

REPUBLIC OF KENYA

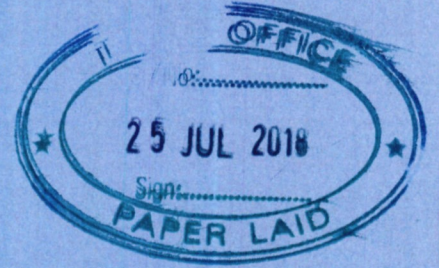


Paper Laid
By LOMP, Hon. Duale MP
on 25/7/2018 at the
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REPORT

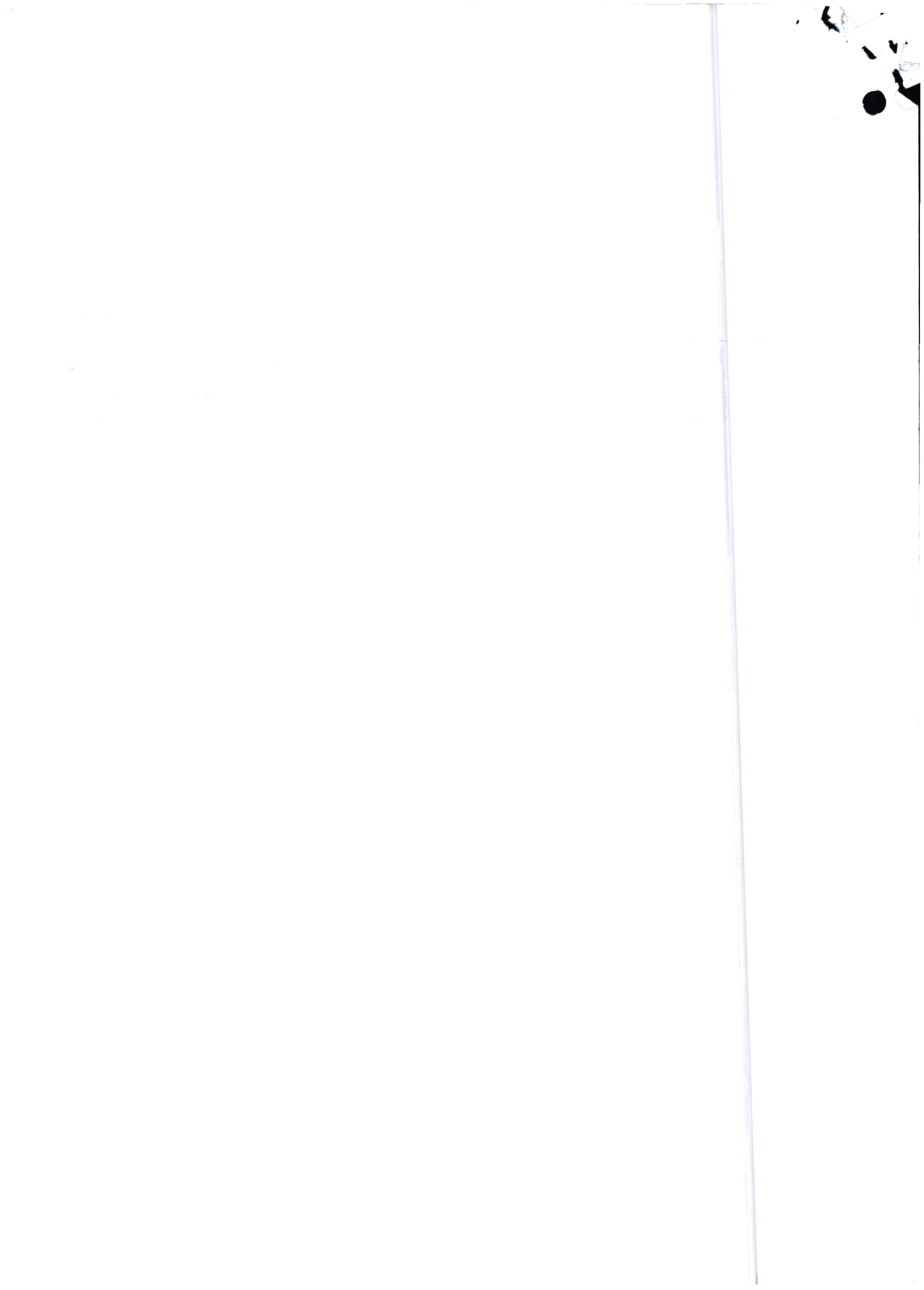
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA YEARBOOK EDITORIAL BOARD

FOR THE YEAR
ENDED 30 JUNE 2017





KENYA YEARBOOK EDITORIAL BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30th JUNE, 2017

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

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KEY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Yearbook Editorial Board (KYEB) was established in 2007 under the Ministry of Information, Communication and Technology vide legal notice No. 187/2007. The subsidiary legislation, known as the Kenya Yearbook Order, 2007 was made under section 3(i) of the State Corporations Act, Cap 446 Laws of Kenya.

(b) Principal Activities

KYEB's objectives and principal activities are to:-

1. Research and publish the most comprehensive Yearbook in Africa;
2. Benchmark the Kenya yearbook with the best yearbooks in the world.
3. Convey in the yearbook the immense resources possessed by Kenya and the potential still to be tapped;
4. Publish special publications highlighting Kenya's historical experience such as Kenya Cabinets since independence;
5. Research and publish books on contributions of different individuals /groups in Kenya;
6. Compile and publish sector-specific books and smaller editions of the yearbook for key sectors such as Agriculture, Tourism, and Health

(b) Key Management Organs

KYEB day-to-day management is under the following key organs:

1. Board of Directors
2. CEO
3. Management

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	Edward Mwasi
2.	Finance & Admin Manager	Marie Goretti Wanyonyi
3.	Editorial Manager	Wainainah Kiganya

(d) Fiduciary Oversight Arrangements

The Board is able to carry out its fiduciary activities through oversight arrangements namely;

1. Full Board
2. Finance
3. Strategy and Publications
4. Human Resource and Administration and
5. Internal Audit

(e) Board Headquarters

P.O. Box 34035-000100
NHIF Building 4th Floor
Ragati Road
Nairobi, KENYA

(f) Board Contacts

Telephone: (254) 2715390
E-mail: info@kenyayearbook.go.ke
Website: www.kenyayearbook.go.ke

(g) Board Banker

Kenya Commercial Bank
Capital Hill Branch
P.O Box 30012 – 00100
NAIROBI
Account No: **1112214119**
: **1198589167**




(h) Independent Auditors




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

(i) Principal Legal Adviser




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



I. THE BOARD OF DIRECTORS

Passport –Size Photo & Name	Designation	Key Profession /Academic Qualification	Date of Birth, Key Qualification and work experience
 <p>Eng. Sammy Tangu</p>	<p>Chairman KYEB</p>	<p>BSC. Civil Engineering University of Nairobi</p>	<p>He was born in 1966. He is a member of the Engineers Board of Kenya (EBK) and a Corporate Member of the Institute of Engineers of Kenya (IEK). Eng. Tangu has worked in government, private and International bodies; gathering experience in administration & technical matters.</p>
 <p>Mr. Edward Mwasi</p>	<p>Acting Chief Executive Officer & substantively the Production Manager</p>	<p>BA (Design). University of Nairobi</p>	<p>A publishing Expert, Edward Mwasi has for over 20 years in Graphic Design and Managed Production. He is currently the Acting Chief Executive Officer of Kenya Yearbook Editorial Board and Production Manager. Previously he worked at Nation Media Group as Chief Graphic Designer and Creative Director of Kenwide Media Advertising Ltd.</p>
 <p>Mr. Browne Kutswa</p>	<p>Ministry of Information, Communications & Technology Director & Chair of Strategy and Publication committee KYEB</p>	<p>M.A., Development Studies, Institute of Social Studies (ISS), Netherlands, Post Graduate Diploma, Mass Communications, University of Nairobi, B.A., Government and Literature, University of Nairobi, Strategic Leadership Development Programme, KIA Government Protocol, Kenya School of Law Induction Course for Administrative Officers, APTC Embakasi,</p>	<p>Mr. Brown is the Communication's Director, Ministry of Devolution and Planning. Deputy Director of Public Communications & Head of the Vice President's Press Service, 2009 – 2013 Principal Information Officer & Head of Vice President's Press Service, 2005 -2008 Chief Information Officer, Presidential Press Service, 2002 -2005 Senior Information Officer, Presidential Press Service, 1997 – 2002 Assistant Secretary, Office of the Attorney General, 1991 Reporter, The Standard Newspaper 1990 -1991</p>




 <p>M/s Caroline Nkirote</p>	<p>Independent Director & Chair of HR Committee KYEB</p>	<p>Nkirote holds masters in arts, (corporate Communication and Bachelor of Arts (Degree in Public Relations and Minor in Marketing) from Daystar university</p>	<p>Caroline Nkirote is current the Director, Kenya Yearbook Editorial Board. She works for KEPSA as Communications & Media Relations Officer, and has worked for Red dot communication solutions as Marketing Assistant.</p>
 <p>Mr. Wilson Kipkazi</p>	<p>Independent Director & Chair of Audit Committee KYEB</p>	<p>Kipkazi holds a BA (Hons) degree in Community Development and Resource Mobilization</p>	<p>Kipkazi is the Director, Kenya Yearbook Editorial Board. He is currently the Chairman of National Council of NGOs Kenya. He has worked as Executive Secretary, Endorois Welfare Council.</p>
 <p>M/s Nemaisa Kiereini</p>	<p>Independent Director & Chair of Finance Committee KYEB</p>	<p>Ms. Kiereini holds Bachelor of Science degree in Information Systems and technology with a concentration in networking from USIU, an MBA in strategic management together with a Public Policy certificate from the Strathmore Business School.</p>	<p>Ms. Nemaisa Kiereini has worked within the BMO sector since 2013. Her key areas of focus have been in advocacy, communications, donor management strategic partnerships and membership development. She is currently an independent consultant in Trade and Investment. Nemaisa's immediate past previous roles include:- Deputy Chief Executive Officer at the Kenya National Chamber of Commerce and Industry, Head of Advocacy and Communication at KEPSA, and she has managed different departments and regions in KEPSA, Telkom Orange, Zain and Celtel Kenya.</p>

**Kenya Yearbook Editorial Board
Reports and Financial Statements
For the year ended June 30, 2017**

 <p>Mr. Peter Mwaura Igogo</p>	<p>Ministry of Interior and Co-ordination of National Government Harambee House NAIROBI</p> <p>Director</p>	<p>Masters of Leadership of management ongoing. Bachelor's degree in Journalism Diploma in journalism: Kenya institute of mass communication. Specialized writing: School of Journalism Diploma in journalism: Indian Institute of Mass Communication – JNU Campus New Delhi. Senior management Seminar Kenya School of Government.</p>	<p>Has over 30 years experience in the public service. 1985-2000: Served as district information officer in Kitui, Meru, Nyeri and Machakos counties. 2000: Public communication officer in the ministries of special programme, Defense and State Department of Interior.</p>
 <p>Mr. Kennedy Buhere</p>	<p>Ministry of Education, State Department Of Basic Education. Jogoo House 'B' NAIROBI</p> <p>Director</p>	<p>Mr. Buhere holds a Masters Degree in Communication Studies and a Bachelor of Arts Degree in Government and Literature from the University of Nairobi. He also holds a Post Graduate Diploma in Journalism and Communications from Kenya Institute of Mass Communications</p>	<p>Mr. Kennedy Buhere is the Assistant Director, Public Communication Ministry of Education, Science and Technology, Kenya</p>
 <p>Mr. Stanslaus Apwokha</p>	<p>Ministry of East African Affairs, Commerce and Tourism, Utalii House NAIROBI</p> <p>Director</p>	<p>Mr. Apwokha holds a Master of Business Administration (MBA), Strategic Management, from Jomo Kenyatta University of Agriculture and Technology And a Bachelor of Arts (B.A.), Sociology and History, Upper Second class (Hons) from the University of Nairobi</p>	<p>Mr. Stanslaus Apwokha has worked as Under Secretary, Ministry of East African, Commerce & Tourism Under Secretary, Ministry of Regional Development District Officer, Office of the President- Kenya</p>

 <p>Mr. Hezekiah Okeyo</p>	<p>Ministry of Industry, Investment and Trade State Department of Industry and Enterprise Development NSSF Building, Block A, 22nd Floor</p> <p>Director</p>	<p>Mr. Okeyo has a Masters in Business Administration (MBA-Strategic Management) from Eastern and Southern African Management Institute (ESAMI), Arusha, Tanzania (2012). MSc (Environmental Science & Technology) at the UNESCO-IHE Delft, The Netherlands (2002). <i>BSc (Chemistry, 2nd Class Honours, Upper Division), University of Nairobi; Kenya (1989).</i></p>	<p>Director of Industries in charge of Vision 2030 Manufacturing Sector delivery at the Ministry of Industrialization and Enterprise Development Member of the Inter-Ministerial Committee on the development of a National Green Economy Strategy and Implementation Plan Project Manager of the DANIDA Business Sector Programme Support (BSPS), 2006-2012. Task Manager/Coordinator for the formulation of Kenya Private Sector Development Strategy (PSDS) and its Project Implementation Plan (PIP) 2007-2011. The Working Committee on Regulatory Reforms for Business Activity in Kenya established and gazette (Kenya gazette Notice No. 7321 of 23rd September 2005) by the Minister for Finance to facilitate the Regulatory Reforms on Business Licensing in Kenya Member of the United Nations Environment Programme (UNEP) Technical Options Committee (TOC) of the Technology & Economic Assessment Panel (TEAP) under the Montreal Protocol on Substances that deplete the ozone layer.</p>
 <p>Richard Gakunya</p>	<p>The National Treasury, Director</p>	<p>Gakunya holds a Master in Economics (1991) from Odessa Institute of National Economy, Ukraine</p>	<p>He has previously worked in the Kenya National Audit Office as an Audit assistant (1983-1986). An Economist in the Ministry of Planning and National Development (1995-2000) and in the Ministry of Finance from 2001 to-date as a Principal Economist) in the Economic Affairs Department.</p>

II. MANAGEMENT TEAM

Passport –Size Photo & Name	Designation	Key Profession / Academic Qualification	Key Qualification and work experience
 Mr. Edward Mwasi	Acting Chief Executive Officer & substantively the Production Manager	Mr. Edward Mwasi holds a Bachelor of Arts (Design) degree from the University of Nairobi.	He is the Production Manager and acting Chief Executive Officer .
 Ms Marie Goretti Wanyonyi	Finance and Administration Manager	CPA Ms Marie G. Wanyonyi holds a Masters degree in Public Administration (MPA) and a Bachelor of Commerce degree (Accounting Option) both from the University of Nairobi and CPA (K). She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).	In charge of Finance and Administration in the organisation.
 Mr. Wainainah Kiganya	Acting Editorial Manager	Continuing student of Masters of Arts degree in Media Management and social media, a Bachelor of Arts degree in Communication, Information Science and Economics from the University of South Africa and a Diploma In Education from Kisii Teachers' College	In charge of Editorial department of KYEB.

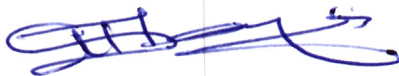
VI. CHAIRMAN'S STATEMENT

Given the ever changing local and international communication space, there has never 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 the Government's recognition of the importance of information and communication in national development, the Board exploited available opportunities to produce publications that provide leadership in Government communications. Our goal is to ensure that the citizens and international community understand and appreciate Government efforts to achieve its goals in making this country a better place.

The Board endeavored to make its contribution in transforming the livelihoods of Kenyans both socially and economically by availing modern and exclusive information to help them maximise emerging opportunities. It's our belief that an informed society is better equipped to take advantage of available opportunities and resources to improve its quality of life. Obviously, our success would not be possible without the support of various state, non-state actors and some individuals to whom we wish to convey our heartfelt gratitude.

To further support the various Government ministries and department's efforts, the Board plans to team up with other ministries and departments in producing comprehensive Sector/County profile publications. The contents of each publication will include the Sector/County profiles, development pillars, strategies and priorities harmonised with the national development goals and highlights of the progress made in implementation. We are also exploring the possibility of assisting other public and private agencies under our customized publishing venture to produce in-house publications at affordable prices and on need basis.

In conclusion I wish to convey special thanks to the Kenya Yearbook Management, fellow Board members and other stakeholders that have worked to sustain the Board's activities over the year. The Board will continue to work more closely with our parent Ministry, Government Ministries and departments and other stakeholders to grow its publications to help in building a more enlightened society.



Eng. Sammy Tangus
Chairman

VII. REPORT OF THE CHIEF EXECUTIVE OFFICER

Dissemination of accurate information on the changing world is necessary to keep society better informed and, therefore, more empowered. It is through RESPONSIBLE PUBLISHING that people are able to make the best decisions about their lives, their communities, their societies, and their governments.

While publishing may seem like a simple matter, it comes with many other responsibilities in obtaining the best and most accurate information, establishing the best presentation style, staying objective while collecting and presenting the information and defeating the temptation of profit-making at the expense of public service.

I'm therefore committed to promoting responsible publishing by illuminating the benefits of ethics and accountability. Consequently, offering multiple perspectives and judicious accounts of societal issues, including social, economic or political trends.

KYEB management commenced the Financial Year (FY) 2016/17 on a positive note, certainly assured of its continued existence as a standalone SAGA. Steered by the new chair and board members, the Board resumed all its operations in pursuit of fulfilling its mandates.

As I present KYEB financial report for the year ended 30th June 2017, I wish to inform all stakeholders that since FY 2014/15 when the Board was earmarked for a merger with other related bodies, revenue allocation was reduced to the bare minimum to only cater for basic personnel emolument and mandatory pension costs. Consequently, the Board's financial performance over the period was greatly constrained and management opted to supplement the limited financial resources by carrying out customized publishing jobs for other Government agencies at mutually negotiated fees.

2016/17 Performance Review

It was a financial period of strong results in the face of challenging global and domestic social, political and economic conditions. However, the Board was able to finalise its annual flagship publication *the Kenya Yearbook* for the periods 2014/15 and 2015/16 up to design and layout stages. The printing and launching will be done in FY 2016/17 when the funds become available. Other completed publications included the Kenya Yearbook Upper and Lower Primary series, which have been vetted by the Kenya Institute of Curriculum Development and approved as useful for primary schools education syllabus to promote the Vision 2030 theme among young Kenyans.

Other publications which were finalized over the period include a sector specific publication on higher education titled *University Education and Career Guide* and a biographic publication titled *Top Achieving Women Yearbook*.

The *University Education and Career Guide* publication looks at courses and delves into the relevance of the university education offered in the East Africa's institutions of higher learning in relation to regional development vis-à-vis the labor market requirements.

Future Outlook

KYEB is geared to partner with Ministries, Departments and other State Agencies and Counties to produce comprehensive sector specific and county profile publications to spur development. The institution's publications will feature development pillars, strategies and priorities harmonised with the national and county goals, financial programmes and achievements. We are optimistic that the publications will provide information that will attract investors to the counties and promote national as well as inter- and intra-county investments.

In conclusion, I present the financial report to all our stakeholders to review, internalize, utilize the information and make their contributions. I wish to thank all those who have worked with us and in particular, the Board of Directors and Management team for their invaluable contribution and cooperation during the year.



Edward Mwasi
Chief Executive Officer

VIII. CORPORATE GOVERNANCE STATEMENT

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.

The Board was guided by the State Corporation Guidelines (Mwongozo) in discharging its mandate.

Board

The members of the board are shown from 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;
- Monitoring the implementation of the Board's mandate;
- Providing strategic direction to the Board by being responsible for the revision and approval of strategic plans;
- Approving the annual budget, procurement plans, performance contract and work plans;
- Ensuring the statutory reports are prepared, approved and audited on time;
- Appointing the Chief Executive Officer and other senior members of staff in line with the laid down regulations;
- Ensure that the appointed senior members of staff are adequately trained.

- Ensure continuous development of all staff members so that 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 CEO, Key management and Heads of departments and ensuring they are meeting the set targets as stipulated in the performance contract ;
- Ensuring that the Board has appropriate risk management, internal control and governance procedures in place in compliance with the statutory requirements;;
- Monitoring the non-financial aspects of its mandate to uphold the right image and character of the Board;
- Ensure mandatory Board and Committee meetings are held as scheduled..

The composition of the Board included twelve (12) members as listed below:

- i. Eng. Sammy Tangus-Chairman
- ii. .Ms Caroline Nkirote
- iii. Mr Wilson Kipkasi
- iv. Ms Nemaisa Kiereini
- v. Mr Mwaura Igogo
- vi. Mr Browne Kutswa
- vii. Mr Hezekiah Okeyo
- viii. Mr Stanslaus Apwokha
- ix. Mr Richard Gakunya
- x. Mr Kennedy Buhere
- xi. Ms Judy Munyinyi
- xii. Edward Mwasi-CEO/Board Secretary

During the period under review, the Board was assisted to carry out its mandate by four committees, as detailed below.

1. Finance Committee

The Finance committee had the oversight role of all financial operations and related issues. It was chaired by a non-executive Director and held six (6) meetings over the period. The composition of the committee included:

- (i) Ms Nemaisa Kiereini-Chairperson
- (ii) Mr Mwaura Igogo
- (iii) Mr Kennedy Buhere

2. Audit Committee

The Audit Committee had the oversight role of risk management, internal control and governance and related issues. It was chaired by a non-executive Director and held four (4) meetings over the period. The composition of the committee included:

- (i) Mr Wilson Kipkasi-Chairman
- (ii) Ms Caroline Nkirote
- (iii) Mr Hezekiah Okeyo
- (iv) Mr Richard Gakunya- Alt. Director -National Treasury representative
- (v) Mr Timothy Mwangi, ex-official member - head of Internal Audit

3. Strategy and Publication Committee

The Strategy and Publication Committee had the oversight role of the strategy, editorial, production and marketing functions and related issues. The Committee provided strategic and marketing direction including the approval of planned work programmes. It was chaired by a non-executive Director and held two (2) meetings over the period. The composition of the committee included:

- (i) Mr Browne Kutswa-Chairman
- (ii) Mr Hezekiah Okeyo
- (iii) Mr Stanslaus Apwokha
- (iv) Mr Kennedy Buhere

4. Human Resources and Administration Committee

The Human Resources and Administration Committee had the oversight role of human resources and administration issues. Among its key functions was providing directions on recruitment, training, welfare administration and disciplinary issues. It was chaired by a non-executive Director and held four (4) meetings over the period. The composition of the committee included:

- (i) Ms Caroline Nkirote-Chairperson
- (ii) Mr Mwaura Igogo
- (iii) Mr Browne Kutswa
- (iv) Ms Judy Munyinyi

The number of meetings held by the Board and the committees during the period 1 July 2016 to 30 June 2017:

Board/Committees	No. of Meetings Held
Board	6
HR & Admin	4
Strategy & Publication	2
Finance	6
Audit	4

Summary Report of attendance in meetings

Names	Board		Committees								Total	
			HR & Admin		Strategy & P.		Finance		Audit			
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Eng. Sammy Tangus	6	6	-	-	-	-	-	-	-	-	6	6
Ms Caroline Nkirete	6	6	4	4	-	-	-	-	4	4	14	14
Mr Wilson Kipkasi	6	5	-	-	-	-	-	-	4	4	10	9
Ms Nemaisha Kiereini	6	5	-	-	-	-	6	5	-	-	12	10
Mr Mwaura Igogo	6	4	4	4	-	-	6	6	-	-	16	14
Mr Browne Kutswa	6	6	4	3	2	2	-	-	-	-	12	11
Mr Hezekiah Okeyo	6	1	-	-	2	1	-	-	4	1	12	3
Mr Stanslaus Apwokha	6	2	-	-	2	2	-	-	-	-	8	4
Mr Richard Gakunya	6	5	-	-	-	-	-	-	4	4	10	9
Mr Kennedy Buhere	6	4	-	-	2	2	6	6	-	-	14	12
Ms Judy Munyinyi	6	1	4	1	-	-	-	-	-	-	10	2

NB/ For the case of Mr. Hezekiah Okeyo having attended the Board once, was informed by the fact that his appointment letter was late. Ms Judy Munyinyi, ICT Ministry representative, after Mr. Browne Kutswa moved from the Devolution Ministry to ITC, stepped down to avoid duplications.

The appointment and removal of directors is made by the President and Cabinet Secretaries as provided in the enabling **legal notice No.187/2007**. The KYEB board charter and manual are still being developed. However during the period under review, the directors were guided by the State Corporation Guidelines (Mwongozo) in discharging their mandate whereby all the directors attended the Mwongozo induction training course and were evaluated in the presence of representatives from the State Corporations Advisory Committee (SCAC).

The Board chairman is paid a taxable monthly honorarium and all the directors receive taxable sitting allowances for meetings attended.

IX. MANAGEMENT DISCUSSION AND ANALYSIS

The Board's operational and financial performance

During the period the Board finalised production of the flagship publication for 2014/15 and continued with the production of the 2015/16 and also 2016/17 edition. Other completed publications included Children's Yearbooks (lower and upper primary series) which have been vetted and approved by the Kenya Institute of Education to become part of primary schools' support publications to promote the vision 2030 theme among young Kenyans. Also, a sector specific publication on higher education titled; university and Career Guide (East African Region) and a biographic publication; Top Achieving Women Yearbooks were completed. The other ongoing publications include the Moi Cabinets series and a sector specific publication on agriculture.

Our publications are aimed to fulfil the Board's mandate as set out in Legal Notice No. 187 of 2007 (The Kenya Yearbook Order, 2007) to document and detail the work of the Government of Kenya in partnership with its people. We highlight initiatives, achievements and challenges faced in all sectors to explain the Government's programme of action to sustain and speed up progress towards the kind of society Kenyans desire. In addition, we are to convey in the yearbooks, the country's immense resources and the potential still to be tapped and communicate our national policy priorities as set out in Kenya Vision 2030.

During the period KYEB signed a two years' contract with the parent Ministry for publishing the weekly Government Newspaper "MyGov". However there has been a general setback caused by delays in the settlement of the MyGov revenue earned from the parent Ministry.

Board's compliance with statutory requirements

The Board is not facing any non-compliance issues relating to statutory obligations.

Key projects and investment decisions the entity is planning / implementing

We have planned to expand our technical staff and modernize the printing equipments to reduce future publishing costs by acquiring a digital printing press. This will enable the Board to take up more publishing jobs for other Government agencies and the Counties' and earn additional revenue to supplement the Government grants. The Board's long-term objective is to grow into a self sustaining institution in terms of human and financial resources.

Major risks facing the entity

1. Operational Risk

- Limited technical capacity due to understaffing as a result of limited budget.
- As a consequent of technical inadequacy, the Board partly relied on external consultants to produce its publications.
- Delay in release of development fund affects the Board's ability to complete its projects in time and meet performance contract targets.

2. Liquidity Risks

The Board has experienced underfunding of its activities since the financial year 2014/15 which resulted in accumulation of current liabilities. However in this period KYEB was able to reduce its current liabilities using the savings earned from customised publications

3. Legal Risks

KYEB by clearing prior periods' accrued liabilities reduced the risk of legal actions being taken against it.

4. Reputation Risks

Our reputation improved during the period 2016/17, as we reported an operating surplus and paid most of the prior years' liabilities.

5. Compliance Risks

The delayed release of the Treasury allocations delays in settlement of MyGov revenue by the parent Ministry affects our ability to meet set timelines for statutory payments and exposed the Board to the risk of incurring KRA penalties. However KYEB is current in the payment of all its statutory obligations.

Material arrears in statutory/financial obligations

KYEB accrued current liabilities relate to 2016/17 pending bills as at 30th June 2017. They are covered the receivable amounts.

The entity's financial probity and serious governance issues

The Board has no cases of financial probity or serious governance issues.

X. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

KYEB's corporate social responsibility policy is to support the disadvantaged/marginalized members of the society by providing them with opportunities to improve their lives.

Customer Service

This is achieved through our flagship and other publications. During the period under review, the Board donated twenty five (25) copies of the *Kenya Yearbook children's series* to Moi Avenue primary School for their library. In addition, the Board also participated in one Regional and one International Book Fair where some of our publications were donated to schools who visited our stand for their libraries.

Environment

KYEB aims to introduce our environment footprint by improving our operations and processes. This we have achieved during the period through going into e-books where we have partnered with local distributors to enable an easier supply chain of our products.

Employee Journey

The Board aims to create a safe and motivating environment for our employees. During the period, we continued developing skills to promote professionalism and employability of our staff members, to enable them achieve the best results as per the Board's mandate. Diversity and inclusion are integral parts of our corporate strategy and vision.

Community Initiatives

KYEB strives to be involved in economic and social value in all areas. By doing this, the Board is able to create awareness of our institution and products by working together with local partners, with the view to creating new business opportunities and support projects that contribute to the welfare of the local communities and future generations.

In this regard the Board participated in the Karen Heart Run that was held in May, 2017 to help collect funds for people in the community with heart ailments.

The board also promotes education of the youth by engaging the trainee students from various TIVET colleges and universities on attachments to avail them an opportunity to apply academic knowledge and acquire necessary practical skills to prepare them for future employment.

Future Outlook

In conclusion, the Board social initiatives are aimed at building trust with key stakeholders, support our long-term talent and diversify our objectives, and expand our future market opportunities.

XI. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017, which show the state of the Board's affairs.

Principal activities

The principal activities of the Board 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

Results

The results for the year ended June 30, 2017 are set out on page 23

Directors

The members of the Board of Directors who served during the year are shown on page 4

Auditors

The Auditor General is responsible for the statutory audit of the Kenya Yearbook Editorial Board in accordance with *Article 229 of the Constitution of Kenya* and the *Public Audit Act 2015* for the year ended June 30, 2017 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


Chief Executive Officer

Nairobi

Date..10th MAY, 2018

XII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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


The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, CAP 446. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2017, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

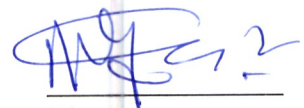
The Board's financial statements were approved by the Board on 28th September, 2017 and signed on its behalf by:



Director



Director



Director

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
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 YEARBOOK EDITORIAL BOARD FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Yearbook Editorial Board set out on pages 22 to 44, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Yearbook Editorial Board as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Legal Notice No. 187 of November 2007.

In addition, as required by Article 229(6) of the Constitution, except for matters described in the Emphasis of Matter and Other Matter sections of my report, based on the procedures performed, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Yearbook Editorial Board 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 opinion.

Emphasis of Matter

Contingent Liabilities

As disclosed in note 31 to the financial statements, three officers of the Kenya Yearbook Editorial Board were interdicted and subsequently terminated from

Report of the Auditor-General on the Financial Statements of Kenya Yearbook Editorial Board for the year ended 30 June 2017

employment on 11 August 2016. One of the employees has since filed a case in a Court claiming compensation for wrongful dismissal. As reported in the previous year, the matter is still pending in court and its outcome in the opinion of the Board, has no significant liability. If the case is ruled in favour of the employee, the Board is likely to suffer financially in the near future.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Emphasis of Matter and Other Matter sections of my report, I have determined that there were no Key Audit Matters to communicate in my report.

Other Matter

Non-compliance with the Constitution and the National Cohesion and Integration Act No. 12 of 2008

A review of the board members' composition revealed that one ethnic community accounts for 40% of the total members. Further, 80% of the board members are of one gender. Therefore, the Board contravened Article 232(1) (h) and (i) of the constitution on the values and principles of the Public Service for the representation of Kenya's diverse communities and section 7 of the National Cohesion and Integration Act, 2008, on discrimination in employment for all public establishments and which should represent the diversity of the people of Kenya and no public establishment shall have more than one third (1/3) of its staff from the same ethnic community. Consequently, the management is in breach of the law.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Board or to cease operations, 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.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. 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 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board'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 Board to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

27 June 2018

VI. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017

		Restated	
		2016-17	2015-2016
		Kshs	Kshs
Revenue from non-exchange transactions	Note		
Government Grants	5	49,150,000	49,898,400
Other receipt from government			
Total Revenue from non-exchange transactions		49,150,000	49,898,400
Revenue from exchange transactions			
Other Income	6	74,913,003	1,545,000
Total other income		74,913,003	1,545,000
Total revenue		124,063,003	51,443,400
Expenses			
Employee costs	7	33,319,873	32,561,491
Board Expenses	8	8,984,130	6,417,214
Depreciation and amortization	9&23	1,558,022	1,914,318
Repairs and maintenance	10	405,882	830,176
Administrative Expenses	11	7,189,041	6,078,865
Advertising/Complimentary Costs	12	808,926	1,296,116
Trade shows	13	411,349	248,266
Finance costs	14	19,936	-
Travelling & Accommodation	15	1,334,180	1,113,500
Publishing and printing	16	30,398,826	9,339,493
Training and Capacity Building	17	1,226,189	1,749,629
Rental costs	18	8,128,716	8,445,366
Total Expenses		93,785,070	69,994,434
Surplus for the period		30,277,932	(18,551,034)


The notes set out on pages 28 to 44 form an integral part of these Financial Statements

**Kenya Yearbook Editorial Board
Reports and Financial Statements
For the year ended June 30, 2017**

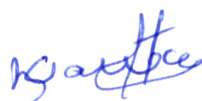
**VI. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

Assets	Note	2016-2017	Restated 2015-2016
		Kshs	Kshs
Current assets			
Cash and cash equivalents	19(a)	1,929,143	3,498,560
Receivables from exchange transactions	20	44,584,214	5,688,899
Inventories	21	6,698,580	6,143,000
Total Current assets		53,211,937	15,330,459
Non-current assets			
Property, plant and equipment	23	7,090,959	8,333,087
Total Property, plant and equipment		7,090,959	8,333,087
Total assets		60,302,896	23,663,546
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	28,741,232	24,667,914
Current Provisions	24(a)	12,864,505	6,077,405
Total Current liabilities		41,605,737	30,745,319
Non-current liabilities			
Non-current provisions	24(b)	446,800	4,945,800
Total Non-current provisions		446,800	4,945,800
Total liabilities		42,052,537	35,691,119
Total Net Assets		18,250,359	(12,027,573)
Accumulated Surplus/deficit	26	7,304,613	(22,973,319)
Capital Fund	28	10,945,746	10,945,746
Total net assets and liabilities		18,250,359	(12,027,573)

The Financial Statements set out on pages 22 to 44 were signed on behalf of the Board of Directors by:


C.E.O
Edward Mwasi

Date: ^{gh} 10 MAY, 2018



Ag. Finance Manager
Susan Naitore
ICPAK Member Number: 19986

Date: ^{gh} 10 MAY, 2018



Chairman of the Board
Eng Sammy Tangus

Date: ^{gh} 10 MAY, 2018

VI. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2017

	Capital Fund	Accumulated Surplus	Total
		Restated	Restated
	Kshs	Kshs	Kshs
Balance as at 30 .06. 2015	10,945,746	(4,422,285)	6,523,461
Surplus for the period	-	(18,551,034)	(18,551,034)
			-
Balance as at 30.06.2016	10,945,746	(22,973,319)	(12,027,573)
Surplus for the period	-	30,277,932	30,277,932
			-
Balance as at 30.06.2017	10,945,746	7,304,613	18,250,359

**Kenya Yearbook Editorial Board
Reports and Financial Statements
For the year ended June 30, 2017**

**VI. STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2016-17	2015-16
		Kshs	Kshs
Net cash flows from operating activities	25	(1,253,522)	1,188,345
INVESTING ACTIVITIES			
Cash flows from investing activities			
Purchase of property, plant and Equipment		(315,895)	(133,000)
Proceeds from sale of property, plant and Equipment			
Net increase/(decrease) in cash and cash equivalents		(1,569,417)	1,055,345
Cash and cash equivalents at 30.06.2016	19	3,498,560	2,443,215
Cash and cash equivalents at 30.06.2017	19	1,929,143	3,498,560

**XVI STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2017**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Government grants -Recurrent	49,150,000	-	49,150,000	49,150,000	-	
Other income	42,092,000	-	42,092,000	74,913,003	32,821,003	
Total income	91,242,000	-	91,242,000	124,063,003	32,821,003	(a)
Recurrent Expenses						
Board of Directors	9,694,400	(644,964)	9,049,436	8,984,130	65,306	
Employee costs	32,595,760	(155,974)	32,439,786	33,319,873	(880,087)	
Marketing & sales	675,000	395,000	1,070,000	985,059	84,941	
Repairs & maintenance	675,065	(265,065)	410,000	405,882	4,118	
Advertising	40,000	110,000	150,000	235,216	(85,216)	(b)
Travelling & accommodation	1,027,479	401,841	1,429,320	1,334,180	95,140	
Training & capacity building	1,503,780	(203,780)	1,300,000	1,226,189	73,811	
Rent paid	8,388,866	-	8,388,866	8,128,716	260,150	
Administrative expenses	5,470,638	2,815,000	8,285,638	7,189,041	1,096,597	
Publishing & printing	30,821,012	(2,927,058)	27,893,954	30,398,826	(2,504,872)	(c)
Finance cost	50,000	-	50,000	19,936	30,064	
Total expenses	90,942,000	(475,000)	90,467,000	92,227,048	(1,760,048)	
Development Expenses						
Development	300,000	475,000	775,000	315,895	459,105	
Total recurrent & Development	91,242,000	-	91,242,000	92,542,943	(1,300,943)	
Surplus for the period				31,520,060		

Budget notes

(a). Increase in the total revenue was as result of customised publications which were undertaken during the year under review and includes the CBK project which was reverted to the FY 2016/17 when the contract was signed and also a contract signed with the parent Ministry for MyGov weekly newspaper publication.

(b).The increase in adverting expenses was because of the advertisement placed for the printing press and also vacant positions.

(c). Increased customised publishing expenses resulted from the increased jobs/projects on customised publications which were undertaken during the period.

XVII NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Yearbook editorial Board is established by Kenya Yearbook orders No. 187 of 2007 and derives its authority and accountability from corporation Act Cap 446. KYEB is wholly owned by the Government of Kenya and is domiciled in Kenya.

The Board's principal activity is to research and publish the most comprehensive Yearbook in Africa.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Board's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

Early adoption of standards

The Board did not early – adopt any new or amended standards in year 2017.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

(i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (continued)

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

b) Budget information

The original budget for FY 2016-2017 was approved by the National Assembly on 8TH June 2016. There were no additional appropriations added to the original budget.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

c) Taxes

Current income tax

According to our enabling the Kenya Yearbook order No. 187 of 2007, the institution is a not for profit entity which was formed for furtherance of provision of information to the public and exempted from income tax. The Board applied for tax exemption during the year of incorporation. However, the exemption certificate has not been issued.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The annual depreciation rates are as follows:

Motor Vehicles	25%
Furniture.....	12.5%
Computers and Software.....	30%
Partitioning.....	12.5%

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

e) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

The receivables from MyGov revenue has been included in the financial statements at the invoiced amount which is according to the accrual basis of accounting.

NOTES TO THE FINANCIAL STATEMENTS (continued)

However upon settlement the amount will be separated into net income and the 16% VAT payable that is following the cash basis of accounting because of the delays by the parent Ministry in the payments and the resultant penalties that would accrue.

f) Impairment of Financial Assets

The Board assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

g) Financial liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit. The Board determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Finished goods and work in progress: cost of direct materials and labour and a proportion of overheads.

Inventories are recognized as an expense when issued as complimentary.

NOTES TO THE FINANCIAL STATEMENTS (continued)

j) Provisions

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

Where the Board expects some or all of a provision to be reimbursed, for example, the accrued leave days the reimbursement has been recognized as a current liability. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

k) Contingent liabilities

The Board does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

l) Nature and purpose of reserves

The Board creates and maintains reserves in terms of specific requirements, in our case the Board maintains a gratuity and pension reserve to settle accrued gratuity and pension when due.

m) Changes in accounting policies and estimates

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

The determination of amount is estimation depends on the probability of the transaction results and the extent that an outflow of resources embodying economic benefits in ordinary course of operations of the Board or service potential will be required to settle the obligation or receive the amount accruing from the transactions.

n) Employee benefits

Retirement benefit plans

KYEB provides retirement benefits for its employees and directors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund

NOTES TO THE FINANCIAL STATEMENTS (continued)

Obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Board also contributes to the statutory National Social security Fund (NSSF). This is a defined contribution scheme registered under National Social Security Act.

o) Related parties

The Board regards a related party as a person or a Board with the ability to exert control individually or jointly, or to exercise significant influence over the Board, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Kenya Commercial Bank at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include cash imprests.

q) Comparative figures

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

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Concerning risk management, the Board is not envisaged to be facing any significant risks of causing a material adjustment to the carrying amounts of its assets and liability within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

The useful lives and residual values of the assets included in the financial statement are determined at the depreciated initial acquisition costs.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

r) 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, 2017.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Transfers from the Government Ministry

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2015-2016
				2016/17	
			KShs	KShs	KShs
Ministry of Information, Communication & Technology, Department of Telecommunication & Broadcasting	49,150,000	-	-	49,150,000	49,898,400
Total	49,150,000	-	-	49,150,000	49,898,400

6. Other income

Description	2016-2017	2015-2016
	KShs	KShs
Sale of publications	283,822	57,800
Customised publications	74,567,981	1,487,200
NITA	61,200	-
Total revenue	74,913,003	1,545,000

7. Employee costs

	2016-2017	2015-2016
	KShs	KShs
Salaries and wages	27,468,137	27,406,967
Employee related costs - contributions to pensions	1,201,975	1,553,524
Employee related costs – contributions to gratuity	4,030,400	3,496,800
Staff welfare	-	104,200
Staff accrued leave days	531,361	
Attachee & Interns	88,000	-
Employee costs	33,319,873	32,561,491

8. Remuneration of Directors

Description	2016-2017	2015-2016
	KShs	KShs
CEO Remuneration	4,320,000	4,320,000
Chairman's Honoraria	1,044,000	716,000
Directors sitting allowance	2,420,000	800,000
Other allowances-travel & accommodation	1,200,130	581,214
Total Remuneration of Directors	8,984,130	6,417,214

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Depreciation and amortization expense

Description	2016-2017	2015-2016
	KShs	KShs
Motor Vehicle	292,800	390,400
Furniture	255,431	266,194
Computers	566,571	751,187
Partitioning	443,220	506,537
Total depreciation and amortization	1,558,022	1,914,318

10. Repairs and maintenance

Description	2016-2017	2015-2016
	KShs	KShs
Motor Vehicles	200,484	388,876
Furniture and fittings	204,815	441,300
Computers and accessories	583	-
Total repairs and maintenance	405,882	830,176

11. Administrative expenses

Restated

Description	2016-2017	2015-2016
	KShs	KShs
Catering services	616,772	509,949
Audit fees	450,000	450,000
Cleaning services	535,808	476,336
Consulting fees	812,000	-
Newspapers	60,960	43,560
Fuel and oil	364,000	359,185
Insurance	3,569,842	3,450,673
Telephone & Postage	243,946	171,627
Office supplies and stationery	535,713	567,768
Bank charges	-	49,767
Total Administrative expenses	7,189,041	6,078,865

12. Advertising/Complementary costs

Description	2016-2017	2015-2016
	KShs	KShs
Complimentary	573,710	1,296,116
Advertising	235,216	-
Total Advertising costs	808,926	1,296,116

13. Trade shows

Description	2016-2017	2015-2016
	KShs	KShs
Branding	-	98,566
Hiring cost	411,349	149,700
Total trade shows	411,349	248,266

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Finance costs

Description	2016-2017	2015-2016
	KShs	KShs
Bank charges	19,936	-
Total Finance costs	19,936	-

15. Travelling & Accommodation costs

Description	2016-2017	2015-2016
	KShs	KShs
Travelling	400,180	394,100
Accommodation	934,000	719,400
Total Travelling & Accommodation costs	1,334,180	1,113,500

16. Publishing & printing costs

Description	2016-2017	2015-2016
	KShs	KShs
Kenya Yearbook writing, Editing & Consultancy	1,475,000	6,762,363
Kenya Yearbook printing	1,140,358	1,494,420
Inter ministry & Govt Agencies publications	27,783,468	1,082,710
Total Publishing & printing costs	30,398,826	9,339,493

17. Training & capacity building costs

Description	2016-2017	2015-2016
	KShs	KShs
Performance Contract	836,790	1,167,067
Professional Subscription and Training	389,399	582,562
Total Training & capacity building costs	1,226,189	1,749,629

18. Rental costs

Description	2016-2017	2015-2016
	KShs	KShs
Premises Rent	7,879,657	6,241,799
Service Charge	142,859	1,423,227
Parking Fee	106,200	780,340
Total Rental costs	8,128,716	8,445,366

19. (a) Cash and cash equivalents

Description	2016-2017	2015-2016
	KShs	KShs
Bank	1,923,781	3,465,155
Petty cash	5,362	33,405
Total cash and cash equivalents	1,929,143	3,498,560

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. (b). Detailed analysis of the cash and cash equivalents

		2016-2017	2015-2016
Financial institution	Account number	KShs	KShs
Current account			
Kenya commercial Bank	1112214119	306,261	3,465,155
Sub- total		306,261	3,465,155
Savings account			
Kenya Commercial bank	1198589167	1,617,520	-
Sub- total		1,617,520	.
Grand total		1,923,781	3,465,155

20. Receivables from exchange transactions

Description	2016-2017	2015-2016
	KShs	KShs
(a) Trade debtors		
Government ministries & departments	40,714,240	
ICTA	-	200,000
KIMC	-	613,450
Bookshops & Others	919,502	810,280
Total	41,633,742	1,623,730
(b) prepayments		
Insurance prepaid	1,007,749	118,799
Internet Domain	9,417	-
Total	1,017,166	118,799
(c) Deposits		
Rent deposit	1,127,636	1,127,636
Total	1,127,636	1,127,636
(d). Others		
Staff debtors	427,535	385,717
Imprest	27,785	-
Receivable for GOK	350,350	2,433,017
Total	805,670	2,818,734
Total Receivables from exchange transactions	44,584,214	5,688,899

21. Inventories

Description	2016-2017	2015-2016
	KShs	KShs
Kenya Yearbook	4,551,000	4,938,000
CD Copies	988,000	995,000
Other publications	1,159,580	210,000
Total	6,698,580	6,143,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Trade & other payables

Restated

Description	2016-2017	2015-2016
	KShs	KShs
Pending bills	25,975,051	24,667,914
Customer advance	2,766,182	-
Total Trade & other payables	28,741,232	24,667,914

23. Property, plant and equipment

	Motor Vehicle	Furniture	Computers & software	Partitioning	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Cost:	25%	12.5%	30%	12.5%	
Balance as at 1/07/2015	6,028,405	4,426,164	14,194,506	8,821,672.00	33,470,747
Addition 2015/16	-	-	133,000	-	133,000
Disposal	-	-	-	-	-
As at 30/6/2016	6,028,405	4,426,164	14,327,506	8,821,672	33,603,747
Depreciation:					-
Balance as at 1/07/2015	4,466,806	2,296,615	11,823,548	4,769,373.00	23,356,342
Charge for the year 2015/16	390,400	266,194	751,187	506,537.38	1,914,318
Disposal					-
As at 30/6/2016	4,857,206	2,562,809	12,574,735	5,275,910	25,270,660
Net Book Value:					-
As at 30/6/2016	<u>1,171,199</u>	<u>1,863,355</u>	<u>1,752,771</u>	<u>3,545,762</u>	<u>8,333,087</u>
Cost:					-
Balance as at 1/07/2016	6,028,405	4,426,164	14,327,506	8,821,672.00	33,603,747
Addition 2016/17		180,095	135,800		315,895
Disposal					-
As at 30/6/2017	6,028,405	4,606,259	14,463,306	8,821,672	33,919,642
Depreciation:					-
Balance as at 1/07/2016	4,857,206	2,562,809	12,574,735	5,275,910	25,270,660
Charge for the year 2016/17	292,800	255,431	566,571	443,220	1,558,022
Disposal					-
As at 30/6/2017	5,150,006	2,818,240	13,141,307	5,719,131	26,828,683
Net Book Value:					
As at 30/6/2017	878,399	1,788,019	1,321,999	3,102,541	7,090,959

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. (a) Current Provisions

Description	Leave provision	Taxes	Payroll liabilities	Pension	Gratuity	Total
	KShs	KShs	Kshs	Kshs	KShs	KShs
Balance at the beginning of the year	-	2,236,457	60,900	584,361	3,195,687	6,077,405
Additional Provisions	531,361	829,448	-	201,327	3,583,600	5,145,736
Provision utilised	-	(719,182)	-	-	(1,991,600)	(2,710,782)
Transfers from non-current provisions	-	-	-	-	4,945,800	4,945,800
Transferred to Non-current provision	-	-	-	-	(446,800)	(446,800)
Adjustment of previous overprovision	-	-	-	-	(146,854)	(146,854)
Total provisions	531,361	2,346,723	60,900	785,688	9,139,833	12,864,505

24.(b) Non-Current Provisions

Description	Gratuity
	KShs
Balance at the beginning of the year	4,945,800
Additional Provisions	446,800
Less: Current portion	(4,945,800)
Total	446,800

25. Cash generated from operations

	2016-17	2015-16
	Kshs.	Kshs.
Surplus for the year before tax	30,277,932	(18,551,034)
Adjusted for:		
Depreciation	1,558,022	1,914,318
Working Capital adjustments	31,835,955	(16,636,716)
Increase/Decrease in inventory	4,073,417	13,685,958
Increase/Decrease in receivables	2,288,100	1,484,900
Increase/Decrease in Provisions	(40,006,574)	1,388,203
Increase in payables	555,580	1,266,000
Increase in payments received in advance	(33,089,477)	17,825,061
Net cash flow from operating activities	(1,253,522)	1,188,345

26. Reserves

	2016-2017	2015-16
	Kshs	Kshs
Balance at the beginning of the year	(22,973,319)	(4,422,285)
Surplus for the year	30,277,932	(18,551,034)
Net cash flow from operating activities	7,304,613	(22,973,319)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. Financial Risk Management

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

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

(i) Credit risk

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

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

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

(ii) Liquidity risk management

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

Financial Risk Management (Continued)

(iii) Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Board on an ongoing basis and evaluate and test the design and effectiveness of its internal accounting and operational controls.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital Risk Management

The objective of the Board's capital risk management is to safeguard the Board's ability to continue as a going concern.

28. Capital fund

The Board's capital structure comprises of the following:

Capital fund	2016-2017(Kshs)	2015-2016(Kshs)
Initial investment from the Ministry	10,945,746	10,945,746
Total funds	10,945,746	10,945,746

29. Related Party Balances

a) Nature of related party relationships

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

The Board is related to

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

b) Related party transactions

	2016/17 Kshs	2015/16 Kshs
Transfers from Parent Ministry	49,150,000	49,898,400
	=====	=====

c) Key management remuneration

	2016/17 Kshs	2015/16 Kshs
i) Board of Directors	8,984,130	6,417,214
ii) Key management compensation	15,948,000	15,864,000
Total	24,932,130	22,281,214
	=====	=====

d) Due from related parties

i) Due from Parent Ministry	31,470,350	2,433,017
ii) Due from CBK & KOTDA	9,243,890	-
iii) Due from ICTA & KIMC	-	813,450
Total	40,714,240	3,246,467
	=====	=====

e) Due to related parties

Due to the parent Ministry	947,824	-
	-----	-----
	947,824	-
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. Capital Commitments

Capital commitments	2016-2017	2015-2016
	Kshs	Kshs
Authorised and contracted for	315,895	133,000
Total	309,000	133,000

31. Events after the reporting period

Contingent liabilities

Claims have been made by one of the three former employee of the Board resulting from termination of employment of 11th August, 2016. However, in the opinion of the Board, no significant liability is to crystallise. Furthermore, this cannot be currently established.

32. Ultimate and Holding Entity

The Board is a State Corporation under the Ministry of Information, communication and Technology. Its ultimate parent is the Government of Kenya.

33. Currency

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

XVIII PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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)
2015-16	Going concern	The Board's going concern status has been reversed in the FY 2016-17 by recognising the internally generated revenue of Ksh 74,913,000 from customised publications	Edward Mwasi-CEO	Resolved	30 th June, 2017.

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Chief Executive Officer

Date 10th MAY, 2018

Chairman of the Board

Date 10th MAY, 2018

**Kenya Yearbook editorial Board
Reports and Financial Statements
For the year ended June 30, 2017**

XIX Appendix1: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Telecommunication and broadcasting				
FY 2016/2017				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		25/08/2016 ✓	12,287,500	2016-17
		7/11/2016 -	12,287,500	2016-17
		2/2/2017	12,287,500	2016-17
		20/4/2017 —	12,287,500	2016-17
		Total	49,150,000	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		08/06/2017	5,500,000	2016-17
		Total	5,500,000	

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

**Ag. Finance Manager
KYEB**

Sign W. K. Njiru

**Head of Accounting Unit
Ministry of ICT**

Sign J. J. Mwangi