

REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**

**PARLIAMENT  
OF KENYA  
LIBRARY**



**REPORT**

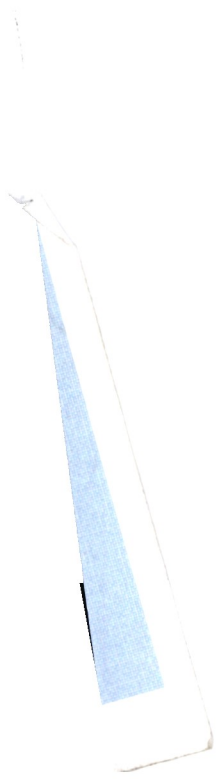
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS  
OF KENYA YEARBOOK EDITORIAL BOARD**

**FOR THE YEAR ENDED  
30 JUNE 2013**



**KENYA YEARBOOK EDITORIAL BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2013.**

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## **CORPORATE INFORMATION**

### **THE ESTABLISHMENT ACT**

The Kenya Yearbook Editorial Board was established by the President of Republic of Kenya vide legal notice No.187 of 2007(The Kenya Yearbook order, 2007) under State Corporation Act (Cap 446).

### **MANDATE:**

The mandate of the Kenya Yearbook Editorial Board was spelt out under paragraph 4(section) of the Kenya yearbook order as follows:

1. To periodically compile, edit and publish the Kenya Yearbook Annually.
2. To document and detail the work of the Government of Kenya in the yearbook in partnership with its people.
3. To explain in the yearbook the programme of action to sustain and speed up progress towards the kind of society Kenya Desire.
4. To convey in the Kenya Yearbook the immense resources in Kenya and the potential still tapped.
5. To coordinate and implement Government communications functions in a manner that ensures a qualitative and positive presentation of materials that define Kenya's situation.
6. To provide guidance in Government communication and build a framework of partnerships and corporation between key government communicators.
7. To promote awareness of opportunities available worldwide and how to gain access to them.
8. To inform Kenyans of regional, continental and global integration opportunities and initiatives.
9. To conduct communication research and disseminate the findings and organize periodic teach-ins and seminars.
- 10.To identify thematic campaign issues.
- 11.Transversal campaigns, such as vision 2030, the millennium Development goals, the constitution debate and regional global partnership initiatives.

## **OUR VISION**

To create a nation that knows itself and is viewed with respect by the international community.

## **OUR MISSION**

To provide leadership in Government communications and ensure that citizens and the international community understand and appreciate Government efforts to achieve its goals.

## **CORE VALUES**

Pursuant to its mandate and functions, the **Kenya Yearbook Editorial Board** will be guided by the following core values:

### **1.1.1 Patriotism**

The members of the Board of Directors and staff of KYEB will uphold patriotic ideals of the country; putting the welfare of the Country and its interests first in our decisions and actions.

### **1.1.2 Passion**

The members of the Board of Directors and staff will carry out their duties and responsibilities with zeal and devotion.

### **1.1.3 Integrity**

Kenya Yearbook Editorial Board will uphold principles of competency, honesty, reliability and responsiveness in discharging the Board's Mandate; acting without consideration of personal gain.

### **1.1.4 Team Spirit**

A culture of common purpose, direction and respect for individual contribution will be a defining approach of the Board. The Board of Directors and staff members will embrace team work so as to enhance attainment of the institutional goals and objectives.

### **1.1.5 Innovation**

Kenya yearbook editorial board values novelty, creativity and improvement. The Board is committed to tracking global trends in country branding to actively improve its programmes and service delivery

*Kenya Yearbook Editorial Board.  
Annual Reports and Financial Statements.*

**PRINCIPAL PLACE OF BUSINESS**

NHIF Building,  
4th Floor,  
P.O Box 34035 - 00100,  
NAIROBI

**BANKERS**

Kenya Commercial Bank Ltd.  
Capital Hill Branch  
Account No: **1112214119**  
P.O Box 30012 – 00100,  
NAIROBI

**INDEPENDENT AUDITORS**

Auditor-General,  
Kenya National Audit Office,  
Anniversary Towers,  
P.O Box 30084 – 00100,  
NAIROBI

**Board Members**

Ms. Esther Kamweru  
Date of Re-appointment  
4<sup>th</sup> February 2013

**Chairperson**

Mr. Mundia Muchiri  
Date of Re-appointment  
23<sup>rd</sup> January 2012

**Board Member**

Dr. Bitange Ndemo  
**Board Member**

PS, Ministry of Information and  
Communications (revoked in  
June 2013).

Mr. Phillip Ochieng, MBS  
Date of Re-appointment  
23<sup>rd</sup> January 2012

**Board Member**

Denis Chebitwey, OGW  
Date of Re-appointment  
14<sup>th</sup> September 2012

**Chief Executive officer**

Mary Ngaruma, (Alternate Director)  
**Board Member**

PS, Ministry of Environment,  
Water & Natural Resources.

Ms Miriam Rahedi, (Alternate Director)  
**Board Member**

PS, Ministry of Devolution &  
Planning (revoked in 2013).

Ms Dorcas A. Ambuto, (Alternate Director)  
**Board Member**

PS, Ministry of Education,  
Science and Technology,  
(revoked in 2013).

George S. Mwosa, (Alternate Director)  
**Board Member**

PS, Ministry of Industrialisation,  
Enterprise & Devolution

Richard Gakunya, (Alternate Director)  
**Board Member**

PS, Ministry of National Treasury

## **CHAIRPERSON'S STATEMENT**

It is my pleasure to present the Kenya Yearbook Editorial Board's report for the year ended **30<sup>th</sup> June 2013**. It has been a financial year of strong results in the face of challenging, albeit improving, global and domestic social-political and economic conditions.

The leverage that Kenya's Vision 2030 has put in place has made the country move on in a steadily guided rail towards a common destiny of creating a globally competitive and prosperous nation. It is expected this trend will transform Kenya's economy into that of an industrialized, middle-income country; providing a high quality of life to all its citizens by 2030, in a clean and secure environment.

Given the ever changing local and international communication space, never has there been a greater need to put out information that is not only in sync with realities on the ground, but also Kenya's long term aspirations. In this regard and in line with Government's recognition of the importance of information and communication in national development, the Board exploited availed opportunities to produce publications that provide leadership in government communications and ensure that the citizens and the international community understand and appreciate government efforts to achieve its goals, in a bid to make this country a better place.

The Board will continually strive to make its contribution in transforming the livelihoods of Kenyans both socially and economically by availing modern, exclusive information that will help them to maximize their opportunities. This is in furtherance of the belief that an informed society is better equipped to take advantage of the opportunities and available resources appropriately. For continued success we are informed by the set of beliefs that guide our mission and actions. Of course, success would not be possible without the support received from various state and non-state actors and indeed individual members who have put endless hours into our operations and to whom we wish to convey our heartfelt gratitude.

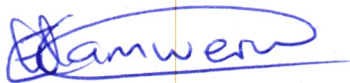
In reference to the operating environment various changes continue to affect the government offices as ministries and departments endeavour to adapt to the demands posed by the new constitution of Kenya 2010 thereby creating a number of challenges and a lull in the operationalisation of their various strategies. To support these government organizations during this transition to the devolved system, the Board has embarked on producing comprehensive county profile publications for each of the 47 counties.

*Kenya Yearbook Editorial Board.  
Annual Reports and Financial Statements.*

The contents of each county publication to include the county profiles, development pillars, strategies and priorities harmonised with the national development goals and the county specific economic and financial programmes, including their implementation endeavours.

We look forward to the support of all Kenyans and our partners to achieve all these.

Thank you.



**Esther Kamweru, OGW  
Chairperson**

## **CHIEF EXECUTIVE OFFICER'S STATEMENT**

On behalf of Management and on my own behalf, it is a pleasure to present the achievements of Kenya Yearbook Editorial Board (KYEB) for the financial year ended 30th June, 2013. We managed to produce not only our flagship publication, the Kenya Yearbook 2012/13, themed Kenya@50 to coincide with the country's 50 years of independence celebration, but also produced a number of key publications. Hence with a sense of pride and responsibility, we can say that Kenya Yearbook Editorial Board has laid a firm foundation for production of more publications to meet the requirements of our devolved government. The major publications of this period, the Kenya Yearbook 2012/13, Higher Education Yearbook and the County Investment Opportunities are due to be launched during the period 2013/2014.

The third edition of the annual Kenya Yearbook themed Kenya@50 is an invaluable resource for anyone seeking information about our beautiful country and covers a wide range of topics on our social, political, economic and cultural affairs. This publication, whose release coincides with the nation's independence golden jubilee celebrations, set to climax on December 12, 2013; highlights achievements and challenges the country has gone through in the past and how they have shaped Kenya as we know it today. Where possible, we have looked at milestones in each of the five decades of independence, with emphasis on personalities, events and institutions. As has been the case with the previous two editions, the publication begins by chronicling Kenya's early history and political developments. It reviews projects, policies and plans as reflected in the work of ministries, agencies, departments, State corporations, as well as the private sector and individuals. It also gives details of our geographical and demographical diversity as well as our rich cultural heritage.

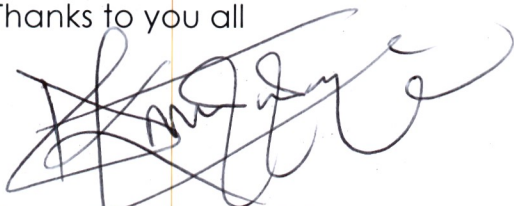
The nation's governance system is discussed in detail, particularly in light of our new constitutional dispensation, whose implementation is now in its fourth year. The Yearbook then gives an account of Government programmes and policies as well as key milestones achieved in our development agenda as guided by our Vision 2030, which is anchored on three key pillars, namely social, political and economic. The Higher Education Yearbook lays bare the state of university education in Kenya, looks at the courses available and delves into the relevance of university education offered in the country's institutions in national development and the labour market.

*Kenya Yearbook Editorial Board.  
Annual Reports and Financial Statements.*

The County Investment Opportunities publication provide insights into investment opportunities and incentives in all counties by providing basic data, key economic activities , resources and potentials, investment priorities and strategies to mobilize funds for development. We are optimistic the publication, done in collaboration with the governors and the stakeholders in the counties will initiate actions towards county focused development, recognize existing achievements and resources in counties and identify comparative advantages that will shape the county governments' economic path, provide information that will attract investors to the counties and promote inter-county and intra-county investments.

I wish to thank all those who have worked with us to make this year a success, both in our operations and in launching our publications. Specifically, we would like to appreciate the Board of Directors and our parent Ministry, the Ministry of Information, Communications and Technology for their continued guidance and support, our suppliers for their excellent service delivery, all our staff for working tirelessly to make a difference in both the organization and our country. We appreciate the support of all the other stakeholders both within and outside of government who partnered with us. Also, we would like to give special recognition to the Government of Kenya under the leadership of the previous and current Presidents for entrusting us with this remarkable responsibility.

Thanks to you all



**Denis Chebitwey, OGW  
Chief Executive Officer**

## **Corporate Governance**

### **Introduction**

Corporate governance is the process by which companies are directed and controlled. The concept of corporate governance has gained prominence and enshrined in codes of best practice developed by Organization for Economic Co-operation and Development (OECD), Commonwealth Association of Corporate Governance (CACG) and the Centre for Corporate Governance in Kenya.

The Board recognizes the need to conduct the business and operations of the Board with integrity and in accordance with generally accepted corporate practice, and endorse internationally developed principles of corporate governance. The board members will continue to focus their attention on maintaining the highest standards of corporate governance and business ethics in the Board's operations

### **Board**

The members of the board are shown on page 4. The Board is chaired by a non-executive chairperson appointed by the President. All members of the board have extensive business and administrative experience in private and/or public sectors that are applied in the management of the Board.

The Board is responsible for:

- ◆ Determining and protecting the Board's Vision, Mission and Core values;
- ◆ Providing strategic direction to the Board and be responsible for the approval of strategic plans;
- ◆ Approving the annual budget, procurement plans, strategic plans, performance contract and work plans;
- ◆ Monitoring of implementation of the Board's mandate;
- ◆ Ensuring the accounts are audited on time and approve the same on annual basis;
- ◆ Appointing the **CEO** and other senior staff in line with the laid down regulations and ensure they receive adequate training and development and ensure a succession plan is in place;
- ◆ Establishing an appropriate organizational structure for the Board to facilitate efficient delivery of its mandate;

- ◆ Ensuring that adequate technology and systems are in place;
- ◆ Assessing the performance of the Board and ensuring it is meeting its targets as stipulated in the performance contract effectively;
- ◆ Ensuring that the Board has appropriate risk management, internal control and regulatory compliance procedures in place;
- ◆ Monitoring non-financial aspects relating to the business of the Board and ensuring that the right image and character is upheld;
- ◆ Comply with laws and regulations and other guidelines issued by the government from time to time.
- ◆ Ensure Board meetings are held regularly to review the Board's performance against set targets, approve policies as well as to formulate strategy for the period under review.
- ◆ Various committees whose chairpersons report to the Board supplement the functions of the Board. These Committees are described below:

### **1. Human Resources, Finance and Administration Committee**

The Board Finance and Human Resources committee is chaired by non-executive board Member and meets at least on quarterly basis. The committee has oversight of all Financial, Procurement and Human Resources issues.

### **2. Audit Committee**

The Audit Committee is chaired by a non executive board member and meets at least on quarterly basis. The responsibilities of the committee are oversight of:

- Integrity of financial reporting
- Internal control
- Internal and external audit
- Compliance and ethical issue

### **3. Marketing and Communication Committee**

The Marketing Committee is chaired by a non-executive board member and meets at least on quarterly basis. The committee's responsibilities are to provide strategic marketing direction and approve marketing plans, activities and budgets.

## **REPORT OF THE DIRECTORS**

On the financial statements for the period ended 30<sup>th</sup> June 2013. The Board submits their report together with the financial statements for the period ended 30<sup>th</sup> June 2013, which shows the state affairs of the Editorial Board.

### **1. Principal Activities**

Its principal objectives are:

- co-ordinate and implement Government Communications functions in a manner that ensures qualitative and positive presentation of materials that defines Kenya's situation
- Provide guidance in government communication and build framework of partnerships and co-operation between key government communicators
- Promote awareness of opportunities available worldwide and how to gain access to them
- Inform Kenyans of regional, continental and global integration opportunities and initiatives
- Communicate governments policies and programmes
- Underpin the philosophy of openness, accountability and transparency

### **2. Results**

The results for the editorial board for the period are set out on page 14.

### **3. Directors**

The directors who served during the period and to the date of this report are shown on page 15.

### **4. Auditors**

The Auditor general is responsible for the statutory audit of the editorial board's books of account in accordance with Section 14 of the public Audit Act, 2003.

**By Order of the Board**



**Denis Chebitwey, OGW  
Chief Executive Officer**

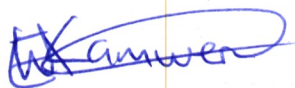
**STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES**

Board members are responsible for the preparation of financial statements that give a true and fair view of the state of affairs and outcome of operations of the Board at the end of each financial year. They ensure that the Board keeps accounting records that disclose with reasonable accuracy, the nature of its business activities and financial position. Board members are also responsible for safeguarding the assets of the Board.

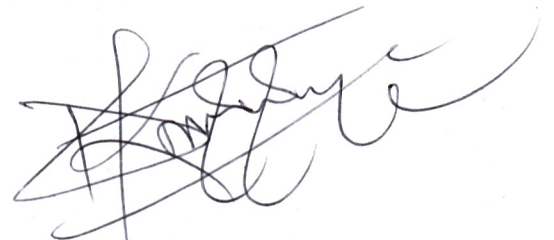
Board members accept responsibility for the report and financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the applicable laws, rules and regulations. The Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Board and of its operating results. The Board members further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Approved by the Board on **2nd November 2013** and signed on its behalf by:



**Esther Kamweru, OGW  
Chairperson**



**Denis Chebitwey, OGW  
Chief Executive Officer**

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON KENYA YEARBOOK EDITORIAL BOARD FOR THE YEAR ENDED 30 JUNE 2013

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Yearbook Editorial Board set out on pages 13 to 23, which comprise the statement of financial position as at 30 June 2013, 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 of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Management of Kenya Yearbook Editorial Board 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 13 of the Public Audit Act, 2003.

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

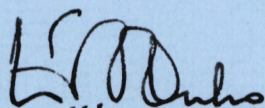
My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board'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 the Board as at 30 June, 2013, 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 Legal Notice No. 187 of 2 November, 2007.



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

**Nairobi**

**2 April 2014**

**KENYA YEARBOOK EDITORIAL BOARD**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2013**

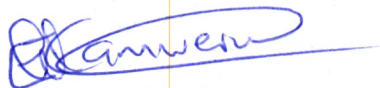
<b>INCOME</b>	<b>Note</b>	<b>Kshs 2012/2013</b>	<b>Kshs 2011/2012</b>
Grant from Government of Kenya	<b>2</b>	84,240,000.	119,500,000.
Other Income	<b>3</b>	3,585,088.	1,335,319.
Konza grants	<b>2</b>	13,630,250.	—
<b>Total income</b>		<b>101,455,338.</b>	<b>120,835,319.</b>
<b>EXPENDITURE</b>			
Operation cost	<b>4</b>	41,209,834.	60,351,168.
Administration cost	<b>5</b>	6,200,563.	9,292,172.
Establishment cost	<b>6</b>	11,088,545.	12,564,943.
Staff cost	<b>7</b>	43,837,108.	38,138,467.
Total Expenditure		<b>102,336,050.</b>	<b>120,346,750.</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>(880,712).</b>	<b>488,569.</b>



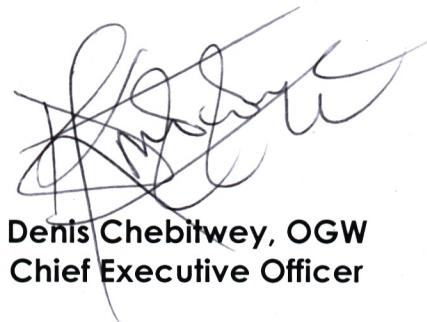
**KENYA YEARBOOK EDITORIAL BOARD**  
**STATEMENT OF FINANCIAL POSITION AS AT 30TH, JUNE 2013.**

	Note	Kshs 2012/2013	Kshs 2011/2012
<b>NON-CURRENT ASSETS:</b>			
Property and Equipment	8	15,777,583.	19,861,266
		<b>15,777,583.</b>	<b>19,861,266</b>
<b>CURRENT ASSETS:</b>			
Inventory	15	6,069,000.	1,746,000.
Receivables	9	5,946,334.	1,662,732.
Cash and bank balances	10	5,637,387.	3,900,530.
		<b>17,997,722.</b>	<b>7,309,262.</b>
<b>TOTAL ASSETS</b>		<b><u>33,430,304.</u></b>	<b><u>27,170,528.</u></b>
<b>EQUITY AND LIABILITIES</b>			
Capital Fund		10,945,746.	10,945,746.
Revenue Reserves	11	( 6,325,299).	(5,444,586.)
		<b>4,620,447.</b>	<b>5,501,159.</b>
<b>CURRENT LIABILITIES</b>			
Payables	12	16,588 659.	14,254,494.
Accruals	13	12,221,199.	7,414,875.
		<b>29,154,858.</b>	<b>21,669,369.</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b><u>33,430,304.</u></b>	<b><u>27,170,528.</u></b>

The Financial Statements ON PAGES 14-23 were approved by the Board of Directors on  
**2<sup>nd</sup> November 2013** and were signed on its behalf by:



**Esther Kamweru, OGW  
Chaiperson**



**Denis Chebitwey, OGW  
Chief Executive Officer**

**KENYA YEARBOOK EDITORIAL BOARD**  
**STATEMENT OF CHANGES IN RESERVES FOR THE**  
**YEAR ENDED 30 JUNE 2013.**

	<b>Capital Fund</b>	<b>Revenue Reserve Funds</b>	<b>Total Fund</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
As at 01/07/2011	10,945,746	(5,933,155.)	5,012,590.
(Deficit)/Surplus for the period		<u>488,569.</u>	<u>488,569.</u>
<b>As at 30/6/2012</b>	<b>10,945,746</b>	<b>(5,444,586.)</b>	<b>5,501,159.</b>
As at 1 July 2012	10,945,746	(5,444,586.)	5,501,159.
(Deficit)/Surplus for the period		<u>(880,712.)</u>	<u>(880,712)</u>
<b>As at 30/6/2013</b>	<b>10,945,746</b>	<b>(6,325,299)</b>	<b>4,620,447</b>

**KENYA YEARBOOK EDITORIAL BOARD**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**  
**30 JUNE 2013**

	Kshs 2012/2013	Kshs 2011/2012
<b>Cash generated from operating activities(note14)</b>	1,905,857.	(1,495,938)
<b>INVESTING ACTIVITIES</b>		
Purchase of furniture	(169,000.)	(962,860)
Purchase of computers		(1,859,270)
Partitioning		(678,180)
Motor Vehicle		<u>(3,530,155)</u>
<b>Cash flow from Investing Activities</b>	<b><u>(169,000)</u></b>	<b><u>(7,030,465)</u></b>
	-	-
<b>Net increase incash and cash equivalents</b>	<b>1,736,857.</b>	<b>(8,526,403)</b>
<b>Cash/cash equivalents as at the beginning of the year</b>	<b>3,900,530.</b>	<b>12,426,933</b>
<b>Cash/Cash equivalents at the end of the year</b>	<b><u>5,637,387</u></b>	<b><u>3,900,530</u></b>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

### **SIGNIFICANT ACCOUNTING POLICIES**

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

#### **a) Basis for preparation**

The financial statements are prepared in compliance with International Financial Reporting Standards (*IFRS*) and International Accounting Standards (*IAS*). These accounting standards and policies are used by the management to exercise judgment in the board finances.

#### **b) Revenue Recognition**

The Board recognizes incomes and revenues as they occur while losses and expenses are recognized as they are anticipated during the year. eg. provision of audit fees.

#### **c) Government Grants**

The Board recognizes the government grants as revenue and credit to the Statement of Comprehensive Income when received.

#### **d) Property, Plant and Equipment**

All categories of property, plant and equipment are initially recorded at cost. In this regard, depreciation is calculated on reducing balance method to write off the cost or the revalued amount of each asset on its estimated useful life. Full year depreciation is charged on the year of purchase.

The annual rates used are:

Motor vehicle	25%
Furniture	12.5%
Computers	30%
Partitioning	12.5%

#### **e) Foreign Currencies**

There were no foreign currency transactions in the period under audit. In future, revenue that will be received and expenditure that will be incurred in foreign currencies will be translated into Kshs. at the rates of exchange prevailing on the transaction dates. Assets and liabilities at the balance sheet date, which are expressed in foreign currency, will be translated into Kshs. at rates ruling at that date. The resulting differences from conversion and translation will be dealt with in the income and expenditure statement in the period in which they arise.

**f) Inventories**

Stock costs of marketing merchandise, stationery and other supplies which are not material in value are expensed on purchase.

**g) Contract Gratuity**

The Board has fixed term service contracts with some of the employees. A contract gratuity of **31%** of the basic pay earned over the contract period is paid at the end of the contract. The monetary liability is accrued at the end of each year based on the completed period of service.

**h) Provision For Staff Leave Pay**

A provision is made to recognize staff entitlements in respect of annual leave not taken at the end of the financial year.

**i) Taxation**

VAT and PAYE are included in the merchandise and employees total expenditure.

**j) Cash And Cash Equivalent**

For the purpose of presentation in the cash flow statement the cash and cash equivalent is comprised of cash and net bank balance.

**k) Payables**

Trade payables are stated at their nominal value.

**l) Capital Fund:**

Comprises of assets acquired from the Ministry of Information and Communication at inception of the Board.

**Assets acquired from the Ministry:**

Motor Vehicle	2,498,250
Furniture	1,827,523
Computer	2,032,704
Partitioning	<u>3,487,270</u>
	9,845,747
Cash and Cash Equivalents	<u>1,100,000</u>
<b>Total</b>	<b>10,945,747</b>

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<b>FOR THE YEAR ENDED 30th JUNE 2013</b>			
		Kshs	Kshs
		<b>2012/2013</b>	<b>2011/2012</b>
<b>2</b>	<b>GRANT FROM THE GOVERNMENT OF KENYA</b>		
	Received from the ministry of information and communication as follows		
	1st quarter	20,750,000.	27,000,000.
	2nd quarter	20,750,000.	27,000,000.
	3rd quarter	14,170,000.	38,500,000.
	4th quarter	14,735,000.	27,000,000.
	supplementary Budget	<u>13,835,250.</u>	
		<b>84,240,000.</b>	<b>119,500,000.</b>
	<b>Konza Grants</b>	<b>13,630,250.</b>	
<b>3</b>	<b>OTHER INCOME</b>		
	A.I.A	3,585,088.	<b>1,335,319.</b>
		<b>3,585,088.</b>	<b>1,335,319.</b>
<b>4</b>	<b>OPERATION COSTS</b>		
	Publishing and printing	14,893,988.43	20,959,637.00
	printing Konza materials	13,605,720.00	-
	Catering services	3,133,226.00	7,182,174.00
	Fuel	974,150.00	1,800,000.00
	Accommodation	1,811,959.00	7,436,188.00
	Office supplies and stationery	1,282,867.50	5,214,840.00
	Telephone	140,400.00	744,620.00
	insurance	2,700,000.00	1,624,212.00
	funeral expenses	-	19,500.00
	cost of production	-	1,746,000.00
	Cleaning	670,144.00	1,000,500.00
	Maintenance of motor vehicle	338,209.10	580,418.00
	Advertising	928,970.00	8,266,484.00
	textbooks	-	16,800.00
	Internet connection	-	114,999.00
	Domestic Travel expenses	451,335.00	1,856,425.00
	Newspaper subscription	238,665.00	169,196.00
	Trade shows	40,200.	607,710.
	REPAIRS AND MAINTENANCE	40,200.00	985,085.00
	postal and courier services	-	<u>26,500.00</u>
		<b><u>41,209,834.00</u></b>	<b><u>60,351,288.00</u></b>

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**5 ADMINISTRATION COST**

Bank charges	37,950.00	18,680.00
Board and Committee expenses	3,864,528.00	5,696,185.00
consultancy	299,920.00	2,075,099.00
Training	1,565,700.00	1,202,208.00
Audit fees	345,000.00	300,000.00
loss on disposal	87,465.00	-
	<b>6,200,563.00</b>	<b>9,292,172.00</b>

**6 ESTABLISHMENT COST**

Rent	6,923,326.	7,055,380.
Depreciation expenses	4,165,217.	5,494,063
Electricity	-	15,500.
	<b>11,088,544</b>	<b>12,564,943.</b>

**7 STAFF COST**

Salaries and wages	37,946,342.	33,061,392..
Staff gratuity	4,687,200.	4,600,400.
Staff pension	1,203,566.	476,675.
	<b>43,837,108</b>	<b>38,138,467.</b>

**8 PROPERTY & EQUIPMENT 30.6.2013**

	Motor Vehicle Kshs	Furniture Kshs	Computers & software Kshs	Partitioning Kshs	Total Kshs
<b>COST</b>					
Balance as at 1/07/2012	6,028,405.	4,572,664.	14,280,506.	8,821,672.	33,703,247.
Addition 2012/2013	-	-	169,000.	-	169,000.
Disposal	-	-	255,000.	-	255,000.
As at 30/6/2013	6,028,405.	4,572,664.	14,194,506.	8,821,672.	33,617,247.
<b>DEPRECIATION</b>					
Balance as at 1/07/2012	2,326,839.	1,292,753	7,449,629.	2,772,760.	13,841,981.
Disposal	-	-	167,535.	-	167,535.
Charge for the year 2012/2013	925,391.	409,988.	2,073,723.	756,114.	4,165,217.
As at 30/6/2013	3,252,230.	1,702,741.	9,355,817.	3,528,874.	17,839,663.
<b>NET BOOK VALUE</b>					
As at 30/6/2013	2,776,174.	2,869,922.	4,838,688.	5,292,798	15,777,583.
As at 30/06/2012	3,701,566.	3,279,911.	6,830,877.	6,048,912.	19,861,266.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30th JUNE 2013**

	<b>2012/2013</b>	<b>2011/2012</b>
<b>9 RECEIVABLES</b>		
Grants from Government	2,500,000.	-
Insurance	675,000.	-
Staff advances	359,143.	535,096.
Trading Debtors	1,284,555.	
Rent Deposits	1,127,636	1,127,636.
	<b>5,946,334.</b>	<b>1,662,732.</b>
<b>10 CASH AND BANK BALANCES</b>		
Cash at bank	5,588,330.	3,896,740.
Cash in hand	49,058.	3,790.
	<b>5,637,387.</b>	<b>3,900,530.</b>
<b>11 ACCUMULATED REVENUE RESERVES</b>		
Fund	<b>5,501,159.</b>	<b>5,012,590.</b>
Surplus/(Deficit) for the year	(880,712)	488,569.
Total Reserves	<b>4,620,447.</b>	<b>5,501,159</b>
<b>12 PAYABLES :</b>		<b>14,254,494.</b>
Printing & Editorial	5,943,210.	9,841,210
Marketing & Advertising	1,940,200.	850,000
HR consultancies.	6,506,420.	
Stationery & consumables	1,405,842.	1,227,211.
Professional services	164,004.	509,004
Repairs & maintenance	361,600.	
Transport & Admin	223,952.	
Rent		1,827,069.
Newspaper subscription.	43,431	
	<b>16,588,659</b>	<b>14,254,494.</b>
<b>13 ACCRUALS</b>		
Gratuity	6,576,650.	3,451,850.
Audit Fees	345,000.	345,000.
Accrued payee	799,629.	5,099,270.
Accrued Pensions	1,203,566.	
Accrued Payee BOD	3,296,355.	
	<b>12,221,199.</b>	<b>8,551,120.</b>