

REPUBLIC OF KENYA

*Paper laid by the  
leader of myalis party  
for  
26/7/2018*



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**REPORT**

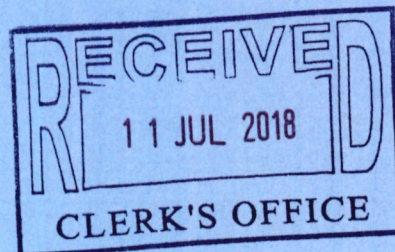
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA TRADE NETWORK AGENCY**

**FOR THE YEAR ENDED  
30 JUNE 2017**







KENYA TRADE NETWORK AGENCY (KENTRADE)

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2017



# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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# KENYA TRADE NETWORK AGENCY

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### I. ABBREVIATIONS, KEY AND DEFINITIONS

A.I.A	-	Appropriation in Aid
CEO	-	Chief Executive Officer-KenTrade
G.O.K	-	Government of Kenya
ICT	-	Information Communication Technology
IDF	-	Import Declaration Form
ICF	-	Investment Climate Facility for Africa (Development Partners)
IPSAS	-	International Public Sector Accounting Standards
KENTRADE	-	Kenya Trade Network agency
KRA	-	Kenya Revenue Authority
KWATOS	-	Kilindini Waterfront Automated Terminal Operating Systems for KPA
KPA	-	Kenya Ports Authority
KNESWS	-	Kenya National Electronic Single Window System
MMS	-	Manifests Management Systems
NSSF	-	National Social Security Fund
PFM	-	Public Finance Management
SIMBA	-	Customs Management Systems for KRA
SWS	-	Single Window Systems (otherwise referred to as the TradeNet system)

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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### II. KEY ENTITY INFORMATION AND MANAGEMENT

#### Background information

Kenya Trade Network Agency (KENTRADE) is established under the Legal notice No.6 of 2010 and the State Corporations Act, Cap. 446 of the Laws of Kenya.

#### Principal Activities

The principal roles of KENTRADE are:

- ≈ Establish and manage a National Electronic Single Window System and facilitate trade.
- ≈ The National Electronic Single Window System shall serve as a single entry point for parties involved in trade and transport to:
  - Lodge documents electronically, for processing and approval; and
  - Make payments electronically for fees, levies, duties and taxes due to the Government, on goods imported or exported.

#### Key Management

The Agency's day-to-day management is under the following key officers:

- The Board of Directors
- The Chief Executive Officer;
- Departmental Heads/Managers

#### Fiduciary Management

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

- |                      |   |
|----------------------|---|
| 1. Amos Wangora      | Chief Executive Officer   |
| 2. Simon Kiplangat   | General Manager, Support Services (left on 31 <sup>st</sup> January 2017)           |
| 3. Beatrice Kosgei   | Corporation Secretary/Head of Legal Affairs (left on 31 <sup>st</sup> January 2017) |
| 4. Joseph Kimanga    | Manager, Internal Audit, Risk and Compliance  |
| 5. Joan Kweyu        | Manager, Procurement  |
| 6. Hellen Wasike     | Manager, Human Resources and Administration   |
| 7. Chrispus Mbogo    | Manager, Finance  |
| 8. Daniel Kiange     | Manager, Trade Facilitation   |
| 9. David Ngarama     | Manager, Strategy and Planning  |
| 10. Rose Ronoh       | Manager, Customer Service and Contact Centre  |
| 11. Ann Odera        | Head, Corporate Communications  |
| 12. Eugene Waluvengo | Manager, Information and Communications Technology                                  |
| 13. Maureen Saina    | Ag. Corporation Secretary/Head of Legal Affairs                                     |

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements

### For The Year Ended June 30, 2017

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#### Fiduciary Oversight Arrangements

##### Audit & Risk Committee

- |                         |          |
|-------------------------|----------|
| 1. Mr. Gilbert Langat   | Chairman |
| 2. Mr. Joseph Ngugi     | Member   |
| 3. Mr. George Wanjau    | Member   |
| 4. Prof. Esther Gicheru | Member   |

##### Finance, Staff & General Purposes Committee

- |                         |          |
|-------------------------|----------|
| 1. Mr. Francis Parsimei | Chairman |
| 2. Ms. Wambui Namu      | Member   |
| 3. Mr. Joseph Ngugi     | Member   |
| 4. Amb. Nelson Ndirangu | Member   |

##### Human Resource and Compliance Committee

- |                         |          |
|-------------------------|----------|
| 1. Prof. Esther Gicheru | Chairman |
| 2. Mr. Francis Parsimei | Member   |
| 3. Mr. George Wanjau    | Member   |
| 4. Mr. Joseph Ngugi     | Member   |

##### Strategy and Business Committee

- |                         |          |
|-------------------------|----------|
| 1. Ms. Wambui Namu      | Chairman |
| 2. Mr. Gilbert Langat   | Member   |
| 3. Amb. Nelson Ndirangu | Member   |
| 4. Mr. George Wanjau    | Member   |

##### Entity Headquarters

Embankment Plaza, First Floor,  
Longonot Road  
P.O. Box 36943 – 00200  
Nairobi

##### Entity Contacts

Telephone: (254) 20 2614896  
E-mail: [info@kentrade.go.ke](mailto:info@kentrade.go.ke)  
Website: [www.kentrade.go.ke](http://www.kentrade.go.ke)

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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### Entity Bankers

Equity Bank limited.  
Equity Centre Branch  
P.O. Box 75104 – 00200  
Nairobi

Co-operative Bank of Kenya  
KUSCO Centre Branch  
P.O. Box 48231 – 00100  
Nairobi

### Independent Auditors

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

### Principal Legal Adviser

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

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

### III. THE BOARD OF DIRECTORS

#### THE BOARD OF DIRECTORS

Gen. (Ret) Joseph Raymond Kibwana, EGH, CBS  
Chairman



Gen. Kibwana (Ret) is an Alumnus of the Britannia Royal Naval School of Engineering, the US Naval Staff College and the US Naval War College. He is also a member of Kenya Institute of Directors.

Gen. Kibwana has a wealth of experience having served as the Chief of the General Staff, the Commandant of the National Defence College and the Commander of the Kenya Navy. He is also the Former Chairman of the Board of Directors, KPA and Board Member, KCB (Kenya and Burundi).

Mr. Gilbert Langat  
Member



Mr. Langat has an Executive MBA from Copenhagen Business School Inoorero University and a Bachelor of Arts from Moi University, Eldoret. He also has a Certificate in Corporate Governance from International Centre for Leadership and Development (ICLAD). He has worked as a Trainer of Trainers, Freight logistics and management at KRA Training, Mombasa.

Mr. Langat currently serves as the Chief Executive Officer at Shippers Council of Eastern Africa. He has been a Board Member, Kenya National Highway Authority (KeNHA), Member Railway Consultative Committee, Member Chief Executives Forum, National Business Agenda, Board of Governors, and Railways Training Institute.

Mr. Joseph Zacharia Ngugi  
Alternate Member for the Principal Secretary, The National Treasury



Mr. Ngugi has a Master of Arts- Economics from the University of Nairobi and Bachelor of Arts in Economic & Sociology from Egerton University. He also has a Certificate in Agricultural Credit and Agricultural Co-operative from Agricultural Co-operative College, South Korea, Certificate in Fiscal Decentralization and Financial Management of Regional and Local Government from Harvard University USA.

He is a Principal Economist at The National Treasury and previously worked with the Ministry of Planning and National Development. He has served as a Member of the Board of Trustees of the Coffee Development Fund (Alternate to Principal Secretary for the National Treasury).

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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Mr. George Wanjau

Alternate Member for the Principal Secretary, State Department for Transport



Mr. Wanjau holds a Master of Science in Project Planning and Financing from University of Bradford and Bachelor of Arts in Economics degree from Nairobi University.

He is a Deputy Chief Economist at the Ministry of Transport, Infrastructure, Housing and Urban Development. He has over 20 years' experience in the Civil Service with considerable experience in regional, sectorial and national planning, including poverty reduction strategies, health sector reforms and project preparations and implementation, monitoring and evaluation, policy formulation for the transport sector and urban transport planning.

Ms. Wambui Namu

Member



Ms. Wambui Namu holds MSc in Management (MBA) from Arthur D Little Management Education Institute, Cambridge, Massachusetts, USA and BSc in Business Administration from Lincoln University, Oxford, Pennsylvania, USA. She worked for the Ministry of Finance and Planning prior to joining the Kenya Revenue Authority, as a seasoned tax administrator where she rose through the ranks to become the Commissioner of Customs Services.

She has extensive experience in international trade matters as well as taxation policies and practices. She has also engaged in tax advisory services, capacity building and management consultancy works for various national and international institutions such as the World Customs Organization (WCO), Kenya Institute of Management (KIM) Worldwide Inc., Kenya Trade Network Agency (KENTRADE), DHL Global Forwarding, PricewaterhouseCoopers as well as bulk commodity traders and importers of heavy commercial machinery. Ms. Namu has received National/State Honors [Head of State Commendation (HSC) & Moran of the Burning Spear (MBS) recognitions by His Excellency the President of the Republic of Kenya in 2009 and 2010 respectively for significant contribution in domestic revenue mobilization in the context of the wider state building efforts. She has served as a Board Director at the Export Processing Zone Authority.

Prof. Esther Gicheru

Member



Prof. Esther Gicheru is currently a Director, Institute of Co-operative Development and an Associate Professor in Cooperative Management and Organization Development at the Co-operative University College of Kenya. She is a doctorate degree holder in Organization Development and Transformation with over 27 years of scholarly and administrative experience in the Co-operative sector.

Prof. Gicheru holds a BSc degree in Agriculture from University of Nairobi, MA in

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

Co-operative Management and Organization Development from Leicester University, UK and Doctorate Degree (PH.D) in Organization Development and Transformation from Cebu Doctors' University, the Philippines. She also holds a Diploma in Counselling Psychology from Tangaza University College.

She is endowed with honours and awards especially for her contributions towards the Co-operative movement including Rochdale Pioneers Award (RPA) by International Co-operative Alliance (ICA) Geneva, Switzerland in 2007, Head of State Commendation (HSC) in 2008 and Commendation from the Co-operative Movement in Kenya (2008).

Mr. Francis Parsimei Gitau

Member- until 19<sup>th</sup> May, 2017



Mr. Francis Parsimei Gitau, is a holder of MA degree in Urban Development from University of Nairobi, Post Graduate Diploma and MA Thesis in Housing Policy and Practice from Hallam University UK, Bsc. (FTC) equivalent of Building Construction Technology from JKUAT.

He has wide international exposure in the area of Urban Development and Housing and has held leadership positions both in the private and public sector. He has actively participated in the development and implementation of the design concepts of the following landmarks: Uchumi Ltd, Kenya Airways, Christian Industrial Training Institute (CITC) – Thika, Jomo Kenya University of Agriculture & Technology (JKUAT) and Songa Oгода & Associate.

He is a member of Chartered Institute of Housing UK, British Council of Shopping Centre's Management. He is also a fully trained registered (MN 1732) environmental auditor and EIA expert and a founding Chair of Association of Urban Managers of Kenya.

Mr. Gitau left the KenTrade Board on 19<sup>th</sup> May 2017 to pursue other interests.

Ambassador Nelson Ndirangu

Member



Born 62 years ago, Ambassador Ndirangu is an international trade expert with more than 30 years of experience on trade/ economic policy issues. He possesses strong managerial, leadership and negotiations skills and more than 20 years of experience in strategic planning, programmatic design, implementation, team building, fundraising and setting of impact assessment systems.

He has worked as consultant for various institutions, international and national organizations such as WTO, WHO, FAO, UNCTAD, ACP, COMESA, IGAD, EAC, South Centre. He was Chief Negotiator for Kenya in the WTO from 1999 to 2007, Director of Asia Division at the Ministry of Foreign Affairs from August 2007 to December 2008. He took time off from 2009 to 2012 to manage an ACP Programme that provided technical assistance to enhance the capacities of the ACP countries to Negotiate and implement WTO agreements.

## KENYA TRADE NETWORK AGENCY

### Reports and Financial Statements For The Year Ended June 30, 2017

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Amb. Ndirangu has a Master of Arts (M.A) and a Post Graduate Diploma in International Economic relation from the University of East Anglia in UK, A Post Graduate Diploma in International Trade Policy from the WTO, a Bachelor of Commerce degree (B.COM Hons.) from the University of Nairobi. He holds several awards, including Order of the Golden Warrior of Kenya (OGW) in recognition of his contribution to trade policy formulation, development and implementation.

He was appointed Ambassador/ High Commissioner mid-December 2012 and resumed his duties in the Ministry of Foreign Affairs as the Director General in charge of the Economic Affairs and International trade Directorate, a post he is holding up to date. He is responsible for formulation, implementation, coordination and review of international trade and economic policies, including trade negotiations. He has keen interests on the legal and economic analysis of the WTO agreements, regional and bilateral trade relations with a focus on Africa.

Amos Wangora  
Chief Executive Officer



Amos Wangora is currently the Chief Executive Officer of the Kenya Trade Network Agency having been appointed to that position on October 1, 2016. He has served as the General Manager Operations and Project Director for the Kenya National Electronic Single Window System implementation (Kenya TradeNet System) with responsibility for the system implementation and operationalization. He holds a Master's degree in Maritime Affairs specializing in Port and Shipping Management from the World Maritime University (Sweden). He is also a Fellow of the Institute of Chartered Shipbrokers (UK) and a Certified Information Systems Auditor (CISA).

He has over twenty years work experience in the Trade and Logistics sector with specialization in Maritime affairs and Project Management in Port, Customs and Trade sector automation. He has vast experience in the designing, development and implementation of ICT interventions for Trade and Transport facilitation.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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### MANAGEMENT TEAM

Amos Wangora  
Chief Executive Officer



Amos Wangora is currently the Chief Executive Officer of the Kenya Trade Network Agency, having been appointed to that position on October 1<sup>st</sup>, 2016. He previously served as the General Manager Operations and Project Director for the Kenya National Electronic Single Window System implementation (Kenya TradeNet System) with responsibility for the system implementation and operationalization. He holds a Master's degree in Maritime Affairs specializing in Port and Shipping Management from the World Maritime University (Sweden). He is also a Fellow of the Institute of Chartered Shipbrokers (UK) and a Certified Information Systems Auditor (CISA).

He has over twenty years work experience in the Trade and Logistics sector with specialization in Maritime affairs and Project Management in Port, Customs and Trade sector automation. He has vast experience in the designing, development and implementation of ICT interventions for Trade and Transport facilitation.

Ms. Hellen N. Wasike  
Manager, HR & Administration



Ms. Wasike is a holder of Master of Science in Human Resource Management from Jomo Kenyatta University of Agriculture & Technology and Bachelor of Arts in Public Administration & French from University of Nairobi. She is also a Certified Public Secretary of Kenya and has acquired Foundation Diploma in Purchasing & Supply Management. Further, she has attended several courses such as Integrity Assurance Officers Course and Facilities Management Course.

Before joining KENTRADE in 2012, Ms. Wasike worked for several public sector organizations including Agency for Development Education & Communication, Jomo Kenyatta University of Science & Technology, Coffee Development Fund and Kenya Vision 2030 Delivery Secretariat serving in various capacities.

Ms. Joanne Kweyu  
Manager, Procurement



With over 20 years' experience in Supply Chain Management, Ms. Kweyu oversees the procurement function at KenTrade. Prior to joining KenTrade, she worked as a procurement professional in the Ministries of Public Health and Sanitation, Lands, Agriculture, Office of the President and the National Treasury.

Ms. Kweyu is a member of the Chartered Institute of Purchasing and Supply Management (London) and the Kenya Institute of Supply Management (KISM). She holds an Executive MBA from Jomo Kenyatta University of Agriculture and Technology

## KENYA TRADE NETWORK AGENCY

### Reports and Financial Statements For The Year Ended June 30, 2017

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and a Bachelor of Commerce degree in Business Administration from the University of Nairobi. She has also attended the Senior Management course at the Kenya School of Government from which she graduated with a Distinction.

Mr. Daniel Kiange  
Manager, Trade Facilitation



Mr. Kiange holds Master of Business Administration from University of Nairobi and Bachelor of Arts Degree from Kenyatta University. He has also acquired Foundations Diploma in Shipping from the Institute of Chartered Shipbrokers and is a Certified Information Systems Auditor (CISA).

He possesses a wealth of knowledge and experience in trade facilitation and logistics, having worked with the Kenya Ports Authority in various capacities.

Mr. Chrispus Mbogo  
Manager, Finance



Mr. Mbogo holds a Master of Business Administration in Finance from the University of Nairobi and a Bachelor of Commerce degree in Finance from the Catholic University of Eastern Africa. He is a Certified Public Accountant of Kenya.

He worked for the Kenya Agricultural Research Institute (KARI) for ten years as an Accountant and Internal Auditor. Before joining the Agency, he worked with the Coffee Development Fund as Head of Internal Audit and Acting Finance & Administration

Manager.

Mr. Joseph Kimanga  
Manager, Internal Audit, Risk and Compliance



Mr. Kimanga holds a Master of Business Administration in Finance and Bachelor of Education (Arts) in Economics & Business Studies both from University of Nairobi. He is a Certified Public Accountant of Kenya. He is also a registered student for a PhD Finance programme at the University of Nairobi.

He has 22 years' experience, having worked for Teachers Service Commission (TSC), The Jomo Kenyatta Foundation(JKF), Penmain Co. Ltd and Kenya Fresh Produce Exporters Ltd in various capacities ranging from Cost Accountant, Financial Accountant, Credit Controller, Operations Manager, Financial Controller and Finance Manager

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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Mr. David Ngarama

Manager, Strategy & Planning



Mr. Ngarama is a holder of a Master of Science degree in Economics from the University of Zimbabwe and a Bachelor of Arts degree in Economics (Honour's) from the University of Nairobi.

Prior to his appointment as a Manager, Strategy and Planning, he served as a Transaction Manager at the Privatization Commission, a parastatal under the National Treasury. He previously served as a Principal Economist in the Office of the Deputy Prime Minister and Minister for Finance where he doubled as a Technical

Assistant to the Deputy Prime Minister.

Mr. Ngarama has over nineteen years' experience in public sector operations and has worked as a Senior Economist at the Ministries of Planning, Finance, International Trade and Industry. In addition, he has wide exposure in regional trade and integration matters and has represented Kenya in many trade negotiations within and outside the Common Market for East and Southern Africa (COMESA) Region and EAC.

Ms. Rose Ronoh

Manager, Customer Service & Contact Centre



Ms. Ronoh is currently a candidate for Doctor of Philosophy in Business Management (Strategic Management Specialization) at Moi University. She holds Masters in Business Administration, (Strategic Management Option) from Moi University and Bachelor of Science in International Business (Marketing Option) from United States International University (USIU). Rose has also acquired Executive Diploma in Marketing from Marketing Society of Kenya and Professional Qualifications in Prince 2 (Project Management). She has also attended several courses and seminars in Customer Service

Excellence, Project Management, Monitoring and Evaluation, Change Management, Entrepreneurship, Budgeting and Financial Management.

She was a wealth of experience in Customer Service, Marketing Management, Strategic Communication, Strategic Management, Stakeholder Engagement and Change Management both in Public and Private Sector. Rose has previously worked as a Corporate Communications Manager at The Catholic University of Eastern Africa, Regional Marketing and Communications Officer at Kenya Power & Lighting Company Ltd and a Brand Manager at The Standard Group. She is a Member of the Marketing Society of Kenya and was a 2014 Finalist of the Rising Star Awards.

Ms. Ann Odera

Head of Corporate Communications



Ann A. Odera is currently the Head of Corporate Communications at Kenya Trade Network Agency (KenTrade). She has over 10 years of experience in the area of marketing, advertising and public relations in both service and manufacturing sectors.

Prior to joining KenTrade, she worked at KCA University as the Corporate Affairs Manager,

## KENYA TRADE NETWORK AGENCY

### Reports and Financial Statements For The Year Ended June 30, 2017

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Mabati Rolling Mills Ltd (MRM) as a Senior Public Relations Executive, Bidco Oil Refineries as Public Relations Officer and Nation Media Group as a Marketing and Advertising Executive. She holds a Master of Arts degree in Communication Studies from University of Nairobi and Bachelor of Arts degree from Panjab University, Chandigarh India. Ms. Odero is also a holder of Post Graduate Diploma in Mass Communication from University of Nairobi and Post Graduate Diploma in Public Relations and Advertising from Institute of Management Research & Training, Panjab. She is a bonafide member of Public Relations Society of Kenya (PRSK) and Media Council of Kenya (MCK).

Mr. Mahsen Abud  
Ag. Manager, ICT



Mr. Abud holds Master of Engineering in Telecommunications from the University of Cape Town and Bachelor of Science in Information Systems from USIU. He also holds several Professional qualifications including EMC, PRINCE2, CISM, CRISC, ITIL and CEH certifications. Mr. Abud has wide experience in Managing large ICT as well as automation Projects. He is a Telecommunication expert and has worked as a consultant on various projects. Before joining KENTRADE in May 2013, Mr. Abud worked for Kenya Revenue Authority in various capacities.

He is a member of ISACA and EC-Council.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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### IV. CHAIRMAN'S STATEMENT

It gives me great pleasure to present the Kenya Trade Network Agency (KENTRADE) Annual Financial Report for the year ended June 30, 2017.

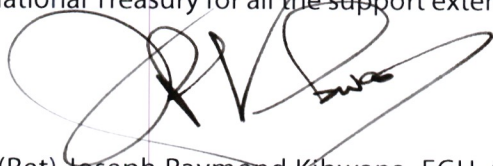
During the year, the Agency completed the development of all operational modules of the TradeNet system with the finalization of the Cargo Release and Declaration data modules. The Integration with the new Kenya Revenue Authority (KRA) Integrated Customs Management System (ICMS) is ongoing. The Agency continues to register total cooperation and support from stakeholders, especially the government agencies involved in the customs clearing process. The positive movement in the World Bank's Ease of Doing Business Index can partly be attributed to this increased integration and cooperation among the different ministries, departments and agencies, which KenTrade has been able to foster.

During the financial year, the Agency continued in its implementation of the Strategic Plan 2015-2020. The Agency developed the framework for implementation of a key pillar of the Plan, this being the sustainability pillar. The Agency has been and is currently wholly financed by the Exchequer in its operations and in its Development activities. The Agency finalized its Business Model in the year under review and in line with the Constitution of Kenya 2010, has embarked on consultation and public participation on implementation of the same. These efforts, whose ultimate aim is to build a growing and self-sustaining single window entity, are ongoing at various levels of stakeholder engagement.

The Agency also progressed work on the KenTrade Bill that is aimed at ensuring that the operations of the Agency are grounded on a firm legal foundation and it is expected that this work will be concluded in the next Financial Year.

During the Financial Year, the Agency continued to improve its quality management system and is now embarking on the transition from ISO 9001:2008 to ISO 9001-2015. This step will be a major milestone in our drive to provide excellent service to our customers, both in the public and private sectors. KenTrade has set high standards of service and will continually seek to improve them.

In conclusion, I would like to thank all those who continue to support the Agency in the discharge of its mandate and in particular the Board Members who continue to dedicate their precious time in shaping the strategic policies of KenTrade. I also wish to express my sincere appreciation to the stakeholders, especially The National Treasury for all the support extended to KENTRADE.



Gen. (Ret) Joseph Raymond Kibwana, EGH, CBS  
CHAIRMAN

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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### REPORT OF THE CHIEF EXECUTIVE OFFICER

Kenya Trade Network Agency (KENTRADE) is a State Corporation under the National Treasury established through an Executive Order on 14th January 2011 and later gazetted via Legal Notice No. 6 of 2010 which became effective on 28th January 2011.

The Kenya Trade Network Agency (KENTRADE) was created to operationalize and manage the Kenya National Electronic Single Window System (KNESWS) also known as Kenya Trade Net System. The System enables parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements.

The Agency has completed the development of all twenty (20) operational modules of the TradeNet system with the finalization of the Cargo Release and Declaration data modules. The Agency continues to monitor the operations of the system with a view to attaining and maintaining a consistent system uptime of 99.98%. The Agency continues to operate a robust contact centre that keeps it receptive and responsive to customer and stakeholder challenges and problems as they use the system. This is backed up by regional representation in key border points such as Malaba, Busia, Namanga and Isebania that have been enhanced in the framework of the one-stop border points and a full-fledged office in the port city of Mombasa. This has led to increased and appreciative engagement and support from stakeholders, especially the government agencies involved in the customs clearing process and various players in the cargo clearing process. Such cooperation can only foster more efficiency and effectiveness in the trade sector, leading to improved earnings for private sector trade players, revenue for government bodies involved and reduced costs for end-user customers in Kenya and the countries that rely on the port of Mombasa.

The Agency is on course to meet its strategic goals as laid out in its current Strategic Plan 2015-2020. Sustainability is a key concern for KenTrade and the Agency has continued to improve its systems and capacity to manage both the system and the resources allocated by the National Treasury for its operations. The Agency has reviewed its organizational structure to enable the effectiveness and growth required to sustain operations of the TradeNet system and other functions as spelt out in its founding document, the Legal Notice No. 6 of 2011. To this end, the Business Model developed over the course of 2015 and 2016 will be crucial to the generation of resources from other sources apart from National Treasury grants. Additional resources will enable the improvement and enhancement of the system in keeping with changes in technology that affect ICT based organizations worldwide. Such resources will also enable the Agency to boost innovation and creativity among its staff members, leading to better products, service delivery mechanisms and increased revenue from value-added services.

The appropriate legal framework is a key concern for any provider of public services. The Agency, while operating under adequate provisions in the Legal Notice no. 6, the various Acts of parliament (for example, the State Corporations Act) and the Constitution of Kenya, 2010, still seeks to solidify its operations with a Single Window systems law to address emerging issues that general laws do not address. The drafting of this Bill is complete and constitutional processes will be adhered to with an aim of ensuring an Act of parliament is in place by the end of the 2017/2018 financial year. The Act will anchor the Agency operations in law and ensure certainty in the various matters emerging in trade facilitation and single window operations.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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The Agency has continued to monitor and improve its operations. The performance management framework has been internalized and cascaded throughout the Agency to all staff and departments. A key part of that has been the maintenance of its ISO 9001:2008 certification. Comprehensive internal and external audits have ensured that the Agency has a continually improving quality management system. These monitoring and evaluation initiatives will be continually improved to ensure increased customer and stakeholder satisfaction.

From a financial perspective and in brief, the Kenya Trade Network Agency received from the National Treasury Kshs 634,000,000/= which was broken down into Kshs 334,000,000 for Recurrent Expenditure and Kshs 300,000,000/= for Development Expenditure. The Agency was able to generate Kshs 24,896,101/= from other sources that included Kshs 1,359,794 being from training fees, Kshs 672,739/= from the sale of obsolete stores and Kshs 22,863,568/= as interest earned on short term deposits in the Agency's bank accounts.

The Agency realized an operating deficit of Kshs (95,352,845/=), mainly due to non-cash items of depreciation and amortisation of the software and systems running in the Agency, including the TradeNet system. This has been raised as a sustainability issue by the Office of the Auditor General in previous year's audits. The Business Model and its related revenue generation plans as indicated above are key to the Agency facing this challenge. The Agency is not otherwise materially indebted, with liabilities of Kshs 21,339,928/= in current liabilities. This is against a current asset base of Kshs 587,322,775/=. The total Asset base of the Agency (including the current assets) is Kshs 1,570,979,068.

As these reports show, the Agency is a going concern and while there are challenges to be addressed, the Agency is on the right track to continue providing the trade sector with reliable facilitation through the Single Window System. The Government has indicated its continued support for the Agency and its critical mandate at the highest levels. Stakeholders have also indicated their full cooperation and support and the Agency will continue to justify the confidence and hopes of all these actors in the industry.

In this regard, I wish to extend our gratitude to the Chairman and the entire Board of Directors for their wise and firm leadership and guidance in the operations of the Agency. I wish to thank all the partner Government Agencies working and partnering with KENTRADE as well as private sector players in trade and logistics. I wish to thank in particular, The National Treasury as the parent ministry, without whose support the Agency would not deliver on its mandate. I wish to thank the members of staff and Management of the Agency, who go to great lengths to ensure customer needs are met, sometimes at great personal sacrifice and cost. Their dedication and service is continually proven not to be in vain.

Thank you

  
Amos S. Wangora  
CHIEF EXECUTIVE OFFICER

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements

### For The Year Ended June 30, 2017

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#### V. CORPORATE GOVERNANCE STATEMENT

Kenya Trade Network Agency (KENTRADE) regards Corporate Governance as key to the success of its business operations and is unreservedly committed to applying the principles necessary to ensure that good governance is practiced in all of its business dealings in respect of its customers/shareholders and relevant stakeholders.

Our Corporate Governance policy functions as a built-in self-regulating mechanism, which provides a framework to monitor and ensure statutory compliance, foster a culture of values and rewards the highest ethical standards and personal integrity.

KENTRADE strives to ensure that the principles of good Corporate Governance are applied by the Board of Directors in their dealings in respect and on behalf of KENTRADE to enable them provide strategic guidance, leadership and effective management oversight.

This statement sets out the key corporate governance principles observed by the Agency and illustrates the practices and systems established by the Board of Directors in line with these principles.

#### Functions of the Board of Directors

1. Ensuring the attainment of the Corporation's core values
2. Determining the business strategies and plans that underpin the Corporate strategy and provide strategic advice to Management
3. Reviewing the financial statements and overseeing compliance with applicable audit, accounting and reporting requirements
4. Monitoring and evaluating Corporate Performance
5. Regularly reviewing systems, processes, procedures and policies to ensure the effectiveness of internal control
6. Monitoring compliance with legal and regulatory requirements and ethical standards and policies
7. Establishing a sound system of risk oversight, Management and internal controls
8. Ensuring that the rights of stakeholders that are protected by law are respected
9. Ensuring that a comprehensive system of policies and procedures is operative
10. Ensuring ethical behavior and compliance with relevant laws and regulations, audit and accounting principles, and the institution's own governing documents and Codes of Ethics

The Agency is run through the general direction of the Board of Directors which is responsible for:

1. The administration, management and development of the Agency
2. Administering the assets and funds of the Agency in such manner and for such purposes as shall promote the best interests of the Agency

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3. Committing to the underlying principles of good governance

#### Board Structure and Processes

The Board of Directors of the Agency consists of:

- A non- executive Chairman appointed by the President
- Permanent Secretary, the National Treasury or his alternate
- Permanent Secretary, Ministry of Foreign Affairs and International Trade or his alternate
- Permanent Secretary, Ministry of Transport and Infrastructure or his alternate
- A representative from the Shippers Council of East Africa
- Three other members, not being public officers, appointed by the Cabinet Secretary, the National Treasury by virtue of their knowledge and experience in matters relating to:
  - Trade logistics;
  - Information communication technology; or
  - Finance and administration.
- Chief Executive Officer

The Board reflects a diversity of talent and experience. The Agency ensures that it provides the necessary resources and expertise to the Board of Directors to assist them in their decision- making processes and as such, they are regularly consulted on key policy matters.

The Board is exposed to seminars and workshops on corporate governance issues to enhance their knowledge and skills. They also attend trainings and inductions, especially for newly appointed directors, in respect of the Agency's operations.

The Board is governed by the Board Charter which ensures conformity with best corporate governance practices. Evaluation of the Board Members is carried out annually as dictated by the Charter and governance policies.

To assist in its operations, the Agency has established four standing committees as follows:

- **AUDIT AND RISK COMMITTEE**

The main function of the Audit Committee is to oversee the internal audit, risk management and governance processes of the Agency.

- **STRATEGY AND BUSINESS COMMITTEE**

The main function of the Strategy and Business Committee is to monitor the development and implementation of the core business of the Agency and ensure achievement of its objectives.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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- FINANCE AND GENERAL PURPOSES COMMITTEE

The Finance and General purpose Committee deals with finance and procurement matters collectively and general affairs of the Agency. The Committee reviews financial statements of the Agency and oversee compliance with applicable accounting and reporting requirements.

- HUMAN RESOURCE AND COMPLIANCE COMMITTEE

The main function of the Human Resource and Compliance Committee is to oversee administrative actions, review human resource policies and approve appointments of senior management.

### Conduct of Business Operations

The Agency's business operations are carried out within an established framework; KENTRADE's Strategic Plan. The Strategic Plan helps the Agency position itself strategically in its operational environment by aligning itself effectively to the changes taking place within its environment. It clearly sets out a coherent, systematic and sustainable road-map on which to anchor the Agency's operational initiatives.

The Agency also has a Human Resource Manual to provide the basic policies and guidelines needed to effectively manage the Agency's human resource activities by both Management and employees and also guide employee conduct. Further, the Agency practices affirmative action and equal opportunity recruitment of qualified personnel.

To achieve its business objectives and facilitate staff performance, the Agency has implemented as part of its policy, a comprehensive medical scheme to cater for all its staff and dependents.

### Risk Management and Internal Controls

KENTRADE has set up an internal audit function of the Agency. The Audit and Risk Committee (ARC) of the Board has the overall responsibility to oversee the internal audit, risk management, governance and risk processes of the Agency.

The Internal, Audit and risk department of the Agency is mandated to monitor the implementation of agreed action plans by mitigating any deficiencies that may arise or be seen to arise in audit.

### Compliance

The Board is satisfied that the Agency is complying with the relevant laws and is conducting its business affairs in accordance with the law in particular the State Corporations Act and its guidelines.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements

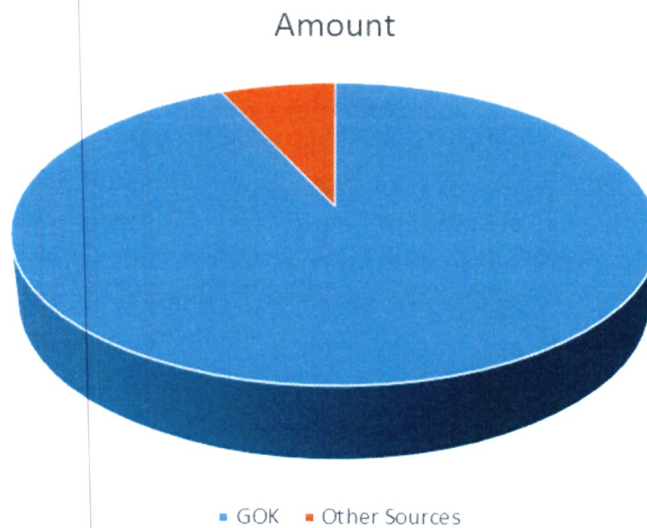
### For The Year Ended June 30, 2017

#### VI. MANAGEMENT DISCUSSION AND ANALYSIS

In the year under review, the Agency continued its principal business of running the Kenya National Single Window System (Kenya TradeNet System) and trade facilitation. The Agency has substantially completed the development of all the twenty (20) modules of the Kenya TradeNet system. However, due to redesign of business processes and introduction of a new Integrated Customs Management System (ICMS) by the Kenya Revenue Authority, integration work is ongoing with system changes to ensure connectivity between the TradeNet and the customs' systems. The Agency is currently working with the Kenya National Bureau of Statistics to deliver on its mandate of trade statistics. Development work on a trade portal in collaboration with the United Nations Conference on Trade and Development (UNCTAD) is also ongoing.

In terms of finances, the Agency still overwhelmingly relies on the support of the National Government. However, the Agency is in the process of implementing its business model to gradually reduce this reliance and generate more revenue. Kshs 634,000,000/= was provided by the Exchequer representing Kshs 300,000,000/= for development and Kshs 334,000,000/= for running recurrent expenditure. Kshs 24,896,101/= was generated from other sources, primarily interest income from call accounts, training fees for single window users and other miscellaneous sources. In comparative terms, GOK funding was 96.22% while other sources accounted for 3.78%.

Chart 1. Sources of Funding



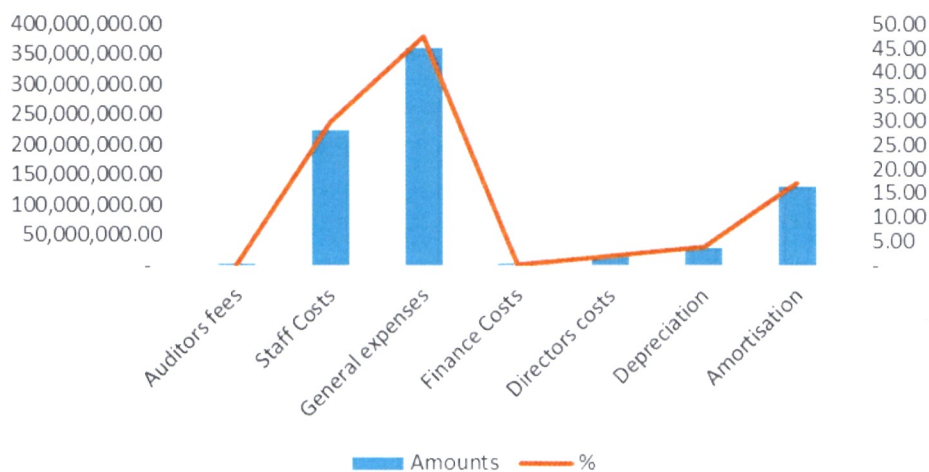
In terms of expenditure, the Agency spent Kshs 731,606,529/= with Kshs 605,176,008/= being direct cash items and the balance of Kshs 126,430,521/= being provisions for depreciation and amortisation. There was a loss on disposal of Kshs 513,511/= arising from the sale of an Agency vehicle. As indicated on the chart below, Staff Costs (Salaries and Wages) account for 29.87% of the total expenditure. General expenses includes various expense lines, with the biggest item being computer expense (repairs, internet, licenses and other recurrent items such as vendor maintenance and support for the single window and other systems) at Kshs 233,439,289/=. On its own, this would account for 30.77% of the expenditure and hence the largest item. This is in line with the Agency's main business being ICT driven.

Chart 2. Expenditure Comparison

## KENYA TRADE NETWORK AGENCY

### Reports and Financial Statements For The Year Ended June 30, 2017

Expenditure Items Comparison



In terms of assets, the Agency has a total asset base of Kshs 1,570,979,068/=. This compares favourably with total liabilities of Kshs 21,339,928/=. The assets are made up of Kshs 587,322,775/= in current assets. Cash and cash equivalents of Kshs 428,464,012/= were available for use at the end of the year. These amounts are mainly funds set aside to pay for maintenance contracts for the single window and other software systems operated by the Agency in its functions.

Non-current assets of Kshs 983,656,293/=. made up of Kshs 84,691,542/= in property plant and equipment and Kshs 898,964,751/= in intangible assets make up the larger portion of the Agency's assets. The key concern around the single window system is to maintain its system uptime, ensure its in line with improved business processes as the Agency seeks to improve such processes as part of trade facilitation, and generating/mobilizing funds to develop the second generation single window. This 2<sup>nd</sup> generation single window is required in due time due to technological changes that will definitely make current technology obsolete.

The Agency has been able to deliver on its primary role of developing and operationalizing the TradeNet system. However, to maintain it and remain sustainable, it is imperative that it maintains an effective, efficient and economical system of internal processes, procedures, staff compliment and other resources to fully deliver on its mandate. To this end, the Agency has reviewed its structure to place needed human resource where they would be most effective. The challenge of attracting and retaining qualified staff members is a key one going forward. The Agency faces the challenge of creating a conducive corporate culture that will see persons of diverse skills, quaifications and different orientations work in harmony to deliver on its madate. The majority of staff members are below 35 years of age.

The Agency, in line with the direction and guidance from the Salary and Remuneration Commission, is developing schemes to motivate staff through attractive salaries and non-cash benefits. The Agency is also investing in training its staff members to equip them with skills for their current jobs and the future. The new structure provides opportunities for growth and advancement within the Agency, guaranteed to motivate staff members to seek these opportunities and build wholesome careers.

The Agency is currently wholly owned by the National Government, which will enable it offer service to stakeholders on a subsidized basis. It is expected that even as it seeks to raise revenue, the charges levied will be a small fraction of the savings that stakeholders currently gain from reduced costs and efficiency provided by the system. New business opportunities are being sought and the Agency is keen on

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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encouraging research, innovation and creativity among its staff members to help in realizing the dream of sustainability.

The Financial statements for year 2016/2017 show that the Agency has a sound base of operations but there is need for continued government support. This support includes not only adequate funding, but also required approvals of the business model and the legal framework to ensure stability. Initiatives like the Marine Cargo Insurance (MCI) directive, also open up possible business avenues for the Agency in future. KenTrade Management is committed to running an organization that complies with all applicable laws, is an empowering employer and is a reliable business partner for all who rely on our services.



Amos S. Wangora,  
Chief Executive Officer

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

### VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Under the KenTrade Strategic Plan 2015-2020, the Agency acknowledges the importance of giving back to the society and has put in place a robust CSR framework to ensure meaningful involvement in community engagement efforts. The Agency has continued to participate and implement programs aimed at reaching the underprivileged in society, creating strong stakeholder relationships and meeting its corporate citizenship obligations. In the 2016/2017 financial year, the Agency engaged in the following activities:

- Sponsored Joyful Women Organization's (JOYWO) Table Banking initiative, an initiative geared towards women's empowerment and attainment of Kenya's Vision 2030. JoyWo is one of the most successful table banking groups in Kenya, with a membership of more than 11,500 women's groups. The initiative support projects such as greenhouse farming, poultry, and horticulture, cattle-rearing and overhead irrigation.



- 25 Staff members took part in the 2016 Standard Chartered Nairobi Marathon Seeing is Believing organised by the Standard Chartered Bank. This is a global initiative by the Bank aimed at tackling avoidable blindness and visual impairment. The proceeds of the Marthon assist in cataract, glaucoma and trauma related surgeries for needy children under the age of nine in Kenya.



- During the 2017 World Environment Day, the Agency partnered with Nairobi Greenline Project (A 30km long and 50m wide forest of indigenous trees that will shield the Nairobi National Park from our growing metropolis) and in which staff planted over 300 tree Seedlings at Nairobi National Park.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017



*We endeavour to comply with the environmental sustainability regulations and implement best practices as stipulated by the relevant authorities. During the 2015/2016 we attained a score of 76% on our sustainability target.*

- Sponsored the annual Institute of Chartered Shipbrokers (ICS) event that was held in Mombasa in February 2017. ICS is the international professional membership organization that seeks to maintain the highest professional standards across the Shipping and Port Industry worldwide. It brings together major trade facilitation industry players including clearing and forwarding agents, shipping lines, bankers, importers, exporters, container freight stations, transporters, ports authority, logisticians among others.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017



- We partnered with St. Marian's Children's home, an orphanage in Nairobi for young and underprivileged children. The Agency and its employees donated to them books, clothes, foodstuff and other items in the spirit of sharing and caring for our fellow human beings.



The Agency aims to continue engaging with the society and contributing to a better Kenya through sharing, caring and involvement in initiatives to strengthen society

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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### VIII. REPORT OF THE DIRECTORS

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

#### Principal activities

The principal activities of the entity are to:

- ≈ Establish and manage a National Electronic Single Window System and facilitate trade.
- ≈ The National Electronic Single Window System once fully operational shall serve as a single entry point for parties involved in trade and transport to:-
  - Lodge documents electronically, for processing and approval; and
  - Make payments electronically for fees, levies, duties and taxes due to the Government, on goods imported or exported.

#### Results

The results of the entity for the year ended June 30, 2017 are set out on page 1 to 43.

#### Directors

The members of the Board of Directors who served during the year are shown on page v in accordance with the provisions of the Agency's Legal notice No.6 of 2010.

#### Auditors

The Auditor General is responsible for the statutory audit of the Agency in accordance with Section 35 of the Public Audit Act 2015.

By Order of the Board



Ms. Carolyne Wanjiku  
For: CORPORATION SECRETARY

Date:.....29/09/2017.....

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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### IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, Cap 446, require the Directors to prepare financial statements in respect of the Agency, which give a true and fair view of the state of affairs of the Agency at the end of the financial year and the operating results of the Agency for that year. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.


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

The Directors accept responsibility for the agency'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 are of the opinion that the agency's financial statements give a true and fair view of the state of agency's transactions during the financial year ended June 30, 2017, and of the agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Agency 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 Agency's financial statements were approved by the Board on 30/9/17 2017 and signed on its behalf by:

  
\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

  
\_\_\_\_\_  
CHAIRMAN

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA TRADE NETWORK AGENCY FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Opinion

I have audited the accompanying financial statements of Kenya Trade Network Agency set out on pages 1 to 25, 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 comparison of budget and actual amounts 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 the Public Audit Act, 2015. I have obtained the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion the financial statements present fairly, in all material respects, the financial position of Kenya Trade Network Agency as at 30 June, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the State Corporations Act, Cap 446 of Laws of Kenya and Kenya Trade Network Agency Order, 2010.

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

##### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Trade Network Agency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Other Matter section of my report, I determine that there were no Key Audit Matters to report in the year under review.

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*Report of the Auditor-General on the Financial Statements of Kenya Trade Network Agency for the year ended 30 June 2017*

## **Other Matter**

### **1 Disposal of motor vehicle**

During the year under review, the management of Kenya Trade Network Agency sold a motor vehicle KBZ 010D Nissan Patrol at Kshs.700,000 way below Kshs.3,620,000 and Kshs.1,237,149 valuation and net book value respectively. The valuation report of Kshs.3,620,000 is based on AA of Kenya valuation report dated 13 October 2015. The vehicle was sold contrary to the Public procurement and Asset Disposal Act 2015 Section 164(1) – 164(9)

### **2 Gratuity**

The Chief Executive Officer of Kentrade is on a three (3) year contract and thus eligible to receive a gratuity payment at the end of the contract period for the years worked. Gratuity is payable only on completion of the contract period. Therefore the monthly remittances of an equivalent of 31% of the monthly salary of Chief Executive Officer's pay to the pension scheme is irregular. Such remittance to the pension scheme on behalf of the CEO should be made at the end of the contract period and not at end of period completed by the officer. Such remittance on a monthly basis is done when one is on a service contract.

### **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 Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Agency 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 provision of Section 47 of the Public Audit Act, 2015.

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

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

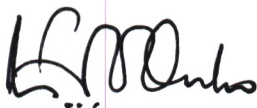
The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Agency's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**10 May 2018**

## KENYA TRADE NETWORK AGENCY

### Reports and Financial Statements For The Year Ended June 30, 2017

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

REVENUE FROM NON- EXCHANGE TRANSACTION	Notes	2016/2017 kshs.	2015/2016 kshs.
Recurrent Grants	8	611,871,094	559,565,000
		611,871,094	559,565,000
REVENUE FROM EXCHANGE TRANSACTIONS			
Interest on deposits	9	22,863,568	49,573,050
Other Incomes	10	2,032,533	1,452,661
		24,896,101	51,025,711
Total Revenue		636,767,195	610,590,711
EXPENSES			
Auditors Fees	11	600,000	600,000
Staff Costs	12	254,904,774	258,649,137
General Expenses	13	334,921,927	326,486,759
Finance Costs	14	654,593	647,646
Directors expenses	15	14,088,837	17,622,639
Depreciation & amortization charge	16	126,430,521	128,695,280
		731,600,652	732,701,461
Other gains/(losses)			
Forex Losses	17	(5,877)	(1,518,232)
Loss on disposal of assets	18	(513,511)	(146,936)
Deficit before tax		(95,352,845)	(123,775,917)
Taxation	19	6,859,071	14,871,915
Deficit for the year		(102,211,916)	(138,647,832)

The notes set out on pages 15 to 43 form an integral part of the Financial Statements

**KENYA TRADE NETWORK AGENCY**  
**Reports and Financial Statements**  
**For The Year Ended June 30, 2017**

XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	2016/2017 Kshs.	2015/2016 Kshs.
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	20	428,464,012	456,820,995
Inventories	21	1,318,351	1,126,975
Receivables from exchange transactions	22	157,540,413	114,069,038
Receivables from non-exchange transactions	23	-	20,917
		587,322,775	572,037,925
<b>Non-Current Assets</b>			
Property, Plant and Equipment	24	84,691,542	91,986,102
Intangible Assets	25	898,964,751	995,208,667
		983,656,293	1,087,194,769
<b>Total Assets</b>		<b>1,570,979,068</b>	<b>1,659,232,694</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other payables from exchange transactions	26	15,721,760	12,910,517
Provisions	26	1,259,717	5,535,853
ICF Deferred Income	27	-	-
Taxation	19	4,358,451	7,828,589
		21,339,928	26,274,959
<b>Non- Current Liabilities</b>			
		21,339,928	26,274,959
<b>Total Liabilities</b>		<b>21,339,928</b>	<b>26,274,959</b>
<b>Net Assets</b>		<b>1,549,639,140</b>	<b>1,632,957,735</b>
<b>Capital Reserves</b>			
Donor Grants		1,817,998,906	1,795,870,000
Revaluation Reserves		93,445,936	94,723,240
		9,030,000	9,030,000
Accumulated Deficits/Surplus		(370,835,702)	(266,665,505)
<b>Owners Equity</b>		<b>1,549,639,140</b>	<b>1,632,957,735</b>
<b>Total net Assets and Liabilities</b>		<b>1,570,979,068</b>	<b>1,659,232,694</b>

The Financial Statements set out on pages 1 to 43 were signed on behalf of the Board of Directors by:

CHIEF EXECUTIVE OFFICER

MANAGER FINANCE

CHAIRMAN OF THE BOARD

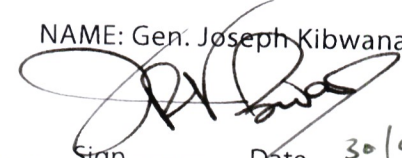
NAME: Amos Wangora

NAME: Chrispus Mbogo  
ICPAK M/NO: 7470

NAME: Gen. Joseph Kibwana (Ret)

Sign:  Date: 30/9/17

Sign:  Date: 30/9/17

Sign:  Date: 30/9/17

**KENYA TRADE NETWORK AGENCY**  
**Reports and Financial Statements**  
**For The Year Ended June 30, 2017**

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

	Attributable to the owners of the controlling entity				TOTAL
	CAPITAL RESERVE	DONOR GRANTS	REVALUATION RESERVE	ACCUMULATED SURPLUS/DEFICIT	
Balance as at 1st July 2015	1,883,035,000	96,776,546	9,030,000	(130,739,898)	1,858,101,648
Additional Grants - GOK	188,400,000	-	-	-	188,400,000
Amortized Grants - ICF	-	(2,053,306)	-	-	(2,053,306)
Prior year	-	-	-	2,722,225	2,722,225
Realignment during the year	(275,565,000)	-	-	-	(275,565,000)
Deficit for the year	-	-	-	(138,647,832)	(138,647,832)
Balance as at 30th June 2016	1,795,870,000	94,723,240	9,030,000	(266,665,505)	1,632,957,735
Additional Grants - GOK	300,000,000	-	-	-	300,000,000
Amortized Grants - ICF	-	(1,277,304)	-	-	(1,277,304)
Prior year	-	-	-	(1,958,282)	(1,958,282)
Realignment during the year	(277,871,094)	-	-	-	(277,871,094)
Deficit for the year	-	-	-	(102,211,916)	(102,211,916)
Balance as at 30th June 2017	1,817,998,906	93,445,936	9,030,000	(370,835,702)	1,549,639,139

The Capital reserve is the Cumulative cost of Development Funds contributed by the Government of Kenya to the Agency in order to attain the Agency's Mandate as per Legal Notice No.6 of January 28, 2011.

Included in the Statement of changes in net assets is an amortised grant amounting to Kshs. 93,445,936/= contributed by ICF towards development and support of Single Window systems Implementation as detailed below. This grant was negotiated between the government of Kenya and the donor, the Registered Trustees of the Investment Climate Facility for Africa Trust (ICF). The ICF donation has an overall objective of funding the facilitation of international trade in Kenya by reducing delays and lowering costs associated with clearance of goods at the Kenyan borders, while maintaining the requisite controls and collection of levies, fees, duties and taxes, where applicable, on imports or exports. The restated figures are explained in these financial statements. The Grant is amortized annually with the equivalent of depreciation charge for the Assets financed by the Grant. The Depreciation charge for the year adjusted against the grant is Kshs 1,277,304/=.

The revaluation reserve of Kshs 9,030,000 represents an increase in value of assets that underwent a revaluation exercise in 2014/2015 financial year.

The realignment of Kshs 277,871,094 relates to amounts spent for Single window support and maintenance funded under development budget but accounted for in statement of financial performance.

The prior year adjustment of Kshs 1,958,282 includes Kshs 1,923,827 that relates to an under provision in gratuity for employees on contract in the previous financial year, changes due to payment of insurance claims for disposal of assets from a previous financial year of Kshs 13,538, and Kshs 20,917 in unreceived government grant from the 2014/2015 financial year that was written off.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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

	Notes	2016/2017 Kshs.	2015/2016 Kshs.
Cashflows generated from operations			
Net surplus/ Deficit for the year		(95,352,845)	(123,775,917)
Adjustments:			
For items not involving movement of cash			
Depreciation	24	24,132,848	23,970,791
Amortisation	16	103,574,977	106,777,795
Loss on disposal	18	513,511	146,936
Operating surplus before working capital		32,868,492	7,119,605
Working capital adjustments:			
Decrease/(Increase) in inventories		(191,376)	1,423,999
Decrease/(Increase) in accounts receivable		(43,471,375)	199,070,300
(Decrease)/Increase in creditors and accruals		(1,464,893)	(42,175,605)
Working Capital prior year Adjustment		(1,937,365)	2,657,115
Tax paid	19	(10,329,208)	(13,038,039)
Working Capital changes		(57,394,217)	147,937,770
Total cash generated from operations		(24,525,725)	155,057,375
Investing Activities			
Purchase of Fixed Assets	24	(18,263,909)	(34,263,462)
Purchase of intangible assets	25	(7,331,061)	(234,743,845)
Proceeds from disposed assets		912,110	27,900
Net cashflows from investing activities		(24,682,859)	(268,979,407)
Financing Activities			
Increase in development grants		22,128,906	(87,165,000)
Amortized ICF Grants		(1,277,304)	(2,053,306)
Decrease in Deferred grants		-	(196,484)
Net cash in financing activities		20,851,602	(89,414,790)
Net increase/decrease in cash and cash		(28,356,983)	(203,336,822)
 MOVEMENT IN CASH AND CASH EQUIVALENTS			
At start of the year		456,820,995	660,157,817
At end of the year	20	428,464,012	456,820,995

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

### V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Recurrent Budget Item	Original Budget 2016/2017 Kshs	Reallocation	A-In-A	Final Budget	Actual on Comparable basis 2016/2017 Kshs	Performance Difference 2016/2017 Kshs	Performance Difference in % 2016/2017 %
Revenue							
Recurrent Grant	334,000,000.00	-	-	334,000,000.00	334,000,000.00	-	-
Interest income	18,000,000.00	-	-	18,000,000.00	24,896,101.00	6,896,101.00	38.31
Total Revenue	352,000,000.00	-	-	352,000,000.00	358,896,101.00	6,896,101.00	1.96
Expenditure							
Staff costs	263,700,000.00	(3,000,000.00)	-	260,700,000.00	229,427,219.00	31,272,781.00	12.00
Pension Support Expenses	550,500.00	-	-	550,500.00	74,063.00	476,437.00	86.55
CTC Expenses	1,500,000.00	-	-	1,500,000.00	506,671.00	993,329.00	66.22
International Travel	7,500,000.00	1,000,000.00	-	8,500,000.00	8,141,813.00	358,187.00	4.21
Local Travel	6,500,000.00	(1,000,000.00)	-	5,500,000.00	5,182,501.00	317,499.00	5.77
Training Expenses	7,000,000.00	-	-	7,000,000.00	6,296,394.00	703,606.00	10.05
Subscriptions	1,500,000.00	-	-	1,500,000.00	1,383,627.00	116,373.00	7.76
Office Rent	27,000,000.00	-	-	27,000,000.00	27,337,357.00	(337,357.00)	(1.25)

KENYA TRADE NETWORK AGENCY

Reports and Financial Statements  
For The Year Ended June 30, 2017

Repairs and Maintenance	1,450,000.00	500,000.00	-	1,950,000.00	3,154,301.00	(1,204,301.00)	(61.76)
Printing and Stationery	1,575,700.00	-	1,800,000.00	3,375,700.00	1,992,290.00	1,383,410.00	40.98
Staff Welfare	4,000,000.00	1,000,000.00	-	5,000,000.00	4,633,535.00	366,465.00	7.33
Club Membership	1,450,000.00	-	-	1,450,000.00	68,000.00	1,382,000.00	95.31
Legal	9,148,000.00	-	-	9,148,000.00	224,810.00	8,923,190.00	97.54
ISO Expenses	500,000.00	-	-	500,000.00	321,997.00	178,003.00	35.60
Risk Management	500,000.00	-	-	500,000.00	-	500,000.00	100.00
Change Management	500,000.00	-	1,000,000.00	1,500,000.00	1,341,622.00	158,378.00	10.56
Consultancy Fees	11,456,994.00	-	-	11,456,994.00	7,088,678.00	4,368,316.00	38.13
Motor Vehicle Running	5,700,000.00	-	-	5,700,000.00	3,169,745.00	2,530,255.00	44.39
Cleaning	900,000.00	-	-	900,000.00	933,172.00	(33,172.00)	(3.69)
Security	1,800,000.00	-	-	1,800,000.00	1,801,289.00	(1,289.00)	(0.07)
Publicity & Advert	6,464,813.00	-	-	6,464,813.00	4,589,938.00	1,874,875.00	29.00
Telephone & Postage expenses	1,521,365.00	1,000,000.00	-	2,521,365.00	1,277,608	1,243,757.00	49.33
Computer expenses	257,563,091.00	-	-	257,563,091.00	254,671,094.00	2,891,997.00	1.12
Utilities	2,316,040.00	500,000.00	-	2,816,040.00	3,279,850.00	(463,810.00)	(16.47)
Board Expenses	12,000,000.00	-	-	12,000,000.00	14,186,272.00	(2,186,272.00)	(18.22)

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

Insurance General	4,457,000.00	-		4,457,000.00	2,612,675.00	1,844,325.00	41.38
Bank Charges	700,000.00			700,000.00	654,593.00	45,407.00	6.49
Conference & Workshops	9,629,335.00			9,629,335.00	9,722,403.00	(93,068.00)	0.97
Corp Social Responsibility	500,000.00			500,000.00	234,000.00	266,000.00	53.20
Research & Development	1,000,000.00			1,000,000.00	-	1,000,000.00	100.00
Newspapers and Periodicals	500,000.00			500,000.00	359,718.00	140,282.00	28.06
TV Subscriptions	100,000.00			100,000.00	129,730.00	(29,730.00)	(29.73)
Staff Medical	14,000,000.00	-	3,739,055.00	17,739,055.00	18,792,591.00	(1,053,536.00)	(5.94)
Audit fees	1,392,000.00			1,392,000.00	696,000.00	696,000.00	50.00
Provision for Income tax	7,000,000.00		2,802,452.00	9,802,452.00	9,802,452	9,802,452.00	0
Monitoring & Evaluation	-			-		-	
	672,874,838.00	-	9,341,507.00	682,716,345.00	624,088,008.00	58,628,337.00	8.59

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

Development Budget Item	Original Budget 2016/2017	Reallocation	A-In-A	Final Budget	Actual on Comparable basis 2016/2017	Performance Difference 2016/2017	Performance Difference in % 2016/2017
Development Budget							
Development Grant	300,000,000.00	-	-	300,000,000.00	300,000,000.00	-	-
Total	300,000,000.00	-	-	300,000,000.00	300,000,000.00	-	-
Expenditure							
Furniture and Fittings	500,000.00	-	-	500,000.00	163,300.00	336,700.00	67.34
Office Equipment	1,500,000.00	2,000,000.00	-	3,500,000.00	1,916,125.00	1,583,875.00	45.25
Office Partitions	4,500,000.00	-	-	4,500,000.00	2,635,534.00	1,864,466.00	41.43
Computer Hardware	16,700,000.00	-	-	16,700,000.00	1,095,600.00	15,604,400.00	93.44
Single Window Base Software	100,000,000.00	-	-	100,000,000.00		100,000,000.00	100.00
Secondary Site for Disaster Recovery	50,000,000.00	-	-	50,000,000.00	23,200,000.00	26,800,000.00	53.60
Office Automation	28,854,293.00	300,000.00	-	29,154,293.00	12,084,119.00	17,070,174.00	58.55
System Change Request	29,171,474.00	(2,300,000.00)	-	26,871,474.00	2,845,615.00	24,025,859.00	89.41
Staff Loans	26,935,000.00	-	-	26,935,000.00	-	26,935,000.00	100.00
Amounts Held- E-Citizen, Final Salary, Welfare	9,917,598.00	-	-	9,917,598.00	9,917,598.00	-	-
Total	268,078,365.00	-	-	268,078,365.00	53,857,892.00	214,220,473.00	79.91
Total Budget	940,953,203.00	-	9,341,507.00	950,794,710.00	677,945,900.00	272,848,810.00	28.70

**KENYA TRADE NETWORK AGENCY**  
**Reports and Financial Statements**  
**For The Year Ended June 30, 2017**

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Variance Explanations for the Recurrent Vote

Item	Performance Difference 2016/2017 (Ksh)	Variance Explanations
Staff costs	31,272,781.00 12.00%	There were significant staff departures as well as planned recruitments that were not executed as the Agency was reviewing its organizational structure. This occasioned a savings in this vote.
Pension Support Expenses	476,437.00 86.55%	The Pension Scheme was able to take care of most of its expenses. The minimal support was for the staff pension AGM
CTC Expenses	993,329.00 66.22%	This was due to reduced procurement evaluation meetings outside the office, due to cost control measures
Training Expenses	703,606.00 10.05%	This was a savings on this vote occasioned by use of more group trainings within the Agency premises.
Repairs and Maintenance	(1,204,301.00) (61.76%)	Repairs and maintenance is an expense that occurs in an unpredictable manner. The Agency had to carry out comprehensive electrical works in Quarter 3 that cost the Agency heavily in repair cost.
Printing and Stationery	1,383,410.00 40.98%	The procurement of printing audited financial statements for the last two financial years is underway, hence no payment or commitment.
Club Membership	1,382,000.00 95.31%	The Board approved club membership could not be implemented as directed and Management had to seek further directions on implementation. This took time and the budget was not utilised.
Legal expenses	8,923,000.00 97.54%	These are funds that were provided awaiting resolution of the Mweha case in court against the Agency
ISO Expenses	178,003.00 35.60%	This amount related to a training that was invoiced and paid after the end of the financial year.
Change Management	158,378.00 10.56%	This amount related to an ongoing activity with some activities in the 2017/18 financial year.
Risk Management	500,000.00 100%	The activity that had been budgeted for was changed to encompass a more wholesome process in the 2017/18 financial year.
Consultancy Fees	4,368,318.00 38.13%	Consultancies planned are undergoing procurement while some were started in the 4 <sup>th</sup> quarter, occasioning a savings to be utilized in the 2017/2018 year.
Motor Vehicle Running	2,530,255.00 44.39%	The savings on this vote are attributed to changes in operations and cost control as well as disposal and prior minimal use of an

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

Item	Performance Difference 2016/2017 (Ksh)	Variance Explanations
		ageing vehicle
Cleaning	33,171.00 -3.69%	The cleaning contract was expanded in the last month of the year to cover regional offices
Publicity & Advert	1,874,875.00 29%	These savings were due to cost control and reduced recruitment activities
Telephone & Postage expenses	1,243,757.00 49.33%	Savings were due to use of email and other less costly means of communication.
Utilities	(463,810.00) -16.47%	There was a significant increase in electricity usage and costs per unit compared to the previous financial year. The Mombasa office was considerably more active as well as the border offices where utility charges are shared at the OSBPs.
Board Expenses	(2,186,272.00) -18.22%	There was an increase in Board activities, from the budgeted activities, in the first half of the year due to finalization of CEO hiring. Training of the Board in Audit and Finance matters in the second half of the year also contributed to the over expenditure.
Insurance General	1,844,325.13.004 1.38%	Most payments in the year relate to periods beyond the financial year end and hence are reflected in the receivables figure as prepayments.
Corp Social Responsibility	266,000.00 53.20%	Planned CSR activities were undertaken in July, after the financial year end due to partner scheduling challenges hence amount unutilised
Research & Development	1,000,000 100%	Most research done did not require expenditure hence the saving.
Newspapers and periodicals	140,282 28.06%	This was due to cost control measures on this vote
TV Subscriptions	(29,730.00) 29.73%	The over expenditure was due to a previous commitment from 2015/2016 that had been unpaid and was captured in 2016/2017
Audit fees	600,000.00 50%	The Audit fees provision was for 2 years. 2016/2016 has been paid while 2016/2017 is yet unpaid.

**KENYA TRADE NETWORK AGENCY**  
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Variance Explanations for the Development Votes

Software and Automation	Performance Differences 2016/2017 Kshs	Variance Explanation
Single Window Maintenance	100,000,000.00 100%	This was provision for SWS maintenance for 2017/2018 and was invoiced in July 2017 after the end of the financial year.
Office Automation	17,070,174.00 58.55%	There were cost savings in the purchase of planned items such as the access control solution and the LAN system
Other Capital Items		
Furniture and Fittings	336,700.00 67.34%	The non-recruitment of planned staff members hence not buying furniture impacted this vote
Office Equipment	1,583,875.00 45.25%	The procurement of air conditioners for various offices is ongoing
Office Partitions	1,864,466.00 41.43%	These funds have been carried forward as the works were not complete at the end of the year to warrant the payment of the same, especially in Namanga and Mombasa. This will be paid upon completion in the year 2017-2018
Computer hardware	15,604,400/= 93.44%	The procurement for computers has been carried over to the 2017/2018 year, awaiting revaluation of assets
B. P. R System Change Requests)	24,025,859/= 89.41%	These funds have been carried forward as the integration requirements and commencement of development was not done by end year. This will be paid upon completion in the year 2017-2018. Integration with Simba system for declaration data was also not complete as at end of FY 2016/2017 The key vendors under this were Gainde 2000 and Crimson logic
Secondary Site	26,800,000.00 53.60%	This contract was entered into in June 2017 and only an initial amount for mobilization was paid on signing the contract.
Staff Loans scheme	Kshs 26,935,000/= 100%	The Agency is procuring a scheme administrator and disbursements will be made in the 2017/2018 year

**KENYA TRADE NETWORK AGENCY**  
**Reports and Financial Statements**  
**For The Year Ended June 30, 2017**

Reconciliation of Statement of Comparison of the Budget and the Actual Amounts

	Original Budget	Adjustments	Final Budget	Actual	Difference
	Kshs	Kshs	Kshs	Kshs	Kshs
Income					
Recurrent Grant	334,000,000.00	-	334,000,000.00	334,000,000.00	-
Realignment	-	-	-	277,871,094.00	277,871,094.00
Internally Generated Funds	18,000,000.00	-	18,000,000.00	24,896,101.00	6,896,101.00
Total	352,000,000.00	-	352,000,000.00	636,767,195.00	284,767,195.00
Expenditure					
Total Expenditure	673,374,838.00	9,341,507.00	682,716,345.00	624,088,008.00	58,623,837.00
Surplus/(deficit)	(321,374,838.00)	(9,341,507.00)	(330,716,345.00)	12,679,187.00	226,138,858.00
Deficit as per SFP				(102,211,915.00)	
Add					
Non-Cash Items					
Depreciation				22,844,544.00	
Amortization				103,574,977.00	
Total				126,419,521.00	
				24,207,606.00	
Less VAT for Expenses				(28,800,464.00)	
				(4,592,858.00)	
Tax Paid during the year				7,331,061.00	

The bigger percentage of the Deficit in the Statement of Financial Performance is as a result of the Kshs 22,863,568/= and Kshs. 103,574,977/= for depreciation of Non-current Assets and Amortization of Intangible Assets respectively during the year that are non-cash. The Budget comparison figures include the VAT component as what was paid for by the Agency while those of the Statement of Financial Performance are net of VAT (input VAT), which is being accounted for as a receivable, to be claimed when the Agency starts charging output VAT.

ii). The Investment Climate Facility for Africa (ICF)

The ICF grants were not received in the current financial year and the cash balance at the closure of the Project was refunded to the Financier in 2015/2016 financial year.

**KENYA TRADE NETWORK AGENCY**  
**Reports and Financial Statements**  
**For The Year Ended June 30, 2017**

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Reconciliation statement of ICF Grants received during the year

	2016/2017 Ksh.		2015/2016 Ksh.
Opening Balance as at 1st July	-		196,484
Receipts During the year	-		-
Transferred to Revenue	-		-
Transferred to Development (Capitilised)	-		-
Refund of Cash Balance to Financier	-		(196,484)
Balance as at 30th	-		-

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

### XVI. NOTES TO THE FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION

The Kenya Trade Network Agency (KenTrade) is established by and derives its authority and accountability from The Kenya Trade Network Agency Order, 2010 of 28<sup>th</sup> January 2011, made under the State Corporations Act, Cap 446. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to facilitate trade through the development, operationalization and maintenance of the Kenya National Single Window System also known as the Kenya TradeNet system.

#### 2. 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. 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 indirect method. The financial statements are prepared on accrual basis.

#### 3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.  KenTrade adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity.
IPSAS 34: Separate Financial Statements	(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure

## KENYA TRADE NETWORK AGENCY

### Reports and Financial Statements For The Year Ended June 30, 2017

Standard	Impact
	<p>requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>KenTrade does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p>IPSAS 35: Consolidated Financial Statements</p>	<p>Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> <li>- Its power over the other entity</li> <li>- Its exposure or rights to variable benefits from involvement with the other entity</li> <li>- Its ability to control the nature, timing and amount of benefits from the other entity.</li> </ul> <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.</p> <p>KenTrade does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p>IPSAS 36: Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p>KenTrade does not have investments in associates or joint ventures.</p>
<p>IPSAS 37: Joint Arrangements</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p>

## KENYA TRADE NETWORK AGENCY

### Reports and Financial Statements For The Year Ended June 30, 2017

Standard	Impact
	KenTrade does not have an interest in a joint arrangement and therefore the standard does not apply.
IPSAS 38: Disclosure of Interests in Other Entities	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.</p> <p>KenTrade does not have an interests in other entities and therefore the standard does not apply.</p>

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	<p>Applicable: 1<sup>st</sup> January 2018</p> <p>The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.</p>
IPSAS 40: Public Sector Combinations	<p>Applicable: 1<sup>st</sup> January 2019:</p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.</p>

- iii. Early adoption of standards

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

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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### NOTES TO THE FINANCIAL STATEMENTS

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### i) Revenue from non-exchange transactions

###### Grants

The entity recognizes grants from Government of Kenya (GoK) and ICF when the actual receipt has occurred and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. Provision for doubtful debts is made when collection of the full amounts is no longer probable.

###### Transfers from other government entities

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

###### *Interest income*

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

##### ii) 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.

##### iii) Taxes

###### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

### NOTES TO THE FINANCIAL STATEMENTS

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Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit.

Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### iv) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements

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#### NOTES TO THE FINANCIAL STATEMENTS

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on a reducing balance basis, at the following annual rates:

- Computers & Peripherals	- 33.3%
- Furniture, Fittings & Equipment	- 12.5%
- Motor Vehicles	- 25%
- Single Window Software (Intangible)	- 10%
- Office partitions	- 12.5%
- Software and Applications (intangible)	- 20%

The depreciation rate on Single Window software (Intangible) in the year under review is at 10%.

v) Intangible assets (Single Window and Supporting software)

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. 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 assets is assessed as either finite or indefinite.

vi) Financial instruments

a) *Financial assets*

#### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

Receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

#### *Receivables*

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

#### NOTES TO THE FINANCIAL STATEMENTS

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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### *Impairment of financial assets*

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

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

### *b) Financial liabilities*

#### *Initial recognition and measurement*

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

#### *vii) Provisions*

Provisions are recognized when the Agency 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 Agency 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.

#### *viii) Contingent liabilities*

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

NOTES TO THE FINANCIAL STATEMENTS

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements

### For The Year Ended June 30, 2017

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#### ix) Nature and purpose of reserves

The Agency creates and maintains reserves in terms of specific requirements. Agency also states the reserves maintained and appropriate policies adopted. The Capital reserves arise through the investment by the GOK on capital Assets which basically facilitate the mandate of the Agency. The revenue reserves are as a result of operation through to the operating period and are fully attributable to the GOK as a sole owner of the Agency. Donor grants reserves are a recognition of sums from development partners that were used to buy capital items and are reduced gradually with the depreciation and amortization amounts of these assets each year. The revaluation reserve relates to an increase in the value of assets that were revalued in the 2014/2015 financial year.

#### x) Changes in accounting policies and estimates

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

#### xi) Employee benefits

##### Retirement benefit plans

The Agency provides retirement benefits for its employees and while the CEO is paid based on the gratuity method. Defined contribution plans are post-employment benefit plans under which the agency pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Agency operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Agency and the employees.

The Agency also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Corporation's obligation under the scheme is limited to specific monthly contributions legislated from time to time and were fixed at Sh.200 per employee.

The Agency's contributions to the defined contribution retirement benefit scheme and to the NSSF in respect of current service are charged to the statement of financial performance in the year.

#### NOTES TO THE FINANCIAL STATEMENTS

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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### xii) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

### xiii) Related parties

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

### xiv) 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 Agency. 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. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

The annual budget figures included in the financial statements are for the controlling entity (the Agency) and therefore exclude the budget for its donor funding from ICF. These budget figures are those approved by the donor (ICF) both at the beginning and during the year following a period of consultation with the donor.

### xv) 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 Cooperative Bank of Kenya and Equity Bank of Kenya at the end of the financial year.

### xvi) 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.

## NOTES TO THE FINANCIAL STATEMENTS

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements

### For The Year Ended June 30, 2017

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

- Consumable Non consumable Inventories are valued at purchase cost using the Weighted average cost method

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.

#### xvii) Comparative figures

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

#### 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

The Agency in the financial year under consideration made the following assumptions:

- The Data Hosting costs were capitalized since the SWS was still under development
- The recurrent expenses financed by ICF were treated as revenue with equal amount which effectively cancelled out as there was no benefit was intended to be delivered from the transaction.

#### *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
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

#### NOTES TO THE FINANCIAL STATEMENTS

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 16.

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.

### 6. Subsequent events

There are no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

### 7. Segment Reporting

The Agency does not have any reporting segments as all operations of the Agency are managed from the registered office at the Head office. The core business of the KENTRADE continues to be trade facilitation together with other mandates as stipulated in the legal notice No.6 of 2010.

### 8. Recurrent grants

	2016/2017	2015/2016
	Kshs.	Kshs.
GOK Grants	611,871,094	559,565,000
ICF Grants	-	-
	611,871,094	559,565,000

The grants are received from the GOK and other partners for recurrent expenses which are treated as revenue for the non-exchange transactions.

### 9. Interest on deposits

	2016/2017	2015/2016
	Ksh.	Ksh.
Equity Bank Ltd	21,827,404	31,382,828
Cooperative bank of Kenya Ltd	1,036,164	18,190,223
	22,863,568	49,573,050

The interest income is as a result of investments in call accounts during the times that the funds were awaiting payment.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Other Incomes

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	2016/2017	2015/2016	
	Ksh.	Ksh.	
Training fees	1,359,794	1,444,931	
Miscellaneous Income	672,739	7,730	
	2,032,533	1,452,661	
<b>11. Audit Fees</b>			
	2016/2017	2015/2016	
	Ksh.	Ksh.	
Opening balance	600,000	600,000	
Paid in the year	(600,000)	(600,000)	
Provision for the year	600,000	600,000	
	600,000	600,000	
<b>12. Staff Costs</b>			
	2016/2017	2015/2016	
	Ksh.	Ksh.	
Salaries and Wages			
Basic Salaries	155,592,519	153,339,848	
House Allowance	28,777,430	29,199,614	
Wages	829,514	1,329,936	
Other Staff Allowance	8,336,408	7,938,875	
Responsibility Allowance	1,072,665	1,304,161	
Commuter Allowance	10,364,022	10,860,325	
Leave Allowance	2,824,667	2,391,600	
Pension Contributions	20,825,565	23,031,472	
Gratuity Expenses	804,430	-	
Total Salaries and Wages	229,427,219	229,395,831	
Other Staff Costs			
Staff Medical Insurance	18,792,591	20,760,284	
Club Membership	68,000	1,775,500	
Pension Administration Support	63,847	721,169	
Training Expenses	5,679,490	5,649,810	
Membership Prof Subscriptions	873,627	346,543	
Total Other Staff Costs	25,477,555	29,253,306	
Total Staff Costs	254,904,774	258,649,137	

The amount of Kshs. 829,514 for wages related to payments made to Interns and casuals who were engaged during the 2016-2017 financial year.

**NOTES TO THE FINANCIAL STATEMENTS**

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13. General expenses

	2016/2017 Ksh.	2015/2016 Ksh.
International Travel	8,141,813	4,602,516
local Travels	5,068,098	5,863,821
Organizational Membership Subscription	446,000	434,000
Lease Expenses	23,489,130	25,720,858
Office Maintenance	2,834,783	783,853
Printing and Stationery	1,699,073	3,835,319
Office Incidentals	4,541,887	3,569,329
Consultancy Fees	6,288,160	5,267,019
Motor Vehicle Maintenance & Repair	1,181,624	895,675
Motor Vehicle Insurance	664,710	1,278,286
Postage Services	70,810	172,674
Fuel	1,162,394	969,797
CTC Expenses	487,241	1,302,367
Cleaning services	828,996	803,840
Security	1,554,959	1,465,862
Publicity & Advertisement	4,059,366	5,872,346
Telephone	1,060,973	1,415,108
Utilities	3,279,850	2,492,207
Computer Expenses	233,439,289	240,260,187
Disaster Recovery site	20,000,000	-
Conference & Workshops	9,445,188	13,596,140
Insurance General	2,612,675	4,678,791
Corporate Social Responsibilities	234,000	391,162
Newspapers and Periodicals	477,036	454,477
Monitoring and Evaluation	-	361,125
Penalties and Interest	23,560	-
legal expenses	224,810	-
ISO Expenses	313,997	-
Change management	1,291,505	-
	<b>334,921,927</b>	<b>326,486,759</b>

NOTES TO THE FINANCIAL STATEMENTS

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14. Finance costs

	2016/2017	2015/2016
	Ksh	ksh
Bank charges	654,593	647,646

15. Directors Expenses

	2016/2017	2015/2016
	Ksh.	Ksh.
Sitting Allowances	4,459,829	7,923,318
Honoraria	1,885,714	1,885,714
Retainer	2,329,032	2,400,000
Other Related expenses	5,414,261	5,413,607
	14,088,837	17,622,639

The amount of Ksh.5,414,261 for other related expenses comprises of cost of E-board, Travelling Expenses and training expenses during the year under review.

16. Depreciation and Amortization

	2016/2017	2015/2016
	Ksh.	Ksh.
Depreciation	22,855,544	21,917,485
Amortisation	103,574,977	106,777,795
	126,430,521	128,695,280

17. Forex Losses

	2016/2017	2015/2016
	Ksh.	Ksh.
Forex Losses	5,877	1,518,232

These losses arose from difference in exchange rate between invoicing date and settlement dates for dollar denominated payments

18. Loss on Disposal of Assets

	2016/2017	2015/2016
	Ksh.	Ksh.
Loss on Disposal	513,511	146,936

NOTES TO THE FINANCIAL STATEMENTS

# KENYA TRADE NETWORK AGENCY

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### 19. Taxation

No provision of tax has been made on income from grants received from Government of Kenya and donor funds from ICF however a tax charge of Kshs 6,859,071/= has been provided for on income from investment interest on call account with banks and other incomes generated from operations. The tax liabilities are Kshs 4,358,451 after adjusting for Withholding tax of Kshs 2,500,619 in the year.

	2016/2017 Kshs.	2015/2016 Kshs.	Total Kshs.
Balance b/f	7,828,589	5,994,713	13,823,302.00
Taxation Charge for the year	6,859,071	14,871,915	21,730,986
With holding Tax during the year	(2,500,619)	(7,043,327)	(9,543,946)
Tax Paid during the year	(7,828,589)	(5,994,712)	(13,823,301)
	4,358,451	7,828,589	12,187,040

### 20. Cash and Cash equivalents

	2016/2017 Ksh.	2015/2016 Ksh.
Cash in hand	164,652	65,505
Bank	428,299,360	456,755,490
	428,464,012	456,820,995

#### 20 (a) Detailed Analysis of the Cash and Cash Equivalents

		2016-2017 Kshs	2015-2016 Kshs
Financial Institution	Account Number		
a) Current Account			
Equity- Main	0810298272422	11,566,888.00	280,729,953.00
Equity -Gratuity	0810260715303	235,715.00	7,450,078.00
Cooperative Bank	01141162178000	33,396,757.00	168,575,459.00
Sub total		45,199,360.00	456,755,490.00
b) On Call Deposits			
Equity Bank	Various	383,100,000.00	0
Sub total		383,100,000.00	0
c) Others			
Cash in hand		164,652.00	65,505.00
Sub total		164,652.00	65,505.00
Grand total		428,464,012.00	456,820,995.00

**KENYA TRADE NETWORK AGENCY**  
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NOTES TO THE FINANCIAL STATEMENTS

21. Inventories

	2016/2017	2015/2016
	Ksh.	Ksh.
Consumable Inventories	1,098,462	934,759
Non Consumable Inventories	219,889	192,216
Total inventories at the lower of cost and net realisable value	1,318,351	1,126,975

22. Receivables from Exchange transactions

	2016/2017	2015/2016
	Ksh.	Ksh.
Prepaid Insurance	8,001,801	2,000,000
Insurance Claims	-	199,771
Rent Deposits	1,256,409	1,256,409
Prepaid Office Rent	675,712	746,020
Other Prepayments	4,806,609	4,739,102
Unsurrendered Staff Imprests	147,780	122,160
VAT Control	136,438,359	105,005,577
Interest receivable	6,192,774	-
Other receivable	20,968	-
	157,540,413	114,069,038

23. Receivable from non-exchange transactions

	2016/2017	2015/2016
	Kshs	Kshs
GOK Recurrent Grants	-	20,917
	-	20,917

KENYA TRADE NETWORK AGENCY

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NOTES TO THE FINANCIAL STATEMENTS

24. Property, Plant and Equipment

## KENYA TRADE NETWORK AGENCY

### Reports and Financial Statements For The Year Ended June 30, 2017

	Office Partitions Ksh.	Office equipment Ksh.	Office Furniture Ksh.	Computers & Peripherals Ksh.	Motor Vehicles Ksh.	Total Ksh.
As at 01.07.2015						
Cost/Valuation	31,266,732	4,711,366	12,643,513	54,298,404	12,118,181	115,038,196
Additions	609,099	499,686	17,845	17,702,763	15,434,069	34,263,462
Disposals	-	-	-	(236,138)	-	(236,138)
As at 30.06.2016	31,875,831	5,211,052	12,661,358	71,765,029	27,552,250	149,065,520
Accumulated Depreciation						
As at 01.07.2015	8,410,426	758,098	2,864,282	15,367,822	5,834,416	33,235,044
Charge for the year	2,926,831	822,922	1,224,516	16,672,992	2,323,530	23,970,791
Prior year adjustment	-	-	-	-	-	-
On Disposal	-	-	-	(126,417)	-	(126,417)
As at 30.06.2016	11,337,257	1,581,020	4,088,798	31,914,397	8,157,946	57,079,418
As at 01.07.2016						
Cost/Valuation	31,875,831	5,211,052	12,661,358	71,765,029	27,552,250	149,065,520
Additions	2,635,534	7,759,725	532,530	7,336,119	-	18,263,909
Disposals	-	-	-	(510,932)	(3,910,000)	(4,420,932)
As at 30.06.2017	34,511,365	12,970,777	13,193,888	78,590,216	23,642,250	162,908,497
Accumulated Depreciation						
As at 01.07.2016	11,337,257	1,581,020	4,088,798	31,914,397	8,157,946	57,079,418
Charge for the year	2,715,385	1,036,807	1,084,390	14,447,690	4,848,576	24,132,848
Prior year adjustment	-	-	-	-	-	-
On Disposal	-	-	-	(322,460)	(2,672,851)	(2,995,310)
As at 30.06.2017	14,052,642	2,617,827	5,173,188	46,039,627	10,333,672	78,216,955
Net Book value						
As at 30.06.2017	20,458,723	10,352,950	8,020,700	32,550,589	13,308,579	84,691,542
As at 30.06.2016	20,538,574	3,630,032	8,572,560	39,850,632	19,394,304	91,986,102

## KENYA TRADE NETWORK AGENCY

### Reports and Financial Statements For The Year Ended June 30, 2017

#### NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of the depreciation charge for the year as reported in the Statement of Financial performance.

	2016/2017	2015/2016
Depreciation Charge as per Fixed Asset movement Schedule (note 15)	24,132,848	23,970,791
Depreciation Charge attributable to Assets financed by ICF Grants	(1,277,304)	(2,053,306)
Depreciation Charge for the year	22,855,544	21,917,485

The Depreciation charge on assets finance by ICF grants have been applied against the capitalized Grants in the statement of changes in Net Asset for Kshs 1,277,304 (2015/2016 Kshs 2,053,306).

#### 25. Intangible assets – software

Cost	Ksh.
As at 1st July 2015	1,059,209,310
Additions	234,743,845
As at 30th June 2016	1,293,953,155
As at 1st July 2016	1,293,953,155
Additional Development	7,331,061
As at 30th June 2017	1,301,284,216
 Amortisation	
As at 1st July 2015	191,966,692
Amortisation	106,777,795
As at 30th June 2016	298,744,488
As at 1st July 2016	298,744,488
Amortisation	103,574,977
As at 30th June 2017	402,319,465
 Net Book Value	
At 30th June 2017	898,964,751
At 30th June 2016	995,208,667

The Amount of Intangible assets comprises of the single window base and supporting software which has been incurred during the development of the software in facilitation of trade.

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NOTES TO THE FINANCIAL STATEMENTS

26. Trade and other payables from exchange transactions

	2016/2017	2015/2016
	ksh	ksh
Trade Payables	11,220,799	3,066,836
Statutory deductions	4,500,961	-
E-Citizen	-	9,575,681
Staff Welfare Fund	-	268,000
	15,721,760	12,910,517
Provisions		
Provisions for Gratuity	659,717	4,935,853
Audit fees	600,000	600,000
	1,259,717	5,535,853
	16,981,477	18,446,370

27. Deferred Grants from ICF

	2016/2017	2015/2016
	Ksh	Ksh
Opening Balance	-	196,484
Receipts during the year	-	-
Applied during the year	-	-
Refund upon Closure of Project		(196,484)
Deferred Income	-	-

28. Contingent Liabilities

At the year end the Agency had the following Contingent liability:

	2016/2017	2015/2016
	Ksh	Ksh
Mweha Enterprises	12,373,452	12,373,452

A contingency liability of Kshs 12,373,452 to Mweha Enterprises who were undertaking office partitions in year 2011/2012 is probable. This liability is not included in the financial statement since the case is still pending in court and no judgment has been entered, however the Agency is working on how to sort the matter out of court.

29. Operating Leases

The Agency has an uncancellable two operating leases of six years and four years for office space in the first and ground floors respectively with Embankment Investments Ltd on L.R. No. 209/12384. The rents are payable quarterly in advance.

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

### NOTES TO THE FINANCIAL STATEMENTS

	2016/2017	2015/2016
	Ksh	Ksh
Due within the next 12 Months		
Total Premises (Nairobi and Mombasa)	18,206,591	10,631,628
Ground floor	-	2,564,770
Parking	1,373,600	180,000
Service Charge	3,054,188	2,269,182
	22,634,379	15,645,580
Later than 1 year and not later than 5year		
Total Premises (Ground and 1st Floor)	62,878,970	17,807,977
Ground Floor		4,616,586
Parking	5,769,120	324,000
Service Charge	12,216,754	2,596,720
	80,864,844	25,345,283
Total	103,499,223	40,990,863

#### 30. Related party disclosures

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

The entity is related to

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

#### Board of Directors

##### (a) Directors Expenses

The Directors' Fees were Kshs 14,088,837 (2015/2016: Sh. 17, 622,639).

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(b) Remuneration of Key Management staff

Included in the Staff Cost in Note 6 are the salaries and benefits of 11 top management staff costs as follows:

	2016/2017	2015/2016
	Ksh	Ksh
Salaries and other Benefits	63,823,200	66,330,089

31. Subsequent events

There were no events subsequent to the financial year end that had a significant impact on the financial statements.

32. Cash generated from operations

	2016/2017	2015/2016
	Kshs.	Kshs.
Net surplus/ Deficit for the year	(95,352,845)	(123,775,917)
Adjustments:		
For items not involving movement of cash		
Depreciation	24,132,848	23,970,791
Amortisation	103,574,977	106,777,795
Loss on disposal	513,511	146,936
Operating surplus before working capital	32,868,492	7,119,605
Working capital adjustments:		
Decrease/(Increase) in inventories	(191,376)	1,423,999
Decrease/(Increase) in accounts receivable	(43,471,375)	199,070,300
(Decrease)/Increase in creditors and accruals	(1,464,893)	(42,175,605)
Working Capital prior year Adjustment	(1,937,365)	2,657,115
Tax paid	(10,329,208)	(13,038,039)
Working Capital changes	(57,394,217)	147,937,770
Total cash generated from operations	(24,525,725)	155,057,375

33. Financial Risk Management

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

**NOTES TO THE FINANCIAL STATEMENTS**

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

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

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

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2017				
Receivables from exchange transactions	157,540,413.00	21,102,054.00	136,438,359	0
Receivables from non-exchange transactions	0	0	0	20,917.00
Bank balances	0	0	0	0
<b>Total</b>	<b>157,540,413.00</b>	<b>21,102,054.00</b>	<b>136,438,359</b>	<b>20,917.00</b>
At 30 June 2016				
Receivables from exchange transactions	114,069,038.00	9,063,461.00	105,005,577.00	0
Receivables from non-exchange transactions	20,917.00	0	20,917.00	0
Bank balances	0	0	0	0
<b>Total</b>	<b>114,089,955.00</b>	<b>114,088,955.00</b>	<b>105,026,494.00</b>	<b>0</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

### NOTES TO THE FINANCIAL STATEMENTS

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

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

### (ii) Liquidity risk management

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2017				
Trade payables	2,485,821.00	3,979,294.00	4,755,684.00	11,220,799.00
Current portion of borrowings	0	0	0	0
Provisions	1,259,717.00	0	0	1,259,717.00
Deferred income	0	0	0	0
Employee benefit obligation	4,500,961.00	0	0	4,500,961.00
Total	8,246,499.00	3,979,294.00	4,755,684.00	16,981,477.00
At 30 June 2016				
Trade payables	10,244,371.00	265,610.00	2,400,536.00	12,910,517.00
Current portion of borrowings	0	0	0	0
Provisions	600,000.00	0	4,935,853.00	5,535,853.00
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	10,844,371.00	265,610.00	7,336,389.00	18,446,370.00

### (iii) Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### NOTES TO THE FINANCIAL STATEMENTS

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

Overall responsibility for managing market risk rests with the Audit and Risk Committee of the Board.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Committee) and for the day to day implementation of those policies.

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

### a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2017			
Financial assets(cash ,)	23,646.00		23,646.00
Liabilities			
Trade and other payables	4,485,446.00		4,485,446.00
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	(4,461,800.00)	xxx	(4,461,446.00)

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

### NOTES TO THE FINANCIAL STATEMENTS

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(iii) Market risk (continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2017			
Financial assets(cash ,)	23,646.00		23,646.00
Liabilities			
Trade and other payables	4,485,446.00		4,485,446.00
Borrowings	xxx	xxx	xxx
Net foreign currency asset/(liability)	(4,461,800.00)	Xxx	(4,461,446.00)

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 4,282,994 (2016: Kshs 4,567,555 ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 21,414,970 (2016 – Kshs 22,837,775)

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

### NOTES TO THE FINANCIAL STATEMENTS

#### Financial Risk Management (Continued)

#### Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2016-2017		2015-2016
	Kshs		Kshs
Revaluation reserve	9,030,000.00		9,030,000.00
Retained earnings	(370,835,702.00)		(266,665,505.00)
Donor Grant	93,445,936.00		94,723,240.00
Capital reserve	1,817,998,906.00		1,795,870,000.00
Total funds	1,549,639,140.00		1,632,957,735.00
Total borrowings	0		0
Less: cash and bank balances	0		0
Net debt/(excess cash and cash equivalents)	0		0
Gearing	0		0

#### 34. Currency

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

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**NOTES TO THE FINANCIAL STATEMENTS**

**XVII. 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. The accounts were not qualified on account of the issues raised as Emphasis of Matter.

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal person to resolve the issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
(i)	Sustainability of Agency as evidenced by increasing deficits and the dependency on continued support from the National Government	The National Government has not indicated any impending discontinuation of support. Agency is also rolling out resource mobilization initiatives to supplement grants from the Treasury	Chrispus Mbogo Manager Finance	Resolved	Ongoing
(ii)	Uncertainty due to ongoing suit in court against the Agency	Case is ongoing, awaiting resolution by court	Lucy Rono, Corporation Secretary	Not Resolved	Ongoing

CHIEF EXECUTIVE OFFICER .....

CHAIRMAN OF THE BOARD .....

DATE 30/9/17

DATE 30-9-17

# KENYA TRADE NETWORK AGENCY

## Reports and Financial Statements For The Year Ended June 30, 2017

### NOTES TO THE FINANCIAL STATEMENTS

#### APPENDIX: INTER ENTITY TRANSFERS

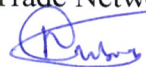
KENYA TRADE NETWORK AGENCY (KenTrade)					
Breakdown of Transfers from the National Treasury					
FY 2016/17					
a)	Recurrent Grants				
		<u>Bank Statement</u>	<u>Amount (Kshs)</u>	<u>Financial Year</u>	
		<u>Date</u>			
		24/08/2016	83,500,000.00	2016/17	
		14/11/2016	83,500,000.00	2016/17	
		30/03/2017	83,500,000.00	2016/17	
		15/05/2017	83,500,000.00	2016/17	
		Total	334,000,000.00		
b)	Development Grants				
		<u>Bank Statement</u>	<u>Amount (Kshs)</u>	<u>Financial Year</u>	
		<u>Date</u>			
		22/12/2016	150,000,000.00	2016/17	
		24/03/2017	75,000,000.00	2016/17	
		26/04/2017	75,000,000.00	2016/17	
		Total	300,000,000.00		

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

Finance Manager  
Kenya Trade Network Agency

Head of Accounting Unit  
The National Treasury

Sign



Sign



**KENYA TRADE NETWORK AGENCY**  
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Appendix 2: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Total Transferring during Year
	as per bank statement					
The National Treasury	Various	Recurrent	334,000,000.00	334,000,000.00	NIL	334,000,000.
The National Treasury	Various	Development	300,000,000.00	277,871,094.00	22,128,906.00	300,000,000.
<b>Total</b>			<b>634,000,000.00</b>	<b>611,871,094.00</b>	<b>22,128,906.00</b>	<b>634,000,000.</b>