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REPORT

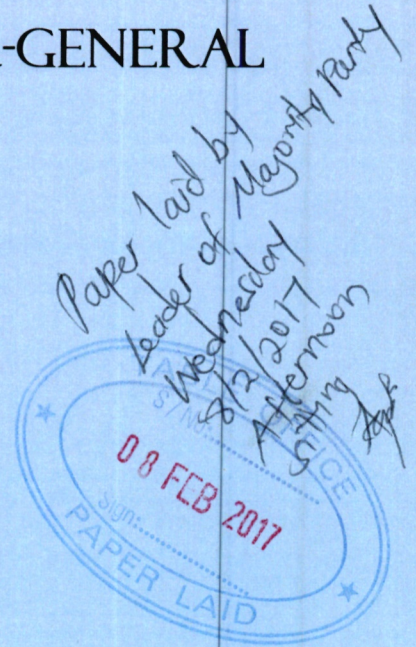
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
KENYA POWER AND LIGHTING  
COMPANY LIMITED - RURAL  
ELECTRIFICATION SCHEME

FOR THE YEAR ENDED  
30 JUNE 2016





**THE KENYA POWER & LIGHTING  
COMPANY LIMITED**

**RURAL ELECTRIFICATION SCHEME**

**ADMINISTRATOR'S REPORT  
AND FINANCIAL STATEMENTS**

**30 JUNE 2016**



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

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THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

FIVE YEARS FINANCIAL AND STATISTICAL INFORMATION

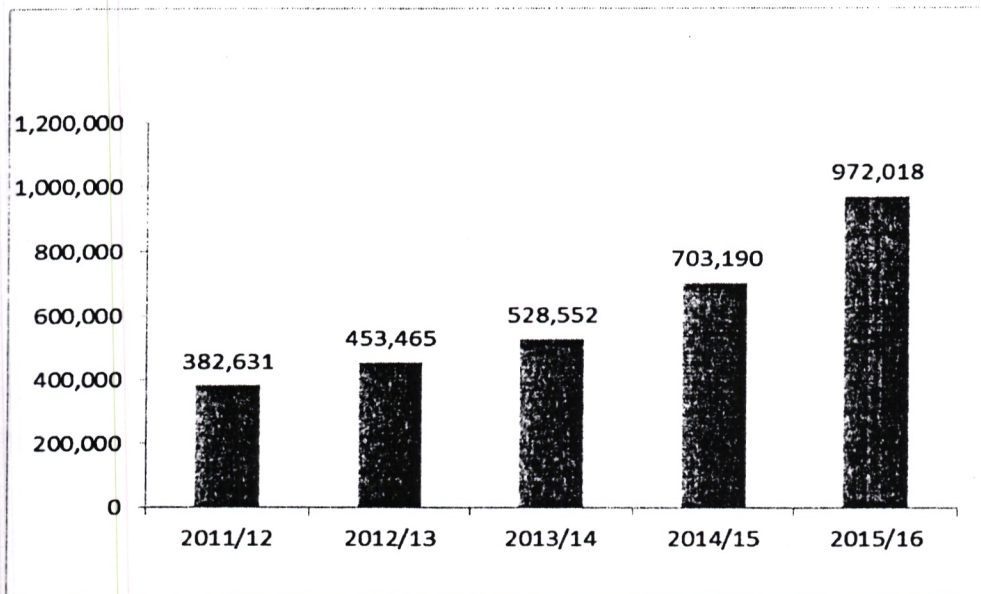
Year	2012	2013	2014	2015	2016
<b>Units sold (GWh) Millions</b>					
National Grid	318	379	421	471	487
Off-Grid Stations		28	33	36	30
<b>Total units sold</b>	<b>341</b>	<b>407</b>	<b>454</b>	<b>507</b>	<b>527</b>
Number of Customers	382,631	453,465	528,552	703,190	972,018
% Increase in customers per year	24%	19%	17%	33%	38%
<b>Summarised financial statements</b>					
	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>	<b>KShs '000</b>
Revenue	6,980,041	7,187,830	8,519,831	10,550,797	10,179,646
Operating expenses	(7,700,842)	(8,538,518)	(10,760,568)	(12,382,942)	(11,918,875)
Deficit for the year	(720,801)	(1,350,688)	(2,240,737)	(1,832,145)	(1,739,229)
<b>CAPITAL EMPLOYED</b>					
Fixed assets net of depreciation	21,095,764	21,234,600	21,456,084	23,356,550	23,278,656
Current assets	3,949,751	5,173,788	3,581,581	1,800,970	2,130,106
	25,045,515	26,408,388	25,037,665	25,157,520	25,408,762
<b>FINANCED BY</b>					
Scheme balances	35,819,459	38,780,459	39,695,193	41,348,793	42,382,016
Accumulated deficit	(11,739,498)	(13,089,186)	(15,329,923)	(17,162,068)	(18,901,297)
Current liabilities	965,554	717,115	672,395	970,795	1,928,043
	25,045,515	26,408,388	25,037,665	25,157,520	25,408,762



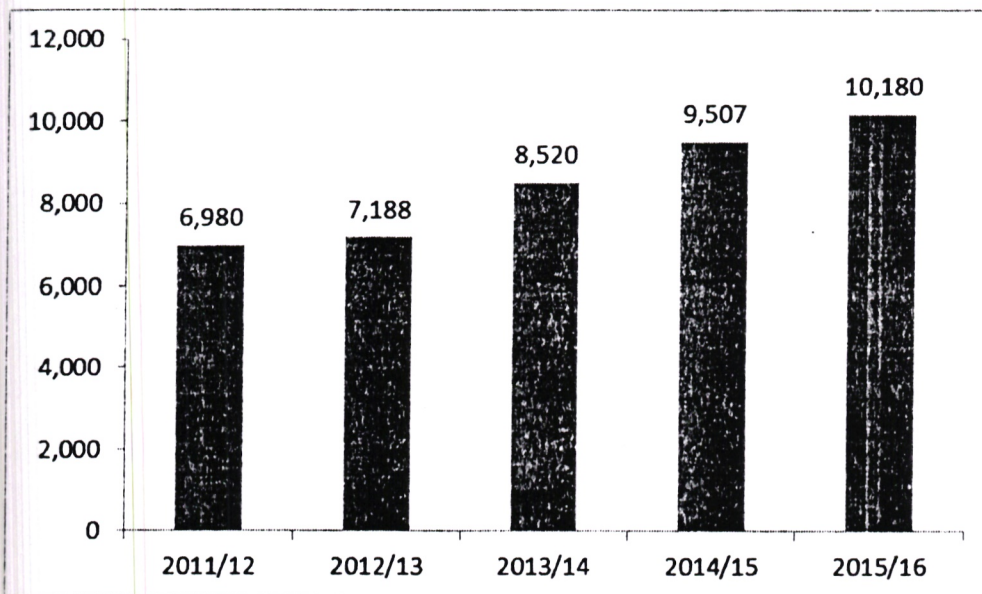
THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

FIVE YEARS FINANCIAL AND STATISTICAL INFORMATION

Customer Base



Revenue Growth In Million (KShs)

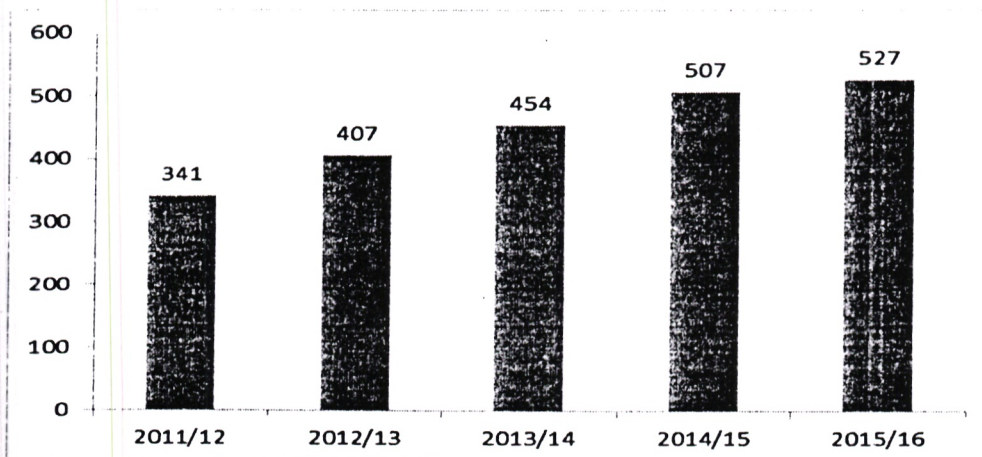




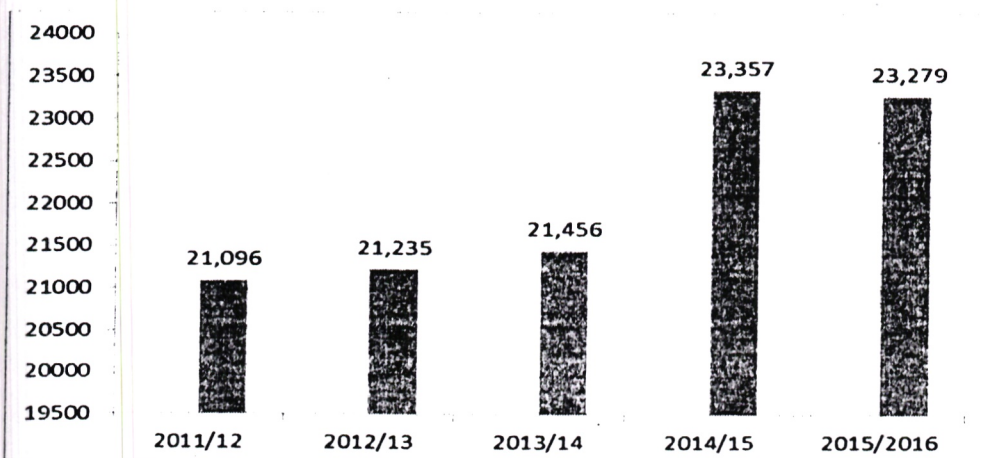
THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

FIVE YEARS FINANCIAL AND STATISTICAL INFORMATION

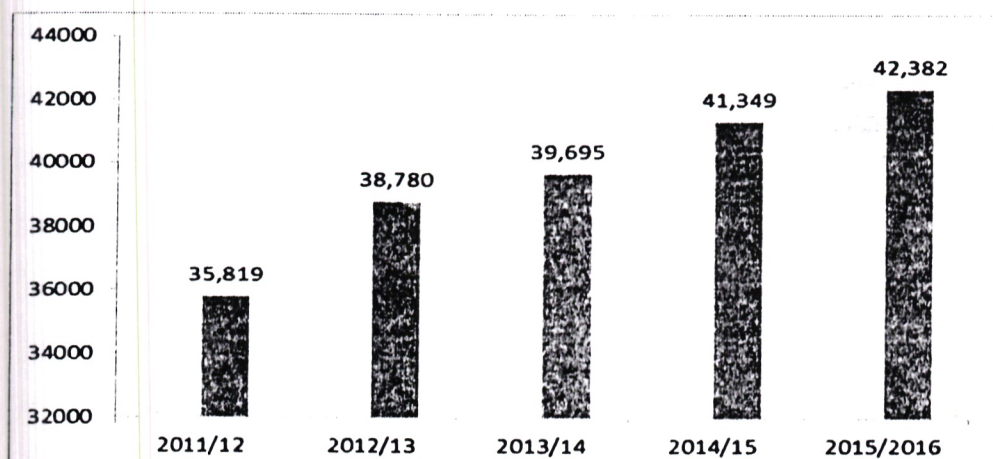
Units Sold in Million (KShs)



Fixed Assets Net of Depreciation in Millions (KShs)



Scheme Balances (Equity) in Million (KShs)





THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

SCHEME INFORMATION

- REGISTERED OFFICE - Stima Plaza  
Kolobot Road  
P.O. Box 30099 - 00100  
Nairobi
- SCHEME ADMINISTRATOR - Principal Secretary  
Ministry of Energy & Petroleum  
Kenya
- SCHEME MANAGERS - Kenya Power & Lighting Company Limited  
Stima Plaza  
Kolobot Road  
P.O. Box 30099 - 00100  
Nairobi
- SCHEME COORDINATOR - Eng. Simon Kamau  
Kenya Power & Lighting Company Limited  
Stima Plaza  
Kolobot Road  
P.O. Box 30099 - 00100  
Nairobi
- PRINCIPAL AUDITOR - The Auditor General  
Anniversary Towers  
P.O Box 30084 - 00100  
Nairobi
- DELEGATED AUDITORS - Deloitte & Touche  
Certified Public Accountants (Kenya)  
Deloitte place, Waiyaki Way, Muthangari  
P O Box 40092 - 00100  
Nairobi



# THE KENYA POWER & LIGHTING COMPANY LIMITED RURAL ELECTRIFICATION SCHEME

## REPORT OF THE SCHEME ADMINISTRATOR

The Scheme Administrator submits his report together with the audited financial statements for the Rural Electrification Scheme ("RES" or "the Scheme") for the year ended 30 June 2016, which indicate the state of the Scheme's affairs.

### BACKGROUND

The Rural Electrification Scheme was established in 1973 by the Government of Kenya following an agreement between the Government and East African Power & Lighting Company (now The Kenya Power & Lighting Company Limited (KPLC)). The Scheme was established with the specific objective of extending electricity to the rural areas.

The above agreement followed a previous agreement between the Government of Kenya and the Government of Sweden whereby Sweden agreed to finance rural electrification in Kenya with the Government of Kenya required to establish a rural electrification fund. The rural electrification fund was to be used to finance investments in new sub-economic rural electrification schemes and the operating losses of such schemes.

Currently, RES is funded by several donors through the Government of Kenya. Any property acquired by RES remains the property of the Government. KPLC only acts as a management agent for schemes financed by the Rural Electrification Fund, on behalf of the Government.

The fund account is maintained by the Principal Secretary in the Ministry of Energy & Petroleum and does not form any part of these financial statements. These financial statements only account for direct government contributions to the Scheme and contributions through KPLC on behalf of the government.

The schemes of RES are generally referred to as sub-economic because their operational and maintenance costs exceed the revenues derived from them. This is because the activities are undertaken in the rural areas where income is low. The government embarks on these activities to further its development plan.

At the outset of the agreement, it was stipulated that once a scheme ceases to be sub-economic, KPLC may, with consent from the Ministry of Energy and Petroleum, acquire the scheme for consideration as specified in the agreement. KPLC has not acquired any scheme to date.

### MANAGEMENT

The Principal Secretary in the Ministry of Energy & Petroleum is charged with the responsibility of overseeing the activities of RES and KPLC has been mandated as the management agent on behalf of the Ministry.

### PRINCIPAL ACTIVITIES

The principal activities of the Scheme continued to be:

- i) Designing and construction of electricity lines from existing public electricity network comprising grid and isolated diesel systems;
- ii) Installation of transformers and switchgears;
- iii) Service distribution to potential customers that include rural trade and production centers, social institutions, rural industries and peripheral domestic settlements.



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

REPORT OF THE SCHEME ADMINISTRATOR (Continued)

SCHEMES IN OPERATION

For management and administrative purposes, the Scheme is organized into counties. The following RES Schemes were in operation as at 30 June 2016:

1. Nairobi County  
Embakasi, Kasarani, Dagoreti
2. Marsabit County  
Marsabit, Moyale
3. Mandera County  
Mandera, Elwak
4. Wajir County  
Wajir, Habasweni
5. Garissa County  
Garissa
6. Kiambu County  
Limuru, Lari, Kikuyu, Kiambaa, Githunguri,  
Chura, Juja, Gatundu
7. Makueni County  
Makueni, Kibwezi, Kilome, Kalamba, Sultan  
Hamud, Mtito Andei
8. Machakos County  
Machakos, Kathiani, Kangundo, Makutano,  
Konza, Changwithya, Yatta
9. Kajiado County  
Kajiado, Ngong, Mashuru, Namanga, Kajiado  
Central, Loitoktok
10. Tana River County  
Hola, Garsen
11. Lamu County  
Lamu, Mpeketoni, Mkowe
12. Kilifi County  
Ganze, Bura Kilifi, Magharini, Bahari, Kaloleni,  
Rabai, Mamburi
13. Mombasa County  
Likoni, Kisauni
14. Kwale County  
Msambweni, Kinango
15. Taita/Taveta County  
Taveta, Wundanyi, Voi
16. Nakuru County  
Naivasha, Rongai, Bahati, Itherero, Kinungi,  
Margishu, Olenguruone, Mangu, Kiamunyi
17. Nyandarua County  
Kinangop, Oljororok, Kipipiri, Olkalau, Ndaragua
18. Narok County  
Narok, Kilgoris, Nairegi-Enkare
19. Samburu County  
Maralal, Baragoi
20. Siaya County  
Sawagongo, Awelo, Boro, Bondo, Ukwala, Gem,  
Ugunja, Ngija
21. Kisumu County  
Nyando, Maseno, Nyakach
22. Homabay County  
Ndhiwa, Mbita, Oyugis, Karachuonyo
23. Migori County  
Migori, Rongo, Kehancha
24. Kisii County  
Bosongo, Ogembo, Irianyi, Marani, Nyamache
25. Nyamira County  
Nyamira, Matutu, Ekerenyo, Manga
26. Bomet County  
Bomet, Buret, Chepalungu
27. Kericho County  
Londiani, Belgut, Sosiot, Kipkelion
28. Bungoma County  
Amagoro, Kapsokwany, Webuye, Kanduyi,  
Kimilili, Malakisi, Sirisia, Kiminini

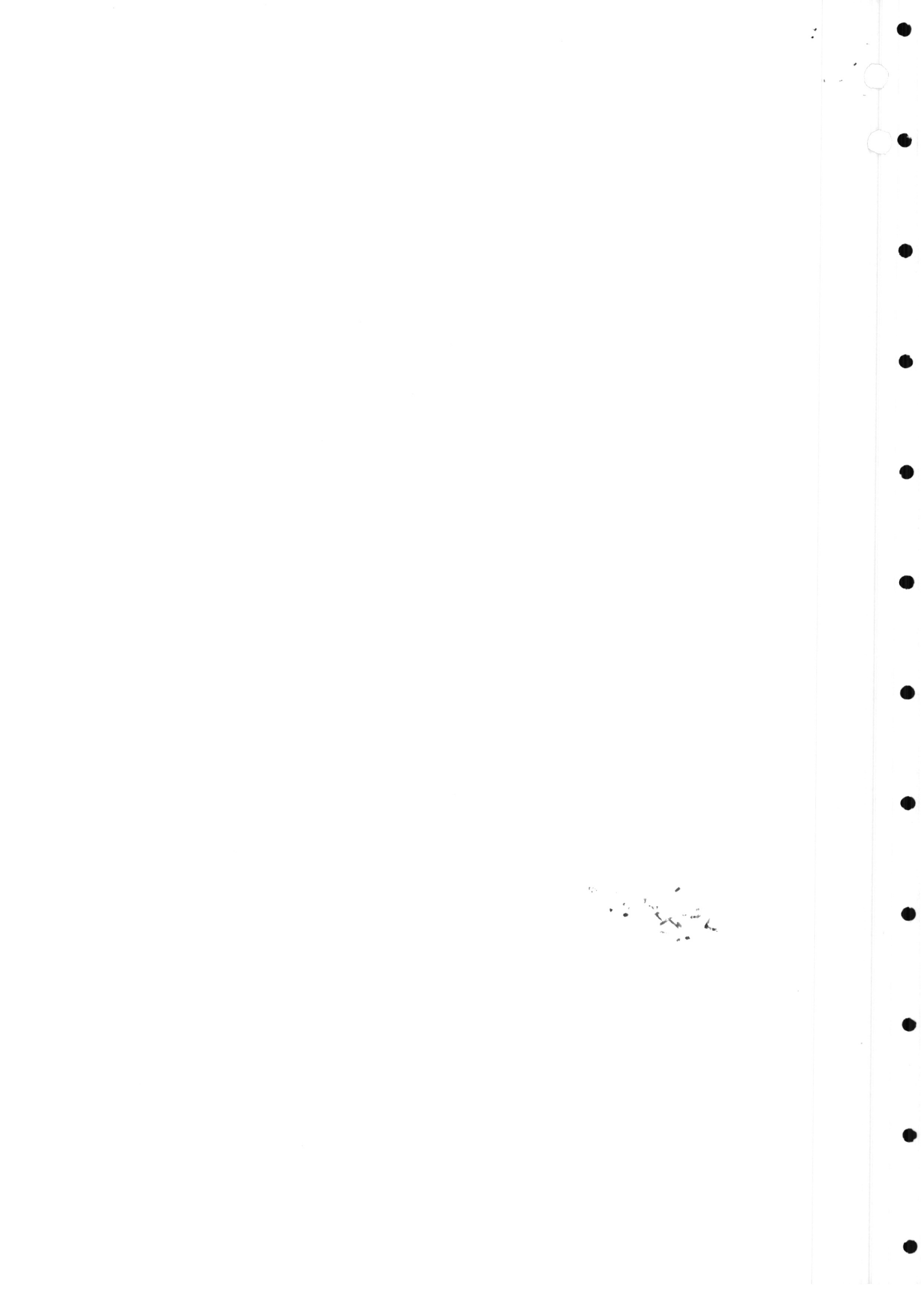


THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

REPORT OF THE SCHEME ADMINISTRATOR (Continued)

SCHEMES IN OPERATION (Continued)

- |   |   |
|---|---|
| 29. Busia County<br>Busia, Nambale, Butula, Bunyala   | 39. Isiolo County<br>Isiolo, Garbartula, Merti  |
| 30. Kakamega County<br>Lurambi, Lugari, Kabras, Shinyalu, Butere,<br>Mumias, Ikolomani  | 40. Laikipia County<br>Marmanet, Rumuruti, Mkongondo  |
| 31. Vihiga County<br>Vihiga, Hamisi, Emuhaya, Lugulu  | 41. Baringo County<br>Eldama Ravine, Tenges, Margat, Kabartonjo,<br>Makutano, Kabarnet, Mogotio |
| 32. Nyeri County<br>Kieni West, Tetu, Othaya, Mathira, Kieni East,<br>Mukurueni   | 42. Elgeyo Marakwet County<br>Kapsowar, Kapkenda, Chepkorio, Tambach,<br>Kaptagat, Iten         |
| 33. Kirinyaga County<br>Ndia, Mwea, Gichugu, Kimunye  | 43. Uasin Gishu County<br>Ainabkoi, Turbo, Soy, Moi's Bridge, Lessos                            |
| 34. Muranga County<br>Makuyu, Kigumo, Kangema, Kiharu, Gatanga,<br>Kandara  | 44. Nandi County<br>Aldai, Mosop, Tinderet, Moiben, Timboroa                                    |
| 35. Kitui County<br>Kitui, Mwingi   | 45. Turkana County<br>Lodwar  |
| 36. Embu County<br>Gachoka, Runyenjes, Karurumo, Siakago, Ishiara   | 46. West Pokot County<br>Kapenguria, Kachiliba  |
| 37. Tharaka-Nithi County<br>Nithi, Tharaka, Materi  | 47. Trans Nzoia County<br>Cherenganyi, Saboti, Kwanza   |
| 38. Meru County<br>Tigania, North Imenti, Central Imenti, Ntonyiri,<br>Timau, South Imenti, Nkubu, Kanyakine, Maua,<br>Igembe |   |



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

REPORT OF THE SCHEME ADMINISTRATOR (Continued)

RESULTS FOR THE YEAR	2016 KShs'000	2015 KShs'000
Deficit for the year	1,739,229 =====	1,832,145 =====

CAPITAL EXPENDITURE

During the year, a total of KShs 986,809,733 (2015 - KShs 2,919,865,000) was spent on capital works. The capital work-in progress as at 30 June 2016 amounted to KShs 1,180,259,843 (2015 - KShs 1,824,918,000).

SCHEME ADMINISTRATOR

Eng. Joseph Njoroge, Principal Secretary, Ministry of Energy & Petroleum is the Scheme Administrator.

SCHEME CO-ORDINATOR

Eng. Simon Kamau is the Scheme Coordinator.

SCOPE OF THE FINANCIAL STATEMENTS

The financial statements only cover the Scheme's operations managed by KPLC. All cash related transactions are handled by KPLC through the intercompany current account. Consequently no statement of cash flows has been prepared under the Scheme's financial statements.

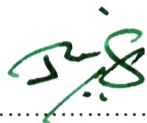
AUDITORS

The Auditor-General is responsible for the statutory audit of the Scheme's books of account in accordance with section 35 of the Public Audit Act, 2015. Section 23(1) of the Act empowers the Auditor-General to appoint other auditors to carry out the audit on his behalf.

Accordingly, Deloitte & Touche were appointed to carry out the audit for the year ended 30 June 2016 and report to the Auditor-General.

By Order of the Scheme Administrator

Principal Secretary, Ministry of Energy & Petroleum



.....  
Nairobi

6<sup>th</sup> December 2016

THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

STATEMENT OF SCHEME ADMINISTRATOR'S RESPONSIBILITIES

It is the responsibility of the Scheme Administrator to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Scheme as at the end of the financial year and of its operating results for that year. However, under the 1973 agreement, this responsibility was delegated to KPLC. This responsibility is based on the recommendations contained in the Mercado's report, the formula of which was adopted by KPLC Board of Directors during its meeting held on 19 August 2010 under minute No. SCS12/10. The Scheme Administrator and KPLC are required to ensure the Scheme keeps proper accounting records, which disclose, with reasonable accuracy at any time, the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme.

The Scheme Administrator and KPLC accept responsibility for the annual 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. The Scheme Administrator and KPLC are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Scheme and of its operating results. The Scheme Administrator and KPLC further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

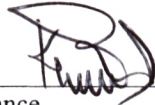
Nothing has come to the attention of the Scheme Administrator and KPLC to indicate that the Scheme will not remain a going concern for at least the next twelve months from the date of this statement.



Principal Secretary,  
Ministry of Energy & Petroleum



Managing Director & CEO,  
Kenya Power & Lighting Company Limited



General Manager, Finance,  
Kenya Power & Lighting Company Limited

6<sup>th</sup> December 2016



# REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA POWER AND LIGHTING COMPANY LIMITED – RURAL ELECTRIFICATION SCHEME FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of Kenya Power and Lighting Company Limited – Rural Electrification Scheme, set out on pages 12 to 26, which comprise the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income and statement of changes in scheme balances for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte and Touché, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

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

Management of Kenya Power and Lighting Company Limited – Rural Electrification Scheme 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 the management determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards 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.

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*Report of the Auditor-General on Financial Statements of Kenya Power and Lighting Company Limited – Rural Electrification Scheme for the year ended 30 June 2016*

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 Scheme'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 qualified audit opinion.

### **Basis for Qualified Opinion**

#### **1. Compliance with law**

As previously reported, included in the trade and other payables balance of Kshs.870,206,000 as at 30 June 2016, are customer capital contributions amount of Kshs.239,761,000 (2015 Kshs.241,460,000), which represent money held by the Scheme relating to contributions received from potential electricity customers or contributions yet to be transferred to Rural Electrification Authority (REA), as per the Ministry policy decision of 2008 on customer's instructions. However, Section 17 of Unclaimed Financial Assets Act, 2011 requires that assets held by a Government department which remain unclaimed for more than one year after becoming payable or distributable is presumed abandoned and should therefore be reported and surrendered to the Unclaimed Financial Assets Authority. The Scheme is therefore in contravention of the law and may be subjected to penalties.

#### **2. Work-in-Progress**

The statements of financial position as at 30 June 2016 under property and equipment balance of Kshs.23,278.656,000 and as disclosed in note 4 to the financial statements includes an amount of Kshs.1,180,260,000 as work-in-progress. Included in the work-in-progress balance, are projects valued at Kshs. 911,243,023 (2015 Kshs.637,035,616) that have taken long to be completed and capitalized, with some of them being over six (6) years. This situation is indicative of significant impairment on some of the properties. Consequently, the overall impairment that should be incorporated in these financial statements could not be quantified.

### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Kenya Power and Lighting Company Limited – Rural Electrification Scheme as at 30 June 2016, and of its financial performance and its cash flows for the

year then ended, in accordance with International Financial Reporting Standards and comply with the Energy Act, 2006.



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

**Nairobi**

**25 January 2017**

THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 KShs'000	2015 KShs'000
REVENUE	9	10,179,646	10,550,797
OPERATING EXPENSES	10	(11,918,875)	(12,382,942)
DEFICIT FOR THE YEAR		(1,739,229)	(1,832,145)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(1,739,229)</u>	<u>(1,832,145)</u>



7.5.2

7.5.1

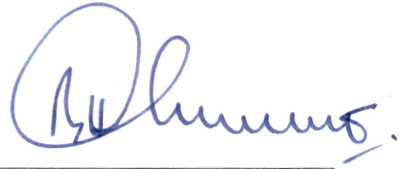
THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME


STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016

	Note	2016 KShs'000	2015 KShs'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	23,278,656	23,356,550
<b>CURRENT ASSETS</b>			
Receivables	5(a)	1,312,508	1,157,368
Due from KPLC	13(c)	817,598	643,602
<b>TOTAL CURRENT ASSETS</b>		<b>2,130,106</b>	<b>1,800,970</b>
<b>TOTAL ASSETS</b>		<b>25,408,762</b>	<b>25,157,520</b>
<b>SCHEME BALANCES AND LIABILITIES</b>			
<b>SCHEME BALANCES</b>			
Government contributions	6	42,382,016	41,348,793
Accumulated recoverable deficit - Government	7(a)	(9,259,607)	(9,259,607)
Accumulated irrecoverable deficit	7(b)	(1,978,019)	(1,978,019)
Accumulated recoverable deficit - KPLC	7(c)	(7,663,671)	(5,924,442)
<b>Accumulated deficit</b>		<b>(18,901,297)</b>	<b>(17,162,068)</b>
<b>Net scheme balances</b>		<b>23,480,719</b>	<b>24,186,725</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	870,206	831,687
Due to KPLC	13(c)	1,057,837	139,108
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,928,043</b>	<b>970,795</b>
<b>TOTAL SCHEME BALANCES AND LIABILITIES</b>		<b>25,408,762</b>	<b>25,157,520</b>

The financial statements on pages 12 to 26 were approved and authorised for issue by the Scheme Administrator on *6<sup>th</sup> December* 2016 and were signed on his behalf by:-

  
Principal Secretary,  
Ministry of Energy & Petroleum

  
Managing Director & CEO,  
Kenya Power & Lighting Company  
Limited

  
General Manager, Finance  
Kenya Power & Lighting  
Company Limited



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

STATEMENT OF CHANGES IN SCHEME BALANCES  
FOR THE YEAR ENDED 30 JUNE 2016

	Government contributions KShs'000	Accumulated deficit KShs'000	Total KShs'000
Balance at 1 July 2014	39,695,193	(15,329,923)	24,365,270
Direct Government contributions*	1,653,600	-	1,653,600
Deficit for the year	-	(1,832,145)	(1,832,145)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	41,348,793	(17,162,068)	24,186,725
	<hr/>	<hr/>	<hr/>
Balance at 1 July 2015	41,348,793	(17,162,068)	24,186,725
Direct Government contributions*	1,033,223	-	1,033,223
Deficit for the year	-	(1,739,229)	(1,739,229)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2016	42,382,016	(18,901,297)	23,480,719
	<hr/>	<hr/>	<hr/>

\*Direct Government contributions comprise the amount of funds that came directly from the Government to fund the Scheme's activities in the year.



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Rural Electrification Scheme (RES) was established in 1973 by the Government of Kenya following an agreement between the Government and East African Power & Lighting Company (now Kenya Power & Lighting Company Limited (KPLC)). The Scheme was established with the specific objective of extending electricity to the rural areas.

The address of the Scheme's registered office is as follows:

Stima Plaza  
Kolobot Road, Parklands  
P.O. BOX 30099-00100, Nairobi.

2 ACCOUNTING POLICIES

(a) **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) **Adoption of new and revised International Financial Reporting Standards (IFRSs)**

*i) New standards and amendments to published standards effective for the year ended 30 June 2016*

Various standards, interpretations and amendments became effective in the year under review. The Scheme Administrator has evaluated the impact of these new standards and interpretations and none of them had a significant impact on the Scheme's financial statements.

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016.*

At the date of authorisation of these financial statements, various revised standards and interpretations were in issue but not yet effective. The Scheme Administrator anticipates that the adoption of these standards, interpretations and amendments when effective, will have no material impact on the financial statements of the Scheme.

*iii) Early adoption of standards*

The scheme did not early-adopt any new or amended standards in 2016.

**Basis of preparation**

The financial statements are prepared under the historical cost basis of accounting. The principal accounting policies adopted in the preparation of these financial statements remain unchanged from previous year and are as set out below:



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS

2 ACCOUNTING POLICIES (Continued)

**Summary of significant accounting policies**

**Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Scheme and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must be met before revenue is recognised:-

(i) Electricity sales

Electricity revenue is recognised when electricity is consumed by the user and is stated net of Value Added Tax and other Government levies.

(ii) Fuel cost revenue

The Scheme has no direct fuel costs because costs are based on an allocation formula with KPLC. Fuel cost recoveries are recognised as the actual amounts billed to customers to recover fuel costs.

(iii) Foreign exchange recoveries

Foreign exchange payments, arising from exchange rate differences not factored in the retail tariffs, are recognized and charged to power consumers to recover the fluctuations in the foreign exchange rates.

(iv) Recoveries from KPLC

The electricity tariff rates billed to KPLC customers include a portion of revenue that goes towards funding the Scheme's activities. This is normally collected from KPLC customers and remitted to the Scheme.

**Basis of expenditure recognition**

The Scheme's expenses are computed as a percentage of KPLC costs based on the provisions contained in the 1973 agreement between KPLC and the Government of Kenya and the Mercados report of 2008.

The main expenditure categories are:

Commercial expenses – This expenditure class varies with the number of meters installed to the Scheme's customers. The expense is calculated as a proportion of RES metered customers to total number of metered customers countrywide.

Distribution expenses – This expenditure class varies with the value of distribution lines in the areas covered by the Scheme. The expense is calculated based on 2% and 4% of the total high voltage and low voltage assets, respectively, in the books of the Scheme and Rural Electrification Authority at the close of the financial year.

Power purchase expenses – These comprise the actual costs of the isolated power stations operated by the Scheme. In addition, KPLC power purchase costs are apportioned to the Scheme based on units purchased by the Scheme's customers.



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 ACCOUNTING POLICIES (Continued)

**Summary of significant accounting policies (Continued)**

**Government funding**

Currently, the Scheme is funded by several donors through the Government of Kenya. Any property acquired by the Scheme remains the property of the Government. KPLC only acts as a management agent on behalf of the Government. Movements in the Government contributions account are accounted for in the statement of changes in Scheme balances. Contributions are accounted for on a receipts basis, either in cash or kind, where contributions in kind relate to capital costs contributed directly to the Scheme by a sponsor.

**Property and equipment**

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss. Gains and losses on disposals are determined by comparing disposal proceeds with the carrying amount of the asset and are included in the operating surplus or loss.

**Depreciation**

Freehold land is not depreciated. Depreciation on other assets is calculated in accordance with the requirements of the Electric Power Act which provides for the write down of the cost of property and equipment to residual values by equal annual installments over their expected useful lives.

The annual depreciation rates are as follows:

Freehold land	Not depreciated
Buildings	The greater of 2% and the unexpired period of the lease.
Distribution lines	2.5 – 20%
Furniture, equipment and fittings	6.66 – 20%
Computer equipment	30%

**Capital work in progress**

Capital work-in-progress is included under property and equipment and comprises costs incurred on ongoing capital works. These costs include material, transport and labour costs incurred.

**Foreign currencies**

The financial statements are presented in Kenya shillings, which is the Scheme's functional and presentation currency. Transactions in foreign currencies are initially recognized at amounts arrived at using the functional currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the rate of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in the surplus or deficit for the year.

**Capital contributions by customers**

These represent money held by the Scheme relating to contributions received from potential electricity customers prior to 2003. In 2008, the Government transferred the responsibility of collecting capital contributions from the Scheme to the Rural Electrification Authority (REA). Therefore the capital contributions amounts included in the trade and other payables in the statement of financial position relate to unclaimed contributions or contributions yet to be transferred to REA under the customers' instructions.



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 ACCOUNTING POLICIES (Continued)

**Financial instruments**

Financial assets and liabilities are recognized on the Scheme's statement of financial position when the Scheme becomes a party to the contractual provisions of the instrument.

*Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Objective evidence of impairment of the receivables exists when there is a significant financial difficulty of the counterparty or when there is a default or delinquency in the interest or principal payments.

Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of profit or loss and other comprehensive income when there is objective evidence that the receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

*Trade payables*

Trade payables are stated at their nominal value

**Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Scheme's accounting policies, which are described in note 2 above, the Scheme Administrator is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the periods of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Scheme's accounting policies, the Scheme Administrator has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

*Revenue recognition*

Electricity revenue includes an assessment of electricity supplied to customers between the date of the last meter reading and the year end. The electricity sales revenue for this period is estimated using historical consumption patterns taking into account the total electricity usage by the customer.

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY  
(Continued)

**Key sources of estimation uncertainty (Continued)**

*Property and equipment*

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

*Impairment of assets*

Property and equipment are assessed for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

*Provision for doubtful debts*

The estimated provision for doubtful debts is based on the period over which the debt has been outstanding combined with some knowledge of the financial position of the debtor and/or the circumstances surrounding the underlying transaction. This policy is designed to ensure that the Scheme regularly evaluates debts and their recoverability, maintains timely and appropriate provisions account in order to accurately reflect the condition of the statement of financial position. It is also intended to promote well-reasoned, effective work plans for non-performing debts and effective internal controls to manage the level of such debts. Provisions for impairment are maintained at an amount adequate to cover anticipated credit related losses.

Specific provisions are established where full recovery of the principal is considered doubtful. Specific provisions are made against finalised customer accounts net of deposits. Provisions are determined primarily by reference to historical ratios of write offs to balances in default. General (portfolio) provisions for bad and doubtful debts are maintained to cover non identified probable losses and latent risks inherent in the overall debt portfolio. The provisions are determined having regard to the general risk profile of the credit portfolio, historical loss experience, economic conditions and a range of other criteria including status of the pending court cases.



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 PROPERTY AND EQUIPMENT

	Land and buildings KShs'000	Distribution lines KShs'000	Furniture equipment and others KShs'000	Work in progress KShs'000	Total KShs'000
<b>COST</b>					
At 1 July 2014	52,581	25,598,368	487,313	1,238,903	27,377,165
Additions	-	-	-	2,919,865	2,919,865
Transfer from work in progress	-	2,333,850	-	(2,333,850)	-
At 30 June 2015	52,581	27,932,218	487,313	1,824,918	30,297,030
At 1 July 2015	52,581	27,932,218	487,313	1,824,918	30,297,030
Additions				986,810	986,810
Transfer from work in progress	-	1,629,300	2,168	(1,631,468)	-
At 30 June 2016	52,581	29,561,518	489,481	1,180,260	31,283,840
<b>DEPRECIATION</b>					
At 1 July 2014	44,230	5,570,722	306,129	-	5,921,081
Charge for the year	436	996,236	22,727	-	1,019,399
At 30 June 2015	44,666	6,566,958	328,856	-	6,940,480
At 1 July 2015	44,666	6,566,958	328,856	-	6,940,480
Charge for the year	428	1,041,510	22,766	-	1,064,704
At 30 June 2016	45,094	7,608,468	351,622	-	8,005,184
<b>NET BOOK VALUE</b>					
At 30 June 2016	7,487	21,953,050	137,859	1,180,260	23,278,656
At 30 June 2015	7,915	21,365,260	158,457	1,824,918	23,356,550



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5(a) RECEIVABLES	2016 KShs'000	2015 KShs'000
Electricity customers - gross	2,005,158	1,614,050
Unallocated deposits	-	170,541
Provision for bad and doubtful debts (5(b))	(692,650)	(627,223)
	<u>1,312,508</u>	<u>1,157,368</u>

5(b) PROVISIONS FOR IMPAIRED TRADE RECEIVABLES

As at 30 June 2016, trade receivables amounting to KShs 65,427,000 (2015- KShs 627,223,000) were fully impaired and provided for. Movements in the provisions for impairment of receivables were as follows:

	2016 KShs'000	2015 KShs'000
At 1 July	(627,223)	(412,641)
Increase in provisions	(65,427)	(256,323)
Bad debts written off	-	41,741
	<u>(692,650)</u>	<u>(627,223)</u>
At 30 June	<u>(692,650)</u>	<u>(627,223)</u>

6 GOVERNMENT CONTRIBUTIONS - CUMULATIVE

Interest on CIDA transmission lines loan	470,900	470,900
Direct Government contributions	33,755,997	33,755,997
Token capital contributions	128,282	128,282
Interest on Finnish loan	31,396	31,396
Finnish materials grant	269,808	269,808
Danish materials grant	155,306	155,306
SIDA material grant	66,838	66,838
Norwegian material grant	25,733	25,733
Canadian material grant	13,352	13,352
CIDA Kipevu Rehabilitation	68,000	68,000
NCCCK Project IV	34,975	34,975
Overseas Development Agency	48,335	48,335
Stabex development funds	266,893	266,893
Spanish credit programme	3,269,502	3,269,502
KPLC 2% contribution	1,901,057	1,901,057
French credit programme	842,419	842,419
Government Contribution- Last Mile	1,033,223	-
	<u>42,382,016</u>	<u>41,348,793</u>



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 GOVERNMENT CONTRIBUTIONS (Continued)

Government contributions comprise the funds either in cash or in materials that the Government releases to the Scheme to fund the rural electrification programme. Contributions to the Scheme are not regarded as revenue since the Scheme is a program of the Government and hence the Government invests its own resources to fund the rural electrification activities. Contributions are accounted for on a receipt basis, either in cash or kind, where contributions in kind relate to capital costs contributed directly to the Scheme by a sponsor. These are accounted for through Scheme balances.

7 SCHEME BALANCES

(a) Recoverable deficit – Government

All expenditure net of revenue is recoverable from the Government of Kenya. Under the previous cost recovery formula prior to 30<sup>th</sup> June 2008, all costs apart from accumulated depreciation were recoverable from the Government of Kenya.

(b) Irrecoverable deficit

This comprises depreciation charged on the Scheme assets through 30 June 2008, and is only recoverable when the respective asset is disposed of. The amount relates to accumulated depreciation up to 30<sup>th</sup> June 2008 before the Mercados calculated costs formula came into effect.

(b) Recoverable deficit – KPLC

All expenditure net of revenue is recoverable from adjustable revenue tariff charges to KPLC customers. Under the Mercados calculated costs formula, effective 1st July 2008, all costs are recoverable. The deficit relates to the accumulated deficit from 1st July 2008 to date.

8 TRADE AND OTHER PAYABLES	2016 KShs'000	2015 KShs'000
Customer deposits	282,314	347,469
Bills paid in advance	345,531	240,482
Customer capital contributions	239,761	241,460
Audit fees	2,600	2,276
	<u>870,206</u>	<u>831,687</u>
	<u><u>870,206</u></u>	<u><u>831,687</u></u>
9 REVENUE		
Electricity sales	6,406,537	6,291,198
Fuel costs revenue	1,293,463	1,703,223
Foreign exchange recoveries	579,340	154,068
Recoveries from KPLC*	1,267,300	1,358,079
Systems losses subsidy**	633,006	1,044,229
	<u>10,179,646</u>	<u>10,550,797</u>
	<u><u>10,179,646</u></u>	<u><u>10,550,797</u></u>

\*Included in the electricity tariff to KPLC customers is an amount that goes towards funding the Scheme activities. This amount represents collections from KPLC customers.

\*\* The Scheme received KShs 633,005,901 from the Ministry of Energy in the financial year ending 30 June 2016 towards compensation for system losses.



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016 KShs'000	2015 KShs'000
10 OPERATING EXPENSES		
Power purchase	5,462,527	6,734,873
Commercial	3,374,505	2,703,009
Distribution	1,949,112	1,667,062
Depreciation	1,064,704	1,019,399
Bad debt provision increase	65,427	256,323
Audit fees	2,600	2,276
	<u>11,918,875</u>	<u>12,382,942</u>

11 TAXATION

The Scheme is exempt from taxation on all its income for the purposes of these financial statements since the Scheme plus other schemes under the Ministry of Energy & Petroleum are consolidated and reported as one consolidated Scheme.

	2016 KShs'000	2015 KShs'000
12 CAPITAL COMMITMENTS		
Net capital commitments on the various incomplete schemes	<u>3,037,503</u>	<u>497,290</u>

13 RELATED PARTY DISCLOSURES

The Rural Electrification Scheme is a program within the Ministry of Energy & Petroleum. The Scheme was established in 1973 by the Government of Kenya following an agreement between the Government and East Africa Power & lighting Scheme (now The Kenya Power & Lighting Company Limited).

During the year, the following transactions were carried out with related parties:-

- (a) The Scheme had no individually significant transactions carried out on non-market terms
- (b) Other transactions that are collectively significant are detailed as follows:-

	2016 KShs'000	2015 KShs'000
Government of Kenya: – Contributions	1,033,223	1,653,600
– System losses subsidy	633,006	1,044,229
	<u>1,666,229</u>	<u>2,697,829</u>
KPLC: - Cost allocations	10,786,144	11,338,713
- Revenue and recoveries from KPLC	9,546,640	9,506,568
	<u>20,332,784</u>	<u>20,845,281</u>

An amount of KShs 466,776,899 for 2015/2016 financial year was received by KPLC from the Government of Kenya on 4<sup>th</sup> July 2016 on account of last mile connectivity costs.



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 RELATED PARTY DISCLOSURES (Continued)

(c) Outstanding balances with Kenya Power & Lighting Company Limited:

**Due from KPLC**

	2016 KShs'000	2015 KShs'000
KPLC intercompany	-	643,602
KPLC current account – Last Mile	817,598	-
	<u>817,598</u>	<u>643,602</u>

**Due to KPLC**

KPLC current account	759,429	139,108
KPLC current account – Rural Electrification Authority (REA)	60,293	-
KPLC intercompany	238,115	-
	<u>1,057,837</u>	<u>139,108</u>

The due from KPLC balance represents the amount received by KPLC for execution of the Schemes activities. The due to balance represents amounts owed to KPLC on account of the Scheme's activities executed on its behalf.

An amount of KShs 1,298,920,000 for 2015/2016 financial year was received by KPLC from the Government of Kenya on 4<sup>th</sup> July 2016 on account of Rural Electrification capital costs.

14 FINANCIAL RISK & SCHEME MANAGEMENT

The Scheme's activities expose it to a variety of financial risks; liquidity, market and operational risks.

The Scheme's principal financial instruments comprise receivables and payables. These instruments arise directly from its operations. The Scheme does not enter into derivative transactions. The Scheme Administrator has overall responsibility for the establishment and oversight of the Schemes' risk management framework.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

(ii) Interest rate risk

Interest rate is the risk that the future cash flows of financial instruments will fluctuate because of changes in the market interest rates. The Scheme is not exposed to interest rate risks as it has no borrowings or cash and cash equivalents.

(iii) Foreign currency exchange risk

Foreign exchange risk arises from recognized financial assets and liabilities. The Scheme operates wholly within Kenya and its assets and liabilities are denominated in Kenya shillings. The Scheme has limited transactions in foreign currency. The Scheme Administrator believes there is minimal risk of significant losses due to exchange rate fluctuations.



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 FINANCIAL RISK & SCHEME MANAGEMENT (Continued)

(iv) Credit risk

The Scheme has exposure to credit risk which is the risk that a counter party will be unable to pay amounts in full when they fall due. Credit risk arises mainly from trade receivables. The exposure to credit risk is monitored on an ongoing basis to ensure that the Scheme's exposure to bad debts is minimised.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is analysed as follows:-

	Fully performing KShs '000	Past due but not impaired KShs '000	Impaired KShs '000	Total KShs '000
<b>At 30 June 2016</b>				
Trade receivables	1,312,508	-	692,650	2,005,158
Less impairment allowance	-	-	(692,650)	(692,650)
	<u>1,312,508</u>	<u>-</u>	<u>(692,650)</u>	<u>(692,650)</u>
	<u>1,312,508</u>	<u>-</u>	<u>-</u>	<u>1,312,508</u>
<b>At 30 June 2015</b>				
Trade receivables	986,827	-	627,223	1,614,050
Less impairment allowance	-	-	(627,223)	(627,223)
	<u>986,827</u>	<u>-</u>	<u>(627,223)</u>	<u>(627,223)</u>
	<u>986,827</u>	<u>-</u>	<u>-</u>	<u>986,827</u>

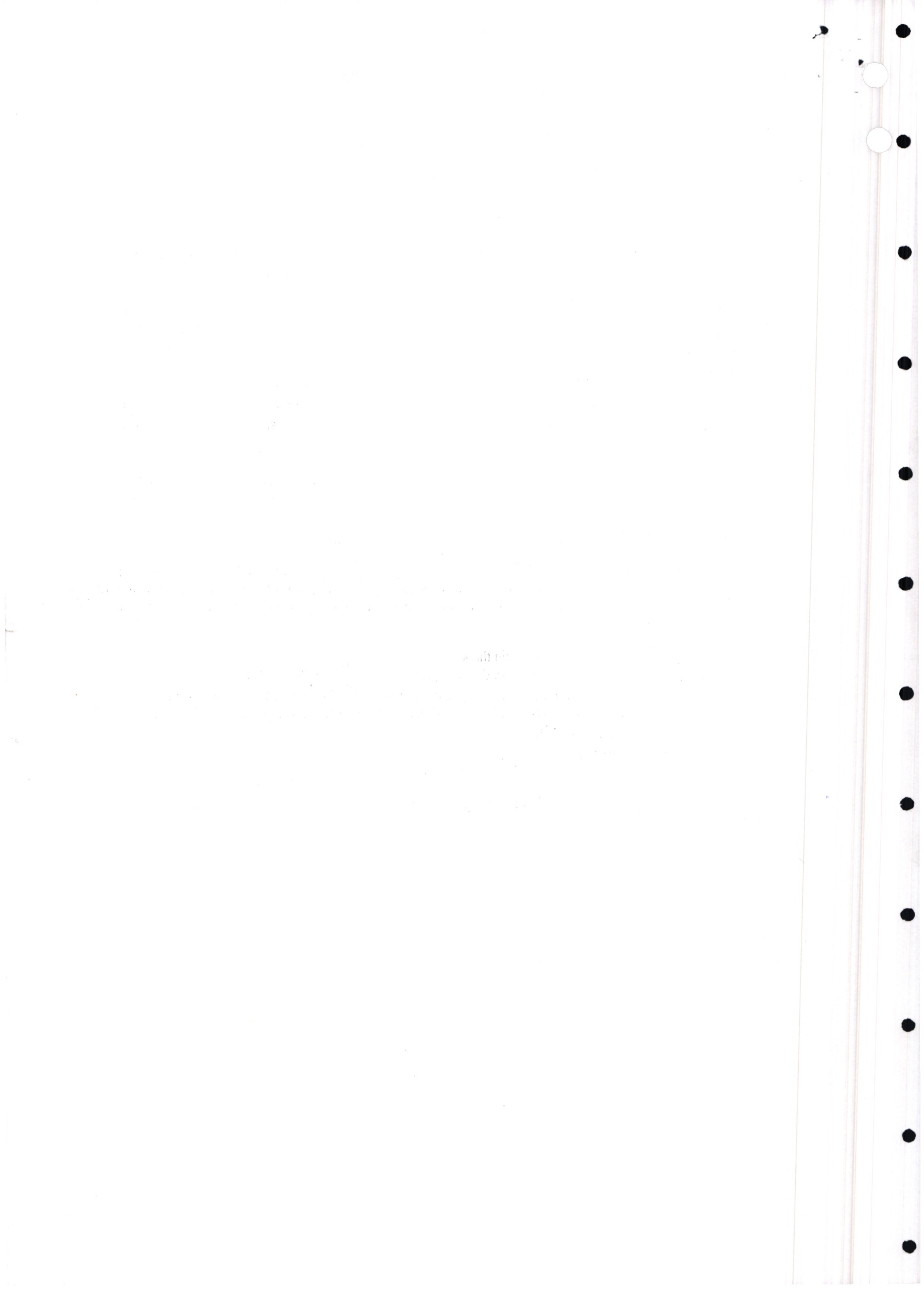
The impaired balances are fully provided for.

The customers under the fully performing categories are paying their debts as they fall due. Past due amounts are those beyond the established credit period. Past due receivable balances continue to be serviced even though this is not done on contractual dates and the Scheme through KPLC (the managing agent) follows up these receivables. There were no past due but not impaired amounts as at 30 June 2016 (2015: KShs nil).

The fair value of the collateral held by the Scheme as security and other credit enhancements amounted to KShs 282,314,000 (2015: KShs 347,469,000).

(v) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation. The Scheme is fully funded by the Government and donor agencies and therefore faces minimal liquidity exposure.



THE KENYA POWER & LIGHTING COMPANY LIMITED  
RURAL ELECTRIFICATION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 FINANCIAL RISK & SCHEME MANAGEMENT (Continued)

(v) Liquidity risk (Continued)

The table below summarises the maturity profiles of the Scheme's financial liabilities based on the remaining period using 30 June 2016 as the base period to the contractual maturity date:-

	2016 KShs '000 On demand	2015 KShs '000 On demand
<b>Trade payables</b>		
Customer deposits	282,314	347,469
Bills paid in advance	345,531	240,482
Customer capital contributions	239,761	241,460
	<hr/>	<hr/>
	867,606	829,411
	<hr/> <hr/>	<hr/> <hr/>

(vi) Fund management

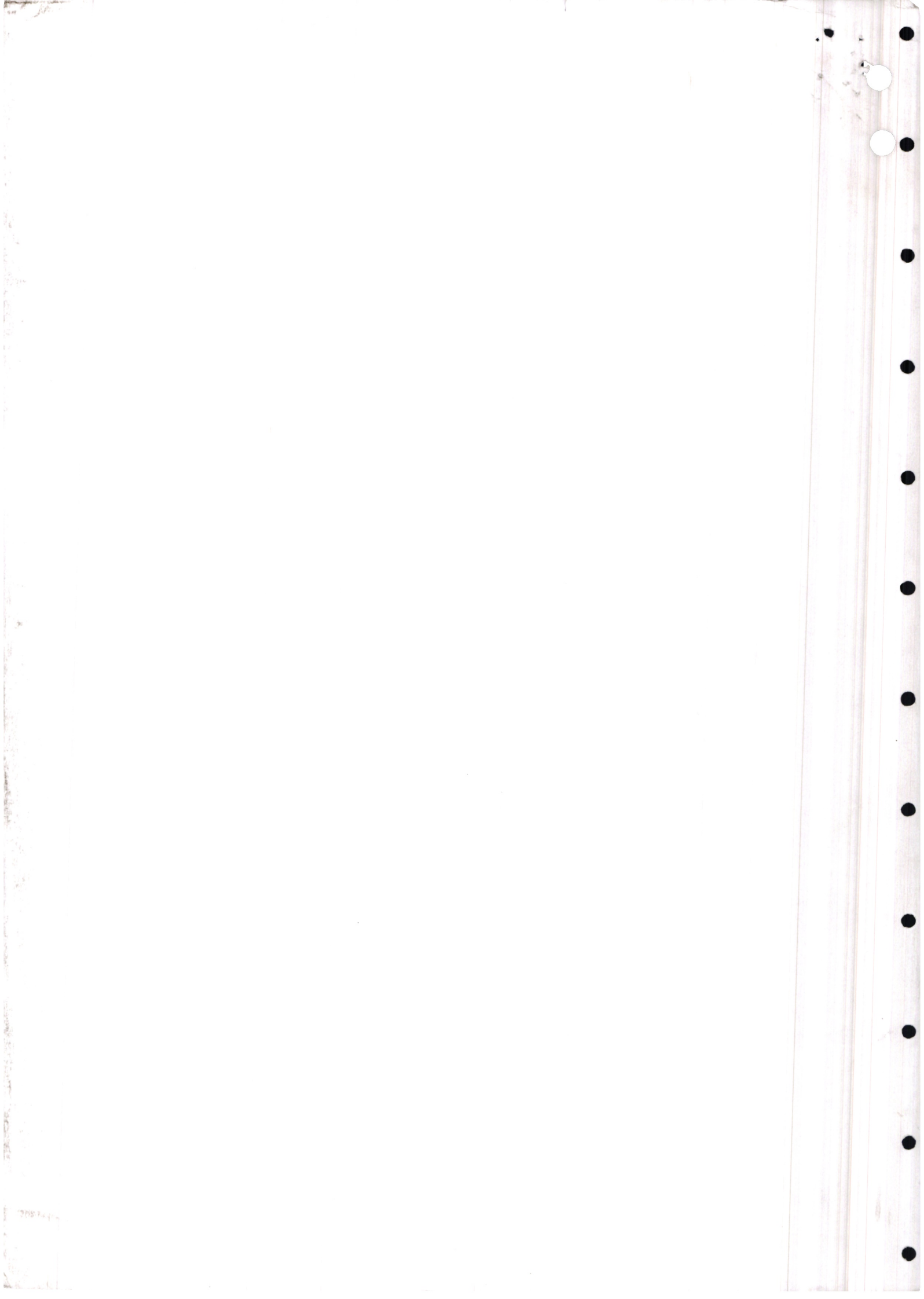
The primary objective of the Scheme's fund management is to ensure that it is able to implement projects as they are projected and in line with the Government policy on rural electrification. To achieve this, the Scheme's Administrator ensures that all costs allocation is done as per Mercados report. Any excess losses are recovered from the Government.

15 INCORPORATION

The Rural Electrification Scheme is a program within the Ministry of Energy & Petroleum. It was established by a 1973 agreement between the Government of Kenya and East African Power and Lighting Company (now The Kenya Power & Lighting Company Limited).

16 CURRENCY

The financial statements are presented in Kenya Shillings thousands (KShs '000), the Scheme's functional and presentation currency.



## **6. EXECUTIVE COUNCIL**

This shall comprise of;

- a) Chairman of the Group
- b) One member representing non officials elected at the beginning of the year Meeting
- c) Secretary to the group
- d) Treasurer to the group

### **DUTIES OF THE COUNCIL**

- The council shall be responsible for the management of the group and for that purpose may give directions to the members as to the manner in which, within the law, and the constitution of the group, they shall perform their duties.
- All monies disbursed on behalf of the group shall be authorized by the Council.
- The quorum for the meeting of the council shall not be less than 4 members
- The Executive Council shall make rules from time to time subject to the approval by the monthly Meeting.
- Office Bearers and the other members of the Executive Council shall hold office for a period of 2 years.
- Any office bearer who ceases to be a member of the group by way of death or resignation shall automatically cease to be an office bearer thereof.
- An office bearer may be suspended from office by the Assembly Council pending a decision of the Monthly meeting.
- Any office falling vacant through unforeseeable circumstances will be filled by a person appointed by the Executive Council and will hold office until the Monthly Meeting designated for the election of office bearers in strict accordance with the election procedures as laid down in the group's constitution

### **DUTIES OF THE OFFICE BEARERS**

- i. **CHAIRPERSON;** shall have such powers as may be provided in this Constitution, and in particular shall;
  - a) Be the leader of the Group hence take charge of the overall administration.
  - b) Preside over and chair all meetings of the Group.
  - c) Conduct the disciplinary process unless he/she is directly or individually affected.
  - d) Represent the Group at forum where issues relevant to the objectives of the Group are discussed.
  - e) Ensure existence of proper cordial relationships between the Group and the general public.
  - f) Be a signatory to the Group bank account and/or all financial transactions.
- ii. **SECRETARY GENERAL:** shall have such powers and duties as may be provided in this Constitution and in particular shall;
  - a) Serve as the Public Relations Officer and be the spokes person of the same hence endeavor to popularize the Group (Publishing activities, Newsletters etc).
  - b) Keep records of the official register of all members of the Group.

