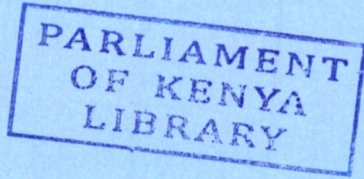


REPUBLIC OF KENYA



*PAPER LAID*  
*By the leader of Party,*  
*Aden Dunleavy,*  
*6/4/2017*  
*Thurday*  
*Thurday*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
AGRI AND CO-OPERATIVE TRAINING AND  
CONSULTANCY SERVICES LIMITED**

**FOR THE YEAR ENDED  
30 JUNE 2016**



**Thursday, 6th April, 2017**

The House met at 2.30 p.m.

**PAPERS LAID**

**Hon. A.B. Duale:** Hon. Speaker I beg to lay the following Papers on the Table of the House today Thursday, 6th April 2017:

The Reports of the Auditor-General on the Financial Statements in respect of the following institutions for the year ended 30th June 2016, and the certificates therein:

- ✓ a) Revenue Statement of the National Treasury.
- ✓ b) Treasury Main Clearance Account Fund.
- ✓ c) Development Revenue of the National Treasury.
- ✓ d) National Oil Corporation of Kenya Limited.
- ✓ e) Office of the Director of Public Prosecutions.
- ✓ f) State Officers and Public Officers' Motor Car Loan Scheme Fund.
- ✓ g) Rural Enterprise Fund.
- ✓ h) The Agri and Co-operative Training and Consultancy Services Limited.

Hon. Speaker, I beg to lay the Reports, Bills and Resolutions that were adopted by the Assembly at the 5th Meeting of the 5th Session of the 3rd East African Legislative Assembly (EALA)

**Hon. Katoo:** Hon. Speaker, I beg to lay the following Paper on the Table of the House today Thursday, 6th April 2017:

- ✓ The Report of the Joint Parliamentary Select Committee to Review the Procedure and Rules for Election of Members to the East African Legislative Assembly (EALA).

**Hon. Kamanda:** Hon. Speaker, I beg to lay the following Papers on the Table of this House today Thursday, 6th April 2017:

Reports of the Departmental Committee on Transport, Public Works and Housing on Petitions by:

- a) Residents of Busia County regarding decongestion of Busia and Malaba Towns.
- b) Residents of Kakamega County regarding delayed rehabilitation of Kakamega Airstrip.
- c) Residents of South Imenti Constituency on delayed completion of Nkubu-Mikumbune Road.
- d) Residents of Kathiani Constituency on non-completion of the Mumbuni-Kathiani Road.
  
- e) Residents of Nyeri Town Constituency on the use of asbestos as roofing materials.

**Hon. Katoo:** Hon. Speaker, I beg to give notice of the following Motion:  
THAT, this House adopts the Report of the Joint Parliamentary Select Committee to Review the Procedure and Rules for Election of Members to the East African Legislative Assembly (EALA).

**AGRI AND CO-OPERATIVE TRAINING  
AND CONSULTANCY SERVICES LTD**



**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30<sup>th</sup> JUNE 2016**

**TABLE OF CONTENT**

COMPANY PROFILE .....	3
CORPORATE GOVERNANCE & QUALITY STATEMENT.....	5
DIRECTORS' RESPONSIBILITIES STATEMENT.....	7
CHAIRPERSON'S STATEMENT.....	8
CHIEF EXECUTIVE OFFICER'S STATEMENT .....	10
AUDITORS REPORT .....	12
STATEMENT OF FINANCIAL POSITION.....	13
STATEMENT OF COMPREHENSIVE INCOME.....	14
STATEMENT OF CHANGES IN FUND BALANCES .....	15
STATEMENT OF CASHFLOWS.....	16
1. <i>Accounting Policies</i> .....	17
2a. <i>Property Plant and Equipment for 2015/2016 Financial Year</i> .....	19
2b. <i>Property Plant and Equipment for 2014/2015 Financial Year</i> .....	20
3. <i>Trade &amp; Other Receivables</i> .....	21
4. <i>Cash &amp; Cash Equivalent</i> .....	22
5. <i>Co-operative University College of Kenya Control Account</i> .....	22
6. <i>Development Partners Fund Account</i> .....	23
7. <i>Trade &amp; Other Payables</i> .....	23
8. <i>Seminar Income</i> .....	23
9. <i>Grants Income</i> .....	24
10. <i>Other Income</i> .....	24
11. <i>Staff Cost</i> .....	24
12. <i>Operating Expenses</i> .....	25
13. <i>Board Expenses</i> .....	25
14. <i>AGM Expenses</i> .....	25
15. <i>Provision for Audit Fees</i> .....	25
16. <i>Tax Payable</i> .....	26
17. <i>Profit on Disposal of Bonded Stores</i> .....	26
18. <i>Dividends Payable</i> .....	27
19. <i>Financial Costs</i> .....	27
20. <i>General Reserve</i> .....	27
21. <i>Revaluation Reserve</i> .....	27

## COMPANY PROFILE

ATC, the Agri and Co-operative Training and Consultancy Services, was launched in July 2004 as the then Agribusiness Training Centre. The then Co-operative College of Kenya teamed up with five other organizations to establish ATC. The founding partners are:-

1. Co-operative University College of Kenya
2. German Technical Co-operation
3. German Technical Service
4. American Co-operative Development International
5. Kenya Agricultural Commodity Exchange
6. Hanns-Seidel- Foundation

The purpose of ATC is to ensure the outreach of Co-operative University College's academic knowledge and fulfilling the needs of diverse groups within and outside the co-operative movement to improve their business by providing capacity development, training, consultancy & research.

ATC was formally registered as a private company wholly owned by CUCK, by guarantee in August 2007. It operates on a commercial and cost-recovery basis and enjoys a great deal of institutional autonomy in order to deliver competitive services in a fast and cost-effective manner, in line with the expectations of clients. However, it works within the overall framework set by the Co-operative University College Governing Council.

### **Vision**

*To be a globally competitive solution provider for entrepreneurial development*

### **Mission**

*To provide innovative and competitive trainings, consultancy and applied research and develop commercial enterprises to meet the commercial expectations of the CUCK, cooperatives, agribusiness and the associated economies*

### **Principal Activity**

ATC conducts training and consultancy services to governmental and non-governmental organizations such as co-operative movement and the associated sectors of the economy, farmers and their associations, small and medium enterprises, Development Partners, Community Based Organizations and other related clientele.

**DIRECTORS**

The directors, who held office as at 30<sup>th</sup> June, 2016 were:

1.	Prof. Douglas Shitanda (PhD)	Co-operative University College- Principal and Board Chairperson
2.	Prof. Esther Njoki Gicheru (Mrs.) HSC	Co-operative University College
3.	Mr. David Otiende	Co-operative University College
4.	Mr. K.G. Waruingi	Co-operative University College
5.	Mr. S. Miringu	Co-operative University College
6.	Mr. Timothy Mutwiri	We Effect – Representative
7.	Mr. Daniel Marube	Co-operative Alliance of Kenya – CEO
8.	Pauline Ngari	Hand In Hand - Eastern Africa – CEO (From <b>April 2015</b> )
9.	Mr. Stanley Wanjohi Migwi	Chief Executive Officer and Secretary to the Board

**REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS**

Agri and Co-operative Training and Consultancy Services Ltd  
Co-operative University College of Kenya  
Ushirika Road Karen  
P O Box 465 -00502  
KAREN – NAIROBI

**BANKERS**

Standard Chartered Bank Karen Branch P O Box 24601 – 0502 KAREN – NAIROBI	Kenya Commercial Bank Karen Branch P O Box 4042 - 00502 KAREN – NAIROBI	Co-operative Bank Of Kenya Karen Branch KAREN – NAIROBI
---	--	--

**AUDITORS**

Auditor General  
Anniversary Towers  
P.O. Box 30084 – 00100  
NAIROBI

## **CORPORATE GOVERNANCE & QUALITY STATEMENT**

ATC is committed to good corporate governance through its Board of Directors. In an effort to uphold this, each activity of the company is monitored from the Board down to the staff. The Board of Directors is responsible for the long-term strategic direction for profitable growth of the company, whilst being accountable to the Co-operative University College of Kenya Governing Council for legal compliance and maintenance of the highest corporate governance standards and business ethics.

### **The Board of Directors**

The Board is made up of nine directors. The directors are, the Co-operative University College of Kenya Principal as the chairperson of the Board, two members from the Co-operative University College academic staff, one member from the Co-operative University College senior management staff, one member from the Co-operative University College non teaching staff, two members from the ATC's Development Partners, one member from the Private Sector and the ATC Chief Executive Officer as the secretary to the Board. The composition of the Board is guided by the provisions of the Company's Articles and Memorandum of Association.

The day to day running of the business of the company is delegated to the **Chief Executive Officer** who is responsible for establishing and maintaining the company **internal control** systems so that the objectives of profitable growth and owner value is realized.

### **Quality Management**

For effective & efficient systems and procedures, the management operates within the existing procedures which are regularly reviewed in order to strengthen the systems. The company is ISO 9001:2008 Certified by Bureau Veritus-Germany.

The management, through the company's quality manual & policies is committed to operate and continually improve the company quality management system. The management strives to achieve the following quality objectives:

- To provide high quality and up-to-date co-operative education, training, research and consultancy services.
- To meet or exceed customer expectations and necessary requirements, at a price that represents value for money, and to deliver products or services when they need it.
- To continually improve our processes and business results based on measurable and regularly reviewed quality objectives.

**AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES  
ISO 9001:2008 CERTIFIED COMPANY**

- To continually improve the quality of our products and services **and to adopt** technological solutions that enhance customer satisfaction.
- To train our employees to empower them to make quality conscious **decisions and** obtain commitment of all employees in the organization.
- To provide a safe and conducive working environment for all **employees, and to** maintain a good corporate responsibility.
- To establish and maintain mutually beneficial business relationships with our clients **and suppliers.**
- To provide adequate resources to establish, maintain, review and continually improve our quality management system.

## DIRECTORS' RESPONSIBILITIES STATEMENT

The Kenya Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the company for that year. It also requires the Directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements that have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

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



.....  
**Prof. Douglas Shitanda (PhD)**  
Director



.....  
**Stanley Migwi Wanjohi**  
Director

## CHAIRPERSON'S STATEMENT

### Introduction

The Board of Directors is pleased to present Annual Report and Financial Statements for the 2015/2016 Financial Year.

### The Financial Year 2015/2016

The ATC's financial performance in the Financial Year 2015/2016 shows an increase in loss to ksh 6,071,741 from ksh 636,387 in 2014/2015. This situation can be explained by various internal and external business environmental factors which affected the company's performance adversely. However, measures are being undertaken to turn round the company into profitable organization.

Externally, the company experienced stiff competition from competitors who charged comparatively low fees /prices for their services as their overheads are low. This made it difficult for the company to acquire many net worth clients. However, the company is slowly gaining acceptance from the co-operative and SACCO Sub-sectors. In addition to this, whereas we are still working with few development partners, many development partners and government agencies we had previously worked with are still yet to come on board.

Internally, the company has been undergoing reorganization of staff and during the second part of the financial year, the company had to fill the vacant positions of those staff who left the organization after the expiry of their contracts. These new staff were on the learning curve of the business model of the company during the last half of the financial year.

### Outlook for 2016/2017 financial year

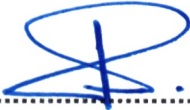
The Company's economic outlook is very positive in that the board has identified the internal and external business environment gaps to be addressed immediately through turn around strategies. The turnaround will be fastened to ensure the company returns to profitability by the end of this financial .Such turnaround strategies includes:

1. Strict Monitoring and appraisals of the staff and taking immediate corrective measures
2. Aggressive marketing of the company's Agri and Co-operative Products to the counties and cooperatives
3. Strict cost control
4. Initiate strategic business partnerships with the counties, other organizations and development partners
5. Initiate new products development

6. Frequent and strict monitoring of the company's performance
7. Strict implementation of the 2015/2019 Strategic Plan.

**Conclusion**

Finally, I would like to urge the Board and ATC staff to work harder and ensure the company returns to profitability during this financial year .On behalf the company, I wish each and every one of us a prosperous 2016/2017 financial year.



.....  
**Prof. Douglas Shitanda (PhD)**  
**Board Chairperson**

## CHIEF EXECUTIVE OFFICER'S STATEMENT

Although ATC is currently facing low performance challenge and operating in loss zone, guided by the current Strategic Plan (2015/2019), we are going to double our effort in pursuing our vision of being "a globally competitive solution provider for entrepreneurial development" by providing innovative and competitive trainings, consultancy and applied research and by developing commercial enterprises to meet the commercial expectations of CUCK, Co-operatives, Agribusiness and the associate economies. In so doing, we will endeavor to deliver superior value to customers, shareholders and stakeholders. z

We are determined and committed to return the company to profitability by the end of the financial year 2016/2017 although the company has posted a significant increase in loss to ksh 6,071,741 from ksh 636,387 in 2014/2015. We will undertake the following strategies to bring back the company to profitability:

1. Impressing positively on the current weak income streams using strategies such as:

- Continue putting all staff under performance contract
- Strict monthly monitoring of staff and company performances
- Strict quarterly appraisal of staff and immediate sanctioning of under performances
- Increase the success rate of the consultancy proposals
- Create aggressively both New local and international partnerships i.e. the Ministry of Agriculture , Ministry of Gender, Youth and Public Services ; Ministry of Devolution and Planning .Already we have received commitment letter from our partners, the Uganda Cooperative of Savings and Credit Union where they have committed:
  - i. To pay us Ugsh86,973,252 (ksh2,635,553) with yearly installment of Ugsh28,991,084(ksh 875,517)
  - ii. To involve ATC, through two staff in most of the residential training at Ugsh 600,000(ksh 18,181) per trainer per day in the six thematic areas: Financial Literacy, Financial Management, Governance, Strategic Planning, Business Skills Development and Savings and other products development. Each training is taking four days from November 2016 to June 2016,planned trainings ATC will participate are on average 24@4days@ksh18,181=ksh1,745,376
- Developing new products i.e. training, consultancy and applied research
- Aggressive marketing by having frequent direct marketing visit to the current and potential clients (at least one visit to clients per month) and using electronic and print media

2. Ensuring strict control of staff and other costs through:
- Suspending the recruitment of any new staff until the financial situation of ATC improves
  - Non-renewal of employment and termination contracts of staff who continuously operate below the minimum performance requirement of 60%
  - Ensuring value for money in any expenditure.

Lastly, I would like to thank The Co-operative University College of Kenya's Governing Council, Board of Directors and Staff for their continued support.



.....

**Stanley Wanjohi Migwi**  
**Chief Executive Officer**

# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE 2016

---

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Agri and Co-operative Training and Consultancy Services Limited set out on pages 13 to 27, which comprise the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution 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.

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the

---

*Report of the Auditor-General on the Financial Statements of Agri and Co-Operative Training and Consultancy Services Limited for the year ended 30 June 2016*

purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects the financial position of Agri and Co-operative Training and Consultancy Services Limited as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenyan Companies Act.

### **Emphasis of Matter**

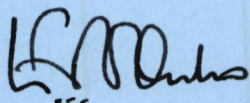
#### **Financial Performance**

As indicated under Note 22 to the financial statements, the Company made a loss of Kshs.6,071,741 during the year under review. Further, the Company's statement of financial position as at 30 June 2016 reflects negative working capital of Kshs.5,475,461. The management has attributed the poor financial performance to competition and new staff who are still learning the trade. The management says the Board has put in place strategies to turn around the Company's profitability. However, should the strategies fail to bear fruit, the Company could face financial challenges in the near future. My opinion is not qualified in respect of this matter.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by the Kenyan Companies Act, I report based on my audit, that:

- (i) 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;
- (ii) In my opinion, proper books of account have been kept by the Company, so far as appears from my examination of those books; and,
- (iii) The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.



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

**Nairobi**

**01 March 2017**

*Report of the Auditor-General on the Financial Statements of Agri and Co-Operative Training and Consultancy Services Limited for the year ended 30 June 2016*

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

ASSETS	Notes	Ksh	
		2015 - 2016	2014 - 2015
<b>NON-CURRENT ASSETS</b>			
Property Plant & Equipments	2(a)	1,043,923	1,302,063
		<u>1,043,923</u>	<u>1,302,063</u>
<b>CURRENT ASSETS</b>			
Trade & other receivables	3	4,707,437	5,534,387
Cash & Bank Balances	4	849,376	1,532,475
		<u>5,556,813</u>	<u>7,066,862</u>
<b>TOTAL ASSETS</b>		<b>6,600,736</b>	<b>8,368,925</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>FUND BALANCES</b>			
General Reserve	20	(8,691,823)	(3,565,775)
Co-operative University College Control Account	5	2,870,870	2,870,870
Development Partners Fund Account	6	745,400	745,400
Revaluation Reserve	21	644,015	1,589,708
		<u>(4,431,538)</u>	<u>1,640,203</u>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	7	11,032,274	6,728,722
		<u>11,032,274</u>	<u>6,728,722</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>6,600,736</b>	<b>8,368,925</b>

The financial statements were approved by the Board of Directors on 16th September 2015 and signed on their behalf by:-

**Stanley Wanjohi Migwi**

**Prof. Douglas Shitanda (PhD)**




**Chief Executive Officer**

**Board Chairperson**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30TH JUNE 2016**

	Notes	Ksh	
		2015 - 2016	2014 – 2015 Restated
<b>INCOMES</b>			
Seminar	8	12,882,102	22,630,788
Grants	9	0	1,075,700
Other	10	230,208	223,896
<b>Total Income</b>		<b>13,112,310</b>	<b>23,930,384</b>
<b>Other Gains and Losses</b>			
Loss on Disposal	17	0	(180,000)
<b>Gross Income</b>		<b>13,112,310</b>	<b>23,750,384</b>
<b>EXPENSES</b>			
Operating Expenses	12	8,875,709	14,523,689
Staff Cost	11	9,024,479	9,064,177
Board Expenses	13	616,497	246,967
AGM Expenses	14	190,000	0
Depreciation charge for the year	2(a)	258,140	338,906
Provisions for Audit Fees	15	150,000	150,000
Financial costs	19	69,226	63,032
Tax payable	16	0	0
<b>Total expenses</b>		<b>19,184,051</b>	<b>24,386,771</b>
<b>Profit / Loss</b>		<b>(6,071,741)</b>	<b>(636,387)</b>

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 30TH JUNE 2016**

	Ksh	Ksh	Ksh	Ksh	Ksh
	<b>General Reserve</b>	<b>Co-operative University College Control Account</b>	<b>Development Partners Fund Account</b>	<b>Revaluation Reserve</b>	<b>TOTAL</b>
<b>2014/2015</b>					
Balance as at 01/07/2014	(2,929,388)	2,870,870	745,400	1,589,708	2,276,590
Additions	0	0	0	0	0
Adjustments	0	0	0	0	0)
Profit / (Loss) for the year	(636,387)	0	0	0	(636,387)
<b>Balance C / Forward as at 30/06/2015</b>	<b>(3,565,775)</b>	<b>2,870,870</b>	<b>745,400</b>	<b>1,589,708</b>	<b>1,640,203</b>
<b>2015/2016</b>					
Balance as at 01/07/2015	(3,565,775)	2,870,870	745,400	1,589,708	1,640,203
Additions	0	0	0	0	0
Write off of Revaluation reserve	945693	0	0	(945,693)	(945,693)
Profit / (Loss) for the year	(6,071,741)	0	0	0	(6,071,741)
<b>Balance C / Forward as at 30/06/2016</b>	<b>(8,691,823)</b>	<b>2,870,870</b>	<b>745,400</b>	<b>644,015</b>	<b>(4,431,538)</b>

<b>STATEMENT OF CASHFLOWS</b>			
<b>AS AT 30 JUNE 2016</b>			
		Ksh	
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	Notes	2015 - 2016	2014 - 2015
Profit after tax		(6,071,741)	(636,387)
<b>Adjustment for</b>			
Depreciation	2(a)	258,140	338,906
Profit / Loss on disposal of assets	17	0	180,000
Income from student convenient Store		0	0
<b>Working capital adjustments</b>			
Decrease /(Increase) in account receivables	3	826,950	1,322,728
Increase / (Decrease)in account payables	7	4,303,552	(1,349,465)
Decrease /(Increase) in shop stock		0	0
<b>Net Cash From Operating Activities</b>		<b>(683,099)</b>	<b>(144,218)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Increase in capital assets	2	0	0
Cash from disposal of bonded Items	17	0	135,000
Income from student convenient store		0	0
Dividend paid		0	0
<b>NET CASH GENERATED / USED IN INVESTING ACTIVITIES</b>		<b>0</b>	<b>135,000</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Development partners fund account	6	0	0
Increase in revaluation reserve	21	0	0
Net cash received in financing activities		<u>0</u>	<u>0</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT</b>		<b>(683,099)</b>	<b>(9,218)</b>
Opening cash and cash equivalent		1,532,475	1,541,693
<b>Closing Cash And Cash Equivalent</b>		<b>849,376</b>	<b>1,532,475</b>

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2016

### 1. Accounting Policies

The principal accounting policies adopted in preparation of these financial statements are set out below:-

#### a. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Kshs'000).

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

#### b. Property Plant & Equipment

Property plant & equipment is stated at cost less accumulated depreciation. Depreciation is calculated using reducing balance method in all categories of assets and the applied depreciation rate is as shown below;

Motor Vehicles	25%
Furniture & Fittings	12.5%
Computers & Office Machines	33.3%
Loose Tools	33.3%

#### c. Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

#### d. Revenue Recognition

Revenue is recognized on accrual basis in accordance with international financial reporting standards. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the entity's activities, net of value-added tax (VAT), where applicable. Grants received from: Sacco Society Regulatory Authority for support of launching Sacco Trainings, ACIDI/VOCA for support of Co-operative Information Resource Centre and support from CUCK for 6 months rent are all recognized as income since they are not of capital nature.

#### e. Cash & Cash Equivalent

For purpose of cash flow statement, cash and cash equivalent comprises of cash at hand and deposit held with banks.

#### f. Comparatives

Where applicable comparative figures have been provided

#### g. Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute

the amount are those that are enacted or substantially enacted as at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

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

**h. Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

**i. Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss

**j. 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, 2016.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2016

2a. Property Plant and Equipment for 2015/2016 Financial Year

DETAILS	MOTOR VEHICLES	EQUIPMENTS	COMPUTER & OFFICE ELECTRONICS	FURNITURE & FITTINGS	LOOSE TOOLS	TOTAL
	Ksh 25.0%	Ksh 12.5%	Ksh 33.3%	Ksh 12.5%	Ksh 33.3%	Ksh
<b>COST / VALUATION</b>						
As at 01/07/2015	980,700	603,080	2,009,000	845,635	136,567	4,574,982
ADDITIONS	0	0	0	0	0	0
VALUATION	0	0	0	0	0	0
DISPOSAL	0	0	0	0	0	0
As at 30/06/2016	980,700	603,080	2,009,000	845,635	136,567	4,574,982
<b>DEPRECIATION</b>						
As at 01/07/2015	536,325	283,122	1,827,324	499,419	126,729	3,272,919
Charge for the year	111,094	39,995	60,498	43,277	3276	258,140
Disposal	0	0	0	0	0	0
As at 30/06/2016	647,417	323,118	1,887,824	542,695	130,005	3,531,059
<b>NET BOOK VALUE</b>						
As at 30/06/2016	333,281	279,963	121,178	302,939	6562	1,043,923
As at 01/07/2015	444,375	319,958	181,676	346,216	9,838	1,302,063

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2016**

**2b. Property Plant and Equipment for 2014/2015 Financial Year**

DETAILS	MOTOR VEHICLES	EQUIPMENTS	COMPUTER & OFFICE ELECTRONICS	FURNITURE & FITTINGS	LOOSE TOOLS	TOTAL
	Ksh 25.0%	Ksh 12.5%	Ksh 33.3%	Ksh 12.5%	Ksh 33.3%	Ksh
<b>COST / VALUATION</b>						
As at 01/07/2014	1,529,039	603,080	2,009,000	845,635	136,567	5,683,321
ADDITIONS	0	0	0	0	0	0
VALUATION	0	0	0	0	0	0
DISPOSAL	(548,339)	0	0	0	0	(548,339)
As at 30/06/2015	980,700	603,080	2,009,000	845,635	136,567	4,574,982
<b>DEPRECIATION</b>						
As at 01/07/2014	621,539	237,414	1,736,622	449,959	121,818	3,167,352
Charge for the year	148,125	45,708	90,702	49,460	4,911	338,906
Disposal	(233,339)	0	0	0	0	(233,339)
As at 30/06/2015	536,325	283,122	1,827,324	499,419	126,729	3,272,919
<b>NET BOOK VALUE</b>						
As at 30/06/2015	444,375	319,958	181,676	346,216	9,838	1,302,063
As at 01/07/2014	907,500	365,666	272,378	395,676	14,749	1,955,969

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2016**

**3. Trade & Other Receivables**

<b>CLIENT</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
AFFA		180,000
CAFOSA	70,000	70,000
Capital Sacco Ltd	20,000	0
Comm of Domestic Tax(VAT) - Receivable	9,019	0
EAFF	392	392
Egerton University Sacco	10,000	380,000
FAO	2,975	
Financial Sector Deepening (FSD)	15,000	15,000
Fintea Growers Sacco Society Ltd	10,000	
Gusii Teachers Sacco	0	136,000
Harambee Sacco Society Ltd	15,000	151,000
Imarisha Sacco Society Ltd	10,000	136,000
Isiolo County Government	40,000	0
Kenya Highlands Sacco Society Ltd	345	136,000
Kajiado County Co-op Office	40,000	0
Kithirime Dairy F.C.S	68,000	0
Kimisitu Sacco Ltd	2,500	0
Mandera County Government	597,592	861,592
Kenya Bankers Sacco Ltd	75,000	0
Miliki Sacco	932,730	0
Meru - Kenya Agricultural Productivity and Agribusiness Project	0	951,673
Mombasa Port Sacco Society Ltd	137,405	30,655
Nation Sacco Society Ltd.	255,000	0
Ndege Chai Sacco Society Ltd	75,000	0
Nyati Sacco Society Ltd	14,473	12,517
Patnas Sacco Society Ltd	20,000	0
Sacco Society Regulatory Authority (SASRA)	15,000	15,000
Simba Chai Sacco Society Ltd	30,000	
Southern Star Sacco Society Ltd	125,000	142,800
Sukari Sacco Society Ltd	75,000	
Ukulima Sacco Society Ltd	14,000	136,000
Unisson Sacco Society Ltd	7,759	7,759
Ukwala Traders Sacco	68,000	0
United Nation Sacco Society Ltd	2,595	440
We Effect	104	0
Wajir County Government	70,000	70,000
Washa Sacco Society Ltd	0	70,000

**AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES  
ISO 9001:2008 CERTIFIED COMPANY**

Winas Sacco Society Ltd	500,000	780,640
Deposits paid	14,138	14,138
Staff Debtors	107,546	167,030
Unaccounted imprest	181,700	0
Corporate Tax paid in advance	1,246,556	1,085,143
<b>Total</b>	<b>4,877,829</b>	<b>5,549,779</b>
<b>Less Provision For Doubtful Debt</b>		
CAFOSA	70,000	0
Sacco Society Regulatory Authority (SASRA)	15,000	0
Wajir County Government	70,000	0
EAFF	392	392
Financial Sector Deepening (FSD)	15,000	15,000
<b>Total Provision for Doubtful Debt</b>	<b>170,392</b>	<b>15,392</b>
<b>Net Trade &amp; Other Receivables</b>	<b>4,709,437</b>	<b>5,534,387</b>

#### 4. Cash & Cash Equivalent

DETAILS	2015 - 2016	2014 - 2015
<b>Cash at Bank</b>		
Standard Chartered Account	19,406	310,630
Kenya Commercial Bank Account	123,801	594,689
Kenya Commercial Bank Privilege Account (Shop)	671,241	444,755
Co-operative Bank Of Kenya ( USD129.57 @ ksh 101.1022)	13,100	142,611
<b>Cash at Hand Office</b>	21,828	39,790
<b>TOTAL</b>	<b>849,376</b>	<b>1,532,475</b>

#### 5. Co-operative University College of Kenya Control Account

This refers to the net of assets and liabilities that the company had when it started to prepare financial statements independently, which was credited to Co-operative College of Kenya Control Account as Capital.

DETAILS	2015 - 2016	2014 - 2015
Balance C/F	2,870,870	2,870,870
<b>TOTAL</b>	<b>2,870,870</b>	<b>2,870,870</b>

**6. Development Partners Fund Account**

This refers to Capital grants received which cannot be written off immediately.

<b>DETAILS</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
Balance C/F		745,400	745,400
<b>TOTAL</b>		<b>745,400</b>	<b>745,400</b>

**7. Trade & Other Payables**

<b>DETAILS</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
		<b>Ksh</b>	<b>Ksh</b>
Trade Payables		6,456,346	4,270,001
Payments Received in Advance / Refundable Deposit Received		45,000	6,000
Provisions For Audit Fees		174,000	174,000
Provisions for Gratuities Payable		1,022,582	1,313,052
Provisions for Rent and water		1,450,000	0
VAT Liability		500,448	476,914
Withholding Tax Liability		32,500	44,000
Paymaster General		1,277,796	0
Leadership for Change Grant Fund		73,602	444,755
Provisions for Salary top up Payable		0	0
<b>TOTAL</b>		<b>11,032,274</b>	<b>6,728,722</b>

**8. Seminar Income**

<b>Details</b>	<b>2015- 2016</b>	<b>2014 - 2015</b>
Training Income	7,596,708	14,202,620
Consultancy Income	4,694,310	7,723,056
Project Income	580,739	699,127
Symposium Income	0	0
Resource Centre Income	10,345	5,985

<b>TOTAL</b>	<b>12,882,102</b>	<b>22,630,788</b>
--------------	-------------------	-------------------

### 9. Grants Income

	2015 - 2016	2014 - 2015
Sacco Society Regulatory Authority (SASRA)	0	364,000
Co-operative University College of Kenya	0	300,000
ACDI/VOCA	0	411,700
Co-operative Insurance Company	0	0
Co-operative Bank of Kenya	0	0
Financial Sector deepening (FSD)	0	0
<b>TOTAL</b>	<b>0</b>	<b>1,075,700</b>

### 10. Other Income

INCOMES	2015 - 2016	2014 - 2015
Income from Student Convenient Store (Note 15)	0	0
Sale of Disposal Tender Documents	4000	12,000
Experts Subscription Fee Income	90,000	112,500
CIC Insurance -Credit Note	12,644	0
Miscellaneous Income (Photocopying Services, binding and others)	916	30,732
Foreign Exchange Gain	122,648	68,664
	<b>230,208</b>	<b>223,896</b>

### 11. Staff Cost

DETAILS	2015 - 2016	2014 - 2015
Salaries and Wages	7,661,328	8,006,711
Gratuity	1,215,051	923,392
Training and Development	10,000	16,200
Staff Welfare	55,710	0
Insurance and Medical Scheme	3085	0
Recruitment and Hiring Cost	79,305	117,874
<b>Total</b>	<b>9,024,479</b>	<b>9,064,177</b>

### 12. Operating Expenses

EXPENSES	2015 - 2016	2014 - 2015
Direct Expenses - Seminar Expenses	6,195,205	10,994,036
Motor Vehicle Running Cost	129,474	229,861
Office Administration Expenses	544,193	579,231

**AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES  
ISO 9001:2008 CERTIFIED COMPANY**

Marketing and Promotions	355,946	1,470,288
Quality Management & System Expenses	0	607,494
General Repairs & Maintenance	45,891	27,387
Provision For Bad Debt	155,000	15,392
Rent & Water	1,450,000	600,000
<b>Total Expenses</b>	<b>8,875,709</b>	<b>14,523,689</b>

**13. Board Expenses**

Details	2015 - 2016	2014 - 2015
Sitting Allowance	415,000.00	160,000
Travelling Allowance	66,000.00	21,000
Others (Tea & Snacks, Lunch, Stationeries and secretariat)	135,497	65,967
	<b>616,497</b>	<b>246,967</b>

**14. AGM Expenses**

Details	2015 - 2016	2014 - 2015
Others (Tea & Snacks, Lunch, Stationeries and secretariat)	55,000	0
Share holder allowances	135,000	
	<b>190,000</b>	<b>0</b>

**15. Provision for Audit Fee**

DETAILS	2015 - 2016	2014 - 2015
Provision for Audit Fee (VAT exclusive)	150,000	150,000
<b>TOTAL</b>	<b>150,000</b>	<b>150,000</b>

As an expense provision for audit fee has been provided for as Ksh 150,000 exclusive of VAT. However under account payable the amount is captured VAT inclusive as Ksh 174,000.

**16. Tax Payable**

DETAILS	2015 - 2016	2014 - 2015

Profit / (Loss) for the year	(6,071,741)	(636,387)
Less adjustment for loss B/F	(23,492,238)	(21,780,151)
Less. Non Taxable Income (Grants & realized revaluation)	0	(1,075,700)
<b>Add: Disallowable</b>		
Depreciation	258,140	338,906
Donations	0	0
<b>Less Allowable</b>		
Wear and tear	(258,140)	(338,906)
Taxable profit / (Loss)	<b>(29,563,979)</b>	<b>(23,492,238)</b>
Tax at Applicable rate (30%)	0	0

**17. Profit on Disposal of Bonded Stores**

<b>DISPOSAL OF BONDED STORES 2014/2015</b>						
No	Item Description	Cost / Valuation	Accumulated Depreciation	-Net Book value	Amount Disposed	Loss/ Profit on Disposal
1	Sale of Motor Vehicle- ISUZU TROOPER –KAK 423C	548,339	233,339	315,000	135,000	(180,000)
<b>Sub Total</b>		<b>548,762</b>	<b>233,339</b>	<b>315,000</b>	<b>135,000</b>	<b>(180,000)</b>
<b>Net Profit / (Loss) on Disposal</b>						<b>(180,000)</b>
<b>DISPOSAL OF BONDED STORES 2015/2016</b>						
No	Item Description	Cost / Valuation	Accumulated Depreciation	Net Book value	Amount Disposed	Loss/ Profit on Disposal
-		0	0	0	0	0
<b>Sub Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Profit / (Loss) on Disposal</b>						<b>0</b>

**18. Dividends Payable**

No dividend that was paid in the last financial year given the company operated at a loss.

**19. Financial Costs**

DETAILS	2015 - 2016	2014 - 2015
---------	-------------	-------------

Bank charges and interests	69,226	63,032
----------------------------	--------	--------

**20. General Reserve**

DETAILS	2015 - 2016	2014 - 2015
Balance B / Forward	(3,565,775)	(2,929,388)
<b>Adjustments</b>		
Profit / (Loss) for the year	(6,071,741)	(636,387))
Correcting revaluation Reserve Balance for Disposed assets which overstated previous profits	945,693	0
Balance C / Forward	(8,691,823)	(3,565,775)

**21. Revaluation Reserve**

DETAILS	2015-2016	2014 - 2015
Revaluation A/c	644,015	1,589,708

**22. Going Concern**

During the year under review the performance of the company was very low, we made a loss of ksh 6,071,741 and our working capital went down to negative 5,475,461. This was due to number of reasons among them competition from our competitors and new staff who joined the team and were still in the learning curve. The board and management have put in place strategies to turn around the company which is now bearing fruits. This can be confirmed by our six months performance 2016/2017 whereby we have made a turnover of ksh 10,132,921 and profit of ksh 461,260 which is more than 50% as compared to same period last year. We are projecting a turnover of ksh15.94M and a profit of ksh 1,997,857 in the next six months form already planned trainings and consultancies some of which have already been undertaken.