



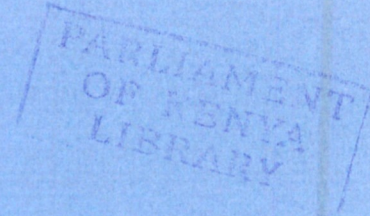
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 MAR 2019	DAY: TUESDAY
TABLED BY: MAJORITY LEADER	
CLERK-AT THE TABLE:	



REPORT

OF

THE AUDITOR-GENERAL

ON

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

FOR THE YEAR ENDED
30 JUNE 2018





**AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
ANNUAL REPORTS AND FINANCIAL STATEMENTS**

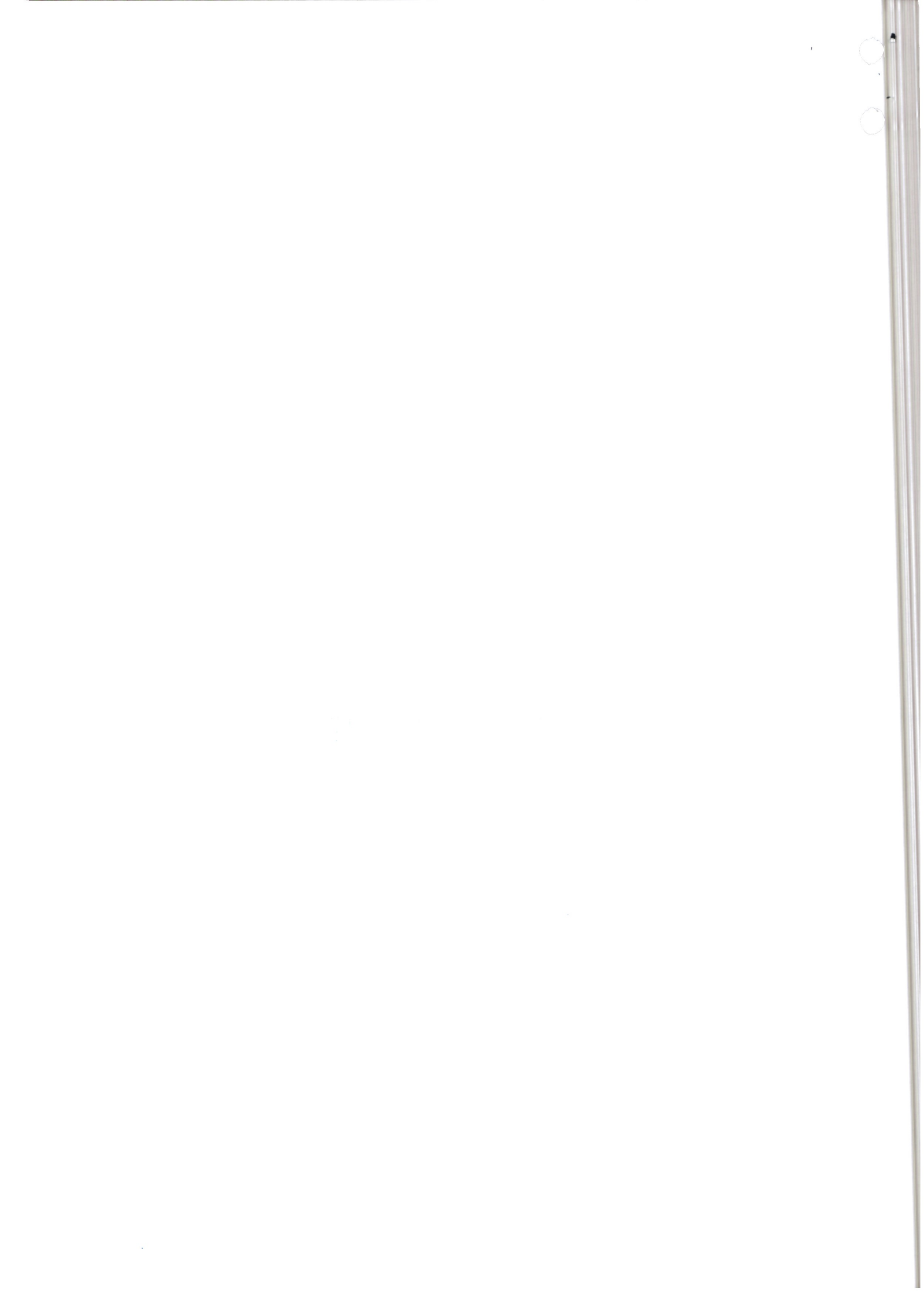
FOR THE YEAR ENDED 30 JUNE, 2018

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

11 JAN 2019

RECEIVED

**Prepared in accordance with the Accrual Basis of Accounting Method under the
International Financial Reporting Standards (IFRS)**





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KEY ATC INFORMATION

Background information

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

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

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

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

Principal Activities

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





Vision

To be a globally competitive solution provider for entrepreneurial development

Mission

To provide innovative and competitive trainings, consultancy and applied research and develop commercial enterprises to meet the commercial expectations of the CUK, cooperatives, agribusiness and the associated economies

VALUES

- Integrity
- Equity
- Quality
- Teamwork
- Innovation

Directors

The Directors who served the ATC during the year/period were as follows:

1.	Prof. KamauNgamau (PhD)	Co-operative University of Kenya – Vice Chancellor and Board Chairperson
2.	Prof. Esther NjokiGicheru (Mrs.) HSC	Co-operative University of Kenya
3.	Prof. Esther Magiri (Mrs.)	Co-operative University of Kenya
4.	Mr.DavidOtiende	Co-operative University of Kenya
5.	Mr. S. Miringu	Co-operative University of Kenya
6.	Mr. Timothy Mutwiri	We Effect – Representative
7.	Mr. Daniel Marube	Co-operative Alliance of Kenya – CEO
8.	Mr. Stanley WanjohiMigwi	Chief Executive Officer and Secretary to the Board



Registered Officer

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

Corporate Headquarters

Co-operative University of Kenya
Ushirika Road Karen
P O Box 465 -00502
KAREN – NAIROBI

Corporate Contacts

Telephone: (254) 0735 866
E-mail: info@atc.co.ke
Website: www.atc.co.ke

Corporate Bankers

Standard Chartered
Bank
Karen Branch
P O Box 24601 – 0502
KAREN – NAIROBI

Kenya Commercial Bank
Karen Branch
P O Box 4042 - 00502
KAREN – NAIROBI

Co-operative Bank Of
Kenya
Karen Branch
KAREN – NAIROBI

Independent Auditors

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





THE BOARD OF DIRECTORS

1.	Prof. KamauNgamau (PhD)	Co-operative University of Kenya – Vice Chancellor and Board Chairperson
2.	Prof. Esther NjokiGicheru (Mrs.) HSC	Co-operative University of Kenya
3.	Prof. Esther Magiri (Mrs.)	Co-operative University of Kenya
4.	Mr.DavidOtiende	Co-operative University of Kenya
5.	Mr. S. Miringu	Co-operative University of Kenya
6.	Mr. Timothy Mutwiri	We effect Representative
7.	Mr. Daniel Marube	Co-operative Alliance of Kenya – CEO
8.	Mr. Stanley WanjohiMigwi	Chief Executive Officer and Secretary to the Board

MANAGEMENT TEAM

1. Mr. Stanley WanjohiMigwi	Chief Executive Officer and Secretary to the Board
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CHAIRMAN'S STATEMENT

Introduction

The Board of Directors is pleased to present Annual Report and Financial Statements for the 2017/2018 Financial Year.

The Financial Year 2017/2018

The performance of the Financial Year 2017/2018 shows declined performance as the company managed to generate an income of Ksh 19,612,864 during the Financial Year compared to Ksh 29,803,029 in the Financial Year 2016/2017. In the same period (2017/2018), the company made a declined surplus of Ksh 665,860 compared to the surplus of Ksh 2,237,443 in the Financial Year 2016/2017. The declined performance of ATC may be attributed to the electioneering period which slowed down the income generation and also staff mobility during the last quarter of the year.

Outlook for 2018/2019 financial year

The Company's economic outlook is very positive in that the board has identified the internal and external business environment gaps to be addressed immediately through turn around strategies. Some of the critical strategies are the reorganization of the business model and revamping of the staff establishment. With such changes, the company is expected to make a profit of at least Ksh 4,000,000 by the end of the financial year (30th June, 2019).

Conclusion

Finally, I would like to thank the Board, ATC staffs and the Stakeholders for supporting the company to remain profitable in the back drop of hard economic times.

.....
Prof. Kamau Ngamau (PhD)





Board Chairperson

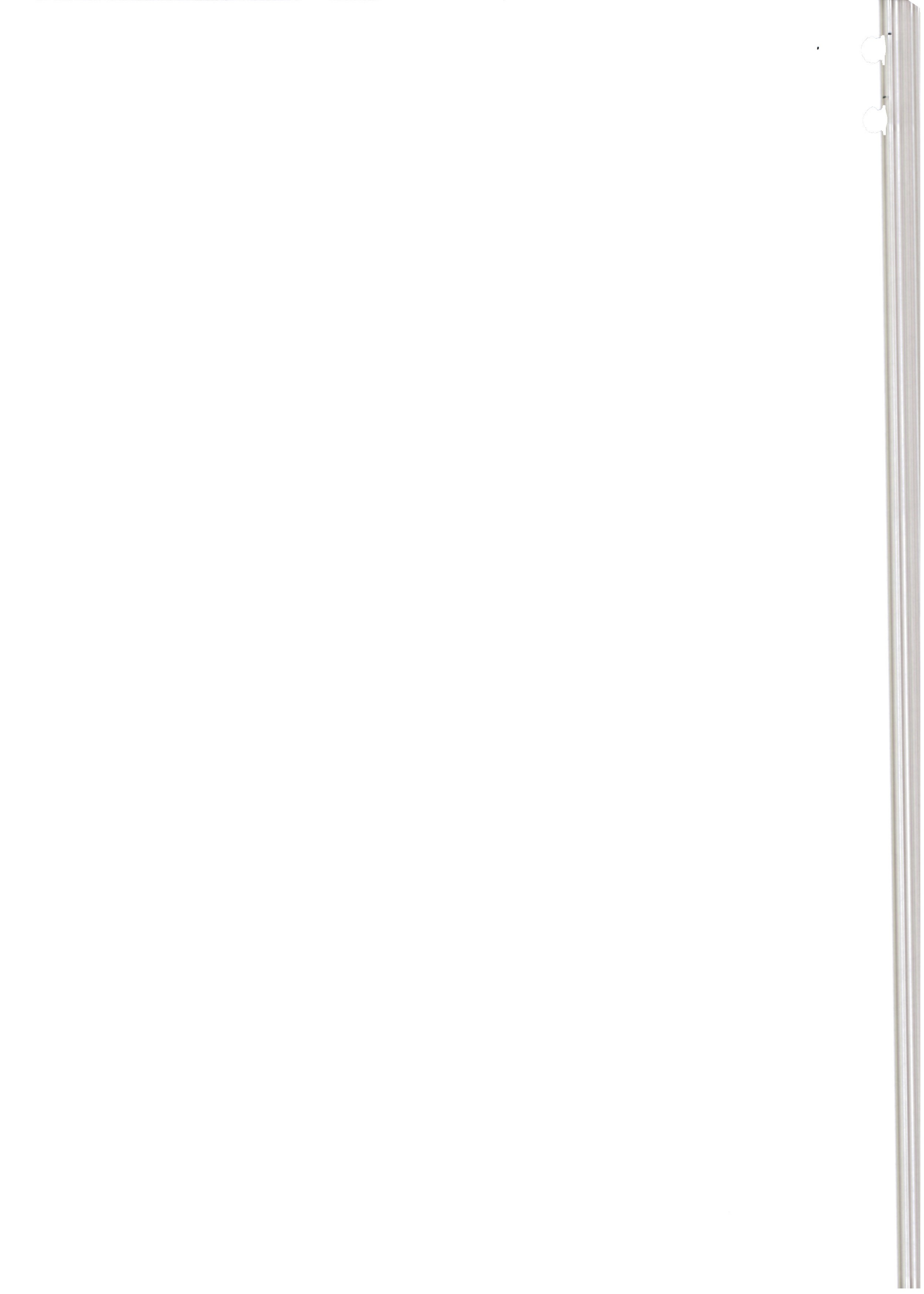
REPORT OF THE CHIEF EXECUTIVE OFFICER

The Financial Year 2017/2018 was a year where some business projections of different organizations were thrown out of focus due to pro-longed electioneering and politicking period. ATC was one of such organization as we really missed our projections. During the period, the company also experienced new recruitment of staff and some staff leaving the company .These resulted in declined performance. During the Financial Year 2017/2018, the income decreased to Ksh 19,612,864 compared to the income of Ksh 29,803,029 in the Financial Year 2016/2017. The surplus also decreased to Ksh665,860 from Ksh 2,237,443 in the Financial Year 2016/2017. However, on a positive note, during the period, the company acquired new customers while maintaining the old customers.

To protect the company from going back to losses, am happy to report that the Board of Directors has come up with strategies to revamp the performance of ATC. Some of the critical strategies are the reorganization of the business model for more income generation, strict control of expenses and revamping of the staff establishment. With such changes, the company is expected to make a profit of at least Ksh 4,000,000 by the end of the financial year (30th June, 2019).

Lastly, I would like to thank The Co-operative University of Kenya's Governing Council, Board of Directors and Staff for their continued support of the company.

.....
Stanley Wanjohi Migwi
Chief Executive Officer





CORPORATE GOVERNANCE & QUALITY STATEMENT

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

The Board of Directors

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

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

Quality Management

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

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





AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
Annual Reports and Financial Statements for the year ended 30 June, 2018

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



REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the ATC's affairs.

Principal activities

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

Results

The results of the ATC for the year ended June 30, 2017 are set out on page 1 below is summary of the profit or loss made during the year.

Dividends

Since ATC is formed through Guarantee, it does not declare dividends.

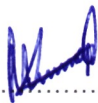
Directors

The members of the Board of Directors who served during the year are shown on page vii In accordance with Regulation of the ATC's Articles of Association.

Auditors

The Auditor - General is responsible for the statutory audit of the ATC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board



.....
Stanley Wanjohi Migwi

Chief Executive Officer

Nairobi

Date:





STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

.....
Prof. Kamau Ngamau (PhD)

Director

.....
Stanley Migwi Wanjohi

Director



REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Agri and Co-operative Training and Consultancy Services Limited set out on pages 1 to 18, which comprise the statement of financial position as at 30 June 2018, and the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Agri and Co-operative Training and Consultancy Services Limited as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Agri and Co-operative Training and Consultancy Services Limited 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.

Material Uncertainty Related to Going Concern

I draw attention to note (1.1.k) which describes the rationale upon which directors have prepared the financial statements on a going concern basis. The Company registered a profit of Kshs.665,860 a 70% reduction compared to a profit of Kshs.2,237,443 in the previous year. The total current liabilities of Kshs.11,399,647 exceeded the current assets of Kshs.9,060,828 resulting in a negative working capital of Kshs.2,338,819. Further, the statement reflects accumulated deficit of Kshs.5,908,520 arising from periods of

Report of the Auditor-General on the Financial Statements of Agri and Co-operative Training and Consultancy Services Limited for the year ended 30 June 2018

successive losses. The company has attributed the negative working capital to liabilities which were carried over from previous years. The company may not meet its obligation when due and is therefore technically insolvent and its continued operations as a going concern will depend on the support from its creditors, bankers and the Government.

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. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, 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.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Kenya Companies Act ,2015, I report based on my audit, that:

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

- ii. in my opinion, adequate accounting records have been kept by the company, so far as appears from the examination of those records; and,
- iii. The financial statements are in agreement with the accounting records and returns

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance

In preparing the financial statements, management is responsible for assessing the 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 project or to cease operations, or have no realistic alternative but to do so.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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. 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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

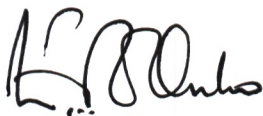
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Edward R. O. Ouko, CBS
AUDITOR GENERAL

Nairobi

27 December 2018



**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR
 THE YEAR ENDED 30 JUNE 2018**

	Notes	Kshs	
		2017 - 2018	2017 - 2018
INCOMES			
Seminar	8	18,995,759	29,097,245
Other	9	617,105	705,783
Total Income		19,612,864	29,803,029
Gross Income		19,612,864	29,803,029
EXPENSES			
Operating Expenses	11	10,452,442	19,426,522
Staff Cost	10	7,526,084	7,515,792
Board Expenses	12	320,307	156,990
AGM Expenses	13	208,100	0
Depreciation charge for the year	2(a)	154,618	198,720
Provisions for Audit Fees	14	174,000	174,000
Financial costs	17	111,452	93,562
Total expenses		18,947,004	27,565,586
PROFIT / LOSS		665,860	2,237,443





STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

ASSETS		Ksh	
		2017 - 2018	2016 - 2017
NON-CURRENT ASSETS			
Property Plant & Equipment's	2(a)	690,584	845,202
		<u>690,584</u>	<u>845,202</u>
CURRENT ASSETS			
Trade & other receivables	3	8,550,240	6,717,778
Cash & Bank Balances	4	510,588	1,407,338
		<u>9,060,828</u>	<u>8,125,116</u>
TOTAL ASSETS		<u>9,751,412</u>	<u>8,970,318</u>
EQUITY & LIABILITIES			
FUND BALANCES			
General Reserve	18	-5,908,520	-6,574,380
Co-operative University of Kenya Control Account	5	2,870,870	2,870,870
Development Partners Fund Account	6	745,400	745,400
Revaluation Reserve	19	644,015	644,015
		<u>-1,648,235</u>	<u>-2,314,095</u>
CURRENT LIABILITIES			
Trade & Other Payables	7	11,399,647	11,284,413
		<u>11,399,647</u>	<u>11,284,413</u>
TOTAL EQUITY & LIABILITIES		<u>9,751,412</u>	<u>8,970,318</u>

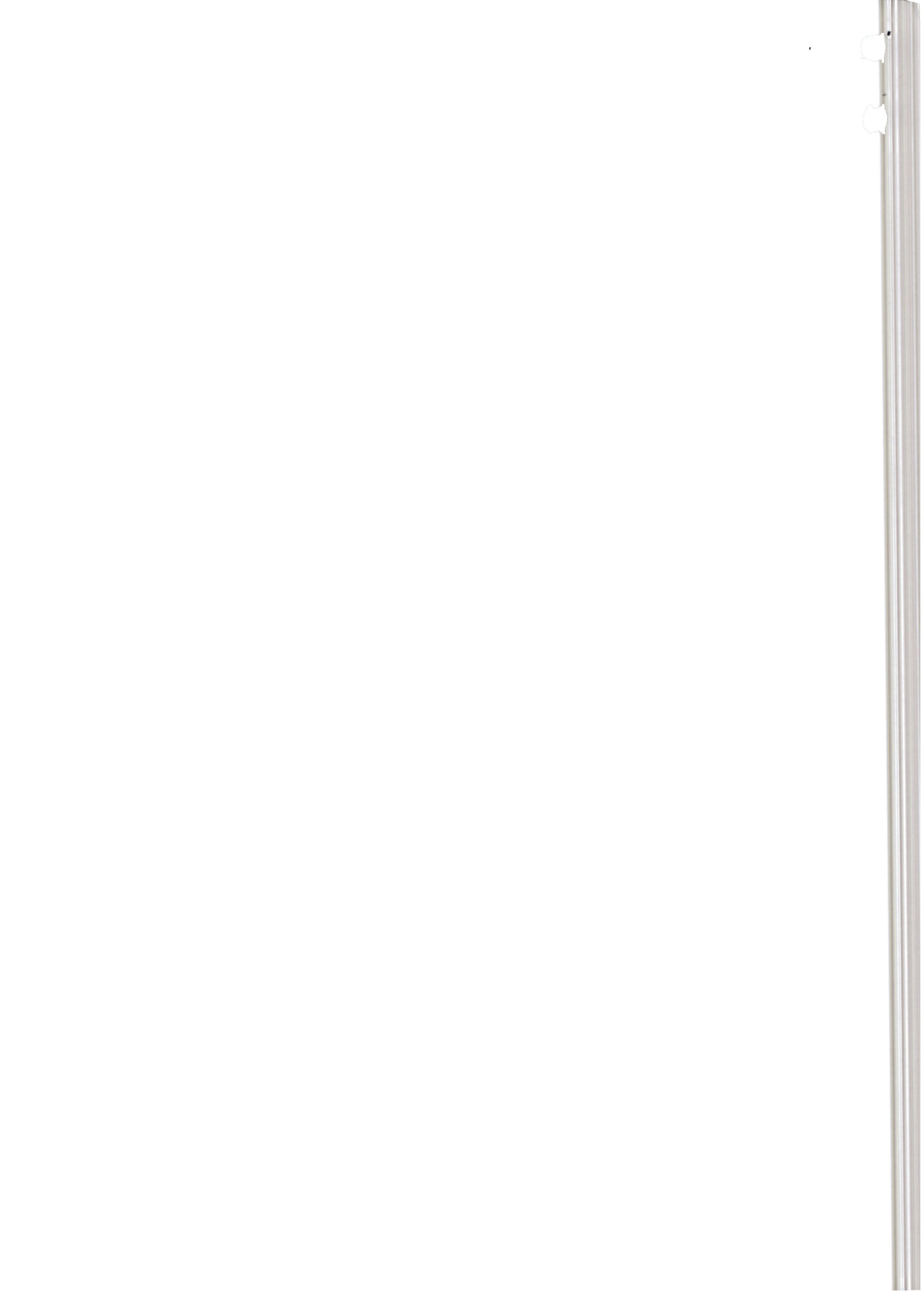
The financial statements were approved by the Board of Directors on 26th September 2018 and signed on their behalf by;-

Stanley MigwiWanjohi

Chief Executive Officer

Prof.KamauNgamau (PhD)

Board Chairperson



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018**

	Ksh	Ksh	Ksh	Ksh	Ksh
	General Reserve	CUK	Development Partners Fund Account	Revaluation Reserve	TOTAL
2016/2017					
Balance as at 01/07/2016	-8,811,823	2,870,870	745,400	644,015	-4,551,538
Profit / (Loss) for the year	2,237,443	-	-	-	2,237,443
Balance C / Forward as at 30/06/2017	-6,574,380	2,870,870	745,400	644,015	-2,314,095
2017/2018					
Balance as at 01/07/2017	-6,574,380	2,870,870	745,400	644,015	-2,314,095
Profit / (Loss) for the year	665,860	-	-	-	665,860
Balance C / Forward as at 30/06/2018	-5,908,520	2,870,870	745,400	644,015	-1,648,235



STATEMENT OF CASHFLOWS			
AS AT 30 JUNE 2018			
		Ksh	
CASHFLOW FROM OPERATING ACTIVITIES	Notes	2017 - 2018	2016 - 2017
Profit after tax		665,860	2,237,443
Adjustment for			
Depreciation	2	154,618	198,720
Working capital adjustments			
Decrease /(Increase) in account receivables	3	-1,832,463	(2,010,341)
Increase / (Decrease)in account payables	7	115,234	132,140
Net Cash From Operating Activities		<u>-896,750</u>	<u>(557962)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash received in financing activities		=	=
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT		-896,750	557,962
Opening cash and cash equivalent		1,407,338	849,376
Closing Cash And Cash Equivalent		510,588	1,407,338



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2018

	Original budget 2017-2018	Adjustments 2017-2018	Final budget 2017-2018	Actual on comparable basis 2017-2018	Performance difference 2017-2018	% Difference	Explanation for difference amounts (10% over/ under)
INCOME	Kshs	Kshs	Kshs	Kshs	Kshs		
Seminar	63,580,000	28,630,000	34,950,000	18,995,759	15,954,241	45.65%	Due 2017 election most Sacco cancelled trainings
Other Income	180,000	0	180,000	617,105	-437,105	-242.83%	We won consultancy for Land o lake paying in US dollars the gain is due To foreign Exchange gain.
Total income	63,760,000	28,630,000	35,130,000	19,612,864	15,517,136		
Expenditure							
Operation cost	35,846,880	12,928,605	22,918,275	10,452,442	12,465,833	54.39%	Due 2017 election most Sacco cancelled trainings hence low cost of Operations.
Staff Cost	17,506,564	10,206,564	7,300,000	7,526,084	-226,084	-3.09%	
Board Expenses	1,840,000	1,540,000	300,000	320,307	-20,307	-6.7%	
AGM Expenses	600,000	0	600,000	208,100	391,900		
Depreciation	1,581,688	1,411,688	170,000	154,618	15,382	9.04%	
Audit Fees	150,000	0	150,000	174,000	-24,000	-16%	In the Budget VAT amount had not been factored in.
Financial costs	60,000	-20,000	80,000	111,452	-31,452	-39.31%	Most of our three bank accounts were active.
Totalexpenditure	57,585,132	26,066,857	31,518,275	18,947,004	12,571,271		
Surplus	6,174,868	2,563,143	3,611,725	665,860	2,945,865		

Budget notes: Provide explanation of differences between actual and budgeted amounts (10% over/ under) Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

ATC is established and derives its authority and accountability from company Act. The ATC is wholly owned by the Co-operative University of Kenya and is domiciled in Kenya. Its principal activity is Training, Consultancy and Research.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

1.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the ATC's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the ATC.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.



NOTES TO THE FINANCIAL STATEMENTS

b. Property Plant & Equipment

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

Motor Vehicles	25%
Furniture & Fittings	12.5%
Computers & Office Machines	33.3%
Loose Tools	33.3%

c. Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

d. Revenue Recognition

Revenue is recognized on accrual basis in accordance with international financial reporting standards. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the ATC's activities, net of value-added tax (VAT), where applicable. Grants received from: Sacco Society Regulatory Authority for support of launching Sacco Trainings, ACDI/VOCA for support of Co-operative Information Resource Centre and support from CUK for 6 months' rent are all recognized as income since they are not of capital nature.

e. Cash & Cash Equivalent

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

f. Comparatives

Where applicable comparative figures have been provided



NOTES TO THE FINANCIAL STATEMENTS

g. Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

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

h. Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the ATC or not, less any payments made to the suppliers.

i. Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the ATC operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss

j. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

k. Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of



NOTES TO THE FINANCIAL STATEMENTS

assets and the liquidation of liabilities in the normal course of business. As of 30 June 2018, the Company had an accumulated deficit of Kshs(5,908,520) arising from periods of successive losses and negative working capital of Kshs.2,338,819. We had a lot of challenges in this year of review among them cancelled trainings by many Sacco's due to 2017 elections.

The Company intends to fund its operations through revenues earned from training and consultancy services to governmental and non-governmental organizations such as co-operative movement and the associated sectors of the economy, farmers and their associations, small and medium enterprises, Development Partners, Community Based Organizations and other related clientele, which may be insufficient to fund its expenditures, working capital and other cash requirements. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertain





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2a. Property Plant and Equipment

DETAILS	MOTOR VEHICLES	EQUIPMENTS	COMPUTER & OFFICE ELECTRONICS	FURNITURE & FITTINGS	LOOSE TOOLS	TOT
	Ksh 25.0%	Ksh 12.5%	Ksh 33.3%	Ksh 12.5%	Ksh 33.3%	Ks
As at 01/07/2017	980,700	603,080	2,009,000	845,635	136,567	4,
As at 30/06/2018	980,700	603,080	2,009,000	845,635	136,567	4,
DEPRECIATION						
As at 01/07/2017	730,738	358,113	1,928,176	580,562	132,190	3,
Charge for the year	62,491	30,622	26,914	33,134	1,458	
As at 30/06/2018	793,229	388,735	1,955,090	613,696	133,648	3,
NET BOOK VALUE						
As at 30/06/2018	187,472	214,345	53,910	231,939	2,919	
As at 01/07/2017	249,962	244,967	80,824	265,072	4,377	





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2b. Property Plant and Equipment

DETAILS	MOTOR VEHICLES	EQUIPMENTS	COMPUTER & OFFICE ELECTRONICS	FURNITURE & FITTINGS	LOOSE TOOLS	TOTAL
	Ksh 25.0%	Ksh 12.5%	Ksh 33.3%	Ksh 12.5%	Ksh 33.3%	Ksh
As at 01/07/2016	980,700	603,080	2,009,000	845,635	136,567	4,574,987
As at 30/06/2017	980,700	603,080	2,009,000	845,635	136,567	4,574,987
DEPRECIATION						
As at 01/07/2016	647,417	323,118	1,887,824	542,695	130,005	3,531,059
Charge for the year	83,321	34,995	40,352	37,867	2,185	198,720
As at 30/06/2017	730,738	358,113	1,928,176	580,562	132,190	3,729,779
NET BOOK VALUE						
As at 30/06/2017	249,962	244,967	80,824	265,072	4,377	845,202
As at 01/07/2016	333,281	279,953	121,178	302,939	6,562	1,043,923





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. Trade & Other Receivables

CLIENT	2017 - 2018	2016 - 2017
Ardhi Sacco	28,500	28,500
Asilisacco	32,500	
CAFOSA	70,000	70,000
Capital Sacco Ltd	32,250	
Comm of Domestic Tax(VAT) - Receivable	-	589,879
Credit Reference Bureau Africa Ltd	15,000	
Bandari Sacco	37,000	128,750
Egerton University Sacco	532,000	
Fintea Growers Sacco Society Ltd	10,000	10,000
Financial Sector Deepening (FSD)	-	15000
FAO	-	2975
Githunguri Dairy & Community Sacco Ltd	80,000	171,870
GusiiMwalimu Sacco Society Ltd	-	75,000
Harambee Sacco Society Ltd	-	18,750
Isiolo County Government	40,000	40,000
K-Unity Sacco	-	75,000
Kathirime Sacco	68,000	68,000
Kenya Bankers Sacco Ltd	-	3,879
Kajiando County	475,000	
Kenya Highlands Sacco Society Ltd		8,189
KITE Sacco Society Ltd	15,200	15,200
Land O Lake	2,772,150	
Magandi Sacco Society	-	171,000
MainaNdugire	411,600	258,000
Mandera County Government	597,592	597,592
Marsabit County	75,000	
Miliki Sacco	732,730	732,730
Mombasa Port Sacco	-	102,011
mwito Sacco	-	75,000
Narok county	380,000	
Nairobi City County	95,000	95,000
Ndege Chai Sacco Society Ltd	3,233	3,233



New Fortis sacco Ltd	27,500	27,500
Nyati Sacco	9,007	19,680
Ollin Sacco Society Ltd	30,000	65,000
SASRA	15,000	15,000
Safaricom Sacco	-	94,607
Siraji Sacco Society Ltd	48,500	190,000
Sukari Sacco Society Ltd	33,750	3,750
Southern Star	150,000	
Tai Sacco Society Ltd	33,500	78,500
Tower Sacco Society Ltd	120,000	624,000
Uganda Co-op Savings and Credit Union Ltd	39,231	
Ukulima Sacco	14,000	14,000
Unisson Sacco	7,759	7759
United Nations Sacco	2,500	6,690
Wajir County Government	165,000	165,000
Ukwala Traders Sacco	68,000	68,000
Wanandege Sacco	-	171,000
We Effect	-	372,192
Winas Sacco	-	25,862
Deposits paid	14,138	14138
Staff Debtors	18,085	107,546
Unaccounted imprest	85,700	157,700
Corporate Tax paid in advance	1,550,307	1,450,689
Total	<u>8,934,732</u>	<u>7,034,171</u>
Less Provision For Doubtful Debt b/d		
Fintea Growers Sacco Society Ltd	10,000	10,000
Kithirime Dairy F.C.S	68,000	68,000
Ukwala Traders Sacco	68,000	68,000
CAFOSA	70,000	70,000
Sacco Society Regulatory Authority (SASRA)	15,000	15,000
Wajir County Government	70,000	70,000
EAFF	-	392
Financial Sector Deepening (FSD)		15,000
	<u>301,000</u>	<u>316,392</u>
Provision for bad debt 2017/2018		
Ndege Chai Sacco Society Ltd	3,233	-



New Fortis sacco Ltd	27,500	-
Ollin Sacco Society Ltd	30,000	-
SASRA	15,000	-
Unisson Sacco	7,759	-
	83,492	-
Total bad Debts	(384,492)	(316,392)
Net Trade & Other Receivables	8,550,240	6,717,779

4. Cash & Cash Equivalent

DETAILS	2017 - 2018	2016 - 2017
Cash at Bank		
Standard Chartered Account	-	6,866
Kenya Commercial Bank Account	375,850	807,243
Kenya Commercial Bank Privilege Account (Shop)	114,128	14,958
Co-operative Bank Of Kenya (USD 152.04 @ ksh 101.05)	15,364	568,734
Cash at Hand Office	5,246	9,537
TOTAL	510,588	1,407,338

5. Co-operative University of Kenya Control Account

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

DETAILS	2017- 2018	2016- 2017
Balance C/F	2,870,870	2,870,870
TOTAL	2,870,870	2,870,870



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6. Development Partners Fund Account

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

DETAILS	2017 - 2018	2016 - 2017
Balance C/F	745,400	745,400
TOTAL	745,400	745,400

7. Trade & Other Payables

DETAILS	2017 - 2018	2016 - 2017
	KSH	Ksh
Trade Payables	5,552,746	6,329,218
Payments Received in Advance / Refundable Deposit Received	12,485	40,000
Provisions For Audit Fees	174,000	174,000
Provisions for Gratuities Payable	1,754,339	2,087,642
Provisions for Rent and water	2,650,000	2,350,000
VAT Liability	0	50,241
Withholding Tax Liability	359,043	262,372
Paymaster General	379,458	175,301
Leadership for Change Grant Fund	416,128	14,865
Provision for staff leave allowance 2018	101,448	-
TOTAL	11,399,647	11,483,639

8. Seminar Income

Details	2017- 2018	2016- 2017
Training Income	12,073,990	24,049,072
Consultancy Income	6,183,231	4,026,496
Project Income	738,538	1,021,677
TOTAL	18,995,759	29,097,245



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9. Other Income

INCOMES	2017 - 2018	2016-2017
Experts Subscription Fee Income	70,000	125,000
Foreign Exchange Gain	547,105	580,783
	617,105	705,783

10. Staff Cost

DETAILS	2017 - 2018	2016 - 2017
Salaries and Wages	6,379,692	6,440,731
Gratuity	1,044,944	1,065,061
Leave Allowance provision	101,448	
Staff Welfare	-	10,000
Total	7,526,084	7,515,792

11. Operating Expenses

EXPENSES	2017 - 2018	2016 - 2017
Direct Expenses - Seminar Expenses	7,978,180	16,370,197
Motor Vehicle Running Cost	108,029	130,633
Office Administration Expenses	672,335	803,213
Marketing and Promotions	387,555	744,128
General Repairs & Maintenance	38,243	32,350
Provision For Bad Debt	68,100	146,000
Rent & Water	1,200,000	1,200,000
Total Expenses	10,452,442	19,426,522

12. Board Expenses

Details	2017- 2018	2016- 2017
Sitting Allowance	265,000	129,000
Travelling Allowance	39,000	21,000
Others (Tea & Snacks, Lunch, Stationeries and secretariat)	16,307	6,990
Total	320,307	156,990



13. AGM Expenses

Details	2017 - 2018	2016 - 2017
Others (Tea & Snacks, Lunch, Stationeries and secretariat)	48,950	-
Share holder allowances	159,150	-
	208,100	-

14. Provision for Audit Fee

DETAILS	2017 - 2018	2016 - 2017
Provision for Audit Fee (VAT exclusive)	174,000	174,000
TOTAL	174,000	174,000

As an expense provision for audit fee has been provided for as Ksh 174,000 inclusive of VAT.

15. Tax Payable

DETAILS	2017 - 2018	2016 - 2017
Profit / (Loss) for the year	650,468	2,261,442
Less adjustment for loss B/F	(26,905,097)	(29,563,979)
Add: Disallowable		
Depreciation	154,618	198,720
Less Allowable		
Wear and tear	154,618	198,720
Taxable profit / (Loss)	(26,254,629)	(26,905,097)
Tax at Applicable rate (30%)	-	-

16. Dividends Payable

Since ATC is formed under Guarantee, it does not declare dividends



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

16. Financial Costs

DETAILS	2017 - 2018	2016 - 2017
Bank charges and interests	111,452	93,562

18. General Reserve

DETAILS	2017 - 2018	2016 - 2017
Balance B / Forward	(6,574,380)	(8,811,823)
Adjustments		
Profit / (Loss) for the year	665,860	2,237,443
Balance C / Forward	(5,908,520)	(6,574,380)

19. Revaluation Reserve

DETAILS	2017-2018	2016-2017
Revaluation A/c	644,015	644,015

