
10) Brig (Rtd). John M. Waweru	CEO/Board Secretary	Appointed on March 13, 2019

### **Corporate Secretary**

Mr. Leonard Maingi  
P.O. Box 40241-00100  
Nairobi

**CORPORATE INFORMATION (CONTINUED)**

**1. REGISTERED OFFICE**

KWS Complex  
Langata  
Road  
P.O. Box 40241  
GPO 00100  
Nairobi, Kenya

**2. INDEPENDENT AUDITOR**

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

**3. PRINCIPAL LEGAL ADVISOR**

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

**4. BANKERS**

a) Kenya Commercial Bank limited  
P. O. Box 484000  
GPO 00100  
Moi Avenue Branch  
Nairobi

c) Equity Bank Limited  
Upper Hill  
P O Box 75104  
City Square 00200  
Nairobi

e) City Bank  
Upper Hill  
P.O.Box 30711  
GPO.00100  
Nairobi

b) Standard Chartered Bank Kenya Limited  
P.O.Box 30003-00100  
Langata Branch  
GPO 00100  
Nairobi



d) Cooperative Bank of Kenya  
Business Centre ,Ngong Road  
P.O.Box 30415  
GPO 00100  
Nairobi




f) Commercial Bank of Africa Limited  
Upper Hill  
P.O.Box 30437  
GPO 00100  
Nairobi

## II. THE BOARD OF TRUSTEES

PROFILE	
 <p><b>Dr. John Waithaka</b> Chairman, Board of Trustees</p>	<p>Dr. John Waithaka holds a Bachelor's degree in Botany and Zoology, MSc in Biology of Conservation and a Ph.D. in Zoology. He has worked as a lecturer at Kenyatta University; elephant programme coordinator at KWS, manager of the European Union's Biodiversity Conservation Programme and also as a Director of the African Conservation Center. He also worked with Parks Canada as a conservation biologist from 2003 to December 2017. He is the current vice Chair for the IUCN-World Commission on Protected Areas (WCPA) for East and Southern Africa, a member of the WCPA Steering Committee, a Member of the IUCN -UNESCO World Heritage Panel and co-editor of the International Journal of Protected Area and Conservation.</p>
 <p><b>M/s. Betty Sereya Maitoyo</b> Vice-Chairperson, Board of Trustees</p>	<p>Beatrice Seraya Maitoyo has a Master of Arts in Intercultural Studies Fuller Theological Seminary, Pasadena, California, U.S.A and a Bachelor's degree in Arts in Community Development and Business Administration from Daystar University. She over ten(10) years of progressive experience in advocacy for children, youth, women and minority groups' rights and is an ardent supporter of conservation of the environment and proper management of natural resources by communities, without exploitation.</p> <p>She is currently working as a gender specialist consultant for Mainyoito Pastoralist Integrated Development Organization.</p>
 <p><b>Mr. Jochen Zeitz</b> Trustee</p>	<p>Jochen Zeitz is recognised as one of the world's leaders in sustainable business, conservation and philanthropy. He is Co-Founder and Co-Chair of the Zeitz Museum of Contemporary Art Africa (Zeitz MOCAA), Co-Founder of The B Team, Owner of Segera Conservancy and Founder of the Zeitz Foundation and The Long Run, which support sustainable solutions that balance conservation, community, culture and commerce (the 4Cs). Previously, Zeitz served 18 years as Chairman and CEO at PUMA, then Board Member and Chair of the Sustainability Committee for luxury brand group Kering. In addition to KWS, Zeitz is on the Board of Cranemere and Harley-Davidson, and Chairs their Sustainability Committees. Zeitz has received numerous awards, including Financial Times' "Strategist of the Year" 3 times and the Federal Cross of Merit of the Republic of Germany.</p>

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 <p><b>Mr. Ian Hamish Craig</b> Trustee</p>	<p>Ian Hamish Craig was a founding board member of Namunyak Wildlife Conservation Trust and Il Ngwesi Group Ranch and has served as the Executive Director of the Lewa Wildlife Conservancy for 14 years. He is a founding member and the first CEO of the Northern Rangelands Trust in 2004 an umbrella body that supports community conservancies across Northern Kenya. He is currently the Director of Conservation for the Northern Rangelands Trust. Previously served on the Board of Trustees, Kenya Wildlife Service for two terms.</p>
 <p><b>Mr. Fred Ojiambo</b> Trustee</p>	<p>Fred Omondi Oliver N'cruba Ojiambo, MBS, SC is an advocate and holds a Bachelor of Laws Degree and a Post Graduate Diploma in Advocacy. He is a Senior Partner at Kaplan &amp; Stratton Advocates and is a member of the Law Society of Kenya and the International Bar Association.</p> <p>Mr. Ojiambo has had a long career in private practice and his experience was recognized with an award of Senior Counsel in 2007</p>
 <p><b>Dr. Susan. J. Koech</b>  Principal Secretary State Department for Wildlife Ministry of Tourism and Wildlife</p>	<p>Dr. Susan Komen Koech is an alumnus of Moi University, School of Business, with a PhD, MBA and BBM. Her PhD thesis was titled "<i>Moderating Effect of perceived customer value on relationship quality and customer loyalty among bank customers in Kenya</i>".</p> <p>She has also done several leadership courses that have built and grounded her leadership competences. These include Fast Forward (FFWD), Lead, Euro Money – School of Retail Banking, Commercial Awareness and Corporate Governance. She also holds a Diploma in Banking and is a member of Kenya Institute of Bankers (KIB) and Kenya Institute of Management (KIM)</p> <p>Dr. Koech is a dedicated career banker with a natural instinct for identifying future trends. Prior to joining Government in March 2018, Susan was the Nairobi Regional Head for KCB Bank Kenya Ltd from where she was appointed to the position of PS, East African Community (EAC) and served until February 2019 when she was appointed as PS, Wildlife</p>

 <p><b>M/s. Mary Coletta Kemunto</b>  <b>Representative: PS Ministry of Interior and Coordination of National Government</b></p>	<p>Ms Mercy C. Kemunto holds a Masters Degree in Educational Administration and Planning from Catholic University of Eastern Africa, a Bachelor of Education (Arts) Degree from the University of Nairobi, Post Graduate Diploma in Human Resource Management IHRM (K) and is currently studying for a Post Graduate Diploma in Financial Management.</p> <p>She has previously worked as ISO core team of the Ministry of Justice and was part of the Technical working Group that developed the 2013-2017 strategic plan for the Office of the Attorney General and Coordinated the Capacity Assessment and Rationalization in the Public Sector Programme (CARPPS) in the Office of the Attorney General and Department of Justice.</p> <p>She is the AG. Director Human Resource Management and Development, State Department for Devolution Ministry of Devolution and ASALs.</p>
 <p><b>Mr. Arthur Nduati</b>  <b>Representative: PS, The National Treasury</b></p>	<p>Mr. Arthur Nduati holds a Masters of Business Administration Degree from JKUAT. He is a Certified Public Accountant of Kenya (CPA, K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>He has over 12 years' experience in Public Finance Management and is currently a Senior Assistant Director of Budget at the National Treasury. Previously, he was Head of Finance in the Ministry of Youth Affairs and Sports, Ministry of Immigration and Registration of Persons and Office of the Director of Public Prosecutions.</p>
 <p><b>Mr. Henry Kipkosgei Barmao</b>  <b>Representative: Inspector General of Police</b></p>	<p>Mr. Henry Kipkosgei Barmao is a career policeman with over 35 years of experience. He has attended many certificate courses in strategic and leadership areas relating to law enforcement including Protection of Civilians; Crisis and Major Events Management; Prevention and the Punishment of the Crimes of Genocide, Crimes against Humanity and all forms of Discrimination as well as Election and Conflict Early Warning among many others. He also served for one year as Liaison Officer of the Siera Leone UN Contingent Mission where he was Commander.</p> <p>He is currently the Deputy Director Operations at Vigilance House - the Kenya Police Service Headquarters, Nairobi.</p>

**III. MANAGEMENT TEAM**



**Brig. (Rtd) John Waweru, EBS**  
Director General

Brigadier (retired) John Migui Waweru is the Kenya Wildlife Service Director General. He was appointed to this position on March 13, 2019.

He holds a Masters Degree in Security Management from the University of Witwatersrand, Johannesburg, South Africa and is currently undertaking a PhD in International Studies at the University of Nairobi.

He brings a wealth of management experience and strategic leadership from his previous assignments where he served as a Naval Officer with the Kenya Defense Forces for over 30 years, both in command and staff appointments at the Kenya Navy, Kenya Defense Headquarters and various Military Training Institutions in Kenya and overseas.



**Dr. Charles Musyoki, PhD, OGW**  
Director Parks and Reserves

Dr. Charles Musyoki is the Director Parks and Reserves. He holds a Bachelor of Science (Hons) degree in Wildlife Management (Moi University), a Master of Philosophy degree in Wildlife Management (Moi University) and a Doctor of Philosophy degree (Kyoto, Japan). He is currently pursuing an Executive Master of Business Administration at the Management University of Africa.

He is a member of the IUCN Antelope Specialist Group, the Technical Advisory Group for the Raptors MoU and the African Lion Working Group. He has authored and co-authored a number of publications of wildlife research and conservation that include a book on human-wildlife conflict in Kenya. He is a Research Professor of Kyoto University. He has over twenty five (25) years' experience in research and wildlife conservation



**Dr. Patrick Omondi, PhD, OGW**  
Ag Director Biodiversity, Research & Planning

Dr. Patrick Omondi is the Ag. Director Biodiversity, Research & Planning. He holds a MSc. in Wildlife Management & Control, Reading University UK; BSc. in Wildlife Management, Moi University; and a PhD in Animal Ecology, Kenyatta University. He has upon him the honour and style of The Grand Warrior of Kenya (OGW) in recognition of his contribution to Wildlife Conservation in Kenya.

He has twenty (25) five years' experience in the Service



**Mrs. Lynette Muganda**  
Deputy Director Human Capital

Ms. Lynette Muganda is the Deputy Director, Human Capital. She holds a Master of Business Administration Degree, a Bachelor of Arts as well as a Postgraduate Diploma in Human Resource Management. She has a diploma in Strategic Leadership Development Program from Kenya School of Government. She is member of the IHRM.

She has four (4) years' experience in the Service.



**Mr. Robert Muasya, HSC, ndc (k)**  
Deputy Director Security

Mr. Robert Muasya is the Deputy Director, Security. He is a career wildlife conservationist and holds a Diploma in Wildlife Management obtained from Egerton University as well as a Diploma in International Studies from the University of Nairobi.

He has over thirty (30) years' experience in wildlife conservation & management in the Service.



**Mr. Edwin Wanjala Wanyonyi**  
Deputy Director (Strategy & Change)

Mr. Edwin Wanyonyi is the Deputy Director Strategy & Change. He holds an MBA in Strategic Management and a Bachelor of Business Administration. He is a member of the Kenya Institute of Supplies Management, Kenya Institute of Management, a postgraduate diploma in resource mobilization and a member of Kenya Association of Fundraising Professionals. He is currently pursuing PhD in Management.

He has ten (10) years' experience in the Service.

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	<p>Mr. Michael L. Kipkeu, is the Deputy Director, Devolution and Community Service. He is a career wildlife conservationist and holds Masters of Arts Degree (Community Development &amp; Project Management) and a Diploma in Wildlife Management obtained from Egerton University as well as a Diploma in International Studies from the University of Nairobi.</p> <p>He has over thirty (30) years' experience in wildlife conservation &amp; management in the Service.</p>
<p>Mr Michael L. Kipkeu ,OGW,"ndc" (k) Deputy Director, Devolution and Community Service</p>	
	<p>Mr. Edin Kalla is the Head of Parks and Reserves Division. He holds Bachelor of Arts (Human and social studies) in International Relations and Diplomacy from University of South Africa (UNISA), Diploma in International Studies (University of Nairobi), Diploma in Range Management (Egerton University, Njoro). He is an Associate of International Centre for Protected Landscapes, Wales, Britain (ICPL).</p> <p>He has over 25 years' experience in wildlife conservation management.</p>
<p>Mr. Edin A. Kalla, "ndc" (k) Head of Parks &amp;Reserves Division</p>	
	<p>Mr Michael Otieno Odhiambo is the Ag. Deputy Director Corporate Services. He holds a Master's Degree in Business Administration (Strategic Management) from the University of Nairobi, and a BSc. International Business Administration – Information Systems (BSc. IBA-IS) from United States International University and holds a number of Technology and Management certifications. He is a member of the Computer Society of Kenya (CSK), ICT Association of Kenya (ICTAK) among others, He has over 20 years' experience in the IT and Telco industry. He previously worked for Safaricom Ltd before joining Kenya Wildlife Service in 2010</p>
<p>Mr. Michael Otieno Odhiambo Ag. Deputy Director Corporate Services</p>	

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**CPA Byrum B. Ambuko**  
**Head of Internal Audit & Risk Management**

CPA Byrum B. Ambuko is the Head of Internal Audit & Risk Management Department. He holds a Bachelor of Commerce degree (Accounting). He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Certified Secretary of Kenya (CPS), Certified Information Systems Auditor (CISA) and a member of ISACA. He has had a long career in Public Service having served as an External Auditor with the Office of Auditor General, Internal Auditor in Coffee Board of Kenya.

He has over 24 years' experience in the Service.



**CPA John Mwangi**  
**Head of Finance**

Mr. John Mwangi is the Head of Finance. He holds a Masters Degree in Business Administration (Finance & Banking) and a Bachelor of Commerce Degree (finance). He is a CPA (K) and a member of ICPAK.

He has over twenty (20) years' experience in finance and banking



**CS Leonard Maingi.**  
**Corporation Secretary**

CS Leonard Maingi is the Corporation Secretary. He is a member of the institute of Certified Public Secretaries of Kenya and the Law society of Kenya. He attended the law schools of the University of Houston and the University of Nairobi.

#### **IV. CHAIRMAN'S STATEMENT**

It is a great honour for me to present the Kenya Wildlife Service's (KWS) financial statements for the year ended June 30, 2018. KWS is charged with the overall mandate of conserving and managing wildlife across this great nation. This is a huge responsibility bestowed on the Service and thus calls for immense resource allocation.

The Board of Trustees has continued to discharge its duties of oversight to KWS during the period under review. However, it should be noted that the term of the previous board expired on 17<sup>th</sup> April 2018. I was appointed the Chairman in May 2018 while the other members were appointed in July 2018. Thus these financial statements cover the period under the previous board.

During the year all board committees were functional. I am proud to report that key committees have been discharging their mandates appropriately, which has enabled the Board of Trustees to make informed decisions.

During the year under review, the Service discharged its mandate and I am proud to say that KWS made remarkable strides in the following key areas: reduction in poaching, mitigation of human wildlife conflict, undertook wildlife Census in the Amboseli ecosystem, strengthening of anti-poaching units, undertook a review of the Service intelligence operations, rolled out the Digitisation of radio communication in three conservation areas namely Tsavo, Southern and Central Rift conservation areas and developed a robust strategic plan which will take the Service to the next level in partnership with stakeholders.

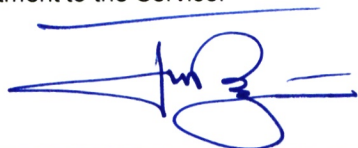
As is expected in any organisation during the period under review the Service was faced with numerous challenges in discharging its responsibilities. These include; under funding in critical activities, increased poaching threats, prolonged drought spell, increased human wildlife conflicts due to land use changes, pressure for wildlife dispersal due to population growth, habitat degradation and persistent livestock incursion in wildlife protected areas. These challenges have continued to impact negatively on wildlife conservation efforts in the country.

Despite inadequate budgetary allocation, the financial performance of the Service was impressive.

In summary, the Service realized total revenue of Kshs.7.0 billion compared to Kshs5.5 billion in the prior year. The total expenditure for the period was Kshs. 7.7 billion compared to Kshs7.1 billion spent during the same period previous year. As a result, the overall performance recorded a deficit of Kshs 740 million compared to Kshs1.5billion in 2016/2017 FY.

The development of the strategic plan which is at its final stages is expected to unlock the potential of the Service in resource mobilisation both internally and externally. Further it is also expected to reengineer the cost structures in the current set up of the Service for efficiency and optimal deployment of available resources. However, it is worth noting that overtime the resource allocation to the Service has not marched its mandate thus leaving the organisation with a huge funding gap which has ended up affecting quality of service delivery. This is critical and requires urgent redress given the ever increasing challenges in wildlife conservation in the country.

I therefore continue to appeal to The National Treasury through the Parent Ministry to urgently consider the issue of adequate budgetary allocation to KWS. Lastly, I wish to acknowledge and appreciate the great support given to the Service by Government, development partners and other stakeholders towards wildlife conservation efforts. I look forward to your continued support in the fulfilment of the conservation mandate. I would also like to thank the management and staff for their dedication and commitment to the Service.



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**DR. JOHN WAITHAKA**  
**CHAIRMAN BOARD OF TRUSTEES**

## V. REPORT OF THE DIRECTOR GENERAL

Kenya Wildlife Service (KWS) has continued to discharge its mandate of wildlife conservation in line with the Wildlife Conservation & Management Act 2013. The year under review represents the final year of the implementation of the KWS 2012-2017 Strategic Plan. In 2017/18 FY the focus was in the following key areas: resource mobilisation, reduction in poaching threats, ecological restoration, strengthening human wildlife conflict mitigation, implementation of the wildlife act, institutional process review and staff welfare issues.

KWS main source of income is generated from tourism related activities and government grants. In addition the Service gets support from development partners who support various conservation activities. For the period under review KWS recorded a total income of Kshs 7.0 billion. This comprised of internal revenue of Kshs.3.6 billion compared to Kshs3.3 billion in the previous year, GoK subvention of Kshs 2.3billion compared to Kshs1.3 billion prior period. Donor grants amounted to Kshs.1.1 billion compared to Kshs901 million previous period. It is important to note that donor grants include funds amounting to Kshs 150 million meant for Compensation.

During the year under review the total expenditure amounted to Kshs 7.7billion which is comparable with prior year of Kshs 7.1 billion. The expenditure comprised of; Salaries and Allowances of Kshs4.5 billion while other Operating Expenses amounted to Kshs.2.5 billion. As a result the Service overall performance was a deficit of Kshs 740 million compared to Kshs.1.5 billion realized during the last financial year.

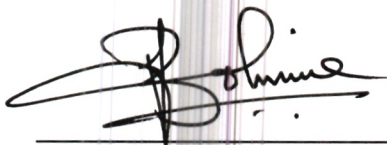
The total assets as at June 30, 2018 amounted to Kshs 12.8billion comprising Property, Plant and Equipment (PPE) of Kshs 6.8billion and Current Assets of Kshs 5.9billion. The current liabilities on the other hand amounted to Kshs 4.7billion. These liabilities include trade payables Kshs1.2billion, unexpended specific (unspent) donations of Kshs743 million and Endowment funds of Kshs2.7billion.

In General, the performance of the year under review for the Service indicates a substantial funding gap which requires urgent redress. It is important to note the Service has continued to realise deficits over the years which clearly indicates the budgetary allocations have never matched the resource requirements despite consistent deployment of severe cost control measures.

This inadequate funding has become a serious bottleneck in wildlife conservation given the ever increasing challenges in this sector.

In an effort to address this situation management has developed a new Strategic Plan which clearly spell out priority areas for the next five years, it is expected that this plan will provide an opportunity to partners and stakeholders to contribute effectively in wildlife conservation.

Finally, I would like to acknowledge Government for continued support, the Board for strategic vision and guidance, development partners and other stakeholders for their support for conservation. I also wish to commend staff for their dedication and hard work.



**BRIG (Rtd) JOHN. WAWERU, EBS**  
**DIRECTOR GENERAL**

## **VI. CORPORATE GOVERNANCE STATEMENT**

The Board of Trustees of KWS is responsible for the governance of the Service and is accountable to the Government of Kenya in ensuring that it complies with the various laws while maintaining high ethical standards and corporate governance. Accordingly, the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance including the Mwongozo Code of Conduct.

### **Board of Trustees**

The roles and functions of the Chairman and the Director General are distinct and their respective responsibilities clearly defined within the Wildlife Conservation and Management Act 2013.

The Board defines the policy guidelines for effective management of the Service. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Management through the Director General.

### **Board Meetings**

The Board holds meetings on a regular basis while special meetings are called when it is deemed necessary.

### **Committees of the Board**

The Board has set up three key Committees to facilitate efficient decision making of the Board in discharging its duties and responsibilities.

### **Board Finance Committee**

The Committee has responsibilities for oversight in financial and human capital management. These responsibilities include; -

- a) Policies that maintain and improve the financial sustainability and integrity
- b) Review and recommend a long-term financial plan for the Service
- c) Review and recommend an annual operating budget and annual capital budget consistent with the long-term financial plan and financial policies
- d) Review the financial aspects of major proposed transactions, new programs, projects and services, as well as proposals to discontinue the same and making recommendations to the board
- e) Review and approve financial statements for release to external auditors
- f) Review and approve opening and closing of bank accounts.
- g) Monitor the financial performance of the Service as a whole against approved budgets and long-term trends
- h) Requiring and monitoring corrective actions to bring the organization into compliance with laws, policies and applicable financial principles.
- i) Review of human resource policies.
- j) Deliberation of staff matters.

## **CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

### **Board Conservation Committee**

This Committee has responsibilities for oversight in Wildlife Conservation and Management. These responsibilities include; -

- a) Review and advise the Board on the development of Protected Area Management Plans, species strategies and conservation policies.
- b) Provide oversight of the organization's programs, projects and activities relating to conservation.
- c) Ensure that programs related to conservation are informed by best practice and leading- edge thinking, incorporating scientific, economic and social trends.
- d) Evaluate and review conservation programs and activities.
- e) Identify and submit risks, including legal, financial and reputational risks, relating to conservation to the Board Audit and Risk Committee.

The Committee also has responsibilities for oversight in mitigation of human wildlife conflict and compensation to communities. These include:

- a) Facilitate mobilization of requisite resources necessary for the department to carry out its mandate as spelt out in sec 7(n) of the WCM Act 2013 which states that "the service shall promote and undertake extension service programs intended to enhance wildlife conservation, education and training".
- b) Provide strategic policy direction to facilitate effective conservation education and awareness programs to enhance wildlife conservation and management.
- c) To determine incentives required for communities to foster effective Collaborative management of wildlife within a specified conservation area.
- d) Addressing human / wildlife conflicts in targeted conservation areas.
- e) Resources required for community mobilization to advocate for and Support the development and implementation of enabling policy and Legal environment for wildlife conservation.
- f) Facilitate establishment of the wildlife compensation scheme Sec 24 (b) of WCMA 2013

### **Board Audit Committee**

This Committee has responsibilities for oversight in audit and risk matters of the Service. These include:

- a) Approving the internal audit charter.
- b) Reviewing of audit reports.
- c) Approving the risk based internal audit plan.
- d) Approving the internal audit budget and resource plans.
- e) Entity wide risk management processes
- f) Receiving communications on the internal audit activity's performance relative to its plan and other matters

**VII. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A: The Service Operational and Financial Performance**

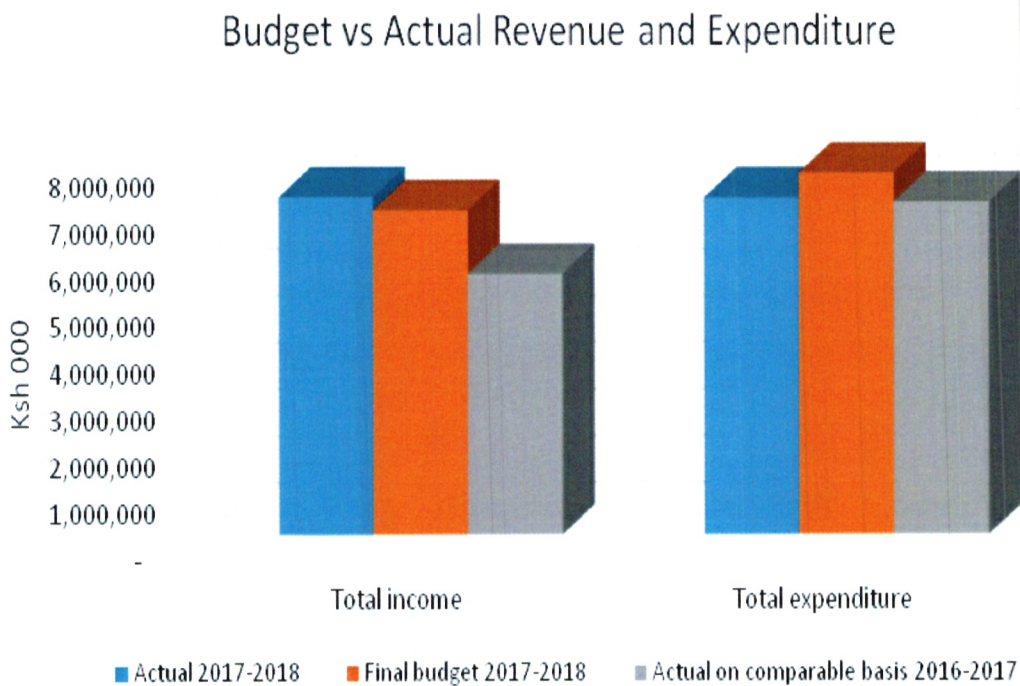
Kenya Wildlife Service (KWS) has continued to discharge its mandate of wildlife conservation in line with the Wildlife Conservation & Management Act 2013. The focus of the year under review has been on reduction in poaching through strengthening of security units, ecological restoration, human wildlife conflict mitigation through construction of game proof defense, infrastructural development on ranger housing, institutional review and staff welfare.

During the year under review the total expenditure amounted to Kshs7.7 billion, compared to Kshs7.1 billion in the previous year. The expenditure comprised of; salaries and allowances of Kshs4.2 billion while other operating expenses amounted to Kshs 2.5billion. In general, the Service had a deficit of Kshs 740million compared to Kshs1.5billion last financial year. This funding gap has continued to affect optimal service delivery in KWS.

Below is a graphical presentation on;

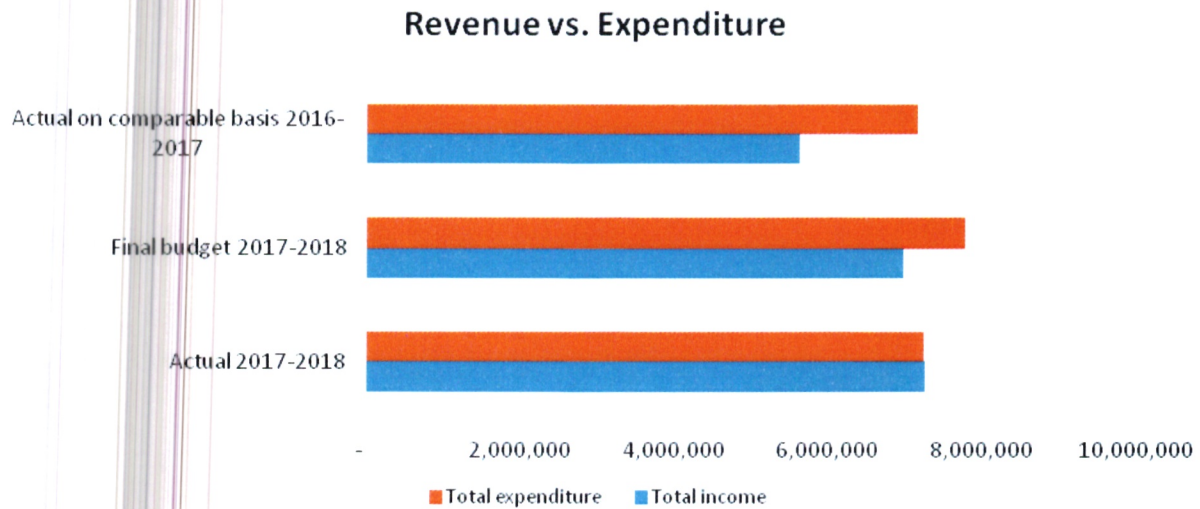
**a. Budget Vs Actual Performance.**

The Graph below represents the budget performance in relation to the actual revenue and expenditure realised and incurred respectively.

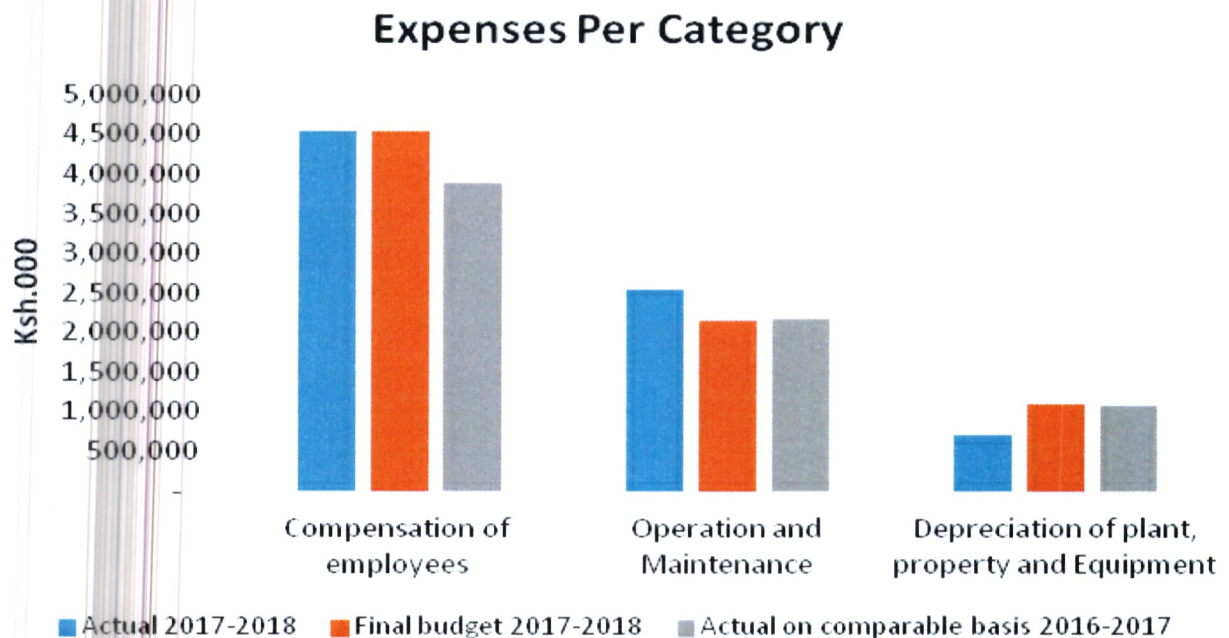


**b. Service Revenue Performance**

Below is a graphical presentation of Service revenue performance in the year under review compared to last financial year. The Gok grants have slightly improved in the current year compared to the last financial year.



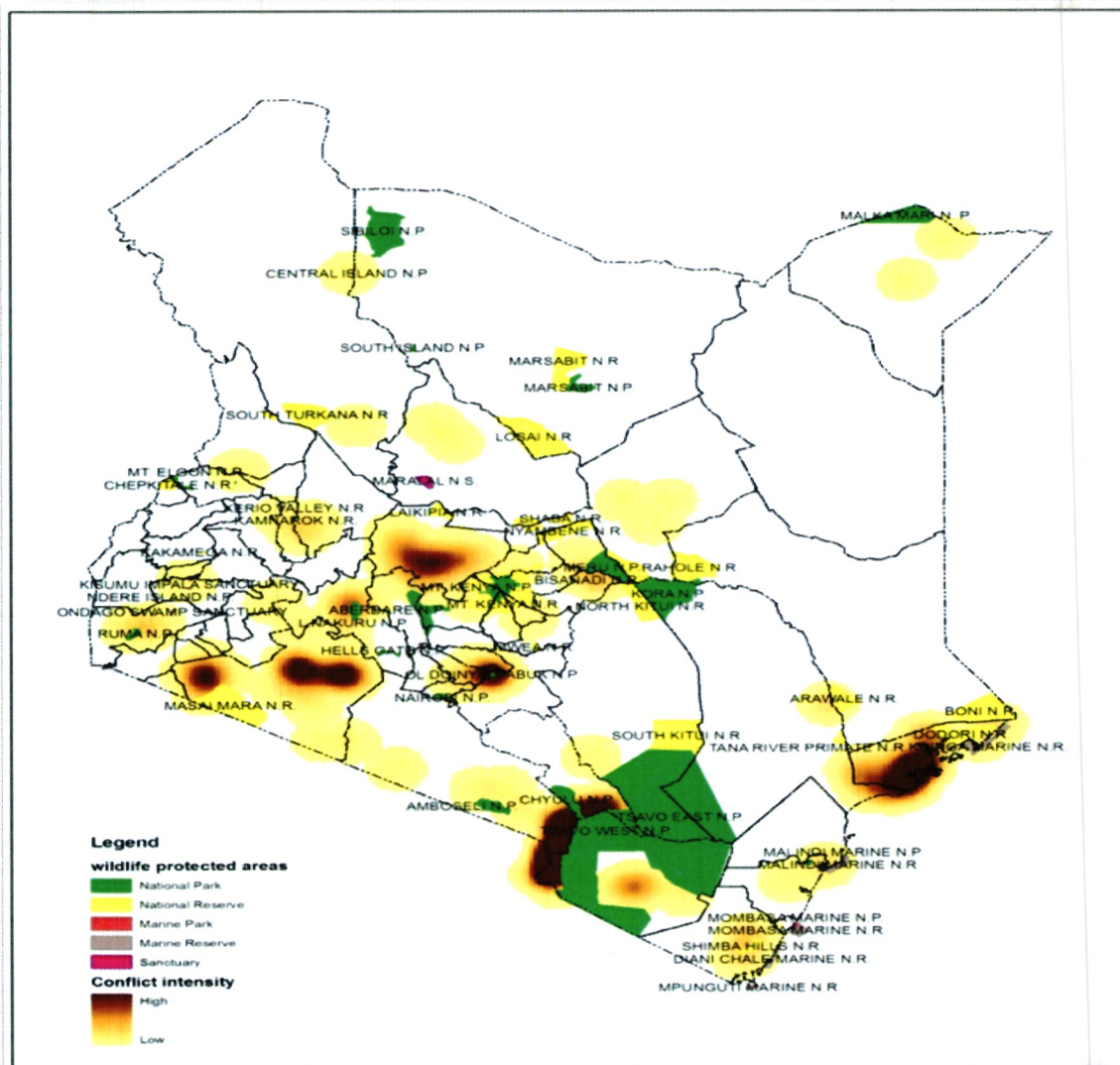
**c. Expenses per category compared with budget and previous year performance**



**d. Human wildlife conflict.**

There is increasing trend in human wildlife conflict due to changes in land use, competition for available dispersal areas and climate changes. The Service in its effort to mitigate these conflicts has instituted construction of game proof fences and translocation of wildlife. Below is map showing the human wildlife conflict hot spots.

**HUMAN WILDLIFE CONFLICT HOT SPOTS**



**Hot spots**

- Laikipia/Rumuruti
- Narok/Transmara
- Tsavo East & West (Taita Taveta, Rombo, Njukini, Bura)
- Lamu (Mpeketoni, Witu)
- Imenti South (Meru)
- Amboseli
- Kwale
- Along Tana River

**SECTION B: Service's compliance with statutory requirements**

The Service for the period under review has complied with all statutory requirements in line with the PFM Act and The National Treasury circulars with regards to the following reports, budget estimates, quarterly financial statements and annual financial statements. In addition all statutory deductions to the government authorities were paid on time within the timelines (to KRA, NHIF, NSSF HELB and NITA).

**SECTION C: Key projects and investment decisions the Service is planning/ implementing.**

The Service is implementing key projects funded by the national government through the Medium Term Expenditure Framework of 2016/ 2017(MTEF). These projects are aimed at strengthening the anti-poaching security units to combat wildlife crime, construction of game proof defenses to mitigate human wildlife conflict, construction of ranger houses to address staff welfare as well as conservation of Marsabit National Park ecosystem to maintain ecological balance and provide alternative livelihood to the communities bearing the brunt of human wildlife conflict. These programs are critical pillars in the vision 2030 blue print.

**SECTION D: Material arrears in statutory / financial obligations**

The Service during the period under review did not have any material statutory arrears and financial obligation except for long outstanding liability litigation on NSSF and the Board of Trustees of KWS do not believe that any significant additional liability will arise from the determination of this matter.

**SECTION E: The Service's financial probity and serious governance issues.**

The Service did not have any financial probity and governance issues at the preparation of this report.

**VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

The Kenya Wildlife Service (KWS) has over the years reached out to one of its important stakeholders - communities in various ways mostly under the umbrella of Corporate Social Responsibility (CSR). The history of conducting CSR is as old as the Service. This has been necessitated by the need to engage communities who interact with wildlife on day to day basis.

In undertaking CSR projects, KWS aims to address four thematic areas that affect the social livelihoods of communities in different conservation areas (Water, Education, Health and Community based wildlife enterprise projects). In addition KWS encourages alternative land-uses in wildlife dispersal areas as well as securing key migratory corridors that connect different ecosystems that are critical to conservation efforts.

This is being achieved through strategic investment in areas that have abundance of wildlife outside the protected areas and in seasonal dispersal zones. Community engagements take different perspectives which include active participation in actual protection, commercial initiatives, education and community based projects. Highlighted below are some of the projects carried out in the communities

### **Education Support**

During the FY2017/2018 we continued with several education support programmes in areas around conservation areas. Most of the support was in form of infrastructure development where we build classrooms, dormitories and even social halls in the following areas

- 1) Mulok primary school in Baringo County
- 2) Mathunzuni primary School in Makueni County
- 3) Sidok Mixed day secondary school in Siaya County
- 4) Ligea primary school in Homabay County
- 5) Ndurumo secondary school-Rumuruti
- 6) Mwakitau secondary school dormitory
- 7) Oloturoki Secondary school Laboratory -in Transmara Narok County
- 8) Amboseli bursaries – Ksh.20 million to schools for communities living around the Amboseli ecosystem

### **Fences**

Fences to control problematic wildlife incursions and relieve farmers' suffering resulting from crop destruction and, or injury by wildlife. The Service put special emphasis on completing ongoing fence projects in the following areas

- a) Kamutonga –Alia fence (31Km) fence project now 50% complete and operational
- b) Rumuruti/marmanet fence (53km) fence-Construction works started
- c) Doldol town fence (10km)Materials delivered , EIA study ongoing
- d) Mt.Kenya fence- 26km done in this financial year
- e) Utu –Bondeni fence (23Km) started construction works

### **Water Projects**

The Service continued its support for community water project in wildlife dispersal areas as well as sinking boreholes to increase water availability to communities. These projects include;

- a) El Mutoroki community borehole in Kajiado County
- b) Amboseli community water support
- c) Sibanga community borehole-In Bugoma county
- d) Sude community water tank

KWS remains committed to cultivate goodwill for additional space for conservation and harmonious co-existence between humans and wildlife by investing more resources to better local community livelihoods as well as win their trust in wildlife conservation.

## IX. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of affairs for the Kenya Wildlife Service (the "Service").

### Principal activities

The principal activities of the Service are;

- a) Conserve and manage national parks, wildlife conservation areas, and sanctuaries under its jurisdiction;
- b) Provide security for wildlife and visitors in national parks, wildlife conservation areas and sanctuaries;
- c) Promote or undertake commercial and other activities for the purpose of achieving sustainable wildlife conservation;
- d) Develop mechanisms for benefit sharing with communities living in wildlife areas;
- e) Coordinate the preparation and implementation of ecosystem plans;
- f) Prepare and implement national park management plans and advise in the preparation of management plans for community and private wildlife conservancies and sanctuaries;
- g) Undertake and conduct enforcement activities such as anti- poaching operations, wildlife protection, intelligence gathering, investigations and other enforcement activities for the effective wildlife conservation;
- h) Conduct and co-ordinate, all research activities in the field of wildlife conservation and management and ensure application of research findings in conservation planning, implementation and decision making;
- i) Advise on the establishment of national parks, wildlife conservancies and sanctuaries;
- j) Promote and undertake extension service programs intended to enhance wildlife conservation, education and training;

### Results

The deficit for the year of Kshs740,741,422 (2017: deficit of Kshs1,538,656,000) has been adjusted on net reserves.

### Trustees

The Board of Trustees who served during the year are shown on page 6 - 9


### Auditors

The Auditor General is responsible for the statutory audit of Kenya Wildlife Service in accordance with section 81 of the Public Finance Management (PFM) Act, 2012, & section 69 of the Public Audit Act.

### Legislation

Kenya Wildlife Service (KWS) was established by the Wildlife Conservation and Management Act, 1989 (now repealed and replaced by Wildlife Conservation and Management Act, 2013). The overall mandate of KWS is to conserve and manage wildlife in Kenya.

By Order of the Board

  
Leonard Maingi  
Corporate Secretary  
Nairobi

Date..... Sep 28 2018

## X. STATEMENT OF TRUSTEES' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and State Corporation Act 2015, & Wildlife Conservation & Management Act 2013, requires the Trustees to prepare financial statements which give a true and fair view of the state of affairs of the Service at the end of the financial year and the operating results of the Service for that year. The Trustees are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the Service. The Trustees are also responsible for safeguarding the assets of the Service.

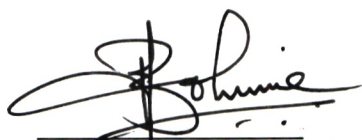
The Trustees are responsible for the preparation and presentation of the Service's financial statements, which give a true and fair view of the state of affairs of the Service for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial 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 Service; (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 Service; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Trustees accept responsibility for the Service's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act of 2015) ,Wildlife Conservation & Management Act 2013. The Trustee are of the opinion that the Service's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2018, and of the its financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity'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 Service will not remain a going concern in the foreseeable future.

### Approval of the financial statements

The entity's financial statements were approved by the Board on 28<sup>th</sup> Sept 2018 and signed on its behalf by:



**BRIG (Rtd) JOHN WAWERU, EBS**  
DIRECTOR GENERAL



**DR. JOHN WAITAKA**  
CHAIRMAN OF THE BOARD

# REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA WILDLIFE SERVICES FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Qualified Opinion

I have audited the accompanying financial statements of Kenya Wildlife Services set out on pages 23 to 53, which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in net reserves, statement of cash flows and statement of comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Wildlife Services as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and Wildlife Conservation and Management Act, 2013.

##### Basis for Qualified Opinion

###### 1. Property Plant and Equipment

As previously reported, property plant and equipment balance of Kshs.6,835,375,000 as at 30 June 2018 excludes the undetermined value of 222 parcels of land across the country with and without title documents but on which the Service has put up various developments including buildings. These comprises 23 national parks, 29 national reserves, 6 marine national parks, 6 marine national reserves, 6 sanctuaries and one hundred and fifty-two (152) other parcels of land. Further, the Service has 46 title deeds issued while 176 are still in process of acquiring ownership documents. In addition, the Service has not updated its fixed assets register and the Service has not yet carried out valuation of its wildlife.

In view of the foregoing, it has not been possible to ascertain the accuracy, completeness, valuation and ownership of the property plant and equipment balance of Kshs.6,835,375,000 as at 30 June 2018.

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*Report of the Auditor-General on the Financial Statements of Kenya Wildlife Services for the year ended 30 June 2018*

## **2. Compensation for Land Hived–Off**

### **2.1. Standard Gauge Railway (SGR)**

As reported in the prior year, compensation for land hived-off from Nairobi National Park for the construction of Standard Gauge Railway (SGR) phase 1 as per the agreement amounted to Kshs.1,475,000,000. The amount was for restoration of environment and movement of structures at Kshs.1,197,000,000 and Kshs.278,000,000 respectively. However, as at 30 June 2018, only Kshs.1,469,000,000 had been paid leaving a balance of Kshs.6,000,000. It was noted that the Service irregularly financed the deficit from its recurrent budget.

Further, the Service signed another grant for environmental easement with the Kenya Railways for phase 2A of SGR for Kshs.4,000,000,000. The total received as at 30 June 2018 was Kshs.3,500,000,000 resulting to an unexplained balance of Kshs.500,000,000.

### **2.2. Southern Bypass**

Similarly, the Service signed an easement with the Government of Kenya for land hived-off Nairobi National Park for the construction of southern bypass road for Kshs.3,740,713,840. The money was to be deposited in the Wildlife Endowment account from the State Department for Infrastructure. As at 30 June 2018 only Kshs.1,266,003,840 had been received leading to an unexplained balance of Kshs.2,474,710,000.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Wildlife Service in accordance with ISSAI 30 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 which, 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.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

## **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, except for the matters described in the Basis for Qualified Opinion section

of my report, I confirm that, nothing else 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**

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 governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 Financial Reporting Standards 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 Service's ability to continue as a going-concern, disclosing, as applicable, matters related to the going -concern and using the going-concern basis of accounting unless the government intends to cease operations of the Service, or have no realistic alternative but to do so.

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 Service 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.

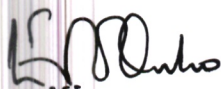
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

As part of an audit conducted in accordance with ISSAIs, I exercise service 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 sustainability of services, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service's ability to continue 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 Service to cease 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 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.



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

**Nairobi**

**14 June 2019**

**XI. STATEMENT OF COMPREHENSIVE INCOME**

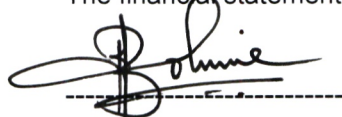
	Notes	<b>2018</b> Kshs'000'	<b>2017</b> Kshs'000'
<b>Revenue</b>			
Turnover	5	3,091,712	2,653,347
Grants from National Government	6	2,300,827	1,380,827
Grants, Donations and Compensation	6	1,111,378	901,957
Other Income	7	480,900	569,209
<b>Total revenue</b>		<b>6,984,817</b>	<b>5,505,340</b>
<b>Operating expenses</b>			
Salaries, allowances and benefits	8	4,512,435	4,164,199
Operating and maintenance expenses	9	2,540,840	1,903,975
Depreciation of property, plant and equipment	10	697,002	1,082,462
<b>Total operating expenses</b>		<b>7,750,277</b>	<b>7,150,636</b>
<b>Operating loss before interest income</b>		<b>(765,460)</b>	<b>(1,645,296)</b>
Net interest income	7	24,719	106,640
<b>Operating Loss</b>		<b><u>(740,741)</u></b>	<b><u>(1,538,656)</u></b>

The notes set out on pages 29 to 50 form an integral part of these financial statements

**XII. STATEMENT OF FINANCIAL POSITION**

	Notes	2018 Kshs'000'	2017 Kshs'000'
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	18	6,835,375	5,749,119
<b>Total non-current assets</b>		<b>6,835,375</b>	<b>5,749,119</b>
<b>Current assets</b>			
Inventories	11	276,431	372,937
Trade and other receivables	12	1,246,033	776,517
Short-term deposits	13	0	1,253,000
Bank and cash balances	13	4,450,907	1,869,600
<b>Total non-current assets</b>		<b>5,973,371</b>	<b>4,272,054</b>
<b>Total Assets</b>		<b><u>12,808,746</u></b>	<b><u>10,021,173</u></b>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Capital reserves		1,271,887	1,271,887
Revaluation reserve		2,805,102	2,805,102
Capital grants reserve		10,919,745	10,439,745
Revenue reserve		(6,866,836)	(7,362,124)
<b>Total reserves</b>		<b>8,129,898</b>	<b>7,154,610</b>
<b>Current liabilities</b>			
Trade and other payables	14	1,205,155	988,984
Unexpended specific donations	15	743,625	757,183
Endowment Fund	16	2,730,068	1,120,396
<b>Total current liabilities</b>		<b>4,678,848</b>	<b>2,866,563</b>
<b>Total net reserves and liabilities</b>		<b><u>12,808,746</u></b>	<b><u>10,021,173</u></b>

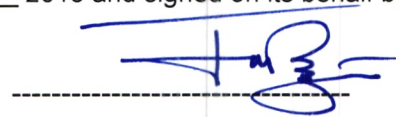
The financial statements were approved by the Board on 28<sup>th</sup> Sept, 2018 and signed on its behalf by:



**BRIG (Rtd) JOHN WAWERU, EBS**  
DIRECTOR GENERAL



**CPA JOHN MWANGI**  
HEAD OF FINANCE  
ICPAK M/NO: 5447



**DR. JOHN WAIHAKA**  
CHAIRMAN BOARD OF TRUSTEES

The notes set out on pages 29 to 50 form an integral part of these financial statements

Kenya Wildlife Service  
Annual Report and financial Statements.  
For the year ended June 30, 2018

**XIII.STATEMENT OF CHANGES IN NET RESERVES**

	Capital Reserve	Revaluation Reserves	Capital Grants	Revenue Reserves	Total
	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
<b>At June 30, 2016</b>	1,271,887	2,805,102	10,114,157	(5,823,468)	8,367,678
Capital donor funds received			325,588		325,588
Net deficit for the year				(1,538,656)	(1,538,656)
					-
<b>At June 30, 2017</b>	<b>1,271,887</b>	<b>2,805,102</b>	<b>10,439,745</b>	<b>(7,362,124)</b>	<b>7,154,610</b>
<b>At July 1, 2017</b>	<b>1,271,887</b>	<b>2,805,102</b>	<b>10,439,745</b>	<b>(7,362,124)</b>	<b>7,154,610</b>
Depreciation Overcharge Adjustments				1,236,029	1,236,029
Capital donor funds received			480,000	-	480,000
Net surplus / (deficit) for the year				(740,741)	(740,741)
					-
<b>At June 30, 2018</b>	<b>1,271,887</b>	<b>2,805,102</b>	<b>10,919,745</b>	<b>(6,866,836)</b>	<b>8,129,898</b>

Capital reserve represents the aggregate value of the property, plant and equipment taken over from the Wildlife Conservation and Management Department (WCMD) of the Ministry of Tourism and Wildlife (MTW) at the value agreed at that time.

Revaluation reserves represent the surplus on the subsequent revaluation of buildings, aircrafts, boats and other assets

The notes set out on pages 29 to 50 form an integral part of these financial statements

Kenya Wildlife Service  
Annual Report and financial Statements.  
For the year ended June 30, 2018

<b>XIV. STATEMENT OF CASH FLOWS</b>			
	<b>Notes</b>	<b>2018 Kshs'000'</b>	<b>2017 Kshs'000'</b>
<b>Operating activities</b>			
Cash generated from/(used in) operations	17	(2,041,388)	(1,713,262)
Interest received		24,719	106,640
<b>Net cash generated from/(used in) operating activities</b>		<b>(2,016,669)</b>	<b>(1,606,622)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	18	(547,229)	(269,466)
Proceeds from disposal of property, plant and equipment		-	-
Purchase of intangible assets			
<b>Net cash generated from/(used in) investing activities</b>		<b>(547,229)</b>	<b>(269,466)</b>
<b>Financing activities</b>			
Grants for recurrent expenditure	6	3,412,205	2,282,784
Capital donor funds received		480,000	325,588
<b>Net cash generated from/(used in) financing activities</b>		<b>3,892,205</b>	<b>2,608,372</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>1,328,307</b>	<b>732,284</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>3,122,600</b>	<b>2,390,316</b>
Increase in cash and cash Equivalent		1,328,307	732,284
<b>Cash and cash equivalents at end of the year</b>	13	<b>4,450,907</b>	<b>3,122,600</b>

The notes set out on pages 29 to 50 form an integral part of these financial statements

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30, 2018**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance	Comments
	2017- 2018	2017- 2018	2017- 2018	2017- 2018	2017- 2018	2017- 2018	2017- 2018
	a	b	c	d	e	f=(e/c)	
<b>Revenue</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>	<b>Kshs '000'</b>		
Turnover	4,034,422	(902,976)	3,131,446	3,572,612	441,166	14.088	1
Transfers from the Government	2,380,827	(80,000)	2,380,827	2,300,827	(80,000)	-3.360	
Grants and donations	744,732	1,187,061	1,235,793	1,111,378	(124,415)	-10.068	2
Net interest income	-	-	-	24,719	24,719		
<b>Total income</b>	<b>7,159,981</b>	<b>204,085</b>	<b>6,748,066</b>	<b>7,009,536</b>			
<b>Expenses</b>							
Compensation of employees	4,359,488	(167,342)	4,526,830	4,512,435	14,395	0.32	
Operation and Maintenance	2,618,393	413,643	3,032,036	2,540,840	491,196	16.20	3
Depreciation of plant, property and equipment	1,120,000	(20,000)	1,100,000	697,002	402,998	36.64	4
<b>Total expenditure</b>	<b>8,097,881</b>	<b>226,301</b>	<b>8,658,866</b>	<b>7,750,277</b>	<b>908,589</b>		
<b>Surplus for the period</b>	<b>(937,900)</b>	<b>(22,216)</b>	<b>(1,910,800)</b>	<b>(740,741)</b>			

Variations between the actual amounts and the budgeted amounts have been explained below

## **Explanatory Notes**

### **1. Turnover.**

Turnover relates to income earned from park entry fees and accommodation. The actual amount earned during the year was higher than the final approved budget by 14%. The budget estimates were done on the understanding that the general elections would adversely affect tourism since they were held during the pick season.

### **2. Grants On Recurrent**

During the year under review The National Treasury gave the Service a Kshs.1.75bn being the annual budgetary support disbursed on quarterly basis. However, the last quarter allocation of Kshs.595million was released after the closure of the financial year but was accrued though reduced by kshs.80million. Also during the year, the Service received Kshs.150million being funds meant for wildlife compensation which was entirely disbursed to the affected families

### **3. Operating and Maintenance Expenses.**

As a result of underfunding during the year especially from the Government and reduced revenues due to the prolonged election period, management made deliberate efforts towards controlling costs. This meant that only critical operating and maintenance expenses, community expenses and training and development expenses were carried out during the year. Personnel costs went up during the year due to the annual increment in July 2017 and also the implementation of the re-categorization done in January 2018.

### **4. Depreciation of Property Plant and Equipments**

Depreciation charge for the year under review reduced by 36%. This was as a result of reviewing by the management the useful life of our roads inside our parks and reserves. This is after consultation with roads engineers and considering every year the roads are maintained to motorable state, the management felt the earlier suggested five (5) year useful life was short and thus adjusted to ten (10) years resulting to the variance.

## **XVI. NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

Kenya Wildlife Service (KWS) was established by the Wildlife (Conservation and Management) Act, 1989 (now repealed and replaced by Wildlife Conservation and Management Act, 2013). The overall mandate of KWS is to conserve and manage wildlife in Kenya. The address of its registered office is:

KWS Complex  
Langata Road  
P.O Box 40241-00100  
Nairobi

The Service is classified as a State Corporation under PC 3A. The operations of the Service cover the entire country and for ease of administration and management, it has been organized into eight (8) conservation areas. For reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income, in these financial statements.

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

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### **(a) Basis of preparation**

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS) recommended by The National Treasury and in accordance with the requirements of the PFM Act 2012, the State Corporations Act and the Wildlife Conservation and Management Act 2013. The accounting policies adopted have been consistently applied to all the years presented. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings. The financial statements are presented in Kenya Shillings (Kshs), rounded to the nearest thousand.

The preparation of financial statements is in conformity with IFRS which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Service's accounting policies. The areas involving a higher degree of judgment or complexity, or assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

#### **1. Going concern**

The trustees believe that the Service will continue in operational existence for at least 12 months from the date of these financial statements. The trustees believe that it is appropriate to prepare the Service's financial statements on a going concern basis, which assumes that the Service will continue to meet its obligations as they fall due for the foreseeable future. Section 14 a, b & c of Wildlife Conservation and Management Act 2013 provides financial guarantees by the government.

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

**(a) Basis of preparation (continued)**

**Changes in accounting policy and disclosures (continued)**

*(i) New and amended standards adopted by the Service*

The following standards and amendments have been applied by the Service for the first time for the financial year beginning July 1,2015:

Annual Improvements to IFRSs 2012 -2014 cycles. The following amendments are effective July 1,2015:-

IFRS 13 - confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.

IFRS 7- specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute "continuing involvement" and therefore, whether the asset qualifies for DE recognition.

IAS 19 - that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

Disaggregation and subtotals - line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

Notes - confirmation that the notes do not need to be presented in a particular order.

*(ii) New standards, amendments and interpretations not yet effective and not early adopted.*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after July 1, 2015, and have not been applied in preparing this financial statement. None of these is expected to have a significant effect on the financial statements of the Service, except the following set out below.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurements model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to changes in fair value in OCI without recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there are no changes to the classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair

(a) **Basis of preparation (continued)**

**Changes in accounting policy and disclosures (continued)**

(ii) **New standards, amendments and interpretations not yet effective and not early adopted (continued).**

value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Service is yet to assess the full impact of IFRS 9.

IFRS 15 - Revenue from contracts with customers (effective for financial periods beginning on/after January 1, 2018) – Early application is permitted. The core principle of the new revenue recognition standard is that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. The most significant changes that flow from that principle are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may now be recognised over the contract term and vice versa.

IFRS 15 was intended to become effective on January 1, 2017. On 22 July 2015, the IASB confirmed the deferral of the effective date of IFRS 15 to January 1, 2018.

IFRS 16, "Leases". After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognize assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognize assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortized in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The amendments are effective for annual periods beginning on or after January 1, 2019.

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There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Service.

**(b) Functional currency and translation of foreign currencies**

*i. Functional and presentation currency*

Items included in the financial statements of the Service are measured using the currency of the primary economic environment in which the organization operates ('the functional currency'). The financial statements are presented in 'Kenyan Shillings (Ksh)', which is the Service's presentation currency

**(c). Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Service's activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts.

The Service recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Service and when specific criteria have been met for each of the Service's activities as described below

Revenue is recognized as follows;

Sales of services is recognized on an accrual basis in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.

Park entry fees are recognized when accessing the National Parks by cash payment or use of smart cards where the amount is deducted at the point of access.

Rental income is recognized in the income statement as it accrues using the effective lease agreements

Aircraft sales are usually aircraft hire services and income is usually recognized immediately the services are offered.

Interest income is recognized on a time proportion basis using the effective interest method.

**(d) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost and subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Service and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipments are credited to other comprehensive income and shown as revaluation reserve. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to profit or loss.

## Notes (continued)

### (d) Property, plant and equipment (continued)

Freehold land	Nil
Fences and Barriers	10%
Machinery and Water Supplies	10%
Furniture and Equipment	10%
Motor Vehicles and Tractors	20%
Computer and Accessories	20%
Aircraft	7.5%
Boats and Boat engines	10%
Roads and Bridges	10%(No residual value)
Buildings on long leasehold and freehold land	2%
Buildings on short leasehold land	Over the lease period

Depreciation on Property Plant and Equipment is computed based on the remaining useful life of the asset to reduce the values to a 5% residual value. subsequent additions are depreciated on straight line basis at the applicable rates until they are reduced to their residual value of 5%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in other reserves relating to that asset are transferred to retained earnings.

Freehold land has not been included in property plant and equipment due to the fact that the valuation has not been completed for the titled land to establish reliable figures to attach to that category of asset in the financial statements.

### (e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### (f) Inventories

Inventories are carried at historical cost of acquisition plus any incidental costs incurred to bring them at their present location and condition. Obsolete stocks are segregated and not included in the valuation of stocks. Inventories are stated at the FIFO or Weighted Average cost whichever is lower.

### (g) Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

**Notes (continued)**

**(g) Trade Receivables ( continued)**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Service will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is determined by assessment of the debtor and it's based on specific amount as opposed to percentage. The amount of the provision is recognised in the income statement.

**(h) Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**(i) Provisions**

Provisions are recognized when: the Service has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

**(j) Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments.

**(k) Financial Assets**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Service provides money, goods or services directly to a debtor with no intention of trading the receivable and are measured at amortized cost.

At the end of each reporting period, the Service reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount.

**(l) Accounting for leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Service as a lessee. All other leases are classified as operating leases.

The Service as a lessee:

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss account on a straight line basis over the period of the lease

**Notes (continued)**

**(l) Accounting for leases (continued)**

The Service as a lessor:

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. Leased assets are recorded at historical cost less depreciation.

Depreciation is calculated on the straight line basis to write down the cost of leased assets to their residual values over their estimated useful life using annual rates consistent with the normal depreciation policies for similar assets under property, plant and equipment.

**(m) Reserves**

The Service creates and maintains reserves in terms of specific requirements. The Service has a Revenue Reserve which consists of the accumulated surplus and Capital reserve which represents the aggregate value of the assets taken over by the Service.

**(n) Grants**

**(i) Capital grants**

Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Service will comply with all attached conditions.

In addition to an annual subvention, the Government of Kenya (GoK) has negotiated financing packages with various donors to fund the Service. This finance is in the form of loans and grants to GoK, all of which are passed on to the Service in the form of government grants. Grants received from and through the GoK have been treated as Capital Grants whether in respect of either development expenditure or acquisition of fixed assets. The Service has no share capital and the Principle Form of Funding is capital grants from the Government which is in effect capital contribution. Assets acquired from these grants are capitalized and then depreciated in accordance with the depreciation policy. The computed depreciation charge is expensed in profit or loss.

**ii) Grants for recurrent expenditure**

Grants received from and through the GoK have been treated as revenue receipts when in respect of funding recurrent expenditure. Related operating and maintenance expenses are charged to revenue expenditure.

**(o) Employee benefits**

**i) Retirement benefits obligations**

The Service employees are eligible for retirement benefits under defined benefit and defined contribution schemes. The funds are administered independently of the Service's assets.

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**Notes (continued)**

**(o) Employee benefits (continued)**

**(a) Defined Benefit Scheme – KWS Staff Superannuation Scheme**

The Scheme operates a defined benefits basis and has been closed to new entrants and to future accrual of benefits with effect from December 31, 2006.

The closure of the scheme to new entrants and to future accruals benefits followed a fundamental review by Kenya Wildlife Service of its retirement benefits arrangements. As part of this review, KWS also set up a new defined contribution scheme with effect from January 1, 2007 in which all the pensionable employees participate in with effect January 1, 2007.

KWS discontinued contributions to the old Scheme with effect from December 31, 2006.

The amount in the balance sheet is determined as the present value of the defined past service benefits obligation net of value placed on existing scheme assets as computed by an independent actuary. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to reserves in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income.

**(b) Defined Contribution Scheme – KWS Staff Retirement Benefits Scheme 2006**

The service operates a defined contribution scheme whereby it matches contributions to the scheme made by the employees up to 11% of the employee's gross salary while the employees contribute 5% of their pensionable salaries. The Service's contributions to the fund are charged in the income statement in the year to which it relate.

The Service also contributes to the National Social Security Fund for its employees. The Service's obligation is limited to a specified contribution per employee per month. Currently, the contribution is limited to a maximum of Shs.1,080 per employee per month. The Service's contributions are charged to the profit or loss in the year to which they relate. The Service has no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees benefits relating to employee service in the current and prior periods.

**ii) Termination benefits**

Termination benefits are payable when employment is terminated by the Service before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The service recognizes termination benefits at the earlier of the following dates: (a) when the service can no longer withdraw the offer of those benefits; and (b) when the service recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

**iii) Other entitlements**

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense on accrual basis.

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**Notes (continued)**

**(p) Comparatives**

Where necessary the comparative figures have been restated to conform to current period presentation.

**(q) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

*(i) Critical accounting estimates and assumptions.*

The Service makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Impairment losses**

At the end of each reporting period, the Service reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Service estimates the recoverable amount of the cash generating unit to which the asset belongs.

**Useful lives of property, plant and equipment**

The Service's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

**Retirement benefits obligations**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

**4. Financial risk management**

The activities of KWS expose it to a variety of financial risks which include market risk, credit risk and the effects of changes in foreign currency exchange rates. The Service's overall risk management focuses on the unpredictability of the tourism market and seeks to minimize potential adverse effect on the organization's performance.

## Notes (continued)

### 4. Financial risk management (continued)

#### Market risk

##### (i) Foreign exchange risk

The Service is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities

As at June 30, 2018, if the Kenyan Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, deficit for the year would have been based on turnover donation, grants and other incomes figure Kshs 2,440,000,000 (2017: Kshs 3,669,000,300 higher/lower).

##### (ii) Price risk

The Service does not hold any financial instruments subject to price risk

##### (iii) Cash flows and fair value interest rate risk

As at June 30, 2018, the Service did not have interest bearing financial liabilities (2015: Nil). It has short term deposits which earn a fixed rate of interest. The Service is therefore not exposed to cash flow interest risk.

#### Credit risk

Credit risk arises from deposits with banks and trade and other receivables. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Service. Credit risk is managed by the finance department. The treasury manager is responsible for managing and analysing credit risk for each new client before standard payment and delivery terms are offered.

Credit risk arises from cash at bank and short term deposits with banks, as well as trade and other receivables. The Service has no significant concentrations of credit risk.

For banks and financial institutions, only reputable well established financial institutions and officially approved by The National Treasury are accepted. For trade receivables, the Service's finance department 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 limits set by the Board. The utilization of credit limits is regularly monitored

The amount that best represents the Service's maximum exposure to credit risk as at June 30, 2018 is made up as follows:

	<b>2018</b>	<b>2017</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>
Cash and cash equivalents – Note 13	4,450,907	3,122,600
Trade receivables – Note 12	302,817	405,227
Other receivables – Note 12	943,216	371,289
	<b><u>5,696,940</u></b>	<b><u>3,901,631</u></b>

No collateral is held in respect of the above assets. All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated, and management does not expect any losses from non-performance by these parties.

## Notes (continued)

### 4. Financial risk management (continued)

#### Credit risk (continued)

None of the above assets are either past due or impaired except for the following amounts in trade receivables.

The amount of trade receivables that was impaired amounted to Kshs 216 million. The trade receivables which were past due but not impaired relate to a number of independent customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	2018 Shs'000	2017 Shs'000
Past due but not impaired:		
- by up to 90 days	838,904	239,520
- by 91 – 180 days	327,304	92,670
- above 181 days	79,825	73,028
	<u>1,246,033</u>	<u>405,218</u>
Total receivables:		
Carrying amount before provision for impairment loss	1,471,129	620,912
Provision for impairment loss	(225,096)	(215,694)
Net carrying amount	<u>1,246,033</u>	<u>405,218</u>

All receivables past due by more than 90 days are considered to be impaired, and are carried at their estimated recoverable value.

#### Liquidity risk

Liquidity risk is the risk that the Service will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, management and the Board maintains flexibility in funding by maintaining availability under committed credit lines.

Management performs cash flow forecasting and monitors rolling forecasts of the Service's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

The Service's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Service's reputation.

Surplus cash held by the Service, over and above the amounts required for working capital management are invested in interest bearing short deposit accounts.

Below is an analysis of the Service's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

## Notes (continued)

### 4. Financial risk management (continued)

#### Liquidity risk (continued)

	Less than 1 year Shs'000
<b>At 30 June 2018:</b>	
<b>Liabilities</b>	
- Trade and other payables	1,205,155
	1,205,155
<b>At 30 June 2017:</b>	
<b>Liabilities</b>	
- Trade and other payables	988,984
	988,984

### Capital management

The Service is governed by the Wildlife Conservation and Management Act, 2013, Laws of Kenya, which does not provide for a specific capital structure.

### 5. TURNOVER

	2018 Shs'000	2017 Shs'000
Analysis of revenue by category:		
Park entry fees	3,059,128	2,605,066
Accommodation	32,584	48,281
<b>Total</b>	<b><u>3,091,712</u></b>	<b><u>2,653,347</u></b>

These are total revenues generated through collections from the visitors entering various gates to the national parks and accommodation charges at various facilities inside the parks and campsites

### 6. DONATIONS AND GRANTS FROM NATIONAL GOVERNMENT

	2018 Shs'000	2017 Shs'000
Donations and Compensation	1,111,378	901,957
GoK subvention	2,300,827	1,380,827
<b>Total</b>	<b><u>3,412,205</u></b>	<b><u>2,282,783</u></b>

## Notes (continued)

### 6. GRANTS FROM NATIONAL GOVERNMENT (continued)

The Service received Kshs.2.3billion from The National Treasury being recurrent budget for the year under review. The Parent ministry released funds for Wildlife compensation amounting to Kshs150 million

#### Detailed analysis of grants received from the Government

Name of the Entity sending the grant	Amount recognized in Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2017-2018
	Kshs000	Kshs000	Kshs000	Kshs 000	Kshs000
State Department for Natural Resources	2,300,827	-	-	2,300,827	2,300,827
State Department for Natural Resources	150,000	-	480,000	480,000	630,000
<b>Total</b>	<b>2,450,827</b>	<b>-</b>	<b>480,000</b>	<b>2,780,827</b>	<b>2,930,827</b>

### 7. OTHER INCOME

	2018 Shs'000	2017 Shs'000
Rental income	203,666	192,432
Hire of aircrafts and vehicles	9,291	23,651
Air wing sales	42,538	28,103
Telecommunication facilities	50	3,431
Insurance compensation	9,895	6,318
Training services	8,960	101,706
Tuition fees – KWSTI	87,469	66,343
KWS Officers' Mess	16,188	19,664
Accommodation and Training	41,688	41,651
KWS Shops	19,137	19,957
Other miscellaneous income	42,018	65,953
<b>Total</b>	<b><u>480,900</u></b>	<b><u>569,209</u></b>
<b>Interest income</b>	<b><u>24,719</u></b>	<b><u>106,640</u></b>

The interest income was realized from current accounts designated as interest earning accounts.

**Notes (continued)**

**8. SALARIES, ALLOWANCES AND BENEFITS**

	<b>2018</b>	<b>2017</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Salaries and allowances	3,785,452	3,496,940
Leave pay & Gratuity accrual	101,708	119,732
	<b><u>3,887,160</u></b>	<b><u>3,616,672</u></b>
Gratuity contributions, pension and NSSF	285,620	250,166
Passage and leave expenses	77,568	81,950
Medical expenses	262,087	215,411
<b>Total</b>	<b><u>4,512,435</u></b>	<b><u>4,164,199</u></b>

These are costs related to personnel both permanent and temporary that were engaged by the organization during the year

<b>The average number of employees at the end of the year was:</b>	<b>2018</b>	<b>2017</b>
Permanent employees – Management	4,870	4,797
Temporary and contract employees	1,307	1,350
	<b><u>6,177</u></b>	<b><u>6,147</u></b>

**9 (a). OPERATING AND MAINTENANCE COSTS**

	<b>2018</b>	<b>2017</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Food and rations	137,891	132,758
Office and other related expenses	12,222	9,002
Motor vehicle running expenses	155,795	105,908
Animal feeds	44,673	42,249
Uniform and clothing	65,194	33,189
Specimens veterinary supplies	6,569	7,220
Fence running expenses	306	461
Insurance	89,289	88,160
Legal and professional fee	39,390	21,603
Cleaning and sanitary expenses	15,097	14,502
Radio licenses	3,891	3,872
Estates maintenance expenses	10,765	1,256
Motor vehicle maintenance	115,719	53,222

**Notes (continued)**

**9. Operating and maintenance expenses (continued)**

Maintenance of computer software	17,423	31,701
Maintenance of water supplies	1,697	2,512
Maintenance of game proof defenses	50,373	16,600
Maintenance of bandas and camp sites	5,961	4,962
External training – MFTS	305	2,444
Purchase of tyres	28,110	35,076
Travel and accommodation	150,295	93,553
External travel	12,931	11,700
Hospital referral expenses	806	496
Transfer expenses	1,919	1,919
Court case expenses	8,825	5,587
Entertainment	14,392	6,829
Advertising and publicity	7,806	10,075
Sports and recreation expenses	666	704
Special events / public affairs	18,570	24,167
Signage and display	1,078	392
Staff tea	10,029	6,813
Subscriptions	3,487	11,430
Printing and publishing	5,979	4,019
DSTV subscription	923	1,110
Bank charges	23,442	19,314
Wildlife compensation	150,632	231,975
Plant and machinery maintenance	9,375	7,696
Aircraft running expenses	147,412	43,457
Equipment's, Boats & Furniture	17,775	11,012
Shop merchandise	20,751	9,898
Maintenance of buildings	52,907	19,925
Roads maintenance	463,502	346,708
Telephone and postage	59,513	44,897
Electricity and water	69,262	54,281
Stationery expenses	30,529	23,832
Consultancy and professional fees	13,277	19,649
BOT allowances & expenses	2,993	3,448
Food and drinks	28,439	32,607
Audit fees	6,000	13,111
Other operating and maintenance Expenses	136,412	105,944
<b>Total</b>	<b><u>2,270,597</u></b>	<b><u>2,037,373</u></b>

**Notes (continued)**

**9 (b) COMMUNITY SERVICES COSTS**

	<b>2018</b>	<b>2017</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Community projects' support	78,560	51,394
County compensation expenses	45,184	12,006
Tree nurseries and other support	13,953	2,004
<b>Total</b>	<b><u>137,697</u></b>	<b><u>65,404</u></b>

**9 (c) TRAINING AND DEVELOPMENT COSTS**

	<b>2018</b>	<b>2017</b>
	<b>Shs'000</b>	<b>Shs'000</b>
In – service training	12,056	7,460
Seminars, conferences and meetings	57,657	19,820
Other trainings	62,833	38,046
<b>Total</b>	<b><u>132,546</u></b>	<b><u>65,326</u></b>

<b>TOTAL OPERATING &amp; MAINTENANCE</b>	<b><u>2,540,840</u></b>	<b><u>2,168,103</u></b>
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**10. DEPRECIATION COSTS**

	<b>2018</b>	<b>2017</b>
	<b>Shs'000'</b>	<b>Shs'000'</b>
Buildings – Residential and Non-Residential	71,199	71,199
Computers and Accessories	1,328	860
Furniture, fittings, machinery & water supplies	121,722	114,648
Motor Vehicles and Tractors	12,025	0
Aircrafts	30,055	29,016
Boats and Boat Engines	2,319	2,063
Roads, bridges and airstrips (Note 21)	412,009	824,019
Fences and Barriers	46,345	40,657
<b>Total</b>	<b><u>697,002</u></b>	<b><u>1,082,462</u></b>

**Notes (continued)**

**11. INVENTORIES**

	<b>2018</b>	<b>2017</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Spare parts and tools	42,261	48,064
Aircraft spares	35,361	98,116
Ammunition	133,792	115,459
Stationery	5,594	2,887
Telecommunication equipment spares	251	561
Building, water and fencing materials	7,657	50,521
Uniforms and compositions	43,233	69,480
Shop items	8,144	11,252
Fuel and oils	71,436	46,431
General stores and tools	11,217	12,681
	<b>358,946</b>	<b>455,452</b>
Less: Provision for slow moving and obsolete items	(82,515)	(82,515)
<b>Total</b>	<b><u>276,431</u></b>	<b><u>372,937</u></b>

**12. TRADE AND OTHER RECEIVABLES**

	<b>2018</b>	<b>2017</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Trade receivables	498,397	591,398
Less: provision for impairment losses	(195,580)	(186,171)
<b>Net trade receivables</b>	<b><u>302,817</u></b>	<b><u>405,227</u></b>
Net staff receivables	135,489	112,937
Other receivables	292,520	258,352
Gok Grants Receivable	515,207	-
<b>Net trade and other receivables</b>	<b><u>1,246,033</u></b>	<b><u>776,516</u></b>

Receivables represent outstanding balances from the various hotels and facilities in the park and balances held by staff at the closure of the financial year

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**Notes (continued)**

**13. CASH AND CASH EQUIVALENTS**

	<b>2018</b>	<b>2017</b>
	<b>Shs'000</b>	<b>Shs'000</b>
For the purpose of the statement of cash flows, cash and cash equivalents include the following:		
Bank balances – KWS Operations	723,575	947,848
Bank balances – Projects	3,619,469	832,588
Cash In Hand-KWS Operations	107,863	89,164
<b>Sub Total</b>	<b>4,450,907</b>	<b>1,869,600</b>
<b>Short Term Deposits</b>	<b>0</b>	<b>1,253,000</b>
<b>Total</b>	<b><u>4,450,907</u></b>	<b><u>3,122,600</u></b>

Cash and Cash equivalent represent the organization money held petty cash and in the various banks in KES and USD

**14. TRADE PAYABLES AND ACCRUALS**

	<b>2018</b>	<b>2017</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Trade payables	500,920	490,257
Accruals	292,974	160,766
Payroll deductions	311,673	271,575
Contract retention payable	67,583	54,329
Other payables	32,005	12,057
<b>Total</b>	<b><u>1,205,155</u></b>	<b><u>988,984</u></b>

**15. UNEXPENDED SPECIFIC PROJECTS**

	<b>2,018</b>	<b>2,017</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Balance at the beginning of the year	757,183	595,114
Additions	891,124	1,030,621
Utilized in the year	(904,682)	(868,552)
<b>Balance at the end of the year</b>	<b><u>743,625</u></b>	<b><u>757,183</u></b>

These are donor funds unutilised at the close of the financial year

**Notes (continued)**

	2018 Shs '000'	2017 Shs'000'
<b>16. ENDOWMENT FUND</b>	<b><u>2,730,068</u></b>	<b><u>1,120,396</u></b>

The Wildlife Conservation and Management Bill 2013 has provided that the Service shall establish a Wildlife Endowment Fund and which shall be vested in the Board of Trustees. Some of the functions of the Fund will include; development of wildlife conservation initiatives, management and restoration of protected areas and conservancies, protection of endangered species, habitats and ecosystems as well as support of wildlife security operations. The fund has not been fully set up but the process is still ongoing.

**17. CASH FLOW WORKINGS**

	Kshs.'000'
Operating deficit for the year	(4,152,946)
Adjustments for:	
Depreciation charge	697,002
Gain on disposal of assets	-
Interest income	(24,719)
<b>Changes in working capital:</b>	
Inventories	96,506
Trade and other receivables	(469,516)
Trade and other payables	216,171
Unexpended specific donations	(13,558)
Endowment Funds	1,609,672
<b>Cash Used in Operations</b>	<b><u>(2,041,388)</u></b>

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**18. PROPERTY, PLANT AND EQUIPMENT**

	Buildings		Computers & Accessories	Machinery , Water Supplies ,furniture & Equipment	Motor Vehicles & Tractors	Aircraft	Boats and Boat Engines	Roads & Bridges	Airstrips	Fences & Barriers	Work-in-Progress	Total
	Non-Residential	Residential										
	KShs '000	KShs '000										KShs '000
<b>COST</b>												
Year ended June 30 2016	1,392,199	2,197,609	272,943	1,998,072	2,090,022	658,754	36,540	3,735,872	384,225	806,761	405,415	13,978,412
Additions	-	-	2,853	114,501	-	-	-	-	-	9,132	142,980	269,466
Transfers	5,901	69,187	-	-	-	-	-	-	-	-	(75,088)	-
At 30th June 2017	1,398,100	2,266,796	275,796	2,112,573	2,090,022	658,754	36,540	3,735,872	384,225	815,893	473,307	14,247,878
At 1st July 2017	1,398,100	2,266,796	275,796	2,112,573	2,090,022	658,754	36,540	3,735,872	384,225	815,893	473,307	14,247,878
Additions	-	-	10,022	41,711	222,441	39,520	2,694	-	-	105,880	124,961	547,229
<b>At 30th June 2018</b>	<b>1,398,100</b>	<b>2,266,796</b>	<b>285,818</b>	<b>2,154,284</b>	<b>2,312,463</b>	<b>698,274</b>	<b>39,234</b>	<b>3,735,872</b>	<b>384,225</b>	<b>921,773</b>	<b>598,268</b>	<b>14,795,107</b>
<b>DEPRECIATION</b>												
Accumulated Depreciation as At 1 July 2016	(832,348)	(499,228)	(269,270)	(1,378,999)	(2,090,022)	(243,840)	(23,272)	(1,494,348)	(153,692)	(431,279)	-	(7,416,298)
Charge for the year	(49,058)	(22,140)	(860)	(114,649)	-	(29,016)	(2,063)	(747,174)	(76,845)	(40,657)	-	(1,082,462)
Accumulated depreciation as at June 30, 2017	(881,406)	(521,368)	(270,130)	(1,493,648)	(2,090,022)	(272,856)	(25,335)	(2,241,522)	(230,537)	(471,936)	-	(8,498,760)
Accumulated depreciation as At 1 July 2017	(881,406)	(521,368)	(270,130)	(1,493,648)	(2,090,022)	(272,856)	(25,335)	(2,241,522)	(230,537)	(471,936)	-	(8,498,760)
Depreciation overcharge adjustments								1,120,762	115,267			1,236,029
Charge for the year	(49,058)	(22,140)	(1,328)	(121,722)	(12,024)	(30,055)	(2,319)	(373,587)	(38,423)	(46,346)	-	(697,002)
Accumulated Depreciation as At June 30th 2018	(930,464)	(543,508)	(271,458)	(1,615,370)	(2,102,046)	(302,911)	(27,654)	(1,494,347)	(153,693)	(518,282)	-	(7,959,733)
<b>NBV as at June 30, 2018</b>	<b>467,636</b>	<b>1,723,288</b>	<b>14,360</b>	<b>538,914</b>	<b>210,417</b>	<b>395,363</b>	<b>11,580</b>	<b>2,241,525</b>	<b>230,532</b>	<b>403,491</b>	<b>598,268</b>	<b>6,835,374</b>

## Notes (continued)

### 19. RELATED PARTY DISCLOSURES

#### i. Government of Kenya

The Service is fully owned by the Government of Kenya. The Government of Kenya provides grants to KWS to finance its operations. It also provides full guarantees to all long-term lenders of the Service, both domestic and external. The relevant balances are shown in appendix 2.

#### ii. Key management compensation

Key management includes the salaries and benefits of the Director General and Deputy Directors. The compensation paid or payable to key management for employee services is shown below:

	2018 Shs'000	2017 Shs'000
Salaries and other short-term employment benefits	41,470	49,494
<b>iii. Trustees' remuneration</b>		
Fees for services as a Trustee	2,993	3,794
Other emoluments included in employee benefits	0	0
Total remuneration of Trustees of the Service	<u>2,993</u>	<u>3,794</u>

### 20. CONTINGENT LIABILITIES

The Service has contingent liabilities in respect of legal claims arising in the ordinary course of business as listed below:

NSSF Court case- The Service is faced with a payment demand from NSSF arising from alleged non-compliance with the NSSF ACT, CAP 258 Laws of Kenya. The amount demanded is KShs 1,145 million, of which KShs 146 million relates to the principal contributions. The rest is interest and penalties that have accumulated over the years. The assessment was for the period September 2007 to October 2008. The Service has contested the assessment in court and the case is ongoing. The Trustees do not believe that any significant additional liability will arise from the resolution of these matters. A summary of the pending cases and claims against the Service is as follows

	2018 Shs'000	2017 Shs'000
NSSF Claims (principal, penalties and interest)	1,145,564	1,145,564
<b>Total</b>	<b><u>1,145,564</u></b>	<b><u>1,145,564</u></b>

**Notes (continued)**

**CONTINGENT LIABILITIES (Continued)**

			<b>2018</b>
			<b>Kshs000</b>
Milimani	HCCC NO. 30	OF 2014(Fatal hippo attack)	3,852
Court of Appeal	HCCC NO.92	OF 2006(Lake Jipe safari lodge)	440,000
Milimani	ELRC NO.447	OF 2016(Employee benefits)	36,000
Milimani	ELRC NO.431	OF 2015(Employee benefits)	1,400,000
Machakos	HCCC NO.475	OF 1995(Mukululo Ranching Co	Loss of Chyulu N.Park

**Numerous Human Wildlife Conflict cases;**

There are currently 600 cases filed across the country against KWS resulting out of human death, human injury and property damage. About 50 will be completed in the current year and KWS will be liable to at least Kshs. 50,000,000 in damages should judgement be entered against the Service.

<b>21. CAPITAL COMMITMENTS</b>	<b>2018</b>	<b>2017</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Authorized and contracted for	484,120	43,220
Less: Amounts incurred and included in work-in-progress		
Authorized but not contracted for	-	-
	<b><u>484,120</u></b>	<b><u>43,220</u></b>

## XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Physical verification of fixed assets across the regions to be carried out.	To carry out the physical assets verification exercise and update the assets register.	H-Finance	On Going	December 2018
1.2	Disposed assets to be removed from the assets register	To carry out assets verification and update the assets register	H-Finance	Resolved	July 2018
1.3	Misstatement of Depreciation charge	To reconcile the assets register to the GL and adjustment to be effected	H-Finance	Not resolved. to be done after assets valuation	May 2019
1.4	Regular assessment of WIP	To carry out regular assessment of the WIP to ascertain the completed projects for transfer to respective assets accounts.	H-Finance, Head of Fleet & buildings	continuous	Annually
1.5	Impairment of assets	The Service to carry out impairment of assets on annual basis to comply with IFRS.	H-Finance	Not resolved	May 2019
1.6	Title deeds processing	To continue engaging the lands ministry and other stake holders to secure all title deeds for the Service land.	J. Makena-Head lands & H-Finance	On Going	Continuous
2.1	Adequate provisions of receivables	To assess the Service receivables and make provisions accordingly	H-Finance	Resolved	Quarterly
2.2.1	Medical receivables from employees	To provide ex-gratia budget allocation to cover excess medical for staff who have left the Service or have passed on.	CS Lynette Muganda-Deputy Director Human Capital & H-Finance	Not resolved	December 2018
2.2.2	Leave allowance monitoring	Regularly monitor leave allowances paid and reconcile payroll to GL	H-Finance	Resolved	Continuous

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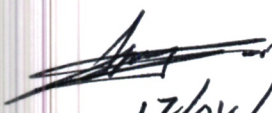
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.2.3	Mortgage scheme reconciliation regularly	Regular reconciliations will be carried out on the mortgage account to bring up to date.	H-Finance	Resolved	Monthly
3.1	Inventories module	To adopt an inventory module on its financial system during the system upgrade	H-Finance	Not resolved	June 2019
3.2	Inventories aging analysis	To work out aging analysis of the Service inventories to ensure obsolete stock are adjusted in the GL	H-Finance	Not resolved	June 2019
4.1-2	Cash & Bank reconciliations	To reconcile the cash & bank balances to bring them up to date	H-Finance	Continuous	Monthly
4.3	Updating of signatories	To review all bank signatories and delete those who have left the Service	H-Finance	Resolved	Continuous
5.0	Manual ticketing	To fast track an automated revenue system to replace the manual ticketing at the Park gates.	H-Finance	Resolved	April 2018
6.1	Reconciliation of Endowment Fund account	To reconcile the endowment Fund account to bring it up to date	H-Finance	Resolved	Quarterly
7	Kenha & SGR funds utilized on recurrent expenditure	To follow up with the parent Ministry and The National Treasury for a possible reimbursement	H-Finance	Not resolved	Continuous
8.1	Supplier reconciliations	To reconcile all supplier accounts in the Ledger.	H-Finance	Continuous	Monthly
9.0	Reconciliation of VAT accounts	Management has constituted a team to reconcile the VAT accounts	H-Finance	Resolved	Monthly
10.1	Fast tracking the NSSF case	KWS believes that no liability will arise from this case and is fast tracking the same with the court.	CS Leonard Maingi - Corporation Secretary & Head Finance	Not resolved	On going
10.2	Actuarial valuation of the DBS-Pension	Management appreciated this requirement and will annually undertake a valuation.	H-Finance	Resolved	Bi-Annually
10.3	Timely	A few instances were	H-Finance		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	remittance of statutory deductions	noted where statutory deductions were remitted a few days later due to unavailability of the ITMS system.		Resolved	Monthly
10.4	Management of leave days	To assess leave days on regular basis to ensure staff take their leave in accordance to policy.	Deputy Director Human Capital & Head Finance	Resolved	Quarterly
10.5	Payroll to GL reconciliations	To carry out monthly reconciliations on payroll to GL	H-Finance	Resolved	Monthly
10.6	Regularizing the recruitment of temporary staff	To review the contracts of long serving employees to consider them for permanent employment.	Deputy Director Human Capital & H-Finance	Not resolved	On going


Head Finance

Date.....

  
17/04/19

Director General

Date.....

  
17/04/19

**Appendices**

**(a) APPENDIX 1: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Conservation of Biodiversity in Northern Kenya – FRANCE	1106101500	AFD	6 years	Yes	Yes	Yes

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, if total costs incurred, stage which the project is etc)*

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Conservation of Biodiversity in Northern Kenya – FRANCE	1,145,100	575,086.47	50,2%	598,367.19	224,778.65	AFD Gok

**(b) APPENDIX 2: INTER-ENTITY TRANSFERS**

<b>ENTITY NAME:</b>		KENYA WILDLIFE SERVICE		
<b>Break down of Transfers from the State Department of</b>				
<b>Financial year 2017/2018</b>				
<b>a. Recurrent Grants</b>				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
1	State Department for Natural Resources	03/07/2017	200,000,000	2017-2018 FY
2	State Department for Natural Resources	04/09/2017	595,206,800	2017-2018 FY
3	State Department for Natural Resources	17/10/2017	147,500,000	2017-2018 FY
4	State Department for Natural Resources	16/01/2018	150,000,000	2017-2018 FY
5	State Department for Natural Resources	13/04/2018	595,206,800	2017-2018 FY
6	State Department for Natural Resources	24/05/2018	132,500,000	2017-2018 FY
7	State Department for Natural Resources	31/05/2018	595,206,800	2017-2018 FY
	<b>Total</b>		<b>2,415,620,400</b>	

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

Head of Finance  
 Kenya Wildlife Service

Head of Accounting Unit  
 Tourism and Wildlife Ministry

Sign



Sign-----

Kenya Wildlife Service  
Annual Report and financial Statements.  
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(c) Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount – Ksh	Statement of Financial Performance Ksh.	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund Ksh.	Deferred Income	Receivables	Others - must be specific	
Dept of Natural Resources	03/07/2017	Laikipia Fence	200,000,000		200,000,000				200,000,000
Dept of Natural Resources	04/09/2017	Recurrent Grants	595,206,800	595,206,800					595,206,800
Dept of Natural Resources	17/10/2017	Development Grants	147,500,000		147,500,000				147,500,000
Dept of Natural Resources	16/01/2018	Compensation funds	150,000,000	150,000,000					150,000,000
Dept of Natural Resources	13/04/2018	Recurrent Grants	595,206,800	595,206,800					595,206,800
Dept of Natural Resources	24/05/2018	Development Grants	132,500,000		132,500,000				132,500,000
Dept of Natural Resources	31/05/2018	Recurrent Grants	595,206,800	595,206,800					595,206,800
Dept of Natural Resources	03/07/2018	Recurrent Grants	515,206,800				515,206,800		515,206,800
<b>Total</b>			<b>2,930,827,200</b>	<b>2,450,827,200</b>	<b>480,000,000</b>	<b>-</b>	<b>515,206,800</b>		<b>2,930,827,200</b>