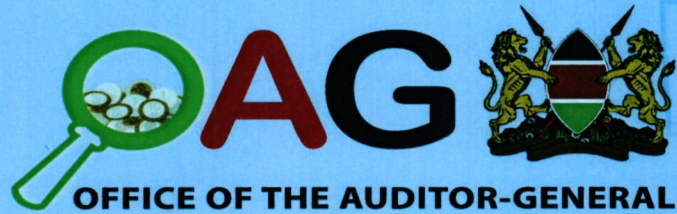


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*Enhancing Accountability*

THE NATIONAL ASSEMBLY	
<b>REPORT</b>	DATE: 31 MAY 2022
	DAY: TUESDAY
TABLED BY:	Majority Whip, Hon. E. Wangwe, MP
OF	Gertrude Chebet
CLEARED BY:	
THE TABLE:	

**THE AUDITOR-GENERAL**

**ON**

**AGRICULTURAL INFORMATION RESOURCE  
CENTRE REVOLVING FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2021**



REGISTRY FOR GENERAL  
REGISTRY  
21 APR 2022  
RECEIVED



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**AGRICULTURAL INFORMATION RESOURCE CENTRE**

**REVOLVING FUND ACCOUNT**

**(REVISED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
30<sup>TH</sup> JUNE, 2021**

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

**Agricultural Information Resource Centre Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2021**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

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

**(b) Principal Activities**

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

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

**(c) Key Management (Head of Units )**

1. Josephine Mbeo	Director, AIRC
	Training and Conference Unit,
3. Rose Mwangi Makunzo	Deputy Director Agricultural Information Resource Centre (A.I.R.C)
4. Lynette Kibisu	Business Development and Marketing Unit
5. Festus Njogu	Mass Media Services Unit (consists of Radio, Video and Publication sub-units)
6. Benjamin Maina	Head of Procurement Unit
7. Eric Adoyo	Head of Accounting Unit

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**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	Prof. Hamadi I. Boga
2.	Director Airc	Josephine Mbeo
3.	Chief Finance Officer	Tobias Osano
4.	Deputy Accountant General	CPA Charity Muriuki
5.	Principal Accountant	Eric Onyango Adoyo

**(e) Fiduciary Oversight Arrangements**

**Audit and finance committee activities**

The Ministerial Audit Committee has been active vide Treasury Circular No.16/2005 dated 4<sup>th</sup> October, 2005 before introduction of PFM Act, 2012.

**Parliamentary committee activities**

The Ministry handled various issues both the National Assembly and the Senate of Parliament:-

**National Assembly**

- Statements
- Petitions
- Motions
- Workshops/Seminars
- Meetings with Departmental Committees

The petitions and Statements were requested through Parliament on behalf of Farmers, Groups or Organizations

**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(a) Entity Headquarters**

Ministry of Agriculture Livestock and Fisheries  
P.O Box 34188-00100  
Cathedral Road  
Telephone: +254-20-2718870  
E-mail: info@kilimo.go.ke.  
Nairobi, KENYA.

**(b) Entity Contacts**

Telephone: (254) 792925859  
E-mail: agrifodata@gmail.com  
Website: www.airc.go.ke

**(c) Bankers**

Kenya Commercial Bank Limited  
Sarit Centre Branch  
Nairobi, Kenya

**(d) Independent Auditors**

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

**(e) Principal Legal Advisor**

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

Nairobi, Kenya

## **2. STATEMENT OF PERFORMANCE AGAINST MDA'S PREDETERMINED OBJECTIVES.**

Kenya Vision 2030 identifies agriculture as one of the key sectors under the economic pillar expected to drive the economy to the projected 10 percent economic growth annually. It has also been identified as one of the sectors that will drive the Big Four agenda aimed at achieving 100% food and nutrition security over the next five years. The sector is therefore central to the achievement of Vision 2030 goal of “a globally competitive and prosperous country with a high quality of life by 2030”.

The sector contribution to achievement of this goal will be through promotion of an innovative, commercially oriented and modern agriculture. The sector is also expected to deliver on Kenya's regional and global commitments such as the Comprehensive Africa Agricultural Development Programme (CAADP), the Africa Agenda 2063 and Sustainable Development Goals (SDGs).

During MTP III period (2018-2022), agriculture is expected to grow at a rate of 7 percent annually resulting from planned strategies. The key strategic programmes targeted in MTP III include: Fertilizer subsidy; agricultural mechanization; food and nutrition security; youth and women empowerment in modern agriculture; crops insurance; crop diversification; strategic food reserve; large scale production; agricultural technology development; climate smart agriculture; market access and product development; traditional high value crops programme; and policy, legal and institutional reforms.

## **3. CORPORATE GOVERNANCE STATEMENT/SUSTAINABILITY REPORTING**

### **Employee welfare**

#### **a) Policies guiding the hiring process considering the gender ratio stakeholder's engagement.**

- i. Recruitment and selection is guided by the PSC Act Cap. 2017, Human Resources Procedures Manual, DPM Circulars, Labour Laws, Schemes of Service or career progression guidelines & PSC regulations 2020, pursuant to these guidelines MDAs are required to customize and domesticate these regulations develop and implement employment plans, review their recruitment policies to ensure that the mode of advertisement of job vacancies, pre-selection and conducting of interviews do not in any way disadvantage any particular group; and take deliberate measures including targeted advertisements to bring on board marginalized groups and take into account the gender ratio regional balance and PWD. Policies are reviewed from time to time and stakeholders are engaged during these reviews.

#### **ii. Human Resource Policies and Procedures 2016**

- Recruitment will be undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.
- Persons with disability shall be accorded equal opportunities for employment provided they have the necessary qualifications and are suitable for such employment. The government shall implement the principle that at least five (5) percent of all appointments shall be for persons with disabilities.

**b) Efforts made in improving skills and managing careers, appraisals and reward systems**

**Section H of Human Resource Manual and Procedures States that;**

- The Government policy on training is to ensure continuous upgrading of Public Servant's core competencies, knowledge, skills and attitudes including their ability to assimilate technology to enable them create and seize opportunities for social advancement, economic growth and individual fulfilment.
- Training needs analysis is carried out every two years while training projections are carried out annually it is the outcome of these reports that informs the decisions of the Ministerial Human Resource Managerial and Advisory Committee and the Public Service Commission on skills Development. The approved programmes should address national, organizational and individual goals and should be demand driven.
- The government continually develop its employees' professional knowledge and skills and encourage them to join relevant professional bodies. The Government has established mechanisms for supporting employees where the career guidelines require them to be members of a professional body.
- Authorized Officers are expected to develop, update and maintain skills inventory for all officers in their respective State Departments for purposes of identifying the available, and the required skills. The inventory will guide the training, recruitment and succession management decisions.

**c. Performance Appraisal System**

- G.1 A Performance Appraisal System is a systematic process for getting better results form an organization, teams and individuals by managing performance within an agreed framework of planned goals, objectives and standards. It is a set of tools, processes and actions that allows for maximization of the performance of employees and institutions. (2) it also provides employees with a clear understanding of job expectations; regular feedback about performance; and sanctions for poor performance. The overall goal of a PMS is to measure employee performance and ultimately the achievement of intended results for the organization, in order to reward performance and sanction under performance.
- High performance Employees are rewarded through wages and benefits i.e thirteenth (13<sup>th</sup>) salary, recognition/commendation certificates, to give legal motivation which lead to high performance and productivity.

**d. Compliance with Occupation Safety and Health Act of 2007 (OSHA)**  
Human Resource Policies and Procedures 2016

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Pursuant to the OSHA Act 2007, Human Resource Policies, authorized officers are required to enforce the following regulations, under the provisions of the OSHA Act to ensure compliance.

- Section F.1 provides guidelines and standards for the prevention and protection of officers against accidents and occupational hazards arising at the work place. It also provides for guidelines, procedures and modalities for the administration and payment of compensation for work related injuries and accidents and diseases contracted during and outside the course of work.
- F.2(1) Authorized Officers maintains healthy and safe working environments for officers under their respective State Departments. (2) All officers have their responsibility to ensure safety to themselves and others when performing their duties.
- F.5(1) The Principal Fire Officer and the County Fire Officers are responsible for providing advice on all matters concerning fire prevention, firefighting, fire protection and fire demonstrations in all Government premises.
- F.8 Authorized Officers shall ensure that all officers who are employed in any process involving exposure to wet or to any injurious or offensive substances are provided with adequate, effective and suitable protective clothing and appliances.

These requirements are also captured in the State Department's respective performance contracts, as part of the enforcement mechanism

**Agricultural Information Resource Centre Revolving Fund  
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**4 THE BOARD OF DIRECTORS**

1 Macheru Karuku	Sustainable Environment and Agriculture Network (SEANet) International
2 Dr. Haron Mwangi ,PhD Resigned	Representing Media Council of Kenya
3 Eng.Leo Boruett	Representing Communications authority of Kenya
4 Mercy Rewe	Kenya National Farmers Federation
5 Ruth Mwangi	Representing PS State Department for Crops Development
6 Charles Mutiso	Representing The National Treasury
7 Josephine Mbeo	Board Secretary

## **5. CHAIRMAN'S STATEMENT**

The board scheduled to meet at least once per quarter. However due to budgetary constraints, the Board last met on 14th March, 2018. The Centre has been crippled with underfunding that has made the Board to be moribund. A case in point, despite budgeting for board activities, during the financial year 2019/2020,2020/2021 the Centre was allocated KShs. 0.00 for Board allowances. This has made it increasingly difficult for the Board to meet board expenses if the Board is to meet regularly as required.

The board has been operating without a substantive Chairman since the term of the previous one expired in August, 2014. Furthermore, the term of the Board members has expired as they were appointed on 29th August, 2016 for a period of three (3) years.

The Centre is in dire need for rehabilitation and upgrading. The board came up with a branding strategy which has not been implemented to date due to inadequate funding.

### **WAY FORWARD**

- Appointment of new Board members including the Chairman
- Provide funding for Rehabilitation and Upgrading of the Centre (Rebranding)
- Provide funding for running Board activities
- The last grant of KS. 10 million was provided in 1993 when the Board was created. There is need to provide the Centre with a grant to run its operations.

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**6. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The Director is responsible for the preparation and presentation of the Agricultural Information Resource Centre Revolving Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2021


. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Kenya Citizens and Foreign Nationals Management Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Director accepts responsibility for the Agricultural Information Resource Centre Revolving Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors of the opinion that the Agricultural Information Resource Centre Revolving Fund's financial statements give a true and fair view of the state of Agricultural Information Resource Centre Revolving Fund's transactions during the financial year ended June 30, 2020 and of the Agricultural Information Resource Centre Revolving Fund's financial position as at that date. The Accounting Officer further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Agricultural Information Resource Centre Revolving Fund's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Director to indicate that the Agricultural Information Resource Centre Revolving Fund will not remain a going concern for at least the next twelve months from the date of this statement.

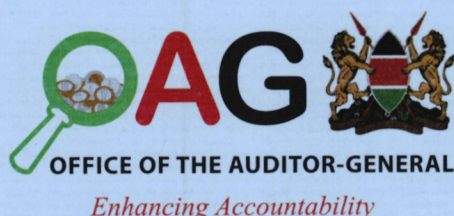
**Approval of the financial statements**

The Agricultural Information Resource Centre Revolving Fund financial statements were approved by the Board on 15-05-22 2021 and signed on its behalf by:

  
**Josephine Mbeo**  
Director

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON AGRICULTURAL INFORMATION RESOURCE CENTRE REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2021**

### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

## REPORT ON THE FINANCIAL STATEMENTS

### **Adverse Opinion**

I have audited the accompanying financial statements of the Agricultural Information Resource Centre Revolving Fund set out on pages 11 to 30, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Agricultural Information Resource Centre Revolving Fund as at 30 June, 2021, 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 do not comply with the Public Finance Management Act, 2012.

### **Basis for Adverse Opinion**

#### **1. Presentation and Disclosure of Financial Statements**

The financial statements submitted for audit for the year ended 30 June, 2021 reflects the following omissions on presentation, disclosures and other information accompanying the financial statements contrary to the requirements of the reporting guidelines and template prescribed by Public Sector Accounting Standards Board (PSASB):

- i) Detailed information on Board of directors, key management team, report of the chief executive/accounting officer, management discussion and analysis and report of the directors were omitted.
- ii) Report on corporate governance and environmental and sustainability reporting were all contained under one header with information relating to the two all mixed- up and incomplete.

Consequently, the reporting format does not fully comply with the International Public Sector Accounting Standards (Accrual Basis) reporting template for State Corporations and Semi-Autonomous Government Agencies (SAGAS) Revised, 2021 prescribed by the Public Sector Accounting Standards Board.

## **2. Misclassification of Revenue from Exchange Transactions**

The statement of financial performance reflects an amount of Kshs.17,899,906 in respect of revenue from exchange transactions which includes other income of Kshs.1,879,116. However, a review of the accounting schedule provided for audit revealed that the Kshs.1,879,116 was in respect of disbursements from the State Department of Crop Development and Agricultural Research for payment of casual wages, which relates to non-exchange transactions.

Consequently, the accuracy and fair presentation of other income of Kshs.1,879,116 for the year under review could not be confirmed.

## **3. Inaccurate Statement of Cash Flows**

The statement of cash flows for the year ended 30 June, 2021 reflects cash and cash equivalents balance of Kshs.809,219. However, a review of cash flows from various activities revealed the following anomalies:

- i) Cash flows from investing activities reflects an increase in debtors of Kshs.811,840 while the recalculated increase in debtors is Kshs.1,516,500, resulting in a variance of Kshs.704,660.
- ii) Cash flows from financing activities reflects decrease in government grants of Kshs.584,635. However, the government grants are not reflected in other components of the financial statements including under revenue in the statement of financial performance for both the current and prior year.
- iii) The statement of cashflows reflects net increase in cash and cash equivalents of Kshs.625,856 while the recomputed amount is Kshs.1,154,577 resulting to a variance of Kshs.528,721.

Consequently, the accuracy and fair presentation of the statement of cash flows for the year under review could not be confirmed.

## **4. Inaccurate Balances in the Statement of Changes in Net Assets**

The statement of changes in net assets reflects opening capital replacement development reserves and opening accumulated surplus of Kshs.8,996,454.95 and Kshs.285,993 as at 1 July, 2020 respectively. However, recalculation of the movement from opening balances as at 01 July, 2019 revealed an unexplained net variance of Kshs.37,390,049.06 as analysed below:

<b>Account</b>	<b>Balance as at 01 July, 2019 Kshs.</b>	<b>Net Changes during the year 2019/2020 Kshs.</b>	<b>Recalculated Balance as at 1 July, 2020 Kshs.</b>	<b>Disclosed Balance as at 1 July, 2020 Kshs.</b>	<b>Variance Kshs.</b>
<b>Capital reserve</b>	23,919,175.01	0	23,919,175.01	8,996,454.95	14,922,720.06
<b>Accumulated surplus</b>	18,292,508.01	4,460,814.01	22,753,322.02	285,993.00	22,467,329.00
<b>Total</b>	<b>42,211,683.02</b>	<b>285,993.00</b>	<b>46,672,497.03</b>	<b>9,282,447.95</b>	<b>37,390,049.06</b>

Consequently, the accuracy and fair presentation of the statement of changes in net assets for the year under review could not be confirmed.

### **5. Unsupported Revenue from Rendering of Services**

The statement of financial performance reflects an amount of Kshs.16,020,790 in respect of revenue from rendering of services. A review of the schedules provided for audit against the sales invoices revealed an amount of Kshs.20,813,244, resulting in an under-statement of revenue realized by Kshs.4,792,454. Further, balances totalling Kshs.15,032,772 were not supported with invoices.

In addition, audit review of the schedules against revenue source records disclosed that there were no approved budgets for projected revenue, no revenue accounts ledgers and no source records in the form of applications or requests for the services.

In the circumstances, the accuracy and completeness of the disclosed revenue for rendering of services of Kshs.16,020,790 for the year under review could not be ascertained.

### **6. Unsupported Receivables from Exchange Transactions**

As disclosed in Note.11 to the financial statements, the statement of financial position reflects a balance of Kshs.9,381,959 in respect of receivables from exchange transactions. A review of the receivables schedule revealed that only invoices worth Kshs.4,340,660 out of the total balance of Kshs.9,381,959 had been issued to the clients for payment. Therefore, receivables amounting to Kshs.5,041,299 were not supported by corresponding invoices raised to the clients.

Further, included in the Kshs.9,381,959 is an amount of Kshs.7,053,619 which was outstanding as at 30 June, 2020 and has therefore been outstanding for more than one financial year. The Fund has not outlined any efforts put in place to recover the Kshs.7,053,619.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.9,381,959 as at 30 June, 2021 could not be confirmed.

## **7. Overstated Cash and Cash Equivalents**

As disclosed in Note 10 to the financial statements, the statement of financial position reflects cash and cash equivalents balance of Kshs.809,219. However, the balance reported is the amount as per the bank statement and not the cash book balance of Kshs.277,052 as at 30 June, 2021, resulting in an overstatement by Kshs.532,167.

Consequently, the accuracy and completeness of cash and cash equivalents balance of Kshs.809,219 as at 30 June, 2021 could not be confirmed.

## **8. Long Outstanding Accounts Payable**

The statement of financial position as at 30 June, 2021 reflects current liabilities balance of Kshs.1,904,667 which has been outstanding from the year 2019/2020. However, supporting documents indicating the transactions that gave rise to the accounts payable were not provided for audit review.

Consequently, the accuracy and completeness of the accounts payable balance of Kshs.1,904,667 as at 30 June, 2021 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Agricultural Information Resource Centre Revolving Fund Management in accordance with ISSAI 130 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 adverse opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion

on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Lack of Approved Budget**

The statement of comparison of budget and actual amounts reflects total budgeted income of Kshs.41,400,000 and total budgeted expenditure of Kshs.32,390,400. However, the approved budget for the Fund was not provided for confirmation of the authorized income and expenditure.

As a consequence, the regularity and validity of the budgeted amounts, variances between the budgeted figures and actual amounts and explanation for the variances could not be ascertained.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit 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, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Failure to Maintain an Assets Register**

The Fund did not maintain an asset register in the year under review contrary to Paragraph 83(8) of the National Treasury Guidelines on Assets and Liability Management in the Public Sector, March, 2020, which requires asset registers to be maintained for all different categories of assets.

In the circumstances, the Fund lacked an effective system for recording, controlling and accounting for its assets.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall 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.

### **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 Public Sector Accounting Standards (Accrual Basis) 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 Agricultural Information Resource Centre Revolving Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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 following the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's 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 Fund's 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 applicable 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 Fund's ability to continue 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 Fund to cease 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 Fund 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

24 March, 2022

**Agricultural Information Resource Centre Revolving Fund**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021**

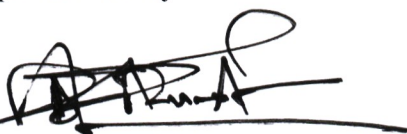
**8. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
			RESTATED
<b>Revenue from exchange transactions</b>			
Rendering of services	3	16,020,790.00	12,412,107.00
<b>Revenue from non-exchange transactions</b>			
Other income		1,879,115.85	0.00
<b>Total revenue</b>		<b>17,899,905.85</b>	<b>12,412,107.00</b>
<b>Expenses</b>			
Purchase of goods and services	4	1,842,983.00	3,879,566.00
Employee costs	5	6,164,816.00	2,882,898.00
Depreciation and amortization expense	6	1,539,640.00	1,539,640.00
Repairs and maintenance	7	262,634.25	1,180,074.00
General Expenses	8	9,485,060.00	2,643,936.00
Board Allowances	9	0.00	0.00
<b>Total expenses</b>		<b>19,295,133.25</b>	<b>12,126,114.00</b>
<b>Surplus for the year</b>		<b>(1,395,227.40)</b>	<b>285,993.00</b>

The Financial Statements set out on pages 9 to 14 were signed on behalf of the Fund by:

**Dr. F.O Owino (PhD), CBS**  
**Principal Secretary**

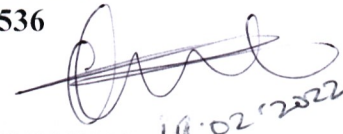
Date.....



15.02.2022

**Eric O. Adoyo**  
**Principal Accountant**  
**ICPAK No. 17536**

Date.....



18.02.2022

**Agricultural Information Resource Centre Revolving Fund  
Annual Reports and Financial Statements  
For the year ended June 30, 2021**

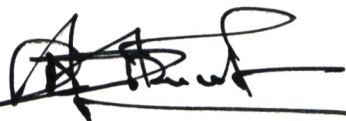
**9. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
			RESTATED
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	809,218.80	183,363.25
Receivables from exchange transactions	11	<b>9,381,959.00</b>	7,053,619.00
Receivables from non-exchange transactions	11		811,840.00
Inventories	12	1,200,000.00	1,598,650.00
		<b>11,391,177.80</b>	<b>9,647,472.25</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	0	1,539,642.70
<b>Total assets</b>		<b>11,391,177.80</b>	<b>11,187,114.95</b>
<b>Liabilities</b>			
Current liabilities	16	1,904,667.00	1,904,667.00
Non-current liabilities			-
<b>Total liabilities</b>		<b>1,904,667.00</b>	<b>1,904,667.00</b>
<b>Net assets</b>		<b>9,486,510.80</b>	<b>9,282,447.95</b>
Capital Fund		10,881,738.20	8,996,454.95
Surplus/Deficit for the year		(1,395,227.40)	285,993.00
<b>Total net assets and liabilities</b>		<b>9,486,510.80</b>	<b>9,282,447.95</b>

The Financial Statements set out on pages 9 to 14 were signed on behalf of the Fund by:

**Dr. F.O Owino (PhD), CBS**  
Principal Secretary

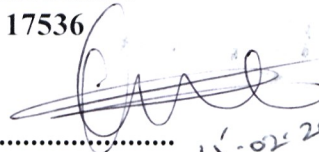
Date.....



15-02-2022

**Eric O. Adoyo**  
Principal Accountant  
ICPAK No. 17536

Date.....



15-02-2022

**Agricultural Information Resource Centre Revolving Fund  
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**10. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021(RESTATED)**

	Capital replacement development reserve	Accumulated Surplus	Total
<b>At July 1, 2019</b>	<b>23,919,175.01</b>	<b>18,292,508.01</b>	<b>42,211,683.02</b>
Depreciation reserve			
Surplus /Deficit for the period		4,460,814.01	4,460,814.01
Transfers to/from accumulated surplus			
<b>At June 30, 2020</b>	<b>8,996,454.95</b>	<b>285,993.00</b>	<b>9,282,447.95</b>
<b>At July 1, 2020</b>	<b>8,996,454.95</b>	<b>285,993.00</b>	<b>9,282,447.95</b>
Depreciation reserve			
Surplus /Deficit for the period			
Transfers to/from accumulated surplus	1,885,283.25	(1,681,220.4)	204,062.85
Depreciation reserve			
<b>At June 30,2021</b>	<b>10,881,738.20</b>	<b>(1,395,227.40)</b>	<b>9,486,510.80</b>

*Note:*

- For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances need to be done.*

**Agricultural Information Resource Centre Revolving Fund  
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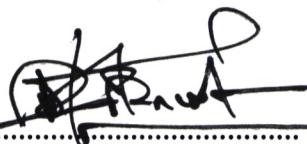
**11. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		2020-2021	2019-2020
		Kshs	Kshs
			RESTATED
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rendering of services	3	17,899,903.85	12,412,107.00
<b>Total Receipts</b>		<b>17,899,903.85</b>	<b>12,412,107.00</b>
<b>Payments</b>			
Compensation of employees	5	6,164,816.00	2,882,898.00
Purchase of Goods and services	4	1,842,983.00	3,879,566.00
General Expenses	8	9,485,060.00	2,643,936.00
Repair and Maintenance	7	262,634.25	1,180,074.00
Board Allowance	9	-	-
<b>Total Payments</b>		<b>17,371,182.25</b>	<b>10,586,474.00</b>
<b>Net cash flows from operating activities</b>	14	<b>528,721.60</b>	<b>1,825,633.00</b>
<b>Cash flows from investing activities</b>			
Decrease in Stock		398,650.80	(496,890)
Decrease in Debtors		811,840.00	(15,259)
Increase in Creditors			1,015,098
<b>Net cash flows used in investing activities</b>		<b>1,210,490.80</b>	<b>1,496,729.00</b>
<b>Cash flows from financing activities</b>			
Government Grants		(584,635.15)	(2,806,627.95)
<b>Net cash flows used in financing activities</b>		<b>(584,635.15)</b>	<b>(2,806,627.95)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>625,855.65</b>	<b>(515,734.05)</b>
Cash and cash equivalents at 1 JULY 2020		183,363.25	332,370.80
<b>Cash and cash equivalents at 30 JUNE 2021</b>		<b>809,218.80</b>	<b>183,363.25</b>

The Financial Statements set out on pages 9 to 14 were signed on behalf of the Fund by:

**Dr. F.O Owino (PhD), CBS**  
Principal Secretary

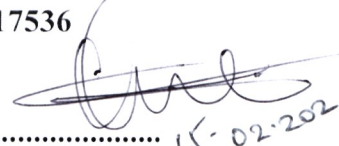
Date.....



15.02.2022

**Eric O. Adoyo**  
Principal Accountant  
ICPAK No. 17536

Date.....



15.02.2022

**Agricultural Information Resource Centre Revolving Fund**  
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**12. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs
<b>Revenue</b>										
Radio Unit	1,400,000		-		1,400,000		-		(1,400,000)	
Video Unit	12,200,000		-		12,200,000		1,728,300.00		(10,471,700)	
Publication Unit	13,600,000		-		13,600,000		11,628,790.00		(1,971,210.00)	
Training Unit	14,200,000		-		14,200,000		2,663,700.00		(11,536,300)	
Other income(non-exchange transaction)	-		-		-		1,879,113.85		1,879,113.85	
<b>Total income</b>	<b>41,400,000</b>		<b>-</b>		<b>41,400,000</b>		<b>17,899,903.85</b>		<b>(23,900,096.85)</b>	
<b>Expenses</b>										
Casual labour	145,200		-		145,200		1,938,766.00		1,793,566	
Electricity	240,000		-		240,000				240,000	
Water and sewerage charges	1,360,000		-		1,360,000		16,500		1,343,500	
Cooking Gas	400,000		-		400,000		76,670		323,330	
Computer accessories	210,000		-		210,000		189,100		20,900	
Telephone Expenses	60,000		-		60,000				60,000	
Internet connection	300,000		-		300,000		46,620		253,380	
Postal and Telegrams Expenses	360,000		-		360,000				360,000	
Official entertainment	144,000		-		144,000				144,000	
Daily subsistence allowance	3,113,000		-		3,113,000		4,226,050		(1,113,050)	
Advertising Publishing and Printing Expenses	7,568,000		-		7,568,000		6,444,363		1,123,637	
Boards Allowance	240,000		-		240,000				240,000	
Supplies for broadcasting & information	1,440,000		-		1,440,000				1,440,000	

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Purchase of Food and ration	615,000	-	615,000	983,283	(368,283)
Photographic Materials	4,888,000	-	4,888,000	444,000	4,444,000
General office supplies (papers, pencils, etc)	831,000	-	831,000	2,060,204	(1,229,204)
Sanitary and Cleaning Materials	325,800	-	325,800	266,719	58,081
Refined Fuel and Lubricants for Transport	1,065,000	-	1,065,000	31,550	1,033,450
Bank charges	475,000	-	475,000	5,581	469,419
Conference & seminars	189,000	-	189,000	166,640	22,360
Fees and commission	216,000	-	216,000	-	216,000
Security Services	360,000	-	360,000	172,200	187,800
Contracted Professional Services	1,966,000	-	1,966,000	-	1,966,000
Maintenance Expenses - motor vehicles	744,000	-	744,000	164,640	579,360
Maintenance of Plant, machinery and Equipments	810,000	-	810,000	97,692	712,308
Maintenance of buildings and stations	2,938,000	-	2,938,000	-	2,938,000
<b>Total expenditure</b>	<b>32,390,400</b>	<b>-</b>	<b>32,390,400</b>	<b>17,371,182.25</b>	<b>15,029,217.75</b>
<b>Surplus for the period</b>	<b>9,009,600</b>	<b>-</b>	<b>9,009,600</b>	<b>528,721.60</b>	<b>8,870,878.30</b>

### **13. NOTES TO THE FINANCIAL STATEMENTS**

#### **i 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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the AIRC accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

#### **ii SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Revenue recognition**

##### **i) Revenue from exchange transactions**

##### **Rendering of services**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

##### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

##### **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

### **13. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **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. 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.

#### **Intangible assets**

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

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

#### **Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

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**13. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

**Cash and cash equivalents**

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

**13. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Comparative figures**

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

**SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**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

**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 xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

**13. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Significant judgments and sources of estimation uncertainty**

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

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

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

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

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2015.

**h) Depreciation policies**

The fund depreciates its fixed assets as follows:-

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

**Agricultural Information Resource Centre Revolving Fund  
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**13. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 RENDERING OF SERVICES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Revenue from Radio, Video ,desktop publishing and Training unit	17,899,903.85	12,412,107.00
<b>Total revenue from the rendering of services</b>	<b>17,899,903.85</b>	<b>12,412,107.00</b>

**4 PURCHASE OF GOODS AND SERVICES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Opening Stock	3,087,980.00	2,095,540.00
<b>Add; Production Material Purchased</b>		
Food and Ration	983,283.00	1,832,356.00
Printing Materials	415,700.00	1,865,210.00
Photographic Materials	444,000.00	182,000.00
Total Production Materials	<b>1,842,983.00</b>	<b>3,879,566.00</b>
Less: Closing Stock	(1,200,000.00)	(3,087,980.00)
<b>Total Production Materials Used</b>	<b>3,730,963.00</b>	<b>2,887,126.00</b>

**5 EMPLOYEE COSTS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Casual Workers' Wages	1,938,766.00	1,899,998.00
Daily Subsistence Allowance	4,226,050.00	982,900.00
<b>Total employee costs</b>	<b>6,164,816.00</b>	<b>2,882,898.00</b>

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10. NOTES TO THE FINANCIAL STATEMENTS (Continued)

**6 DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2020-2021	2019-2020
	KShs	KShs
		RESTATED
Property, plant and equipment	1,539,640.00	1,539,640.00
<b>Total depreciation and amortization</b>	<b>1,539,640.00</b>	<b>1,539,640.00</b>

**7 REPAIRS AND MAINTENANCE**

Description	2020-2021	2019-2020
	KShs	KShs
Maintenances of station	0	810,701.00
Maintenances of Plant and Equipment	97,692.00	237,654.00
Maintenances of Motor Vehicles	164,942.25	131,719.00
<b>Total repairs and maintenance</b>	<b>262,634.25</b>	<b>1,180,074.00</b>

**8 GENERAL EXPENSES**

Description	2020-2021	2019-2020
	KShs	KShs
Board ,seminars and conference	166,640.00	-
Refined Fuel & Lubricant	31,550.00	398,152.00
Advertising & publicity	6,400,000.00	0
Contracted Services (Security Guards)	172,200.00	313,200.00
Bank Charges	5,581.00	5,584.00
Stationary Expenses	2,113,480.00	190,909.00
Internet connection	46,620.00	65,321.00
Contracted Professional services	0	1,034,000.00
Sanitary and cleaning material	266,719.00	103,440.00
Gas	76,670.00	127,500.00
Water and Sewerage Services	16,500.00	396,380.00
Courier and Postage Services	0	9,450.00
Computer	189,100.00	0
<b>Total general expenses</b>	<b>9,485,060.00</b>	<b>2,643,936.00</b>

**9 BOARD ALLOWANCE**

Description	2020-2021	2019-2020
	KShs	KShs
Board Allowance	-	-

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Total Board Allowance	-	-
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**13. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10 CASH AND CASH EQUIVALENTS**

Description	2020-2021	2019-2020
	KShs	KShs
Current account	809,218.80	183,363.25
<b>Total cash and cash equivalents</b>	<b>809,218.80</b>	<b>183,363.25</b>

**11 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	2020-2021	2019-20120
	KShs	KShs
		RESTATED
<b>Current receivables</b>		
Other exchange debtors	9,381,959.00	7,053,619.00
Receivables from non-exchange transaction		811,840.00
<b>Total current receivables</b>	<b>9,381,959.00</b>	<b>7,865,459.00</b>

**12 INVENTORIES**

Description	2019-2020	2018-2019
	KShs	KShs
Other goods held for resale	1,200,000.00	1,598,650.00
<b>Total inventories at the lower of cost and net realizable value</b>	<b>1,200,000.00</b>	<b>1,598,650.00</b>

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**13. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**13 PROPERTY, PLANT AND EQUIPMENT (RESTATED)**

	<b>Motor vehicles</b>	<b>Furniture and Fittings</b>	<b>Computers</b>	<b>Plant and Machinery</b>	<b>Total</b>
<b>Cost</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>
At 1 July 2019	4,000,000	1,964,460	19,442,287	12,940,852	38,347,572
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0
<b>At 30<sup>th</sup> June 2020</b>	<b>4,000,000</b>	<b>1,964,460</b>	<b>19,442,287</b>	<b>12,940,852</b>	<b>38,347,572</b>
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0
<b>At 30<sup>th</sup> June 2021</b>	<b>4,000,000</b>	<b>1,964,460</b>	<b>19,442,287</b>	<b>12,940,852</b>	<b>38,347,572</b>
<b>Depreciation and impairment</b>					
At 1 July 2019	4,000,000	1,473,345.00	19,442,287.00	10,352,681.60	35,268,313.6
Depreciation		245,557.50		1,294,085.20	1,539,642.70
Impairment	-	-	-	-	-
<b>At 30 June 2020</b>	<b>4,000,000</b>	<b>1,718,902.50</b>	<b>19,442,287.00</b>	<b>11,646,766.80</b>	<b>36,807,956.30</b>
Depreciation	0	245,557.50		1,294,085.20	1,539,642.70
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0
<b>At 30<sup>th</sup> June 2021</b>	<b>4,000,000</b>	<b>1,964,460.00</b>	<b>19,442,287</b>	<b>12,940,852.00</b>	<b>38,347,599.00</b>
<b>Net book values</b>				0	0
<b>At 30<sup>th</sup> June 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30<sup>th</sup> June 2020</b>	<b>0</b>	<b>245,557.50</b>	<b>-</b>	<b>1,294,085.20</b>	<b>1,539,642.70</b>

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13. NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
	KShs	KShs
<b>Surplus/Deficit for the year before tax</b>	(1,010,916.40)	<b>285,993.00</b>
<b>Adjusted for:</b>		
Depreciation	1,539,640.00	1,539,640.00
Non-cash grants received		-
<b>Net cash flow from operating activities</b>	<b>528,721.60</b>	<b>1,825,633.00</b>

15. Explanation of Variances between budgets and Actual 2019-2020

	Final budget	Actual on comparable basis	%	Explanation
	2020-2021	2019-2020		
Revenue	Kshs	Kshs		
Radio Unit	1,400,000	-	100%	The cost of radio is expensive compared to other electronic media thus decline in clients
Video Unit	12,200,000	1,728,300	86%	This was as result of less of video coverage in the year and also effects of devolution
Publication Unit	13,600,000	11,624,990	15%	There was less printing works in the centre
Training Unit	14,200,000	4,546,613.85	79%	There was few trainings
<b>Total income</b>	<b>41,400,000</b>	<b>17,899,903.85</b>	<b>68%</b>	
Expenses	-			
Casual labour	145,200	1,938,766	12%	The centre utilised allocation from state department of Crop and Research
Electricity	240,000	-	100%	The centre utilised allocation from state department of Crop and Research
Water and sewerage charges	1,360,000	16,500	99%	The centre did not incur a lot on water purchases
Cooking Gas	400,000	76,670	81%	The cooking of tea was centralised
Computer accessories	210,000	189,100	10%	The centre made purchases of Computer accessories
Telephone Expenses	60,000	-	100%	The centre was using other means of communication

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Internet connection	300,000	46,620	84%	The centre utilised allocation from state department of Crop and Research
Postal and Telegrams Expenses	360,000	44,610	88%	The centre was using other means of communication
Official entertainment	144,000	-	100%	There was no provision
Daily subsistence allowance	3,113,000	4,648,750	-49%	The centre utilised allocation from state department of Crop and Research
Publishing and Printing Expenses	7,568,000	6,444,363	15%	The centre printed a number of consumables for SIVAP
Boards Allowance	240,000	-	100%	No board meeting took place
Supplies for broadcasting & information	1,440,000	-	100%	There was no turnout of clients who needed video coverage
Purchase of Food and ration	615,000	983,283	-59%	The centre utilised allocation from state department of Crop and Research
Photographic Materials	4,888,000	444,000	91%	There was low turnout of clients who needed video coverage
General office supplies (papers, pencils, etc)	831,000	2,060,204	-15%	The centre utilised allocation from state department of Crop and Research
Sanitary and Cleaning Materials	325,800	266,719	18%	The centre increased products to meet clients demands
Refined Fuel and Lubricants for Transport	1,065,000	31,550	97%	The centre utilised allocation from state department of Crop and Research
Bank charges	475,000	5,581	98%	The was less bank transaction
Conference & seminars	189,000	166,640	12%	The centre utilised allocation from state department of Crop and Research
Fees and commission	216,000	-	100%	The was no litigation during the year
Security Services	360,000	172,200	52%	We hired extra guards during kakis conferences
Contracted Professional Services	1,966,000		100%	The centre did not engage professionals
Maintenance Expenses - motor vehicles	744,000	164,640	78%	The centre incurred less amount on maintenance since the vehicle was in good condition
Maintenance of Plant, machinery and Equipment's	810,000	97,692	88%	The centre incurred less amount on maintenance since the machines were in good condition

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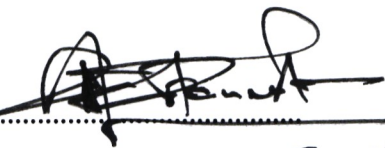
Maintenance of buildings and stations	2,938,000		100%	No maintenance works took place
<b>Total expenditure</b>	<b>30,604,000</b>	<b>17,371,182.25</b>		
<b>Surplus for the period</b>	<b>10,796,000</b>	<b>528,721.60</b>		

**16. CURRENT LIABILITIES**

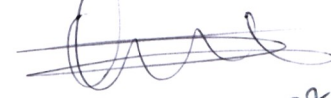
	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Creditors</b>	1,904,667.00	1,904,667.00
<b>Total creditors</b>	<b>1,904,667.00</b>	<b>1,904,667.00</b>

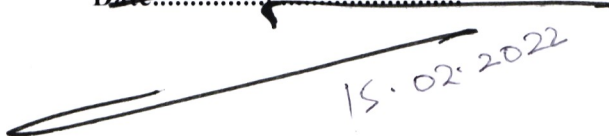
The Financial Statements were signed on behalf of the Fund by:

**Dr. F.O Owino (PhD),CBS  
Principal Secretary.**

Date.....  


**Eric O. Adoyo  
Principal Accountant  
ICPAK No. 17536**

Date.....  
  
15.02.22

  
15.02.2022

**Agricultural Information Resource Centre Revolving Fund  
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**APPENDIX 1: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1389	Employee cost	Master roll have been updated	Josephine Mbeo	Not resolved	Waiting for PACS recommendation
		Supporting schedules have been updated	Josephine Mbeo	Not resolved	Waiting for PACS recommendation
1390	Property, Plant & Equipment	Anomalies has been restated in the F/S for the 2020/21 year	Josephine Mbeo	Not resolved	Waiting for PACS recommendation
1391	IMPREST	Outstanding imprest of 436,640 has been fully surrendered	Josephine Mbeo	Not resolved	Waiting for PACS recommendation
1392	Financial Statements and Trial balance	Anomalies has been restated in the F/S for the 2020/21 year	Josephine Mbeo	Not resolved	Waiting for PACS recommendation
1393	Inaccuracy of financial statement	Anomalies has been restated in the F/S for the 2020/21 year	Josephine Mbeo	Not resolved	Waiting for PACS recommendation
1394	Statement of changes in Net Assets	Anomalies has been restated in the F/S for the 2020/21 year	Josephine Mbeo	Not resolved	Waiting for PACS recommendation
1395	Statement of Cash Flows	Anomalies has been restated in the F/S for the 2020/21 year	Josephine Mbeo	Not resolved	Waiting for PACS recommendation
1396	Statement of Comparison of budget and Actual amounts	Anomalies has been restated in the F/S for the 2020/21 year	Josephine Mbeo	Not resolved	Waiting for PACS recommendation
1397	Comparative	Anomalies has been	Josephine	Not	Waiting for

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Year Figures	restated in the F/S for the 2020/21 year	Mbeo	resolved	PACS recommendation
1398	Unresolved prior year matters	A number of issues have been resolved in Public Accounts Committee	Josephine Mbeo	Not resolved	Waiting for PACS recommendation
1399	Engagement of Casual Employees	No declared vacancies. AIRC urgently needed casual workers If vacancy arises	Josephine Mbeo	Not resolved	Waiting for PACS recommendation

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Director (Agricultural Information Resource Centre)

Date.....15.02.2022.....