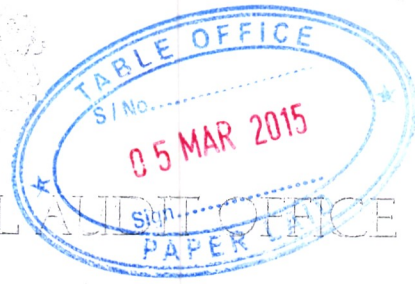


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

OF

THE AUDITOR-GENERAL

ON

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

FOR THE YEAR ENDED
30 JUNE 2014

AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD



REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th JUNE 2014

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COMPANY PROFILE

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

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

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

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

Vision

The Solution Provider to Co-operatives and Agri-Business

Mission

To Offer High Quality Research, Training and Consultancy At A Profit In Order To Be the Solution Provider to Co-Operatives and Agribusiness

Principal Activity

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

DIRECTORS

The directors, who held office as at 30th June, 2014 were:

1.	Prof. Douglas Shitanda (PhD)	Co-operative University College- Principal and Board Chairperson (From May 2014)
2.	Prof. Esther Njoki Gicheru (Mrs.) HSC	Co-operative University College and Board Chairperson (Upto May 2014)
3.	Mr. David Otiende	Co-operative University College Ag. Registrar Academic Affairs
4.	Mr. K.G. Waruingi	Co-operative University College Ag. Registrar Finance Planning & Administration
5.	Mr. S. Miringu	Co-operative University College Ag. Dean of Student
6.	Mr. D. Orodí	Co-operative University College Academic Staff (Upto Oct 2013)
7.	Mr. Meshack Makongoso	Germany Technical Co-operation Representative
8.	Mr. Timothy Mutwiri	We Effect – Representative (from May 2014)
9.	Mr. David Marube	Co-operative Alliance of Kenya – CEO (From Jan 2014)
10.	Mrs. Ancieta Mwiti	Chief Executive Officer and Secretary to the Board (Upto Dec 2013)
11.	Mr. Stanley Migwi	Chief Executive Officer and Secretary to the Board (From Jan 2014)

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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

BANKERS

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

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

CORPORATE GOVERNANCE & QUALITY STATEMENT

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

The Board of Directors

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

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

Quality Management

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

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

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

and regularly reviewed quality objectives.

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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



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



.....
Stanley Migwi Wanjohi
Director

CHAIRPERSON STATEMENT

The financial year 2013-2014 has not been very good for the company owing to the fact that there were a lot of changes in the internal and external business environment and as such, our flag-ship products such as training, research and consultancy services were affected adversely.

Externally, we experienced devolvement of services from the central government to the counties; stiff competition from competitors who under-costed their services and constrained businesses from the Development Partners. In the process, we lost some clients from the central government and Development Partners. At the same time, during the year 2013, the growth of the Kenyan Economy was sluggish .It was estimated at 4.7% in 2013 (*KNBS 2013 Economic Survey Highlights*) compared to 4.6% in 2012(*KNBS 2013 Economic Survey Highlights*) .This meant less spending by the government on services and goods.

Internally, through the guidance of the Business Plan (2014/2017), the company started a restructuring process during the first half of 2014 in order to address adequately the business environmental changes. In any restructuring, "low-hanging fruits" are only realized after some time. Hence, it was too early to reap fully from the restructuring process.

The restructuring process is bearing positive impact in that new markets have been opened; new partnerships are in place and signs of efficient operations are "beckoning". Consequently, although the company is still in the loss-zone, the loss has decreased from ksh 4,516,869.72(2012/2013) to ksh 3,049,077.95 (2013/2014).A decrease of loss by around 32.5%.This shows improved performance, hence the going-concern of the company is certain.

Dividend

Given this performance, the board does not recommend payment of dividend for the financial year.

Outlook for 2014/2015 financial year

The Company's economic outlook is very positive in that the company has shown positive impact from the restructuring. This is at the backdrop of envisaged world and

Kenya's economic turnaround in 2014 (*KNBS 2014 Economic Survey Highlights*) and settling down of the "turbulent" forces of devolution.

Our Board, management and staff will continue to work hard in a number of areas that ought to contribute positively to further improvements in 2014/2015 financial year: First, we will continue to pursue our business plan and complete the process of strategic plan development. Secondly, continue with the restructuring process to embrace fully the performance based management that will see the company back in the profit zone by the end of the second half of 2014. Thirdly, deliver superior value to our customers, shareholders and stakeholders. Fourthly, invest further in marketing activities to take advantage of the growth in agribusiness and value chain training services demand at the counties. Fifth, invest further in marketing activities to take advantage of the partnerships we have with the SACCOs and Cooperative stakeholders. Six, develop strategic partnerships with the counties. Lastly, develop business strategic partnerships with some like-minded organizations within East African Countries.

Finally, I would like to thank the ATC staff for their hard work and passion, through which, the company is showing a reversing trend in its performance.



Prof. Douglas Shitanda (PhD)
Board Chairperson

CHIEF EXECUTIVE OFFICER STATEMENT

ATC, guided by the current Business Plan (2014/2017), is on a high gear of pursuing its vision of being “solution provider to co-operatives, agri-businesses and other sectors of the associate economy” by competitively providing innovative products that offer effective solutions which meet client’s needs satisfactorily. In so doing, the company is endeavoring to deliver superior value to its customers, shareholders and stakeholders. This is a journey started way back in September 2012 with the revision of the Company’s Corporate Strategic Plan that saw the company through the financial period 2012/2013. In the first part of 2014, the company started the process of restructuring to mitigate on the fast changes taking place in the business environment. Such changes included, but not limited to the stiff competition from “brief -case consultants, devolution of major activities and functions from the Central Government to the counties and dwindling businesses from the Development Partners.

The company, although still operating in the loss zone, posted improved performance during the 2013/2014 financial Year. The loss decreased by 32.5% from ksh 4,516,869.72 (2012/2013) to ksh 3,049,077.95(2013/2014). During the same period, the gross income increased by 79.9% from ksh 16,384,621.55 (2012/2013) to ksh 29,469,197.60(2013/2014). Other income increased by 239.9% from ksh 144,024.80(2012/2013) to ksh 489,514.05(2013/2014). Operating expenses increased by 56.8% from ksh 21,045,515.07 to ksh 33,007,789.60 as a result of increase in earning-income -expenses. However, non-income-earning operating expenses decreased during the period. For instance: motor vehicle expenses decreased by 7.5% from ksh 221,611,69(2012/2013) to ksh 204,895.09(2013/2014); staff cost decreased by 6.7% from ksh 9,872,875.81(2012/2013) to ksh 9,280,537.14(2013/2014); repairs and maintenance expenses decreased by 19.7% from ksh 52,211.56 (2012/2013) to ksh 41,904.38 (2013/2014); quality management system expenses decreased by 51.1% from ksh 595,387.16(2012/2013) to ksh 291,348.10(2013/2014) and marketing expenses decreased by 24.4% from ksh 625,124.64(2012/2013) to ksh 326,856.21(2013/2014)

The improved performance is attributed to the three business growth strategies being used during the restructuring process: Low cost operation strategy which resulted in non-income-earning expenses reduction and market development and penetration strategies which resulted in increase in income.

During the period, we also created and maintained new partners/customers alongside the old partners/customers. Such partner/customers include: Ministry of Agriculture, Livestock and Fisheries, Meru KAPAP, Agricultural Sector Development Support Programme, Agricultural Sector Coordination Unit, SACCOs, SASRA/FSD, CUCK, ACDI/VOCA, WE EFFECT and FAO.

The future of ATC is bright and with the three growth strategies, performance based management and development of a Strategic Plan during the second Half of the 2014, we will bounce back into the profit zone by the end of 2014. New products will be developed and offered to the old and new markets during the coming period. Of great significance, we will work closely with CUCK to create and maintain new markets at the counties. Finally, I urge the staff to double their effort as they have done so far in order to see the company back on track.

Lastly, the directors, hereby submit the annual report together with the financial statements for the year ended 30th June 2014, which disclose the state of affairs of the company. The company's financial results for the year ended 30th June 2014 are shown from page thirteen to twenty seven.



.....
Stanley Wanjohi Migwi
Chief Executive Officer

AUDITORS REPORT

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS FOR
THE AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
FOR THE YEAR ENDED 30TH JUNE 2014



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Agri and Co-operative Training and Consultancy Services Limited set out on pages 13 to 27, which comprise the statement of financial position as at 30 June 2014, statement of comprehensive income, statement of changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

Operating Expenses

As reported in the previous year, the operating expenses figure of Kshs.20,017,863 for the year ended 30 June 2013 included an amount of Kshs.132,500 paid to four (4) members of staff of the Co-operative University College of Kenya which fully owns the Company for performing normal audit assignments. The rationale for the payment was not adequately explained given that the persons paid were full time employees of the University. This matter had not been resolved as at 30 June 2014. In the circumstances, the expenditure of Kshs.132,500, does not appear to be a proper charge to the company's funds.

Qualified Opinion

In my opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of the Company as at 30 June 2014, its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, Cap.486 of the Laws of Kenya.

Emphasis of Matter

I draw attention to Note 6 to the financial statements which reflects a loss for the year of Kshs.3,049,078 (2012/2013 loss: Kshs.4,516,870 which reduced the general reserves from Kshs.119,690 in 2012/2013 to a negative balance of Kshs.2,929,388 as at 30 June 2014). If strategies are not put in place to reverse the loss trend, the company's future operations are likely to be adversely affected. My opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;

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



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

19 January 2015

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

ASSETS		Ksh	
NON-CURRENT ASSETS		2013 - 2014	2012 - 2013
Property Plant & Equipments	2	1,955,969	3,070,580
		<u>1,955,969</u>	<u>3,070,580</u>
CURRENT ASSETS			
Stock (Shop)	3	0	9,072
Trade & other receivables	4	6,857,115	4,226,398
Shop Control Account	10	0	0
Cash & Bank Balances	5	1,541,693	4,087,268
		<u>8,398,808</u>	<u>8,322,738</u>
TOTAL ASSETS		10,354,777	11,393,318
EQUITY & LIABILITIES			
FUND BALANCES			
General Reserve	6	(2,929,388)	119,690
Co-operative University College Control Account	7	2,870,870	2,870,870
Development Partners Fund Account	8	745,400	745,400
Revaluation Reserve	22	1,589,708	1,589,708
		<u>2,276,590</u>	<u>5,325,668</u>
CURRENT LIABILITIES			
Trade & Other Payables	9	8,078,187	6,067,650
		<u>8,078,187</u>	<u>6,067,650</u>
TOTAL EQUITY & LIABILITIES		10,354,777	11,393,318

The financial statements were approved by the Board of Directors on 18th September 2014 and signed on their behalf by:-

Stanley Migwi Wanjohi

Prof. Douglas Shitanda (PhD)



Chief Executive Officer



Board Chairperson

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2014

	Notes	Ksh	
		2013 - 2014	2012 - 2013 Re-Styled
INCOMES			
Seminar	11	25,167,198	15,287,621
Grants	12	4,302,000	1,097,000
Other	13	597,614	196,271
Total Income		30,066,812	16,580,892
Other Gains and Losses			
Loss on Disposal	19	(108,100)	(52,000)
Gross Income		29,958,712	16,528,892
EXPENSES			
Operating Expenses	14	31,425,186	20,017,863
Board Expenses	15	475,371	456,088
AGM Expenses		329,741	0
Depreciation charge for the year	2	554,611	339,214
Provisions for Audit Fees	16	150,000	174,000
Financial costs	20	72,881	58,597
Tax payable	17	0	0
Total expenses		33,007,790	21,045,762
Profit / Loss		(3,049,078)	(4,516,870)

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED 30TH JUNE 2014

	Ksh	Ksh	Ksh	Ksh	Ksh
	General Reserve	Co-operative University College Control Account	Development Partners Fund Account	Revaluation Reserve	TOTAL
2012/2013					
Balance as at 01/07/2012	5,184,948	2,870,870	745,400	0	8,801,218
Additions	0	0	0	1,589,708	1,589,708
Adjustments as per Note No 6	(548,388)	0	0	0	(548,388)
Profit / (Loss) for the year	(4,516,870)	0	0	0	(4,516,870)
Balance C / Forward as at 30/06/2013	119,690	2,870,870	745,400	1,589,708	5,325,668
2013/2014					
Balance as at 01/07/2013	119,690	2,870,870	745,400	1,589,708	5,325,668
Additions	0	0	0	0	0
Adjustments as per Note No 6	0	0	0	0	0
Profit / (Loss) for the year	(3,049,078)	0	0	0	(3,049,078)
Balance C / Forward as at 30/06/2014	(2,929,388)	2,870,870	745,400	1,589,708	2,276,590

STATEMENT OF CASHFLOWS			
AS AT 30 JUNE 2014			
		Ksh	
CASHFLOW FROM OPERATING ACTIVITIES	Notes	2013 - 2014	2012 - 2013
Profit after tax		(3,049,078)	(4,516,870)
Adjustment for		0	
Depreciation	2	554,611	339,214
Profit / Loss on disposal of assets	19	108,100	0
Income from student convenient Store	18	4,928	(40,665)
Working capital adjustments		0	
Decrease /(Increase) in account receivables	4	(2,630,716)	4,141,095
Increase / (Decrease) in account payables	9	2,010,536	(239,059)
Decrease /(Increase) in shop stock	3	9,072	74,241
Shop control account	10	0	329,445
Net Cash From Operating Activities		<u>(2,992,547)</u>	<u>87,401</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Increase in capital assets	2	(0)	(1,933,203)
Cash from disposal of bonded Items	19	451,900	0
Income from student convenient store	18	(4,928)	40,665
Dividend paid		(0)	(350,000)
NET CASH USED IN INVESTING ACTIVITIES		<u>446,972</u>	<u>(2,242,538)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Development partners fund account	8	0	0
Increase in revaluation reserve		0	1,589,708
General reserve shop control adjustment		-0	(198,388)
Net cash received in financing activities		<u>0</u>	<u>1,391,320</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT		<u>(2,545,575)</u>	<u>(763,817)</u>
Opening cash and cash equivalent		4,087,268	4,851,085
Closing Cash And Cash Equivalent		<u>1,541,693</u>	<u>4,087,268</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

1. Accounting Policies

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

a. Basis of Preparation

The company accounts have been prepared under historical cost convention which is in compliance with the international Finance Reporting Standards.

b. Property Plant & Equipment

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

I. Motor Vehicles	25%
II. Furniture & Fittings	12.5%
III. Computers & Office Machines	33.3%
IV. Loose Tools	33.3%

c. Inventories

Inventories are stated at lower of cost and net realizable value

d. Revenue Recognition

Revenue is recognized on accrual basis in accordance with international financial reporting standards. Grants received from DED are recognized as income since they not of capital nature.

e. Cash & Cash Equivalent

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

f. Comparatives

Where applicable comparative figures have been provided

g. Principal Activities

To conduct training and consultancy services to governmental and non-governmental organizations such as co-operative movement and the associated economies, farmers and their associations, small and medium enterprises, institutions, donors, community Based Organizations and other clients

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

2a. Property Plant and Equipment for 2013/2014 Financial Year

DETAILS	MOTOR VEHICLES	EQUIPMENTS	COMPUTER & OFFICE ELECTRONICS	FURNITURE & FITTINGS	LOOSE TOOLS	TOTAL
	Ksh 25.0%	Ksh 12.5%	Ksh 33.3%	Ksh 12.5%	Ksh 33.3%	Ksh
COST / VALUATION						
As at 01/07/2013	2,089,039	603,080	2,009,000	845,635	136,567	5,683,321
ADDITIONS	0	0	0	0	0	0
VALUATION	0	0	0	0	0	0
DISPOSAL	(560,000)	0	0	0	0	(560,000)
As at 30/06/2014	1,529,039	603,080	2,009,000	845,635	136,567	5,123,321
DEPRECIATION						
As at 01/07/2013	319,039	185,176	1,600,637	393,434	114,455	2,612,741
Charge for the year	302,500	52,238	135,985	56,525	7,363	554,611
Disposal	0	0	0	0	0	0
As at 30/06/2014	621,539	237,414	1,736,622	449,959	121,818	3,167,352
NET BOOK VALUE						
As at 30/06/2014	907,500	365,666	272,378	395,676	14,749	1,955,969
As at 01/07/2013	1,770,000	417,904	408,363	452,201	22,112	3,070,580

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

2b. Property Plant and Equipment for 2012/2013 Financial Year

DETAILS	MOTOR VEHICLES		EQUIPMENTS		COMPUTER & OFFICE ELECTRONICS		FURNITURE & FITTINGS		LOOSE TOOLS		TOTAL
	Ksh	25.0%	Ksh	12.5%	Ksh	33.3%	Ksh	12.5%	Ksh	33.3%	
COST / VALUATION											
As at 01/07/2012	499,331		459,580		1,826,600		835,735		128,872		3,750,118
ADDITIONS	0		143,500		182,400		9,900		7,695		343,495
VALUATION (Note 22)	1,589,708		0		0		0		0		1,589,708
DISPOSAL	0		0		0		0		0		0
As at 30/06/2013	2,089,039		603,080		2,009,000		845,635		136,567		5,683,321
DEPRECIATION											
As at 01/07/2012	319,039		125,476		1,396,762		328,834		103,416		2,273,527
Charge for the year	0		59,700		203,875		64,600		11,039		339,214
Disposal	0		0		0		0		0		0
As at 30/06/2013	319,039		185,176		1,600,637		393,434		114,455		2,612,741
NET BOOK VALUE											
As at 30/06/2013	1,770,000		417,904		408,363		452,201		22,112		3,070,580
As at 01/07/2012	180,292		334,104		429,838		506,901		25,456		1,476,591

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

3. Stock

DETAILS	2013 - 2014	2012 - 2013
Shop Trade stock items	0	9,072

4. Trade & Others Receivables

CLIENT	2013 - 2014	2012 - 2013
Agricultural Sector Co-ordination Unit (ASCU)	2,270,770	0
Municipal Council Of Machakos	0	120,116
FAO	0	2,144,274
ACDI/VOCA	150,000	0
EAFF	392	392
Agricultural Information Resource	0	42,500
Co-operative University College of Kenya	239,679	107,339
Wareng Teachers Sacco	190,000	0
Njaa Marufuku Kenya (NMK-ASDSP)	2,435,147	0
Financial Sector Deepening (FSD)	365,000	0
ABSS	0	400
Deposits paid	14,138	14,138
Staff Debtors (Shop 114,421 & Main 45,725)	160,146	293,950
Corporate Tax paid in advance	1,031,843	853,153
Value Added Tax Claimable	0	813,152
Total	<u>6,857,115</u>	<u>4,389,414</u>
Less Provision For Doubtful Debt		
ABSS		400
Municipal Council Of Machakos		120,116
Agricultural Information Resource		42,500
Total Provision for Doubtful Debt	<u>0</u>	<u>163,016</u>
Net Trade & Other Receivables	<u>6,857,115</u>	<u>4,226,398</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

5. Cash & Cash Equivalent

DETAILS	2013 - 2014	2012 - 2013
Cash at Bank		
Standard Chartered Account	354,477	2,882,991
Kenya Commercial Bank Account	332,694	838,196
Kenya Commercial Bank Privilege Account (Shop)	6,438	253,350
Co-operative Bank Of Kenya (USD 9,060.40 @ ksh 85)	770,134	3,203
Cash at Hand Office	77,950	57,240
Cash at Hand Shop	0	52,288
TOTAL	1,541,693	4,087,268

6. General Reserve

DETAILS	Notes	2013 - 2014	2012 - 2013
		General Reserve	General Reserve
Balance B / Forward		<u>119,690</u>	<u>5,184,948</u>
Adjustments			
Closure of Shop Control Account	10	(0)	(198,388)
2011/2012 Bonus paid in 2012/2013		(0)	(350,000)
Total Adjustments		<u>119,690</u>	<u>(548,388)</u>
Profit / (Loss) for the year		(3,049,078)	(4,516,870)
Balance C / Forward		<u>(2,929,388)</u>	<u>119,690</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

7. Co-operative University College of Kenya Control Account

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

DETAILS		2013 - 2014	2012 - 2013
Balance C/F		2,870,870	2,870,870
TOTAL		2,870,870	2,870,870

8. Development Partners Fund Account

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

DETAILS		2013 - 2014	2012 - 2013
Balance C/F		745,400	617,350
Grants (Laptops, projector & projector screen)		0	128,050
TOTAL		745,400	745,400

9. Trade & Other Payables

DETAILS		2013 - 2014	2012 - 2013
		Ksh	Ksh
Trade Payables		6,346,249	2,925,219
Payments Received in Advance / Refundable Deposit Received		0	10,000
Provisions For Audit Fees		174,000	174,000
Provisions for Gratuities Payable		1,280,390	2,958,431
Provisions for Salary top up Payable		277,548	0
TOTAL		8,078,187	6,067,650

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

10. Shop Control Account

After the consolidation of Shop operations with that of main account, the shop control account has been closed by transferring the balance of ksh 198,388 to general reserve. The amount is also shown in Note No 6 as adjustment to general reserve.

Details	2013 - 2014	2012 - 2013
Opening Balance	-	(329,445)
Shop expenses paid through main office account	-	(4,250)
Salaries & Wages (shop assistant salary paid from main account)	-	(80,800)
Main Office expenses paid through shop account	-	284,956
Decrease in Cash Balances at Shop	-	(180,552)
Decrease in Shop Payables	-	27,475
Shop Rent Payable	-	(4,000)
Decrease in Shop Stock	-	(74,241)
Shop Debtors	-	203,134
Profit for the year	-	(40,665)
Total	-	(198,388)
Amount Transferred to General Reserve to Close Shop Control a/c	-	198,388

11. Seminar Income

Details	2013 - 2014	2012 - 2013
Training Income	13,539,145	5,586,374
Consultancy Income	10,697,561	9,701,247
Symposium Income	930,492	0
TOTAL	25,167,198	15,287,621

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

12. Grants Income

	2013 - 2014	2012 - 2013
GIZ Nairobi Office		240,000
Co-operative University College of Kenya	1,000,000	604,000
ACDI/VOCA	150,000	253,000
Co-operative Insurance Company	500,000	0
Co-operative Bank of Kenya	1,000,000	0
Financial Sector deepening (FSD)	1,652,000	0
TOTAL	4,302,000	1,097,000

13. Other Income

INCOMES	2013 - 2014	2012 - 2013
Income from Student Convenient Store (Note 18)	(4,928)	40,665
Sale of Disposal Tender Documents	2,000	0
Profit from Disposal of Obsolete Items (newspapers)	0	980
Experts Subscription Fee Income	185,000	55,000
Sale of Mpesa services to CUCK	224,588	0
Photocopying Services	0	99,626
Foreign Exchange Gain	190,954	0
	597,614	196,271

14. Operating Expenses

EXPENSES	2013 - 2014	2012 - 2013
Seminar Expenses	19,948,645	6,966,121
Professional Expenses	0	13,779
Staff Costs	9,280,537	9,872,876
Motor Vehicle Running Cost	204,895	221,612
Office Administration Expenses	731,000	907,488
Marketing and Promotions	326,856	625,125
Quality Management & System Expenses	291,348	595,387
General Repairs & Maintenance	41,905	52,212
Foreign Exchange Loss	0	247
Provision For Bad Debt	0	163,016
Rent & Water	600,000	600,000
Total Expenses	31,425,186	20,017,863

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

15. Board Expenses

Expenses relates to board meeting expenses during the financial year

16. Provision for Audit Fees

Ksh 174,000 has been provided for as audit fee for the 2013/2014 financial year.

17. Tax Payable

	DETAILS	2013 - 2014	2012 - 2013
Profit / (Loss) for the year		(3,049,078)	(4,516,870)
Less adjustment for loss B/F		(14,429,073)	(8,815,203)
Less. Non Taxable Income (Grants & realized revaluation)		(4,302,000)	(1,097,000)
	Add: Disallowable		
Depreciation		554,611	339,214
Donations		0	0
	Less Allowable		
Wear and tear		(554,611)	(339,214)
Taxable profit / (Loss)		(21,780,151)	(14,429,073)
Tax at Applicable rate (30%)		0	0

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

18. ATC Students Convenient Store Accounts

FOR THE YEAR ENDED 30TH JUNE 2014		
	2013 - 2014	2012 - 2013
Shop stock sales	4,144	312,306
Less Cost of goods sold	(9,072)	(263,464)
Gross Profit / (Loss) from Sale of stock items	(4,928)	48,842
Add other Incomes		
Revenue from Photocopying Services		65,244
Revenue from Bureau services		5,250
Revenue from Zap Services		1,504
Revenue from Mpesa Services		58,786
Total Incomes	(4,928)	179,626
Less Expenses		
Salaries & wages		80,800
Mpesa Expenses		904
Bureau services expenses		900
Photocopying services expenses		29,874
Shop (Stock sales) expenses		2,638
Bank Charges		11,800
Repairs & Maintenance		550
Rent Payable		4,000
other shop expenses		7,495
	<u>0</u>	<u>138,961</u>
Net Profit / (Loss)	(4,928)	40,665

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

19. Profit on Disposal of Bonded Stores

DISPOSAL OF BONDED STORES 2012/2013						
No	Item Description	Cost of Advertisement	Amount Raised from Sale of Tender & Prequalification Documents		Loss/ Profit	
1	Sale of prequalification & tender documents	62,000	10,000		(52,000)	
Sub Total		62,000	10,000		(52,000)	
Net Profit / (Loss)					(52,000)	
DISPOSAL OF BONDED STORES 2013/2014						
No	Item Description	Cost / Valuation	Accumulated Depreciation	Net Book value	Amount Disposed	Loss/ Profit on Disposal
1	Sale of Motor Vehicle- land rover Discovery – KAD 076E	560,000	0	560,000	451,900	(108,100)
Sub Total		560,000	0	560,000	451,900	(108,100)
Net Profit / (Loss) on Disposal					(108,100)	

20. Dividends Payable

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

21. Financial Costs

DETAILS	2013 - 2014	2012 - 2013
Bank charges and interests	72,881	58,597

22. Valuation of Assets

DETAILS	2013 - 2014	2012 - 2013
Motor Vehicles	1,589,708	1,589,708
Total	1,589,708	1,589,708