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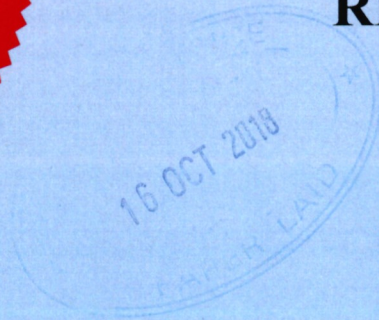
THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
AGRICULTURAL INFORMATION
RESOURCE CENTRE REVOLVING
FUND ACCOUNT**

**FOR THE YEAR ENDED
30 JUNE 2017**

*Paper Laid on the
Table of the
House by the
Leader of the
Majority Party on
Tuesday
16th October 2018*





AGRICULTURAL INFORMATION RESOURCE CENTRE
REVOLVING FUND ACCOUNT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Agricultural Information Resource Centre (AIRC) is a Semi-Autonomous Governmental Agency (SAGA) in the State Department of Agriculture of the Ministry of Agriculture, Livestock and Fisheries. The Centre started in 1966 to disseminate agricultural information to farmers, extension workers and other stakeholders. In 1993, the centre was made a SAGA through legal notice no. 163 of June 25, 1993. This established the AIRC revolving fund which enables it to fulfil its commercial obligations and the AIRC Management Board that oversees the activities of the Centre. AIRC has been involved in the production of agricultural information materials for extension workers, farmers and also stakeholders in the agricultural sector. In addition to this, the Centre has been carrying out training programmes that focus on communication, supervisory and management skills for extension and other development workers.

(b) Principal Activities

The primary mandate of AIRC is Agricultural Information and Knowledge Management. It is the main reference centre for agricultural information for farmers, extension providers and stakeholders in the Kenya and beyond. The Centre collects, collates, processes and disseminates agricultural information using various platforms to a wide spectre of stakeholder's. AIRC implements this mandate through the following specialized units:

- i. Training and Conference Unit,
- ii. Agricultural Documentation Services Unit (ADSU),
- iii. Agricultural Library Information Services Unit (ALIS),
- iv. Business Development and Marketing Unit,
- v. Mass Media Services Unit (consists of Radio, Video and Publication sub-units)
- vi. Monitoring and Evaluation Unit

(c) Key Management (Head of Units)

1. Dr Isaiah Onyango Okeyo	Director, AIRC
2. Antony Chemweno	Deputy Director
3. Lumumba Kokeyo	Training and Conference Unit,
4. Rose Mwangi Makunzo	Agricultural Documentation Services Unit (ADSU)
5. Lynette Kibisu	Business Development and Marketing Unit
6. Josephine Mugere	Mass Media Services Unit (consists of Radio, Video and Publication sub-units)
7. Nelco Mose	Head of Procurement Unit
8. Gerald Kurema	Head of Accounting Unit

f. Extra Contacts

Telephone: 254-20-271144
Email: ag@arcc.go.ke
Website: www.arcc.go.ke

g. Bankers

Kenya Commercial Bank Limited
Sarit Centre Branch
Nairobi, Kenya

h. Independent Auditors

Auditor General
Kenya National Audit Office
Lynn Versary Tower, 10th Floor, Waiyaki Way
P.O.Box 30084
Nairobi 00100
Nairobi, Kenya

i. Principal Legal Advisor

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

II. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Director to prepare financial statements in respect of that Agricultural Information Resource Centre Revolving Fund, which give a true and fair view of the state of affairs of the Revolving Fund at the end of the financial year/period and the operating results of the Revolving Fund for that year/period. The Directors also required to ensure that the Agricultural Information Resource Centre Revolving Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors also responsible for Safeguarding the assets of the Agricultural Information Resource Centre Revolving Fund.

The Director is responsible for the preparation and presentation of the Agricultural Information Resource Centre Revolving Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2016. 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 Kenya Citizens and Foreign Nationals Management Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Director accepts responsibility for the Agricultural Information Resource Centre Revolving Fund'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 and the State Corporations Act. The Directors of the opinion that the Agricultural Information Resource Centre Revolving Fund's financial statements give a true and fair view of the state of Agricultural Information Resource Centre Revolving Fund's transactions during the financial year ended June 30, 2017, and of the Agricultural Information Resource Centre Revolving Fund's financial position as at that date. The Accounting Officer further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Agricultural Information Resource Centre Revolving Fund's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Director to indicate that the Agricultural Information Resource Centre Revolving Fund 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 Agricultural Information Resource Centre Revolving Fund financial statements were approved by the Board on _____ 2017 and signed on its behalf by:


Dr Isaiah Onyango Okeyo
Director

14/02/2018

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON AGRICULTURAL INFORMATION RESOURCE CENTRE REVOLVING FUND ACCOUNT FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Agricultural Information Resource Centre Revolving Fund set out on pages 8 to 26, 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective manner.

Basis for Disclaimer of Opinion

1. Long Outstanding Receivables

The statement of financial position as at 30 June 2017 shows a balance of Kshs.15,091,667 for receivables from non-exchange transactions, which includes an amount of Kshs.1,654,439, relating to the period from November 1993 to June 2016. No steps appear to have been taken to recover these long outstanding debts. In addition, no provision has been in these financial statements for the long outstanding amount. The receivables balance of Kshs.15,091,667 is, therefore, not fairly stated.

2. Inventories

The statement of financial position also reflects an amount of Kshs.3,940,750 under inventories, which differs with the amount of Kshs.2,230,750 reflected in the schedules provided for audit. The difference of Kshs.1,710,000 between the two sets of records has not been reconciled or explained. Consequently, the completeness and accuracy of the inventories balance of Kshs.3,940,750 as at 30 June 2017 cannot be confirmed.

Report of the Auditor-General on the Financial Statements of Agricultural Information Resource Centre Revolving Fund for the Year ended 30 June 2017

3. Reserves

The statement of financial position reflects a balance of Kshs.10,794,558 under reserves as at 30 June 2017 (2016 – Kshs.10,094,144). The increase in reserves of Kshs.700,414 has not been supported with any records, movement schedule or any other documentary evidence. In addition, the figure of Kshs.10,794,558 has not been supported with either explanatory note or analysis. Consequently, the validity and accuracy of the reserves balance of Kshs.10,794,558 can not be confirmed.

4. Accumulated Surplus

The statement of financial position further reflects an amount of Kshs.18,003,893 under accumulated surplus as at 30 June 2017 (2016 – Kshs.31,385,587). The significant decrease in accumulated surplus of Kshs.13,381,694 has not been supported with any records, movement schedule or any other documentary evidence. Consequently, the validity, completeness and accuracy of the accumulated surplus as at 30 June 2017 cannot be confirmed.

5. Statement of Changes in Net Assets

The statement of changes in net assets reflects total net assets balance of Kshs.56,736,337 as at 30 June 2017 which, however, differs with the balance of Kshs.28,798,451 shown in the statement of financial position by Kshs.27,937,886. In addition, the statement of changes in net assets reflects under capital replacement development reserve balances of Kshs.12,750,868, Kshs.2,423,078, and Kshs.3,203,589 relating to depreciation reserve, surplus for the period and transfers to accumulated reserves respectively, which have not been supported by any documentation, analysis or explanatory notes. The statement also reflects an amount of Kshs.13,831,694 under accumulated surplus relating to amounts transferred from accumulated surplus that has not been supported with any analysis or any other supporting documentation.

Consequently, the validity, completeness and accuracy of the total net assets balance of Kshs.56,736,337 cannot be confirmed.

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 Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the Government either

intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

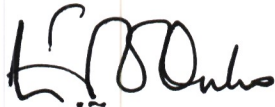
Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

My responsibility is to conduct an audit of the Fund's financial statements in accordance with International Standards of Supreme Audit Institutions 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of the Agricultural Information Resource Centre Revolving Fund 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.



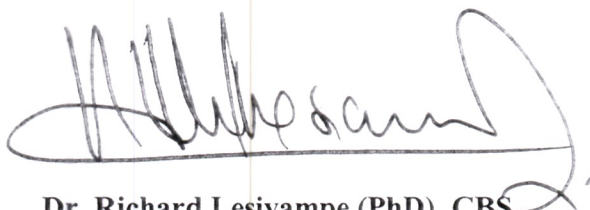
FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

08 March 2018

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

	Note	2016-2017 Kshs	2015-2016 Kshs
Revenue from exchange transactions			
Rendering of services	3	31,403,264.00	32,084,466.00
Total revenue		<u>31,403,264.00</u>	<u>32,084,466.00</u>
Expenses			
Purchase of goods and services	4	13,508,244.00	14,853,637.00
Employee costs	5	3,728,321.00	4,103,243.00
Depreciation and amortization expense	6	2,423,078.00	5,756,391.00
Repairs and maintenance	7	1,515,391.00	681,760.00
General expenses	8	8,762,683.00	5,505,920.00
Board Allowance	9	119,000.00	-
Total expenses		<u>30,056,717</u>	<u>30,900,951.00</u>
Surplus for the year		<u>1,346,547.00</u>	<u>1,183,515.00</u>



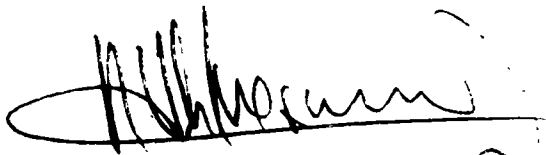
Dr. Richard Lesiyampe (PhD), CBS
Principal Secretary.



Philip M. Gathuya
Senior Assistant Accountant General
ICPAK Member Number 2501

Assets		
Current assets		
Trade receivables	11,107,000	12,500,000
Prepaid expenses	1,000,000	1,000,000
Inventory	1,941,551.00	1,554,856.00
Total Current Assets	14,048,551.00	15,054,856.00
Non-current assets		
Property, plant and equipment	13,827,000	13,509,000
Intangible assets	-	-
Total Assets	28,798,451.00	41,479,731.00
Liabilities		
Current liabilities		
Non-current liabilities		
Total liabilities	-	-
Total net assets and liabilities	28,798,451.00	41,479,731.00
Reserves	10,794,558.00	10,094,144.00
Accumulated surplus	18,003,893.00	31,385,587.00
Total net assets and liabilities	28,798,451.00	41,479,731.00

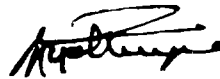
The Financial Statements set out on pages 6 to 21 were signed on behalf of the Fund by:



Dr. Richard Lesiyampe (PhD), CBS

Principal Secretary.

Date



Philip Gathuya

Head of Accounting Unit

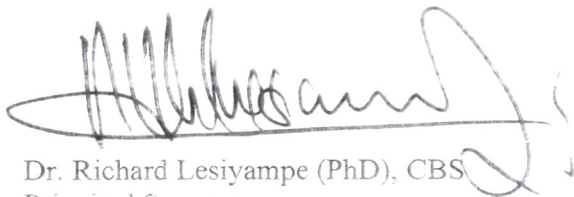
Date 14/2/18

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

	Reserves Capital replacement development reserve Kshs	Accumulated surplus Kshs	Total Kshs
Balance as at 30 June 2014	10,000,000.00	31,290,399.00	41,290,399.00
Surplus/(deficit) for the period	9,458,361.00	1,183,516.00	10,641,877.00
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 June 2015	19,458,361.00	31,385,588.00	50,843,949.00
Depreciation Reserve	1,423,078.00		1,423,078.00
Surplus/Deficit for the period	1,630,827.00	1,842,239.00	3,473,066.00
Transfers to/from accumulated surplus	(15,214,752.00)		(15,214,752.00)
Balance as at 30 June 2016	19,458,361.00	31,385,588.00	50,843,949.00
Depreciation Reserve	12,750,868		12,750,868.00
Surplus/Deficit for the period	2,423,078.00	1,346,548.00	3,769,625
Transfers to/from accumulated surplus	3,203,589.00	(13,831,694.00)	(10,628,105.00)
Balance as at 30 June 2017	18,377,534.00	18,900,442	56,736,337.00

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

	Note	2016-2017 Kshs	2015-2016 Kshs
Cash flows from operating activities			
<u>Receipts</u>			
Rendering of services		31,403,263.00	32,084,466.00
Total Receipts from Rendering of services		31,403,263.00	32,084,466.00
<u>Payments</u>			
Purchase of Goods and Services		13,508,244.00	14,853,637.00
Employees Costs		5,728,321.00	4,103,243.00
General Expenses		8,762,683.00	5,505,920.00
Repairs and Maintenance		1,515,391.00	681,760.00
Board Allowance		119,000.00	-
Total Payments		27,633,639.00	25,144,560.00
Net cash flows from operating activities		3,769,625.00	6,939,906.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Decrease in stock		6,394,106.00	1,283,849.00
Increase in debtors		(468,616.00)	6,549,752.00
Increase in investments		-	-
Net cash flows used in investing activities		5,925,490.00	7,833,601.00
Cash flows from financing activities			
Decrease in Government grants		(10,258,204.00)	(8,180,701.00)
Net cash flows used in financing activities		(10,258,204.00)	8,180,701.00
Net increase/(decrease)in cash and cash equivalents		4,332,714.00	(347,000.00)
Cash and cash equivalent asat1 st July		13,467,921.00	13,815,021.00
Cash and cash equivalent asat30th JUNE2016		9,135,207.00	13,467,921.00



Dr. Richard Lesiyampe (PhD), CBS
 Principal Secretary
 General

Date



Philip M. Gathuya
 Senior Assistant Accountant

Date 14/2/18

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	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
Radio Unit	2,200,000	-	2,200,000	705,000	(1,495,000)
Video Unit	5,600,000	-	5,600,000	11,188,948	5,588,948
Publication Unit	11,400,000	-	11,400,000	13,470,529	2,070,529
Training Unit	11,850,450	-	11,850,450	6,038,787	(5,811,663)
Total income	31,050,450	-	31,050,450	31,403,264	352,814
Expenses		-	-		
Casual labour	145,200	-	145,200	512,112	(366,912)
Electricity	240,000	-	240,000	-	240,000
Water and sewerage charges	200,000	-	200,000	385,799	(185,799)
Cooking Gas	360,000	-	360,000	231,430	128,570
Telephone Expenses	48,000	-	48,000	-	48,000
Internet connection	240,000	-	240,000	418,574	(178,574)
Postal and Telegrams Expenses	240,000	-	240,000	29,240	210,760
Official entertainment	120,000	-	120,000	-	120,000
Daily subsistence allowance	3,113,000	-	3,113,000	3,216,209	(103,209)
Publishing and Printing Expenses	6,468,000	-	6,468,000	4,578,656	1,889,344
Boards Allowance	480,000	-	480,000	119,000	361,000
Supplies for broadcasting & information	510,200	-	510,200	-	510,200

General				
Office				
Supplies				
Stationery				
Printing				
Sanitary and cleaning materials	88,000	-	88,000	88,000
Refined Fuel and Lubricants for Transport	475,000	-	475,000	475,000
Bank charges	216,000	-	216,000	216,000
Fees and commission	360,000	-	360,000	360,000
Security Services	240,000.00	-	240,000	240,000
Contracted Professional Services	1,516,000	-	1,516,000	1,564,500
Maintenance Expenses - motor vehicles	44,000	-	44,000	44,000
Maintenance of Plant, machinery and Equipment s	760,000	-	760,000	605,990
Maintenance of buildings and stations	2,698,000	-	2,698,000	446,030
Total expenditure	26,208,200	-	25,968,200	18,948,789
Surplus for the period	4,842,250	-	5,082,250	(7,372,225)

VI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

The entity'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 and all values are rounded to the nearest cent. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) 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.

ii) Revenue recognition

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.

iii) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

rebat and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for a nominal consideration, the asset's initial measurement is its fair value.

• **Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible asset is assessed as either finite or indefinite.

b) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), 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 condition is accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

c) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits 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 Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

e) Comparative figures

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

f) Significant judgments and sources of estimation uncertainty

The preparation of the Entity'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

Management's Critical Accounting Estimates

The Company's financial statements are prepared using accounting estimates and assumptions at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period. The Company uses the assumptions and estimates of parameters available under the conditions that financial statements were prepared at the reporting date and as a basis for assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

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 condition of the asset based on the assessment of experts employed by the entity

- i. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- ii. The nature of the processes in which the asset is deployed.
- iii. Availability of funding to replace the asset, and
- iv. Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available.

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. Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Significant judgments and sources of estimation uncertainty

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

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, 2015.

h) Depreciation policies

The fund depreciates its fixed assets as follows:-

- i) Plant and machineries are depreciated on straight line basis at a rate of 10% per year
- ii) Furniture and fitting are depreciated on a straight line at a rate of 12.5% per year
- iii) Computers are depreciated on a straight line at a rate of 33.33% per year
- iv) Motor vehicles are depreciated on a straight line at a rate of 25% per year
- v) Intangible assets are amortized over a period of three years
- vi) Assets bought in June or at the end of the financial are not depreciated

3. Rendering of services

	2016-2017	2015-2016
	KShs	KShs
Revenue from Radio, Video ,desktop publishing and Training unit	31,403,263.00	32,084,466.0
Total revenue from rendering of services	31,403,263.00	32,084,466.00

4. Production materials

4.1. Opening Stock

Production materials	1,121,250.00	1,121,250.00
Production materials	1,448,095.00	1,448,095.00
Total Production materials	2,569,345.00	2,569,345.00
Less: Closing Stock	810,857.00	810,857.00
Total Production materials used	13,508,244.00	14,853,627.00

5. Employee costs

	2016-2017	2015-2016
	Kshs	Kshs
Casual workers' wages	512,112.00	814,052.00
Total Salaries and wages	3,728,321.00	4,103,243.00
Total employee costs	3,728,321.00	4,103,243.00

6. Depreciation and amortization expense

	2016-2017	2015-2016
	KShs	KShs
Property, plant and equipment	2,423,078	5,756,391.00
Total depreciation and amortization	2,423,078.00	5,756,391.00

7.Repairs and maintenance

	2016-2017 KShs	2015-2016 KShs
Maintenances of station	446,030.00	353,853.00
Maintenances of Plant and Equipment	94,010.00	113,210.00
Maintenances of Motor Vehicles	975,351.00	214,697.00
Total repairs and maintenance	1,515,391.00	681,760.00

8.General expenses

The following are included in general expenses:

	2016-2017 KShs	2015-2016 KShs
Board ,seminars and conference	1,068,824.00	-
Refined Fuel & Lubricant	478,160.00	427,100.00
Subscription to Newspapers	16,200.00	72,924.00
Advertising and Publicity	1,205,720.00	-
Contracted Services (Security Guards)	240,000.00	270,000.00
Bank Charges	16,729.00	45,955.00
Stationary Expenses	1,169,945.00	209,870.00
Internet connection	418,574.00	416,844.00
Contracted Professional services	3,280,300.00	3,355,362.00
Sanitary and cleaning material	221,762.00	84,859.00
Gas	231,430.00	65,500.00
Water and Sewerage Services	385,799.00	417,197.00
Courier and Postage Services	29,240.00	40,309.00
Total general expenses	8,762,683.00	5,505,920.00

9. Board Allowance

Board Allowance

2016-2017

119,000.00

2015-2016

10..Cash and cash equivalents

	2016-2017 KShs	2015-2016 KShs
Bank	9,135,207.00	13,467,921.00
Total cash and cash equivalents	9,135,207.00	13,815,020.90

11.Receivables from non-exchange transactions

Current receivables	2016-2017 KShs	2015-2016 KShs
Other debtors; non-exchange transactions	15,091,667.00	14,623,921.00
Staff Debtors	-	-
Total current receivables	15,091,667.00	14,623,921.00

12.Inventories

	2016-2017 KShs	2015-2016 KShs
Other goods held for resale	3,940,750.00	10,334,856.00
Catering	-	-
Total inventories	3,940,750.00	10,334,856.00

13.Property, plant and equipment

	Intangible assets	Plant & machinery	Computer and related equipment	Furniture & Fittings	Motor Vehicles	Total
<u>Depreciation Rate</u>		10%	33.30%	12.50%	0	
<u>Cost or Valuation:</u>	Shs	Shs	Shs	Shs	Shs	Shs
As at 1st July, 2016		12,130,000.00	19,132,347.00	1,680,620	4,000,000	36,942,967
Additions during the year	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
As at 30th June 2016	-	12,130,000.00	19,132,347.00	1,680,620.00	4,000,000	36,942,967
Depreciation and Impairment	-	-	-	-	-	-
At 1st July 2017	-	10,681,500.00	19,132,347.00	1,075,216.00	3,000,000	33,889,062.00
Depreciation	-	1,213,000.00	-	210,078.00	1,000,000	2,423,078.00
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-
At 30 June 2017	-	11,894,500.00	19,132,347	1,285,294.00	4,000,000	36,312,140
Netbook values						
At 30 June 2017	-	235,500.00	-	395,327.00	-	630,827.00
At 30 June 2016	-	1,448,500	-	605,405.00	1,000,000	3,053,905.00

14. Cash generated from operations	2016-201 Kshs.	2015-2016 Kshs.
Surplus/Deficit For the Year before Tax	1,465,548	1,183,516.00)
Adjusted for:		
Depreciation	2,423,078.00	5,756,391.00
Non-cash grants received	-	-
Working capital adjustments:		
Decrease in inventory	6,394,106.00	1,283,849.00
Increase in receivables	(468,616.00)	6,549,752.00
Net cash flows from operating activities	10,900,835.00	14,773,507.00

Revenue				Comments
Budget	Actual	Variance	%	
2016-2017	2016-2017			
Revenue	Kshs	Kshs		
Radio Unit	2,200,000	708,000	-68%	The decline was as a result of the cost of printing being compared to other electronic media thus decline in circulation.
Video Unit	5,600,000	1,118,848	-20%	The decline was as a result of the coverage of most of agricultural project.
Publication Unit	11,400,000	19,470,529	18%	The centre was awarded the printing of fertilizer receipts and mirra questionnaire thus increasing the revenue.
Training Unit	11,850,450	6,038,787	-49%	The decline was as a result of political climate experienced in the year.
Expenses				
Casual labour	145,200	531,112	-253%	This includes a figure of ksh 240,000 and we had to hire daily casuals in printing department.
Electricity	240,000	-	100%	The utility was paid by state department of agriculture.
Water and sewerage charges	200,000	385,796	93%	The centre experienced water shortage due construction and expansion of waivaki way we resolved to buy water tankers.
Cooking Gas	360,000	231,430	36%	The cooking of tea is been done in a central place unlike where every unit had a kitchen.
Telephone Expenses	48,000	-	100%	The centre utilised the allocation from state department of agriculture.
Internet connection	240,000	418,574	74%	The centre increased bands width to meet our clients demand.
Postal and Telegrams Expenses	240,000	29,240	88%	This has been caused by centre using other medium of communication.
Official entertainment	120,000	-	100%	There was no approval on the item.
Publishing and Printing Expenses	6,468,000	4,578,656	29%	Printing of fertilizers and mirra receipts and questionnaire from state department of agriculture.
Boards Allowance	480,000	119,000	75%	The board was inaugurated in September 2017 and had only two sitting.

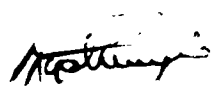
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

Supplies for broadcasting & information	510,200		100%	The airing of Radio is expensive compared to other electronic media
Purchase of Food and ration	4,888,000	1,392,910	72%	The was a decline in training during the year due to political uncertainty experienced
Photographic Materials	781,000	1,142,572	-46%	Increase in demand of photographic materials to meet our clients demand
General office supplies (papers, pencils, etc)	325,800	1,169,945	-259%	The was reduction in allocation from state department of agriculture
Sanitary and Cleaning Materials	840,000	221,762	74%	The low turnout of clients in training
Bank charges	216,000.	16,729	92%	Lower transaction as result of last year performance
Fees and commission	360,000.	-	100%	There was no legal fee for any litigation
Contracted Professional Services	1,716,000	3,280,300	-91%	The centre has to hire professionals to supplement our staff.
Maintenance Expenses - motor vehicles	744,000	975,351	-31%	The allocation from state department was inadequate
Maintenance of Plant, machinery and Equipment's	760,000.00	94,010.00	88%	There was no much damages to warrant repairs
Maintenances of buildings and stations	2,698,000	446,030	83%	Repair and maintenance cost were partly funded by state department of agriculture



Richard Lesvanan, BEd., CBS
Principal Secretary

Date



Philip M. Cooney
SCHOOL ASSISTANT ACCOUNTANT GENERAL

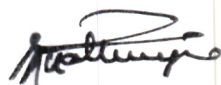
Date

4/2/18

X. 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.

Referen ce 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)
1.	Receivables	Clearing Debtors against payment	Senior Accountant- Gerald	Resolved	31 st December 2017
2.	Inventories	Clearing of obsolete stocks	Procurement officer-Mose	Resolved	31 st December 2017
3.	Reserves	Reconciliation of old balances	Senior Accountant- Gerald	Not Resolved	31 st December 2017
4.	Statement of changes in Net Assets	Reconciliation of old balances	Senior Accountant- Gerald	Not Resolved	31 st December 2017



Philip M. Gathuya
Senior Assistant Accountant General
ICPAK MNO. 2501

Date.....14/2/18.....