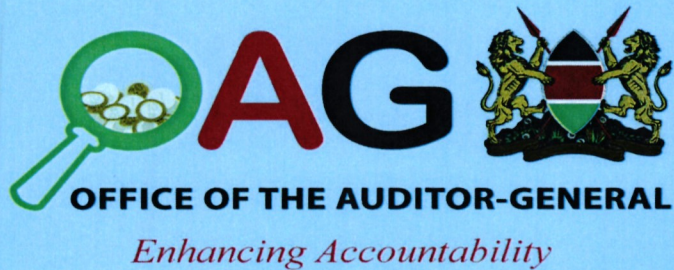


REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

KENYA SCOUTS ASSOCIATION

**FOR THE YEAR ENDED
30 JUNE, 2020**



THE KENYA SCOUTS ASSOCIATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE, 2020**

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



The Kenya Scouts Association
Annual Reports and Financial Statements
For the year ended 30 June, 2020

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Scouts Association is an educational, voluntary, and non-political movement for young people open to all without distinction of origin, race, creed, tribe and gender. It is an Education for peace, national and international cohesion and development through young people.

Kenya Scouts Association was established by an Act of Parliament Cap 219 of the Laws of Kenya and is the largest youth organization in Kenya catering for young people between the ages 6-26 years with a membership of over 1000,000 scouts and 40,000 adult leaders in 2015. It is a registered member of the World Organization of Scout Movement (WOSM) whose headquarters is based in Malaysia and Geneva.

The Kenya Scouts Association, since its inception in 1910 has grown to a dynamic Youth Movement in Kenya today and continues to mould and impact the lives of the young people in Kenya. It has maintained, improved and upgraded relevant structures and infrastructure so as to facilitate quality scouting.

The Association aims at developing the youth at their formative ages so that they become responsible citizens through physical, social, intellectual and spiritual development.

Kenya Scouts Association is the only National Scout Organisation in Kenya with its membership of (over 1000,000 boys and girls and 40,000 Adult Leaders) being part of the global youth movement with over 40 million members worldwide.

(b) Principal Activities

The principal activity of the Association is to contribute to the educational development of young people by promoting their intellectual, physical, social, emotional and spiritual wellbeing, equipping them with knowledge, positive attitudes and skills useful to themselves and their communities through a value based on the scout law and promise. The Association also sells uniforms to scouts countrywide.

Vision

Creating a Better World.

Mission

Educating young people to play a constructive role in society.

Purpose

To contribute to the development of young people in achieving their full physical, intellectual, emotional, spiritual and social potentials, and character formation; equipping them with knowledge skills and positive attitudes useful to themselves and their local, national and international communities.

Core Values of the Organization

Our Strength lies in the fundamental Principles of Scouting found in the Scout promise and law:

(c) Key Management

The Association's day to day management is under the following key organs;

- i. The Kenya Scouts Council
- ii. The National Scouts Board
- iii. The National Secretariat

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	National Executive Commissioner	Moses Jonathan Ochieng
3.	Head of Procurement	Brian Koech
4.	Head of Internal Audit	Gladys Njigo
5.	Head of Programmes	Daisy Achieng
6.	Head of Training	Peter Mwema
7.	Head of Projects & Partnerships	Patrick Wambua
9.	Head of Communications & IT	Risper Omala
10.	Head of Scouts Shop	Fred Mosaisi

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Board Executive Committee	<ol style="list-style-type: none"> 1. Lydia Kiburu (Chair) 2. Antony Gitonga - Member 3. Moses Jonathan Ochieng - Secretary 4. Agnes Gatere - Member 5. David Ole Nanyokie - Member
Board Finance Committee	<ol style="list-style-type: none"> 1. Antony Gitonga - Chair 2. CPA Lennox Jalango - Member 3. Desmond Chepkwony - Member 4. Maurice Odindo - Member 5. Carol Muema - Secretary
Board Audit and Risk Committee	<ol style="list-style-type: none"> 1. Wilson Outa - Chair 2. Ruth Mutisya - Member 3. Caleb Otuoma - Member 4. Gladys Njigo - Secretary 5. CPA Samuel Oyombra - Member
Board Camps and Centres Committee	<ol style="list-style-type: none"> 1. Maurice Odindo - Chair 2. George Wagaya - Member 3. Joyce Kwmboka-Member 4. Desmond Chepkwony-Member 5. Youth Programme team nominee 6. Doris Muchiri - Secretary
Board Technical Committee	<ol style="list-style-type: none"> 1. Anthony Gitonga - Chair 2. George Wagaya - Member 3. Youth Programme team nominee 4. David Ole Nanyokie - Member 5. Peter Mwema/Daisy Achieng - Joint Secretaries

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- (f) **Entity Headquarters**
P.O Box 41422,
Rowallan Scouts Camp,
Jamhuri Park, Kibera Drive,
Nairobi, Kenya
- (g) **Entity Contacts**
Telephone: (254) 2020819
Email: info@kenyascouts.org
Website: <http://kenyascouts.org/>
- (h) **Entity Bankers**
- 1) Equity Bank Ltd.
P. O. Box 75104 - 00200
NAIROBI
 - 2) Kenya Commercial Bank Ltd
P. O. Box 46950
NAIROBI
 - 3) I&M Bank
P. O. Box 30238
NAIROBI
 - 4) Barclays Bank
P. O. Box 30120 - 00100
NAIROBI
- (i) **Independent Auditors**
Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
Wilson Rading Outa
P.O Box 389-00200
Nairobi






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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

NATIONAL SCOUT BOARD

	Photo	Name/Title	Profile
1.		Victor Owuor Radido Chief Commissioner	DOB: 1982 Level of Ed.: University Degree Speciality: IT Length of service: 3 Year
2.		Ms Lydia Kiburu Deputy Chief Commissioner/ Chairman, Strategic Planning & Management	DOB:1969 Level of Ed.: University Degree Speciality: Communications Length of Service: 7 Years
6.		Mr Moses Jonathan Ochieng National Executive Commissioner	DOB: 1965 Level of Ed.: University Degree Speciality: Education Administration Length of service: 5 Years
8.		Mr. Maurice Odindo Member, Community Development Commissioner	DOB: 1962 Level of Ed.: University Degree Speciality: Education Length of service: 3 Years
10.		Mr. Anthony Gitonga Member, International Commissioner, Ag. National Treasurer	DOB: 1988 Level of Ed.: University Degree Speciality: Communications Length of Service: 3 Years
11.		Mr. Caleb Musa Member, Special Needs Commissioner	DOB: 1958 Masters Speciality: Religious Studies Length of service: 3 Years
12.		Mr. Wilson Rading Outa Member, Legal Adviser	DOB:1982 Master's Degree Speciality: Law Length of Service: 3 Years
13.		Agnes Gatere Member	DOB: 1963 Level of Ed.: Masters Speciality: Strategic Management Length of service: 3 Year
14.		Col. J.C Sitienei Member	DOB: Level of Ed.: University Degree Speciality: Education Length of service: 3 Year

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15.		Desmond Chepkwony Member	DOB: 1993 Level of Ed: Diploma Speciality: General Agriculture Length of service: 1 Year
16.		Anne Musalia Member	DOB: 1962 Level of Ed: Masters Speciality: Education Length of service: 3 Year
18.		David Ole Nanyokie	DOB: 1964 Level of Ed: Diploma Speciality: Education Length of Service: 3 Year
19.		George Wagaya	DOB: 1981 Level of Ed: University Degree Speciality: Theology Length of Service: 6 months
20.		Joyce Kwamboka	DOB: Level of Ed: Speciality: Length of Service: 6 months

MANAGEMENT TEAM

1. Moses Jonathan Ochieng - National Executive Commissioner University Graduate, Specialized in Education	Oversees the operations of the Secretariat as a whole
2. Gladys Njigo - Internal Auditor Masters of Science (Finance), BCoM (Finance) and CPAK	In charge of Internal Audit
3. Peter Mwema - HoD Training Bachelor of Arts Education	In charge of Training
4. Risper Omala - HoD Communication and IT Degree- Communications & Marketing	In charge of Communication and IT
5. Fred Mosaisi - Shops Manager Bachelor of Commerce(Finance)	In charge of Scouts Shops
6. Patrick Wambua - HoD Resource Mobilization and Projects	In charge of Resource Mobilisation, Projects and Partnerships
7. Daisy Achieng-HoD Youth Programme	In charge of Youth programme

CHAIRMAN'S STATEMENT

It is always a time of great joy for me when I stand to give a report to the Kenya Scouts Council regarding the progress of our great Association. It is usually a joyous moment because I am comforted by the fact that I have been blessed with a team that works tirelessly and passionately to grow the Association from strength to strength. It is also a great moment for me because this is that one opportunity in the year that I get to meet all the people who cause the work to be done across the country – our dear members of the county executive committee, so that we can converse about nothing else but the future of the Association and therefore that of the Kenyan child. On behalf of the National Scout Board, therefore, I want to take this opportunity to first warmly welcome you to the year 2021 Annual General Meeting of the Kenya Scouts Council.

Secondly, you will all agree with me that 2020 was one of the most unique years in the history of this world. The whole world was ravaged by the Covid-19 pandemic that affected our lifestyles, our livelihoods, our cultures and generally our means of production in a very large way. As an Association we had to close business for many months so as to protect our scouts, the scout leaders, the Commissioners and the professional staff from contacting the virus. This greatly affected our business substantially. We must really thank God that we were able to recover from it and are now back to business even if in a small way.

Thirdly, dear delegates, you will remember that in the year 2018 we made a promise to the world in general and Kenya in particular where we want to take Scouting in Kenya by the end of the year 2020. This promise was enshrined in a document *KSA Strategic Plan (2018 – 2020)*. The document provided a framework for development of scouting, the infrastructure, how we relate with each other, with partners and the external people, how we need to impact the society, how we should raise revenue for self-sustainability, and generally how we must govern ourselves. All these were organized in to five key focus areas. My report, therefore, will be addressing by and large these key focus areas. It will be in summary because the larger report has a matrix that gives details of all that has been achieved in terms of percentages and variances which are elaborately explained.

The theme this year is *“Scouting Promoting Innovation and Technology”*

We have never known how much it is critical to be innovative, creative, resilient, and innovative and how importantly we should embrace technology until COVID-19 rudely set in to remind us. That is why we set a theme that will remind us that whatever we do this year we must be innovative and must embrace technology in all ways that it will support us to achieve our aims and objectives. We want to rely on technology for membership growth, in how we enable our Scouts to access the program materials, in the training of our adult leadership, in financial prudent management, in general institutional governance and in communication.

In 2018 we launched a triennial plan whose success was to be evaluated by the extent at which we:

- a. Managed sustainable membership growth for both Scouts and adults in scouting.
- b. Increased accessibility of the youth programme to the Scouts.
- c. Built the capacity of our adult leaders to facilitate the design, delivery and implementation of the youth programme.
- d. Developed a diverse resource base with adequate financial system for the Association's sustainability.
- e. Accurately portrayed the Association's profile as the country's leading youth movement in what it does and why, as reflected in its shared values.
- f. Strengthened the effectiveness of all structures at the Association.
- g. Increased the level of participation in all decision-making processes by young people at all levels.
- h. Forged partnerships and alliances with organizations of a similar nature with similar interests and principles.

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CHAIRMAN'S STATEMENT (*Continued*)

- i. Addressed the SDGs and Kenya Vision 2030 and to what extent we related to the WOSM triennial plan.
- j. Scouting impacted in the community by addressing socio-cultural and environmental issues in the community.

My report will therefore be highlights of our success in implementing this plan in regard to the five key focus areas. The details of the same are in the score card that is in the next part of the annual report.

Innovating Scouting

I want to report that in by the end of the year 2020 and despite being slowed down by the corona pandemic:

- a. The Youth Program has been reviewed and enriched;
- b. There is increased access to Youth Program material both physical (normal print and braille) and online;
- c. The Association is supporting more leadership trainings especially at woodbadge level through subsidy;
- d. There has been special focus on scouts with special needs and Scout Leaders from special needs institutions received special training in 2020.
- e. Training content for scout leaders for ITC, PTC, WB, ALT and LT have been reviewed, standardized and manuals produced. Indeed ITC training is now accessible on a WhatsApp platform courtesy of a partnership we forged with Elewa Ltd
- f. More Scouts are getting international exposure. In 2018 we sent Scouts to Harare for the Africa Scout Conference and Youth Forum and in December same year over 100 scouts were in Burundi for the Eastern Africa zone events. I can also report that in the month of July 2019, 25 Scouts represented Kenya in the World Scout Jamboree in West Virginia, USA, and in December same year over 100 scouts participated in the Eastern Africa Scout events in Kigali, Rwanda;
- g. There is better management of the scout events especially the ones that are managed at the national level such as the National and Eastern Africa competitions, the centenary celebration and the Founderee camps, among others;
- h. There is more youth engagement/involvement in decision making;
- i. There were very many opportunities for training given to Rovers during the three years.
- j. We have domesticated the Global Safe from Harm policy and we will be rolling this out in 2021. It will be mandatory for all adults in Scouting to regularly get safe from harm certification to manage or participate any national Scout events.

Despite these successes I must report that we had very many challenges in regard to membership recruitment and registration. We had planned to reach a membership level of 4 million by the end of the year 2020 but we only managed 2.1 million, which is about 50% success. To really turn this problem over into a 100% success we need more commitment from all the leadership at the county and sub-county level. We need a combined effort of all the county and sub-county executives, supported by the county Scout Coordinators. I am convinced beyond reasonable doubt that there are more than 4 million young people practicing scouting out there whom we only need to register in our books.

I am very happy that through great innovation some leaders have begun to reach out to the children through the faith based organizations. I know of Kilifi County where through the efforts of the County Scout Coordinator, Caudensia Muthoni, we have been able to recruit the young people in the Compassion International network. I give much gratitude to the leadership of Compassion International for finding value in working with Kenya Scouts Association. I want to encourage more reach out of this nature to other faith based organizations by our county leadership.

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CHAIRMAN'S STATEMENT (*Continued*)

The badge system still remains a problem because the leaders are not helping the Scouts to achieve them. That is why we have decided that no leader will get his or her two beads unless 50% of the Scouts in his/her charge are also ready for the award of the highest badges e.g Link Badge, Chui Badge, Simba Badge, and Chief Scout Award.

I challenge the ACCs in charge of Youth Program and Training, the National Training and the Youth Program Committees, and all the Assistant County Scout Commissioners in charge of the Youth Program and Training to ensure that they do all their best to ensure that Kenya Scouts Association brings back quality in the delivery of the Youth Program. It is because of the young people that we exist as an organization.

Governance

To effectively serve our mandate we endeavored to put in place a sustainable and effective good governance and management system that reflects best practices. Our constitution marks out the decision making organs i.e the Kenya Scout Council, the National Scout Board, the Secretariat and the devolved units led by County Executive Committees. The success of the Association greatly depends on the extent at which these organs play their role effectively and efficiently. The national Scout Board constituted other Board committees with delegated powers so that it can perform most efficiently. These were:

- a. Board Executive Committee
- b. Board Finance Committee
- c. Board Audit and Risk Committee
- d. Board Technical Committee
- e. Board Camps and Sites Committee

We have also continued to re-organize and empower the secretariat so that it effectively plays its role of implementing the Strategic Plan and the directives of the Board. We are currently working on restructuring of the Secretariat to reorganize them into a more effective professional working force and to improve their terms of service.

In the last three years we have made four major decisions with great support from members of the County Executive Committees who are indeed important members of the Kenya Scout Council. First, we were forced by circumstances, occasioned by Corona Virus and the antecedent government containment measures to postpone the 2020 AGM. This was done through ballot voting by the delegates from all the 47 counties who voted unanimously in support of the postponement. This was an indication of how you care about the health of the nation and how we always want to support the government to achieve its objectives. We postponed it by one calendar year to 2021 with the hope that the health circumstances will have improved.

Secondly, we completed a task that had been started earlier in 2018. This was the task of making minimal amendments to the KSA constitution so that it could serve the Association better. The decision to amend the constitution was result of agitation from the wider scout fraternity who felt the 2016 document was too restrictive in certain areas and entirely unworkable in others, especially the one that was stating that the AGM should be held not later than 3 months after closure of the Financial Year. That would mean September and by that time our books would not even have been audited by the Office of the Auditor-General. The National Scout Board isolated four out of the many areas that had been identified by members for amendment, sent them out to the counties for further consideration, then put them for voting by referendum. Because of the Corona pandemic ravaging the world the voting process was through post ballot. Once again all the counties voted in favour of the changes that have now been effected and sent to the Constitution Committee of the world Scout Committee. I want to thank all the county executive committees for being very cooperative in effecting this process.

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CHAIRMAN'S STATEMENT (*Continued*)

Thirdly, you also know that the Kenya Scout Act under which the Association is founded was last reviewed in 2008. As such it may not be in complete tandem with the Kenya Constitution, 2010. As such we have initiated a review process. We have contracted a constitution Lawyer to draft the new law that will eventually be sent to parliament for ratification. You will all be involved at the point of public participation.

Finally, after the end of the life of our Strategic Plan 2018 – 2020, we embarked on drafting another three year plan for 2021 – 2023. I know that the entire Scout fraternity was reached out to for contributions when the first draft was released. The final document is being launched today and it is my hope that we will all play our roles even more effectively to ensure we implement it to the full.

I cannot forget the important role being played by the devolved units led by the County Executive Committees. Having been a County Commissioner I understand very well what the work is like out there in the field. I also understand that the Association can grow or fail depending on what the County officials do. You have the potential to grow the membership to great levels, and also the potential to mobilize unimaginable amounts of resources through partners. You too have the potential to grow the profile of the Association to very high levels. In short, we owe this Association to you. Your efforts and your creativity will take us very far. Conversely, your lack of the same will leave us fossilized. I know counties that have done so well and I want to celebrate the officials from those counties very much. I also know those that have not moved much in any direction. For these, I can only tell you that those leaders who put you in office are watching you very closely.

As I conclude, In spite of all the structures being in place we have had some people, some of whom are registered scout leaders, choosing to do everything that goes against the laid down procedures. Policy decisions can only be made through the National Scout Board that has been delegated that authority by the Council. I want to put on notice all those leaders who misrepresent the Association, who refuse to operate within the approved structures and those who purport to speak for the Association without authority. The Board has put in place mechanisms to deal with them. We must all respect the leadership in place and the decision making organs: that is the Council, the Board and the Secretariat.

Social and Environmental Impact

Scouting becomes relevant only to the extent at which it impacts the communities. I want to report that the Association has continued to engage with the community in various activities that are of significance to them. The Scouts all over the country have always ensured they conserve the environment through tree planting. Responding to a directive by the Patron, H.E the President of the Republic of Kenya the Scouts embarked on massive growing and nurturing of tree seedlings for distribution to the rest of the community who have places to plant the trees. Over 2 million seedlings were grown and distributed in Kilifi, Kajiado, Homa Bay, Siaya, Bungoma, Machakos, busia, and Elgeyo Marakwet.

In 2020 when COVID-19 set in, the Association through its Rover Scouts initiated projects in many parts of the country that were aimed at educating communities especially in the informal settlements on how to reduce spread of infections. It supplied sanitizers, face masks, water tanks, food stuff, hygiene packs to hundreds of needy families in the communities and selected schools in Nairobi and Kajiado. Some of the counties that stood out most visibly in this endeavour included Nairobi, Mombasa, Siaya, Kajiado, Nyeri, and Bungoma.

Institutional Sustainability

The GoK Grant in Aid continues to be the largest and most reliable resource for the sustainability of the Association. We must do all that we can to ensure we reach a point of self-reliance. I want to report that we have a lot of parcels of land that has not been monetized. We are still looking for ownership

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CHAIRMAN'S STATEMENT (Continued)

documents for most of these parcels and the government is supporting us on this endeavor. I also want to report that as an organization we have an asset base valued at over KSH 1.8 billion. Most of this is in fixed assets.

As way of increasing our resource base we invested majorly in two areas: the Kenya Scout Shop and the camps and Sites. If it wasn't for the drawback caused by the onset of COVID-19 we would have performed very well in these areas. However, there were notable improvements in their performance particularly in the year 2019.

I want to report that in the last three years the Board increased the scout shop outlets to nine: BP house (Nairobi CBD), Rowallan Camp branch (NBI), Kakamega branch (Kakamega CBD), Kisumu branch (KSM CBD), Uasin Gishu branch (Eldoret CBD), Mombasa Branch (MSA CBD), Nyeri branch (BP Memorial Park), Embu Branch (Embu Scout Centre), and Siaya branch (Siaya Scout Centre). With these branches, we not only increased sales but also made Scout uniforms more accessible to the Scouts and ran off the unscrupulous traders who sold scout merchandize illegally.

Secondly, we made some investments and improvements in some of our Scout camps as enumerated below:

Camp	Accomplished Projects/Improvements
Kilifi	<ul style="list-style-type: none"> • Established a 250,000 capacity tree nursery at the Centre in collaboration with WWF project: "Keep Kenya Breathing". • Road signboard was placed at the campsite. • 1 branded 100-seater Party tent purchased. • 100 branded plastic chairs purchased. • 20 camping tents purchased. • Borehole was sunk in December 2019 courtesy of Mombasa Women Association. • Building of a makeshift kitchen.
Siaya	<ul style="list-style-type: none"> • Road signboard was placed at the campsite. • 2 branded 100-seater Party tents purchased. • 200 branded plastic chairs purchased. • 41 camping tents purchased. • Borehole project was completed, and water kiosk is now selling. • Carwash machine purchased and car washing services now provided at the Centre. • Lawn mower was also purchased. • Camping utensils were handed over to the camp, for use and for leasing • Started chicken rearing project managed by Rovers.
Embu	<ul style="list-style-type: none"> • Automatic back-up generator purchased, installed and working. • Painting of the Centre was completed, changing the theme color from purple to KSA green and white.
Kaiyaba	<ul style="list-style-type: none"> • Electricity work for the whole camp was redone after vandalism. • Water repair work was done for the whole camp. Pump, hot showers and toilet flush systems were purchased and installed. • Road signboard was placed at the campsite. • 1 branded 100-seater Party tent purchased. • 100 branded plastic chairs purchased. • 20 camping tents purchased. • Exterior painting of the camp walls was done, to match with the KSA theme of green and white. • Installation of 2 gates; front and back entrances.
Machakos	<ul style="list-style-type: none"> • Road signboard was placed at the campsite. • 2 branded 100-seater Party tents purchased.

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	<ul style="list-style-type: none"> • 200 branded plastic chairs purchased. • 30 camping tents purchased. • Borehole servicing was done. This has made pumping of water from the borehole easier. • Repair of the camp warden's house was done. • Land-scaping done • Tiling and painting of the hall done • Planting of vegetables and fruits (agribusiness) managed by Rovers • Tree nursery established
Nyeri BP	<ul style="list-style-type: none"> • Road signboard was placed at the campsite. • Exterior painting of the camp was done, to match with the KSA theme of green and white. • 100 banquet seats were purchased for use in the Conference hall. • Office furniture, desk and 3 chairs, was purchased for Camp warden's office.
Rowallan	<ul style="list-style-type: none"> • Renovation and tiling of the main field dais was done. • High capacity bore hole sunk and is operational • Two 10,000 litres tanks were purchased and installed • Steel tower was constructed at the borehole site. • Exterior lighting of the campsite was improved through purchase and installation of flood lights. Renovation of Guest house 'B' • Clearing a nature trail path around the camp, all the way to the caves • Partitioning and expansion of clinic dormitory
Busia	<ul style="list-style-type: none"> • Construction of a 2 roomed building to cater for Camp warden's office and stay.
Uasin Gishu	<ul style="list-style-type: none"> • A perimeter chain-link fence was put up.

Communication and External Relations

In this focus area, the Association purposed to deliver a communications strategy framework that provides clear, informative and engaging two way communications which are planned and effectively link together the Association's key messages to enable dialogue that promotes shared values and the unity of the Movement. This framework aimed at ensuring that the Association's key messages reach all relevant stakeholders and foster their commitment to the Movement.

I am glad that in 2018 the Association reviewed its communications Strategy which it aims to disseminate at the County and Sub-county level. Secondly, effective platforms for sharing accurate and timely information have been provided, e.g website, Facebook page, WhatsApp, bulk messages facility, twitter handle and telephone lines among others.

If you have been keen you may have noticed that we have developed a very strong presence in the mass media. All the events we have conducted have had substantial media coverage. This is an indication that our profile is becoming stronger and we can only ensure it continues to grow from strength to strength

You may also have noticed that we are rebranding our facilities and putting up standard signages. We are moving from the World Scout purple to Kenya Scout green and white.

Project and Partnership

In an effort to access expert support in the enrichment of the Scout programs and also financial support the Association has forged significant partnerships with various national and international organizations and individuals. The table below illustrates the organizations and the areas we have agreed to partner:

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CHAIRMAN'S STATEMENT (Continued)

S No.	Name of Partner/Donor	Nature of Engagement with KSA (Activity)	Area of Partnership/Funded Project
1	SIDA/VI Agroforestry	Donor funding	Agroforestry project in Busia, Elgeyo and Marakwet counties
2	WWF Kenya	Donor funding	Growing and nurturing tree seedlings in Kilifi scouts centre
3	John Neysmith Support	Donor funding	<ul style="list-style-type: none"> • Conducted Special needs Training for 21 Scout leaders from schools with ESP scouts • Inaugurated of agribusiness project in Machakos Scouts Centre • 300 copies of scouts sectional hand books (Chipukizi, Mwamba and Jasiri) translated into Braille • Purchased 1 knitting machine and 3 sewing machines for Kisii Vocational and Rehabilitation Centre
4	Elewa Ltd	Partnership	Supported the establishment E- training platform for adults in scouting. PTC rolled out. YUNITOK Project: to amplify the voices of young people on issues affecting them.
5	UNICEF	Donor	
6	Peer Counsellors Association	Partnership	Training of Scouts and Scout Leaders on peer mediation skills. 56 SLs already trained
7	Code-IP trust, Google, EA, and CAK	Partnership	Training of Scouts on safe use of the internet. Web ranger project. Hundreds of thousands of scouts already trained.
8	Servant Forge/SEMA	Partnership	Training scouts on SGBV

As an Association, and on behalf of the Board, I want to say that we are forever indebted to these organizations and individuals for accepting to work with us in the task of educating young people to play a constructive role in the society.

As I conclude, may I thank all the Board members for keeping this Association on track through contribution of their professional expertise and constantly giving direction and monitoring to ensure we do not veer off the track. May I also take this opportunity to appreciate the Secretariat for what they continue to do to support the work of the volunteer corp. I also want to give special thanks to all of you Commissioners for volunteering your time and expertise for the benefit of the young people of this country. Finally I want to emphasize that without our strategic partners we couldn't have gone far. To this end, I want to single out the Africa Support Centre of the World Scout bureau, the Ministry of Education, the Ministry of ICT, Innovation and Youth Affairs, the Teachers' Service Commission, and the various county governments for all the support they have given and continue to give to the Association. I also want to thank our Chief Scout who despite his relocation to Belgium has continued to give us support and guidance in our activities and decisions. Above all let me take this opportunity to thank our dear Patron, H. E Hon. Uhuru Muigai Kenyatta, EGH, for being a great father to the Movement.

God bless the Kenya Scouts Association.


Victor Owuor Radido
Chief Commissioner

**The Kenya Scouts Association
Annual Reports and Financial Statements
For the year ended 30 June, 2020**

REPORT OF THE CHIEF EXECUTIVE OFFICER

2019/2020 has been a challenging year for the Association due to the prevailing COVID-19 situation in the world. This affected all areas of our operations in different ways. However, we innovated various ways to deliver on our strategic plan as highlighted in the Chief Commissioner's report.

The Association is committed to implementing good corporate governance principles and adheres to integrity, high ethical values and professionalism in all its activities. As at 30th June 2020, the National Scout Board (hereafter referred to as the Board) was made of 15 members comprising the Chief Commissioner as the Chairman, the Deputy Chief Commissioner, the Acting National Treasurer, the Legal Affairs Commissioner, the National Executive Commissioner (Chief Executive) as the Secretary and eleven (10) other members: three (3) of whom are elected by the teams (Training, Administration, and County Youth Leaders), four (4) appointed for their special professional skills. And three (3) co-opted from Ministry of Education, Teachers' Service Commission, and Kenya Defence Forces.

The National Scout Board skills and collective experience engenders healthy oversight over Management. The division of responsibilities between the Chairman (Chief Commissioner) and the Chief Executive (National Executive Commissioner) is clearly established and adhered to.

The Board members are provided with necessary resources to undertake their duties. Appropriate induction is offered to all Board members on appointment and on an on-going basis. The terms of reference for each of the Board committees are available.

Board and Committee papers are supplied to members on time, in appropriate form and quality to facilitate effective deliberations and all the Board members have access to relevant information through the office of the National Executive Commissioner.

KSA continues to take account of its economic, social and environmental impact in the way it operates as a Movement. By demonstrating our commitment to community social development we aim to align our activities, purpose, and strategy with the needs of our members, whilst embedding such responsible and ethical principles into everything we do.

In the previous year we executed various strategies and approaches as highlighted in this report when dealing with our members and the local community principles in an effort to support reducing our energy, transport, water use and other business usage to reduce our carbon footprint and environmental impact.

Environment

Protection on the environment in which we live and operate is part of Kenya Scouts Association's values and principles and we consider it to be sound business practice. Care for the environment is one of our key responsibilities and an important part of the way we work.

During 2019/20 FY, the Association was committed to:

- a. Complying with all relevant environmental legislation, regulations and approved codes of practice.
- b. Continued to work with the Government in its reforestation effort by planting over 1 million tree seedlings and giving the same to the members of the community to replant in their respective properties.
- c. Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air and water.

**The Kenya Scouts Association
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REPORT OF THE CHIEF EXECUTIVE OFFICER (*Continued*)

- d. Managing and disposing of all waste in a responsible manner.
- e. Providing training for staff so that we all work in accordance within an environmentally aware culture.
- f. Regularly communicating our environmental performance to our employees and other significant stakeholders.
- g. Developing our management processes to ensure that environmental factors are considered during planning and implementation.

The National Secretariat also ensured that the Association reduced the environmental impact on the Association by:

- a. Sourcing and buying locally to save fuel costs wherever possible.
- b. Ensuring all lights and equipment are switched off when not required.
- c. Ensuring that water is used efficiently.
- d. Using scrap paper for drafts and notes
- e. Printing in mono and double sided wherever possible.
- f. Sourcing recycled materials wherever possible.

Local Community

The National Scout Board also ensured that our work with the local community involved:

- a. Working with and supporting local charities
- b. Encouraging volunteer work in community activities
- c. Supporting communities with initiatives to reduce spread of COVID 19.

During year 2019/20, a number of initiatives were undertaken within the local community including support in community projects within Kibra Slums, and allowing the use of the Rowallan Scout playing fields to be used as training grounds by two soccer teams from the same slums. The Association also installed 10 water reservoirs (tanks) within the Kibra slums to support the hand washing as a way of fighting corona virus.

Responsibility to Stakeholders

The National Scout Board also ensured that we dealt responsibly, openly and fairly with members and potential members by:

- a. Being open and honest about our activities
- b. We listen to our members to help us improve the Scouting activities.

The operational and ultimate responsibility for the commitment to our community social development lies with the National Scout Board. Every employee of the Association is expected to give their full co-operation to the above principles in their activities at work.



Moses Jonathan Ochieng
National Executive Commissioner

**The Kenya Scouts Association
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CORPORATE GOVERNANCE STATEMENT

The Kenya Scouts Association is committed to implementing good corporate governance principles and adheres to integrity, high ethical values and professionalism in all its activities. As at 30th June 2020, the National Scout Board (hereafter referred to as the Board) was made of 15 members comprising the Chief Commissioner as the Chairman, the Deputy Chief Commissioner, the Acting National Treasurer, the Legal Affairs Commissioner, the National Executive Commissioner (Chief Executive) as the Secretary and eleven (10) other members: three (3) of whom are elected by the teams (Training, Administration, and County Youth Leaders), four (4) appointed for their special professional skills. And three (3) co-opted from Ministry of Education, Teachers' Service Commission, and Kenya Defence Forces.

The board operated with five committees that had delegated responsibilities:

1. *The Board Executive Committee*
2. *The Board Technical Committee*
3. *The Camps and Sites Committee*
4. *The Board Audit and Risk Committee*
5. *The Board Finance Committee*

The National Scout Board skills and collective experience engenders healthy oversight over Management. The division of responsibilities between the Chairman (Chief Commissioner) and the Chief Executive (National Executive Commissioner) is clearly established and adhered to.

The Board members are provided with necessary resources to undertake their duties. Appropriate induction is offered to all Board members on appointment and on an on-going basis. The terms of reference for each of the Board committees are available.

Board and Committee papers are supplied to members on time, in appropriate form and quality to facilitate effective deliberations and all the Board members have access to relevant information through the office of the National Executive Commissioner



Moses Jonathan Ochieng
National Executive Commissioner

**The Kenya Scouts Association
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MANAGEMENT DISCUSSION AND ANALYSIS

(a) Liquidity Risk

Liquidity risk is the risk that the Association will not have sufficient financial resources to meet its obligations when they fall due or will have no funds at its disposal. This risk can arise from mismatches in the timing of cash flows from revenue and capital/ operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been inconsistent.

During the year under review, this risk was well managed as the Association was able to meet all its obligations when they fell due.

(b) Credit risk

The Association is exposed to credit risk which is the risk that a creditor will not be able to pay the full amount of debts when they fall due.

Management of Credit risks

The Association has a well-established credit control procedures that monitor activities on customer accounts and allow for remedial action should the customer fail to comply with the payment terms.

These procedures include:

- Follow up of the customers by telephone or in-person
- Negotiation for mutually accepted payment arrangements terms
- Withdrawal of credit facilities
- Writing of debt demand letters to debtors

Legal action for those who fail to pay

c) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Association's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior.

Some of the key risks the Association has identified in its operations are

- (a) The sustainability of the Association in the event the grant in aid is withdrawn.
- (b) Encroachment of organizations land of 25.55 hectares valued at kshs 78,956,800 by squatters and land grabbers

Material arrears in statutory/financial obligations

During the year under review the Association did not have any material arrears, in statutory, loan defaults, pending bills, tax default, and pension obligations.

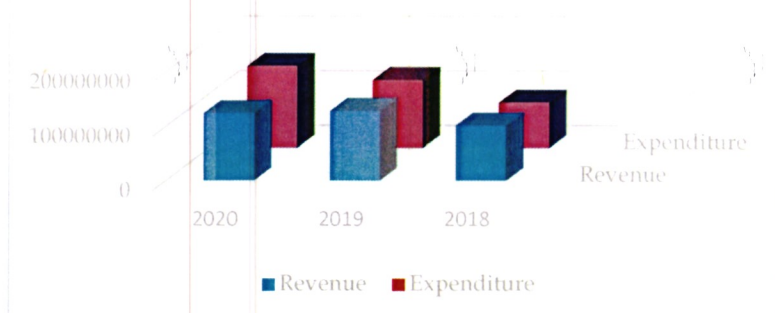
Statement of Financial Performance Analysis

Total Revenues stood at Kshs. 124,093,950 which represents a marginal decrease of .03% from the previous period which stood at Kshs. 128,227,524. This is majorly attributed the increase in net profit from the BP shop. Below is a bar graph that compares Total Revenues, Total expenditure and surplus for the two periods.

**The Kenya Scouts Association
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For the year ended 30 June, 2020**

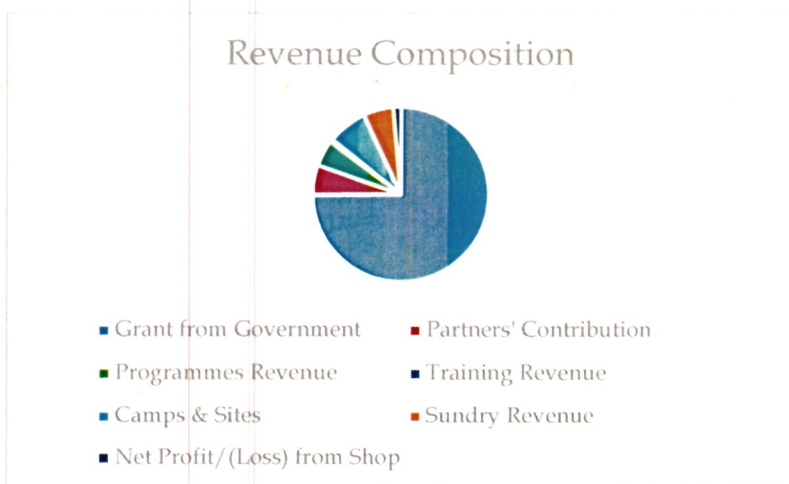
MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Revenue/Expenditure Analysis



From the above graph, the difference in performance for the two periods is clear.

The below pie chart shows the revenues composition for year 2020



From the above pie chart, it's clear that the Association still depends greatly on the grant in Aid from the government. From the Association's main income generating activities are Camps and sites and Scouts Shop. The Scouts shop performed slightly better than Camps and sites in terms of revenue. For more details on how the revenues changed over the two period see below graph;

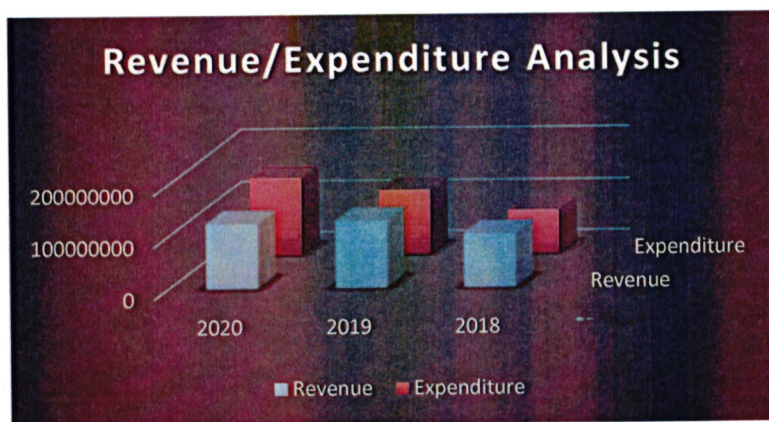
The Association needs to employ measures to maintain steady growth rates in all its revenue streams to enhance sustainability.

TREASURE'S REPORT

Financial Performance Highlights

Revenue and Expenses

Revenues for the year 2020 were Kshs 124,093,950 compared to Kshs. 128,227,524 in year 2019 representing 3% decline. The expenditure rose to Kshs. 150,909,445 compare to Kshs. 125,324,870 for the previous year representing 17% increase.

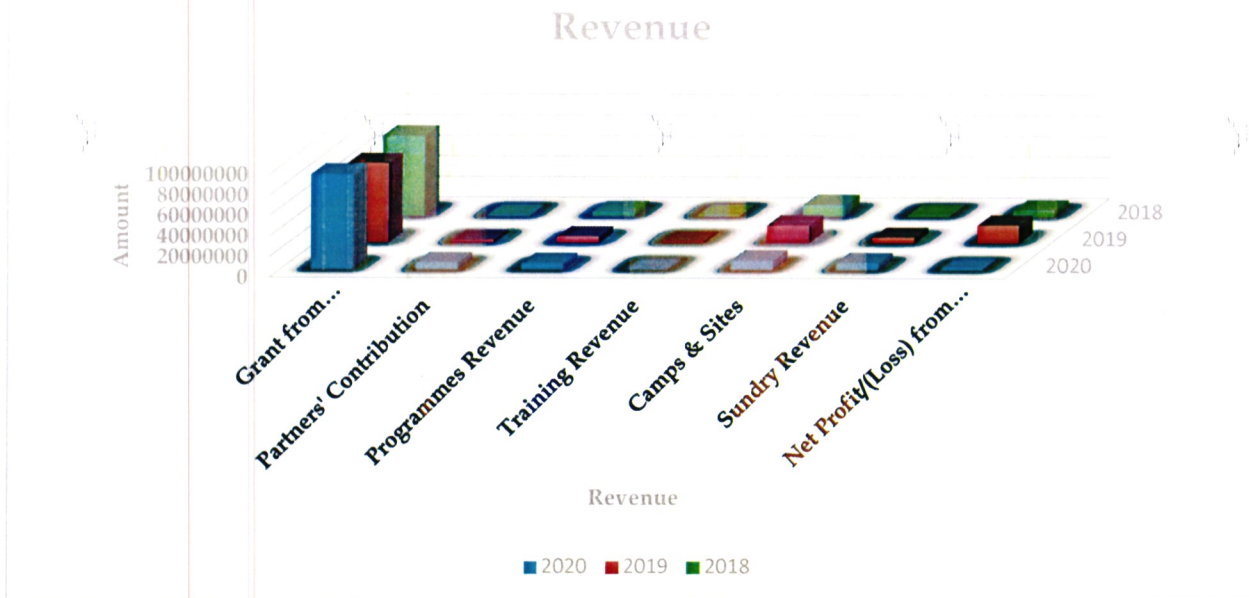


Revenue

Government grant still remains the main source of revenue for the association as shown below. That said, it is important to note that over reliance on a single income source is a risk to the Association and as such the National Scouts Board, working closely with the Secretariat, needs work on ways to diversify the Association's income streams to ensure sustainability.

There was a general decline in revenue due to closure of learning institutions in February 2020 whom are our major clients. This was orchestrated by the outbreak of Covid-19 pandemic that hit the country. Shops, camps and centres were greatly affected since there were forced to close for the better part of quarter 3 and 4.

TREASURE'S REPORT (continued)



Expenditure

The decrease in programme expenditure from Kshs. 20,327,673 to Kshs. 18,950,855 was due to scaling down of programme activities due to the outbreak of the COVID-19 pandemic. Staff cost went up due to introduction of pension scheme costing to Kshs. 4,033,795. Security and special programmes expenditure went up to Kshs. 9,981,394 from Kshs. 4,380,017 because of outsourcing of security guards at Rowallan camp, scout shops, Embu and Nyeri centres amounting to Kshs 5,308,714 from previous year's Kshs. 1,897,327. There was also monthly stipend for police officers manning Rowallan. National Awards and patron's day celebrations as well as National day celebrations also took place during the year at a cost of Kshs 4,666,180 compared to last year's Kshs. 434,600.

Three Years Net Assets Trend

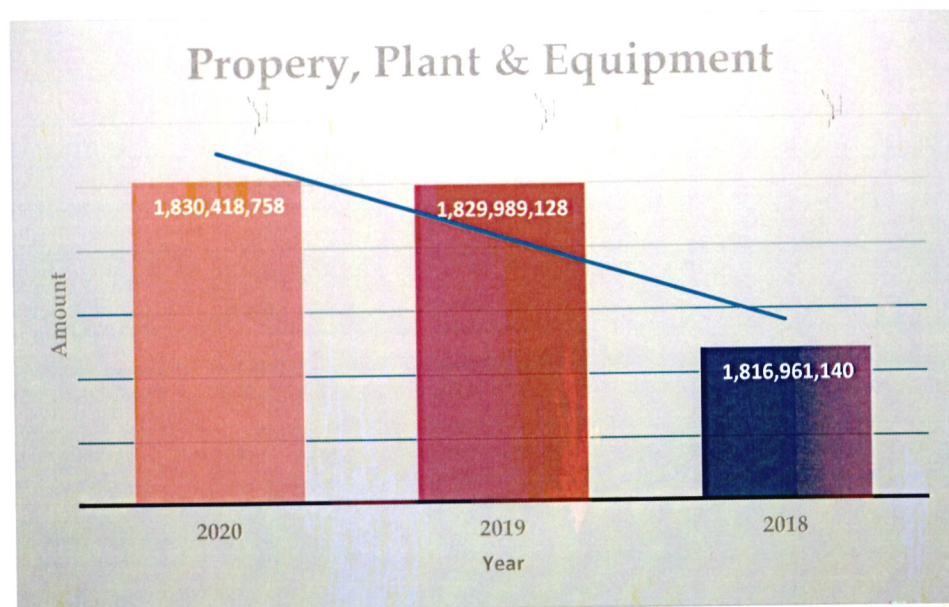
Current Assets.

The current assets stood at Kshs. 113,451,962. in the current year compared to Kshs. 133,306,004 in the previous year.

Property ownership & valuation

Below is a bar graph showing asset base for the last three years

TREASURE'S REPORT (continued)



The association is working very closely with the Ministry of Lands to acquire the title deeds. One more title deed for Busia has been acquired in the financial year under review.

The other details of the performance are contained in the audited financial statements.

Future Plans

The association is expected to perform well although the COVID-19 Pandemic has and might continue to slow down the operations. Our clients who are majorly institutions have been facing quite some challenges as they try to adopt to the new normal. Global economies are struggling and given this situation is unprecedented, no one can say with certainty what the future holds.

The association has put in place various mitigation factors to address these challenging and so:

1. Introduction of annual registration by all scouts, leaders and units.
2. Development and improvement of camp and centres to make them self-reliant.
3. Opening of new shops especially in areas where there is need.
4. Engage more partners who are willing to support scouting programmes.

Antony Gitonga Maina

Ag. National Treasurer

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

This report is about how the KSA takes account of its economic, social and environmental impact in the way it operates as a Movement. By demonstrating our commitment to community social development we aim to align our activities, purpose, and strategy with the needs of our members, whilst embedding such responsible and ethical principles into everything we do. The elements of this report cover our approach in dealing with our members and the local community principles in an effort to support reducing our energy, transport, water use and other business usage to reduce our carbon footprint and environmental impact.

Environment

Protection on the environment in which we live and operate is part of Kenya Scouts Association's values and principles and we consider it to be sound business practice. Care for the environment is one of our key responsibilities and an important part of the way we work.

During 2019/20 FY, the Association was committed to:

- h. Complying with all relevant environmental legislation, regulations and approved codes of practice.
- i. Continued to work with the Government in its reforestation effort by planting over 1 million tree seedlings and giving the same to the members of the community to replant in their respective properties.
- j. Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air and water.
- k. Managing and disposing of all waste in a responsible manner.
- l. Providing training for staff so that we all work in accordance within an environmentally aware culture.
- m. Regularly communicating our environmental performance to our employees and other significant stakeholders.
- n. Developing our management processes to ensure that environmental factors are considered during planning and implementation.

The National Secretariat also ensured that the Association reduced the environmental impact on the Association by:

- g. Sourcing and buying locally to save fuel costs wherever possible.
- h. Ensuring all lights and equipment are switched off when not required.
- i. Ensuring that water is used efficiently.
- j. Using scrap paper for drafts and notes
- k. Printing in mono and double sided wherever possible.
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Local Community

The National Scout Board also ensured that our work with the local community involved:

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During year 2019/20, a number of initiatives were undertaken within the local community including support in community projects within Kibra Slums, and allowing the use of the Rowallan Scout playing fields to be used as training grounds by two soccer teams from the same slums. The Association also installed 10 water reservoirs (tanks) within the Kibra slums to support the hand washing as a way of fighting corona virus.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (*continued*)

Responsibility to Stakeholders

The National Scout Board also ensures that we deal responsibly, openly and fairly with members and potential members by:

- c. Being open and honest about our activities
- d. We listen to our members to help us improve the Scouting activities.

The operational and ultimate responsibility for the commitment to our community social development lies with the National Scout Board. Every employee of the Association is expected to give their full co-operation to the above principles in their activities at work.

**The Kenya Scouts Association
Annual Reports and Financial Statements
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REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the entity's affairs.

Principal activities

The principal activities of the entity continue to be to contribute to the educational development of young people by promoting their intellectual, physical, social, emotional and spiritual wellbeing, equipping them with knowledge, positive attitudes and skills useful to themselves and their communities through a value based on the scout law and promise. The Association also sells uniforms to scouts countrywide.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 1 to 25

Directors

The members of the Board of Directors who served during the year are shown above

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year as the surplus was not as a result of funds received from the government but generated from its various income generating activities and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the Association in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



**Moses Jonathan Ochieng
National Executive Commissioner**

Nairobi.

Date: 25.08.2020

**The Kenya Scouts Association
Annual Reports and Financial Statements
For the year ended 30 June, 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

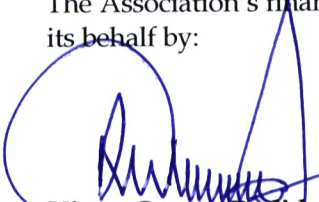
The Directors are responsible for the preparation and presentation of the association's financial statements, which give a true and fair view of the state of affairs of the association for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining 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 association (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

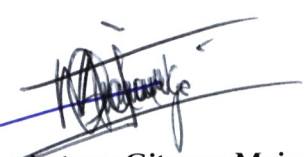
The Directors accept responsibility for the association's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Directors are of the opinion that the association's financial statements give a true and fair view of the state of association's transactions during the financial year ended June 30, 2020, and of the association's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the association, which have been relied upon in the preparation of the association's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the association 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 Association's financial statements were approved by the Board on 25th August 2020 and signed on its behalf by:


Victor Owuor Radido
Chief Commissioner


Antony Gitonga Maina
Ag. National Treasurer


Moses Jonathan Ochieng
National Executive Commissioner

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KENYA SCOUTS ASSOCIATION FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Scouts Association set out on pages 1 to 25, which comprise the statement of the financial position as at 30 June, 2020, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Scouts Association as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Scouts Act, 2008 (Revised) and Public Finance Management Act, 2012..

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

1.1 Parcels of Land Without Title Deeds

As reported in the previous year, property, plant and equipment balance of Kshs.1,829,966,091 as at 30 June, 2020, includes land valued at Kshs.1,665,824,709 as disclosed in Note 28 to the financial statements. Included in the figure of Kshs.1,665,824,709 are 14 parcels of land with book values totaling Kshs.78,956,800 located in Nyeri, Muranga, Kiambu, Machakos, Uasin Gishu, Bungoma, Busia, Siaya, Mombasa and Kilifi counties which do not have title deeds. Due to the above, the ownership status of the parcels of land is not known and the parcels of land are at a risk of encroachment by informal settlers and private developers.

1.2 Parcels of Land Omitted from the Financial Statements

Further, as previously reported, the property, plant and equipment balance of Kshs.1,829,966,091 excludes undetermined value of 12 parcels of land owned by the Association located in Bungoma, Kericho, Homa Bay, Kisumu, Kwale, Laikipia, Machakos, Meru, Nakuru and Nyeri counties. The acreage for some of the parcels is yet to be established. Although Management is aware of the above conditions, there is no evidence of the steps being taken to value these parcels of land and subsequently recognize them in the books of accounts.

In the circumstances, it has not been possible to confirm the accuracy, validity and completeness of property, plant and equipment balance of Kshs.1,829,966,091 as at 30 June, 2020.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Scouts Association 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 qualified opinion.

Emphasis of Matter

Financial Performance

During the year under review, the statements of financial performance indicates that the Association registered a deficit of Kshs.26,815,495 thereby reducing the general fund from Kshs.950,532,433 in 2019 to Kshs.923,716,937. The Association is therefore, likely to face financial challenges in the near future if strategies are not put in place to reverse this trend.

My opinion is not modified on this matter

Key Audit Matters

Key audit matters are those matters, 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.

Other Matter

Budgetary Control and Performance

During the year under review, the Association had a total revenue budget of Kshs.141,449,000 on comparable basis against an actual amount earned of Kshs.124,093,950 resulting in an under collection of revenue of Kshs.17,355,050.

Similarly, the Association recorded an actual expenditure of Kshs.150,909,445 against an approved budget of Kshs.141,449,000 resulting to an over-expenditure of Kshs.9,460,445. Management has explained that the under collection of revenue was due to the closure of camps and centers in the last quarter of the year.

The overspending of the budget has a negative impact on implementation of future planned activities and service delivery to stakeholders. There is need for the Association to adhere to the provisions as per their approved budget while the under collection of revenue and over expenditure of the approved budget is an indication that some activities were not implemented by the Management leading to non-provision of services to the stakeholders.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 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.

Responsibilities of Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to terminate the Association or 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 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 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 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 Association 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 Association 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 April, 2021

**The Kenya Scouts Association
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STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2020

	Notes	2020 KSHS	2019 KSHS
Revenue from Non - Exchange transactions			
Grant from Government	2	92,812,500	76,962,500
Partners' Contribution	3	6,832,823	2,685,319
Programmes Revenue	4	6,091,888	6,278,824
Training Revenue	5	533,280	1,690,630
		106,270,491	87,617,273
Revenue from exchange transactions			
Camps & Sites	6	9,126,415	17,291,260
Sundry Revenue	7	6,986,990	5,649,027
Net Profit/(Loss) from Shop	8	1,710,053	17,669,963
		17,823,458	40,610,251
Total Revenue		124,093,950	128,227,524
Expenses			
Programmes Expenses	9	18,950,855	20,327,673
Training Expenses	10	7,591,970	4,302,720
Committees & Meetings	11	8,142,781	14,329,798
County Scouts Support	12	2,716,660	5,682,467
International events	13	10,679,547	3,136,657
Salaries and Staff Benefits	14	43,179,622	32,012,968
Administrative Costs	15	27,998,081	12,615,216
Communication & Corp Affairs	16	7,268,557	1,091,073
Headquarters expenses for camps & sites	17	2,920,012	1,242,748
Messengers of Peace-WOSM	18	-	1,672,886
Security & Special Programmes Expenses	19	9,981,394	4,380,017
Projects & Partnerships Expenses	20	4,421,399	2,820,169
Camps & Sites Expenses	21	-	15,221,344
Depreciation and Amortisation	28	7,058,567	6,489,135
		150,909,445	125,324,870
Total Expenses		150,909,445	125,324,870
Surplus/(Deficit) for the period		(26,815,495)	2,902,654

The notes set out on pages 7 to 25 form an integral part of the Financial Statements


The Kenya Scouts Association
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020 KSH	2019 KSH
ASSETS			
Current Assets			
Cash & cash equivalents	22	57,004,765	117,387,967
Receivables from Exchange Transaction	23	14,855,852	3,914,913
Receivables from Non- Exchange Transaction	24	3,681,524	1,768,516
Inventories	25	38,729,429	10,234,609
		<u>114,271,570</u>	<u>133,306,004</u>
Non - Current Assets			
Property, plant & equipment	28	1,829,966,091	1,829,989,128
Intangible Assets	28	767,340	1,096,200
		<u>1,945,005,001</u>	<u>1,964,391,332</u>
TOTAL ASSETS			
LIABILITIES			
Current Liabilities			
Payables and Accruals	27	11,613,500	2,488,199
		<u>11,613,500</u>	<u>2,488,199</u>
		<u>1,933,391,501</u>	<u>1,961,903,133</u>
NET ASSETS			
FUNDS			
General Fund		923,716,937	950,532,433
Revaluation Reserve		1,006,753,186	1,006,753,186
Restricted Fund		2,921,378	4,617,514
		<u>1,933,391,501</u>	<u>1,961,903,133</u>

The notes set out on pages 7 to 25 form an integral part of the Financial Statements


MOSES JONATHAN OCHIENG
NATIONAL EXECUTIVE COMMISSIONER


ANTONY GITONGA MAINA
AG. NATIONAL TREASURER


VICTOR OWUOR RADIDO
CHIEF COMMISSIONER

**The Kenya Scouts Association
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STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	General Fund KSHS	Restricted Fund KSHS	Revaluation Reserve KSHS	Total KSHS
Balance as at 01.07.2017	909,734,623	1,270,358	1,006,753,186	1,917,758,167
Surplus for the period	17,503,092			17,503,092
Net movement during the period		874,557		874,557
Transfers to/from accumulated surplus				
Prior year adjustment	(1,829,583)			
Balance as at 30.06.2018	925,408,132	2,144,915	1,006,753,186	1,934,306,233
Balance as at 01.07.2018	925,408,132	2,144,915	1,006,753,186	1,934,306,233
Surplus for the period	2,902,654			2,902,654
Net Movement during the year		2,472,599		2,472,599
Prior year adjustment	22,221,647			
Balance as at 30.06.2019	950,532,433	4,617,514	1,006,753,186	1,961,903,133
Balance as at 30.06.2019	950,532,433	4,617,514	1,006,753,186	1,961,903,133
Surplus for the period	(26,815,495)			(26,815,495)
Net Movement during the year		(1,696,136)		(1,696,136)
Prior year adjustment				-
Balance as at 30.06.2020	923,716,938	2,921,378	1,006,753,186	1,933,391,502

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CASH FLOW STATEMENT FOR THE YEAR 30 JUNE 2020

		2020	2019
Cash Flows from Operating Activities	Notes	Kshs	Kshs
Net Surplus/(Deficit)		(26,815,495)	2,902,654
Adjustment on non-cash income and expenditure			
Depreciation on plant and equipment	28	7,058,567	6,489,135
Changes in working capital			
Account Receivables from Exchange Transaction (Increase)/Decrease	23	(10,940,939)	6,499,960
Account Receivables from Non- Exchange Transaction	24	(1,913,009)	-
Inventory (Increase)/Decrease	25	(28,494,820)	701,738
Account Payables Increase/(Decrease)	27	9,125,301	(14,266,229)
County Support		-	2,893,836
Net Cash From Operating Activities		<u>(51,980,395)</u>	<u>5,221,093</u>
Cash Flows From Investing Activities			
Purchase of Property, Plant & Equipment	28	<u>(12,528,607)</u>	<u>(18,179,155)</u>
Net Cash From Investing Activities		<u>(12,528,607)</u>	<u>(18,179,155)</u>
Cash Flows from financing activities			
Increase in Restricted funds	26	<u>4,125,801</u>	<u>(667,198)</u>
Net cash used in financing activities		<u>4,125,801</u>	<u>(667,198)</u>
Net Increase in cash and cash equivalents	22	(60,419,634)	(13,625,260)
Cash & cash equivalents at beginning of the period		<u>117,387,966</u>	<u>131,013,226</u>
Cash & cash equivalents at end of the period		<u>57,004,765</u>	<u>117,387,966</u>

The Kenya Scouts Association
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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	ORIGINAL BUDGET	ADJUSTMENTS	REVISED BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	Explanation of Difference
Revenue from Non - Exchange transactions						
Grant from Government	155,000,000	(62,500,000)	92,500,000	92,812,500	312,500	0%
Programmes Revenue	48,775,000	(39,700,000)	9,075,000	6,091,888	(2,983,112)	-33%
Training Revenue	3,040,000	-	3,040,000	533,280	(2,506,720)	-82%
	206,815,000	(102,200,000)	104,615,000	99,437,668	(5,177,332)	
Revenue from exchange transactions						
Camps & Sites	19,810,000	(2,810,000)	17,000,000	9,126,415	(7,873,585)	-46%
Sundry Revenue	1,284,000	1,000,000	2,284,000	5,576,000	(3,292,000)	-144%
Projects & Partnerships	4,950,000	(2,500,000)	2,450,000	6,832,823	(4,382,823)	-179%
County Activities Support	500,000	(400,000)	100,000	1,410,990	(1,310,990)	
Scouts Shop Gross Profit	20,000,000	(5,000,000)	15,000,000	1,710,053	(13,289,947)	89%
	46,544,000	(9,710,000)	36,834,000	24,656,282	(12,177,718)	

**The Kenya Scouts Association
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Total Revenue	253,359,000	(111,910,000)	141,449,000	124,093,950	(17,355,050)	
Expenses						
Programmes Expenses	33,382,375	(6,771,875)	26,610,500	18,950,855	7,659,645	29%
Training Expenses	15,418,000	(8,450,000)	6,968,000	7,591,970	(623,970)	-9%
Committees & Meetings	11,470,000	(5,460,000)	6,010,000	8,142,781	(2,132,781)	-35%
County Scouts Support	20,000,000	(19,000,000)	1,000,000	2,716,660	(1,716,660)	-172%
International events	5,800,000	-	5,800,000	10,679,547	(4,879,547)	-84%
Salaries and Staff Benefits	35,259,000	2,640,000	37,899,000	43,179,622	(5,280,622)	-14%
Administrative Costs	29,342,750	(15,600,000)	13,742,750	27,998,081	(14,255,331)	-103%
Communication & Corp Affairs	7,438,000	(1,250,000)	6,188,000	7,268,557	(1,080,557)	-17%
Adult in Scouting	5,590,000	(500,000)	5,090,000	-	-	0%
Headquarters expenses for camps & sites	5,000,000	(2,000,000)	3,000,000	2,920,012	79,988	3%
Security & Special Programmes Expenses	10,908,000	(6,158,000)	4,750,000	9,981,394	(5,231,394)	-110%
Projects & Partnerships Expenses	2,070,000	(1,320,000)	750,000	4,421,399	(3,671,399)	-490%
Camps & Sites Expenses	55,497,000	(40,950,000)	14,547,000	-	14,547,000	100%
Depreciation: Property, Plant & Equipment's			0	7,058,567	(7,058,567)	
BP Shop Expenses	6,352,820	(2,702,000)	3,650,820	-	5,442,929	
Contingency	9,831,054		5,442,929	-		
Total Expenses	253,359,000	(107,521,875)	141,449,000	150,909,445	(18,201,266)	
Surplus/(Deficit) for the period				(26,815,495)	(35,556,316)	

The activities were affected by the pandemic.

There were sponsored trips internationally e.g to USA for Jamboree.

This went up since there was patrons day celebration, engagement of security firm and police officers at the camp
Include donor funded projects
Cost moved to specific cost items

Non-Cash item

The notes set out on pages 7 to 25 form an integral part of the Financial Statements

**The Kenya Scouts Association
Annual Reports and Financial Statements
For the year ended 30 June, 2020**

NOTES TO THE FINANCIAL STATEMENTS

1. 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 association'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 in Note 7

(a) The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the association

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

The Association recognizes income and revenue when earned. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

b) Receivables

Receivables are stated at nominal value, less provision for any amounts to be irrecoverable.

c) Sales of Goods

Revenue from 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's probable that the economic benefits or service potential associated with the transaction will flow to the Association.

d) Rental income

Rental Income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms and included in the revenue.

e) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and incomes are presented in a single statement to determine the needs of the Association.

The annual budget is prepared on the accrual basis, that is, all planned costs and incomes are presented in a single statement to determine the needs of the Association.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement costs of the components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day maintenance of investment property.

g) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. The 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.

Depreciation

Property, plant and equipment are initially recorded at cost/valuation. Depreciation is calculated on reducing balance basis to write down the cost of each asset to its residual value over its predetermined useful life. The annual depreciation rates in use are as shown below:

Land	Nil
Building	2.5%
Motor vehicle	25%
Computers	30%
Furniture & Fittings	12.5%
Equipment & Machinery	12.5%
Amortization	30%
Work in Progress	Nil

h) Leases

Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or if lower, at the present value of the future minimum lease payments.

i) Inventories

Inventories are measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is measured at the lower cost and current replacement value.

j) Provisions

Provisions are recognized when the Association 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 obligation.

k) Contingent Liabilities

The Association does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Contingent Assets

The Association does not recognize a contingent asset, but discloses details of possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Association. Expenditure on acquired ERP software programs is capitalized and amortized on the straight-line basis over their expected useful lives, normally not exceeding three years.

m) Intangible assets

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.

n) Reserves

The Association creates and maintains reserves in terms of specific requirements

o) Employee Benefits

The Association operates a staff retirement benefit scheme for its employees. The scheme which was established in 1st January, 2019 operates in accordance with the provisions of the Retirement Benefits Act, 1997.

p) Related Parties

The Association regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Association or vice versa.

q) Bad Debts

Bad debts are written off when all reasonable steps to recover them have been taken without success in the year in which they are identified as irrecoverable.

r) Trade Payables

Payables are stated at nominal values less amounts not expected to be payable.

s) Tax Status

The Association is exempted from payment of Income Tax under Section 13 (2) of the Income Tax Act (Cap 470)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Liquidity risk management

Liquidity risk is the risk that the association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation. The Association manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

u) Financial risk management

The Kenya Scouts Association seeks to minimise its exposure to financial risk by investing only in secure government bills and bonds. There are no financial liabilities like loan overdraft other than suppliers' liabilities.

✓ Currency Risk

The Kenya Scouts Association bank accounts are denominated in Kenya Shillings as shown in Note 25, except for Equity Dollar Account which is domiciled at Equity Kibera Branch and KCB Dollar account domiciled at KICC Brank. Income and expenses are settled in Kenya Shillings hence there is minimal or no exposure to currency risk.

✓ Interest rate risk

Interest rate risk arises from possible impact of changes in interest rates on the value of financial instruments. By investing only in government treasury bills, The Kenya Scouts Association has minimal exposure to interest rate risk.

✓ Interest rate risk

Interest rate risk arises from possible impact of changes in interest rates on the value of financial instruments. By investing only in government treasury bills, The Kenya Scouts Association has minimal exposure to interest rate risk.

✓ Credit risk

Credit risk is a risk that a party to financial instrument transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The association is exposed to minimum credit risk on the debtors account. The risk is minimised since most payment are made in advance for instance sale of uniform and camping fees.

v) 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 various commercial banks 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 members of staff which were not surrendered or accounted for at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w) Comparative figures

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

x) Significant judgments and sources of estimation uncertainty

The preparation of the Association'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

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 Association 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 association. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the association
- 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

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NOTES TO THE FINANCIAL STATEMENTS

	2020	2019
	KSHS	KSHS
2 Government grant		
Transfer during the year	92,812,500	76,962,500
	<u>92,812,500</u>	<u>76,962,500</u>
3 Partners' Contribution		
WOSM	1,365,681	1,635,089
WWF-K	450,500	643,230
Vi Agroforestry	3,756,000	-
Others	1,260,643	-
WEB Rangers	-	407,000
	<u>6,832,823</u>	<u>2,685,319</u>
4 Programmes Revenue		
Youth Programmes Certificates	6,091,888	2,699,425
Competition Fees	-	592,255
Founderee & Centenary	-	868,647
Registration	-	1,949,473
Sundry Others	-	89,824
Jamboree	-	79,200
	<u>6,091,888</u>	<u>6,278,824</u>
5 Training Revenue		
Woodbage Receipts & ALT Fees	533,280	1,690,630
	<u>533,280</u>	<u>1,690,630</u>
6 Camps & Sites Revenue		
Embu	4,960,465	9,101,818
Kilifi Camp	7,900	-
Rowallan Camp	3,244,555	7,772,462
Machakos	94,100	35,600
Nyeri	615,280	261,760
Siaya Camp	204,115	119,620
	<u>9,126,415</u>	<u>17,291,260</u>
7 Sundry Revenue		
Rental Income	5,192,275	1,284,000
Staff Loan Interest	183,725	142,360
County Support	1,410,990	-
Other Sundries	200,000	4,222,667
	<u>6,986,990</u>	<u>5,649,027</u>

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NOTES TO THE FINANCIAL STATEMENTS

8 Gross Revenue from Shop	2020	2019
	KSHS	KSHS
Sales of Scouts Uniforms & Camping gears	53,273,314	77,158,127
Cost of Sales		
Opening Stock	10,234,609	10,936,347
Add : Purchases	74,048,726	57,429,421
Less: Closing Stock	<u>(38,738,305)</u>	<u>(10,234,609)</u>
	45,545,030	58,131,159
Gross Profit	7,728,284	19,026,968
Less Operating Expenses	<u>6,018,231</u>	<u>1,357,005</u>
Net Profit/(Loss) from Shop Operations	1,710,053	17,669,963
9 Youth Programmes Expenses		
Certificates	1,667,600	2,723,400
Competition	5,905,800	5,117,134
Founderee	1,541,050	3,205,740
Jamboree	128,410	1,140,780
National Youth Forum	995,398	535,290
Africa Scouts Day	-	2,610,040
Jota Joti	52,500	-
Data Entry	107,180	200,000
RRI	2,776,200	-
Humanitarian Programme	5,602,817	-
Rover Centenary	-	4,451,789
Zonals Planning	<u>173,900</u>	<u>343,500</u>
	18,950,855	20,327,673
10 Training Expenses		
Woodbadge	1,775,870	1,607,420
Training of Trainers	90,500	-
County Coordinators	870,000	-
Elections and Induction	3,955,000	-
ALT Training	900,600	1,109,400
Capacity Building	<u>-</u>	<u>1,585,900</u>
	7,591,970	4,302,720

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NOTES TO THE FINANCIAL STATEMENTS

	2020	2019
	KSHS	KSHS
11 Committees & Meetings' Expenses		
Annual general Meeting	-	3,679,066
National Scouts Board	2,925,850	2,398,700
Programme Committee	3,000	237,250
Task Force and Adhoc Meetings	2,013,942	847,700
Shops, Camps and Sites Meetings	665,889	23,600
National Youth Committee	-	1,616,200
Training committee	90,150	198,180
National Admin	769,900	3,740,100
Audit & Risk Committee	-	97,400
Executive Committee	687,950	388,531
Finance Committee Meeting	71,000	215,882
Technical Committee Meeting	54,050	647,300
Disciplinary Meeting	-	58,189
Adults in Scouting Meeting	861,050	181,700
	<u>8,142,781</u>	<u>14,329,798</u>
12 County Scouts Support		
	<u>2,716,660</u>	<u>5,682,467</u>
	<u>2,716,660</u>	<u>5,682,467</u>
13 International events		
	<u>10,679,547</u>	<u>3,136,657</u>
	<u>10,679,547</u>	<u>3,136,657</u>
14 Salaries and Staff Benefits		
Salaries & Wages	32,818,401	25,588,402
Medical Expenses	3,293,171	4,518,810
Staff Welfare	2,341,343	1,529,691
Group Life Insurance	475,436	159,665
Benovelent Fund	156,100	164,000
Pension	4,033,795	-
Staff Other Expenses	61,376	52,400
	<u>43,179,622</u>	<u>32,012,968</u>

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	2020	2019
	KSHS	KSHS
15 Administrative Costs		
Communication Cost	883,000	731,500
Postage & Courier	1,049,366	793,168
Office Stationery	351,924	378,830
Printing and Production	1,106,672	658,166
Subscription Fees	2,306,701	2,424,602
Utilities	1,649,886	1,364,684
Office Expenses	-	767,474
Bank and Mpesa Charges	336,304	229,342
Audit Cost	425,000	580,000
Professional Fees	3,353,731	358,800
Repairs and Maintenance	6,714,624	266,884
Vehicle Expenses	3,223,558	2,868,861
Cleaning & sanitation	190,660	168,749
Restaurant Expenses	3,271,668	-
Chief Scout/Commissioner	50,000	440,350
Land Documentation	59,500	29,000
Asset Tagging	-	83,076
Legal Fees	1,075,587	-
Local Travel	1,518,238	168,500
Recruitment	114,840	-
Centres Visits	316,822	303,230
	<u>27,998,081</u>	<u>12,615,216</u>
16 Communication & Corp Affairs		
Advertisement	946,126	300,480
Internet	1,111,231	519,093
Office Telephone	402,050	-
Website Maintenance	763,000	241,500
Newspapers and Magazines	27,380	-
Event Coverage	369,000	-
Documentary	1,240,750	-
Publications	970,930	-
ERP Support	1,289,040	-
IT Maintenance	149,050	-
Communications Intern	-	30,000
	<u>7,268,557</u>	<u>1,091,073</u>

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	2020	2019
	KSHS	KSHS
17 Headquarters expenses: For Camps & Sites		
Siaya Scouts Centre	869,318	662,201
Kilifi Support	358,335	24,626
Machakos scouts centre	477,179	174,278
Busia Centre	162,050	-
Kayaba Scouts Camp	435,913	-
Murang'a Camp	28,517	61,050
Nyamira	-	44,100
BP Shop	-	180,593
Other Costs	588,700	-
Rowallan Camp	-	95,900
	<u>2,920,012</u>	<u>1,242,748</u>
18 Messengers of Peace-WOSM	<u>-</u>	<u>1,672,886</u>
19 Security & Special Programmes		
Safety and Security	5,308,714	1,897,327
Investiture	6,500	245,350
KSA Events and National Days Celebrations	4,666,180	434,600
Nacada Kisumu Event	-	40,000
Patron's Day	-	1,372,740
Capacity Building	-	338,000
Souvenirs	-	52,000
	<u>9,981,394</u>	<u>4,380,017</u>
20 Projects & Partnerships Expenses		
Projects	3,641,063	-
Tailoring	780,336	2,820,169
	<u>4,421,399</u>	<u>2,820,169</u>
21 Camps & Sites Expenses		
Embu	-	8,820,736
Rowallan	-	5,876,049
Nyeri	-	524,559
	<u>-</u>	<u>15,221,344</u>

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	2020	2019
	KSHS	KSHS
22 Cash and Cash Equivalents		
Barclays Bank - A/C No. 0821086574	0	(3,900)
Barclays Bank - A/C No. 0821086558	478,989	496,083
Equity Bank Operations - A/C No. 1170299559323	3,044,168	1,459,428
Equity Bank Main - A/C No.1510260829573	19,672,817	61,961,291
I & M Bank - A/C No. 00200081541201	4,747,208	3,226,680
KCB US Dollar - A/C No. 1112620192	259,626	249,383
KCB Moot 1 - A/C No. 1108788971	2,922,896	2,182,595
Equity Bank Vi Agroforestry	545,434	-
 Pay bill - 963350	 17,500,023	 27,262,981
 Centre & Camps Accounts		
Embu Centre, Equity Bank - A/C No. 1510262146188	552,981	2,066,489
Kilifi Centre, Equity Bank - A/C No. 1510262196329	76,714	3,814
Machakos Centre, Equity Bank - A/C No. 1510262146295	96,978	2,878
Rowallan Camp, Equity Bank - A/C No. 1510262213835	4,196,270	6,519,636
Siaya Centre, Equity Bank - A/C No. 1510262146312	334,095	134,080
Nyeri Centre, Equity Bank - A/C No. 1510262146255	450,432	93,369
Miritini Centre, Equity Bank - A/C No. 1510263534201	1,730,642	1,680,642
USD Account Equity-A/C No. 1510263534342	60,813	60,813
 Shop Accounts		
Barclays Bank - A/C No, 0821086582	1,012,206	1,012,594
Equity Bank - A/C No. 1510260829601	(1,361,923)	7,187,639
Equity Agency - 0240260966845	4,496	5,496
Equity Agency 0242260966777	111,010	111,010
 22 County Scouts Accounts		
Equity Bank -KSA Nairobi	992	12,312
Equity Bank - KSA Mombasa	740	980
Equity Bank- KSA Kwale	8,915	9,035
Equity Bank Kilifi	448	6,468
Equity Bank - KSA Tana River	274	94
Equity Bank Taita Taveta	42,662	34,012
Equity Bank Marsabit	143	486

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	2020	2019
	KSHS	KSHS
22 County Scouts Accounts		
Equity Bank Meru	22,985	105
Equity Bank Embu	8,529	195,449
Equity Bank Mwingi	61,508	83,963
Equity Bank Machakos	2,722	3,322
Equity Bank Makueni	401	132,261
Equity Bank Nyeri	496	44,146
Equity Bank Kirinyaga	1,285	1,405
Equity Bank - KSA Muranga	1,310	173,210
Equity Bank Kiambu	13,355	54,635
Equity Bank Tharaka Nithi	186	486
Equity Bank - KSA Turkana	115,165	65,165
Equity Bank - KSA Trans Nzoia	9,048	96,008
Equity Bank - KSA Uasin Gishu	938	10,768
Equity Bank Elgeyo Marakwet	40,535	77,135
Equity Bank Nandi	54	174
Equity Bank Laikipia	35,798	1,118
Equity Bank -KSA Nakuru	70,941	71,841
Equity Bank - KSA Narok	646	65,086
Equity Bank Kajiado	3,753	4,353
Equity Bank Kericho	745	865
Equity Bank Bomet	1,283	1,883
Equity Bank Kakamega	4,902	5,022
Equity Bank Bungoma	17	117
Equity Bank Busia	1,723	963
Equity Bank Siaya	555	675
Equity Bank Kisumu	51,205	71,100
Equity Bank Homa Bay	156	130,696
Equity Bank Migori	386	154,866
Equity Bank Kisii	1	241
Equity Bank Nyamira	2,064	21,184
Equity Bank Nyandarua	381	110,981
Equity Bank - KSA West Pokot	6,188	168
Equity Bank Baringo	49,644	356
Equity Bank Vihiga	555	1,155
Equity Bank Wajir	3,845	16,085
Equity Bank Garissa	966	86
Equity Bank Samburu	440	560
Equity Bank Isiolo	11	13,951
	57,004,765	117,387,967

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	2020		2019	
23 Receivables from Exchange Transaction	KSHS		KSHS	
BP Shop Debtors	7,937,892		-	
Receivable from Bosco Sombe	190,000		190,000	
Prepaid Insurance-APA Insurance	3,053,515		2,761,609	
Embu Debtors	159,000		-	
BP House Rent	3,515,445		963,304	
	<u>14,855,852</u>		<u>3,914,913</u>	
24 Receivables from Non- Exchange Transaction				
Staff Salary Advances	3,681,524		1,768,516	
	<u>3,681,524</u>		<u>1,768,516</u>	
25 Inventories				
Rowallan	597,817		6,157,318	
Tailoring	168,000		195,500	
Kakamega	815,895		-	
Embu	1,485,392		-	
Nakuru	1,126,724		-	
Main store	26,707,216		-	
Nyeri	1,644,405		-	
Kisumu	1,087,183		-	
Certificates	565,232		-	
BP Shop	4,531,566		3,881,790	
Total	<u>38,729,429</u>		<u>10,234,609</u>	
26 Restricted Funds				
	As at		As at	
Details	01.07.2019	Transfers	Payments	30.06.2020
	KSHS	KSHS	KSHS	KSHS
Barclays ESP A/C No - 0821086558	493,563	-	12,300	481,263
I & M CRS - A/C No - 00200081541201	3,226,679	5,394,628	-	8,621,307
KCB Dollar A/C No - 1112620192	250,366			250,366
KCB MOYA A/C No. 1112039279	(1,904)			(1,904)
KCB MOOT 1 A/C No - 1108788971	682,040		1,256,527	(574,487)
	<u>4,650,744</u>	<u>5,394,628</u>	<u>1,268,827</u>	<u>8,776,545</u>
27 Payables and Accruals	2020		2019	
Details of Creditors	KSHS		KSHS	
HQ Creditors	11,613,500		2,488,199	
Total Payables	<u>11,613,500</u>		<u>2,488,199</u>	

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 Fixed Assets

	Land	Buildings		Motor vehicles		Computers		Furniture, Fixtures & Fittings		Equipment		Work in Progress	Total
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		
28 Cost/Valuation													
As at 30/06/2017	1,663,800,000	158,200,000	10,736,500	2,264,885	4,018,080	906,310	11,350,420	1,851,276,195					
Additions	-	-	-	224,415	618,000	1,702,412	-	2,544,827					
As at 30/06/2018	1,663,800,000	158,200,000	10,736,500	2,489,300	4,636,080	2,608,722	11,350,420	1,853,821,022					
Additions	2,024,709	13,272,204	669,120	394,849	568,840	1,249,433	-	18,179,155					
As at 30/06/2019	1,665,824,709	171,472,204	11,405,620	2,884,149	5,204,920	3,858,155	11,350,420	1,872,000,177					
Additions		2,516,938	-	2,451,592	852,624	6,707,453	-	12,528,607					
As at 30/06/2020	1,665,824,709	173,989,142	11,405,620	5,335,741	6,057,544	10,565,608	11,350,420	1,884,528,784					
Depreciation and Impairment													
As at 30/06/2017		25,513,110	6,241,499	1,737,065	2,461,898	906,310	-	36,859,882					
Disposals		-	-	-	-	-	-	-					
Charge for the year		3,317,172	1,123,750	225,671	271,773	212,801	-	5,151,167					
As at 30/06/2018		28,830,282	7,365,249	1,962,735	2,733,671	1,119,112	-	42,011,049					
Disposals		-	-	-	-	-	-	-					
Charge for the year		3,566,048	1,010,093	115,177	308,906	821,713	-	5,821,937					
As at 30/06/2019		32,396,330	8,375,342	2,077,912	3,042,577	1,940,825	-	47,832,986					
Disposals		-	-	-	-	-	-	-					
Charge for the year		-	757,570	977,349	376,871	1,078,098	-	6,729,707					
As at 30/06/2020		35,936,151	9,132,911	3,055,261	3,419,448	3,018,923	-	54,562,693					

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28. Fixed Assets	Land	Buildings	Motor vehicles	Computers	Furniture, Fixtures & Fittings	Equipment	Work in Progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Net Book Value								
As at 30/06/2020	1,665,824,709	138,052,991	2,272,709	2,280,480	2,638,096	7,546,685	11,350,420	1,829,966,091
As at 30/06/2019	1,665,824,709	142,641,922	4,040,371	921,414	2,471,249	2,739,043	11,350,420	1,829,989,128
As at 30/06/2018	1,663,800,000	132,686,890	4,495,001	752,235	2,174,182	1,702,412	11,350,420	1,816,961,140

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INTANGIBLE ASSETS-ERP System

	2019/2020	2018/2019	2017/2018	2016/2017
	KSHS	KSHS	KSHS	KSHS
Cost				
30th June 2018	4,385,973	2,819,973	2,819,973	2,819,973
Additions	4,385,973		2,819,973	2,819,973
Cost As at 30/06/2018	-	1,566,000	1,566,000	-
Amortization				
Accumulated Amortization	3,289,773	2,622,575	2,537,976	1,691,984
Charge for the year	328,860	667,198	84,599	845,992
30th June	3,618,633	3,289,773	2,622,575	2,537,976
Net Book Value	767,340	1,096,200	1,763,398	281,997

Total

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. General Fund

Balance as at 01.07.2019			950,532,433
Surplus / (Deficit) for the period			(26,779,064)
Net Movement during the year			
Balance as at 30.06.2020			923,753,369

32. FINANCIAL RISK MANAGEMENT

i) Capital Risk Management

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

	2019-2020	2018-2019
	Kshs.	Kshs.
General Fund	923,753,369	950,414,848
Revaluation Reserve	1,006,753,186	1,006,753,186
Restricted Fund	2,921,378	4,617,514
Total funds	1,933,427,933	1,961,785,548
Total borrowings	-	-
Less: cash and bank balances	(57,004,765)	(117,387,967)
Net debt/ (excess cash and cash equivalents)	1,876,423,168	1,844,397,581
Gearing	0.97%	0.9%

33. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the association, holding 100% of the association's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. RELATED PARTY BALANCE (Continued)

Government of Kenya (Continued)

- iii) Key management;
- iv) Board of directors;

	2020	2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to xxx	-	-
Sales of services xxx	-	-
Total	-	-
b) Grants from the Government		
Grants from National Govt	92,812,500	76,962,500
Grants from County Government	-	-
Donations in kind	-	-
Total	92,812,500	76,962,500
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	92,812,500	76,962,500

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. SEGMENT INFORMATION

The Association has the following camps and centres

- a. Rowallan Camp
- b. Embu Scouts Centre
- c. Siaya Camp
- d. Machakos Camp
- e. Kilifi Camp
- f. Kayaba Camp
- g. Busia Camp
- h. Nyeri Camp

The revenues and expenses from this centres have been included in the report.

36. EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

37. ULTIMATE AND HOLDING ENTITY

The entity is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

38. CURRENCY

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

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)
1.1	Parcels of land without title Deeds	Have a taskforce constituted to pursue land documentation	Moses Danda NEC	Not Resolved	In 3 Years
1.2	Parcels of land omitted from financial statements	The Taskforce in collaboration with county scouts commissioners to pursue land documentation	Moses Danda NEC	Not Resolved	In 2 Years

Chairman of the Board

Date:12.09.2020

APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME: The Kenya Scouts Association				
Break down of Transfers from the State Department of Ministry of Education				
FY 19/20				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	-	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	-	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Quarter 1	15/08/2019	23,125,000	2019/2020
	Quarter 2	31/10/2019	23,437,000	2019/2020
	Quarter 3	28/01/2020	23,125,000	2019/2020
	Quarter 4	23/04/2020	23,125,000	2019/2020
		Total	92,812,500	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		Total	-	

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

Finance Officer
 The Kenya Scouts Association

Sign  -----