

REPUBLIC OF KENYA



*Paper laid by
LOM on 13/4/2016*

OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NYAYO TEA ZONES DEVELOPMENT
CORPORATION**

**FOR THE YEAR ENDED
30 JUNE 2015**



NYAYO TEA ZONES DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2015

KENYA NATIONAL AUDIT OFFICE
P. O. Box 30084 - 00100, NAIROBI

- 3 FEB 2016

RECEIVED

Chairman's Statement	iii
Managing Director's Statement	iii
Corporate Information	iv
Board of Directors	v
Management Team	vi
Statement of Corporate Governance	vii
Statement of Corporate social Responsibility	vii
Report of the Directors	vii
Statement of Directors Responsibilities	viii
Report of the Auditor General	ix
Financial Statements:	
Statement of Comprehensive Income	1
Statement of Financial position	2
Statement of Changes in Equity (General Fund)	3
Statement of Cash flow	4
Notes to the Financial Statements	5-11
Schedule of Investments	Appendix I

CHAIRMAN'S STATEMENT

The tea sector continued to face severe challenges in the year among them declining prices, overproduction and increasing production costs. Despite the above challenges the Corporation's financial performance improved compared to the previous year. The corporation recorded growth in production, revenues and profits.

Production increased by 4% to 25.9 million kilograms compared to the previous year which was attributed to favorable weather conditions in our tea growing areas as well as good agronomy practices.

We also increased our capacity by investing in additional green leaf carriers, improvement of young tea bushes which increased our mature fields. We also continued to partner with communities in areas of operation to expand leaf collection centers, repair and maintenance of access roads and labour relations to ensure continued supply of workers.

We are optimistic that the demand of black CTC teas will improve in global markets which will in turn drive prices up in the auction. We also continue to expand our markets locally and through private buyers in the international markets. We expect our production of green leaf volumes to continue on an upward trajectory provided weather conditions allow. All other factors remaining constant we are hope to record a higher profit in the next financial year.

I take this opportunity to appreciate the invaluable support given by the Board of Directors, management and staff and the Government for being committed to the Corporation's affairs. We assure you of our commitment to growing and enhancing our shareholders value.



CHAIRMAN

MANAGING DIRECTOR'S STATEMENT

General

I am delighted to present to you the Annual Report and financial statements of Nyayo Tea Zones Development Corporation for the year ended 30 June 2015.

Financial Results

The Corporation's performance improved during the year in terms of growth in volumes, revenues and profits. Revenues from sale of green leaf and processed tea from our factory rose by 51% to Ksh. 1,350.7 million compared to previous year. Direct costs increased by 78% to Ksh. 702.1 million while indirect costs increased by 17% to Ksh. 565.7 million compared to the previous year. Overall net profit increased to Ksh. 85.5 million compared to Ksh. 35.9 million in the previous year.

Operations

Green leaf production increased by 4% to 25.9 million kilograms compared to the previous year which was attributed to favorable weather conditions in our tea growing areas as well as good agronomical practices.

Kipchabo Tea Factory received 12,928,567 Kgs of green leaf which is an increase of 42% compared to 9,095,081 Kgs in the previous year. Out of the total green leaf received by the factory, out growers contribution was 4,663,711Kgs which is 37% while the rest was collected from Nyayo Tea Zones in the factory catchment namely Nandi, kakamega and Kaptarakwa Zones.

Processed tea volumes by the factory increased by 38% to 2,842,849 Kgs compared to 2,059,459 Kgs in the previous year giving an outturn of 22% (2013/2014 – 22.6%).

Future outlook

The Corporation expects improvement in green leaf production due to anticipated favourable weather in tea growing regions. Tea prices in the global market are expected to improve in future and this will boost the Corporation's revenues for both green leaf and processed Tea which will generate additional revenue and cushion the Corporation against auction price fluctuations. The Corporation also expects growth in local market share for its branded teas through the commercial unit.

Appreciation

I take this opportunity to appreciate the valuable support given by our stake holders namely the customers, suppliers, bankers and the local community. On behalf of the management and staff I also wish to express my gratitude to the board and the Government for their commitment to the Corporation. With your support the corporation will continue to grow sustainably for the benefit of all stakeholders.



MANAGING DIRECTOR

CORPORATE INFORMATION

Directors:

Mr. Mathew Iteere – Chairman – appointed to the board in 2012
Mr. Peter K. Korir - Managing Director - appointed to the board in 2012
Ms. Angeline M. Savala – Member - appointed to the board in 2009
Ms. Faith Jepkemboi Boinett – Member - appointed to the board in 2009
Mr. John N. M. Nyaga – Member - appointed to the board in 2009
Mr. Kibiwott Ruto – Member - appointed to the board in 2012
Mr. Ceaser Wanjao – Member - appointed to the board in 2012
Mrs. Lucy N. Njenga – Member (Alternate to Principal Secretary Ministry of Agriculture Livestock & Fisheries)
Mr. James Aloyo – Member (Alternate to Principal Secretary National Treasury)
Mrs Naomi Wanja Kathurima – Appointed to the board in 2015
Mr. Clement Muyesu – Member (Alternate to Principal Secretary Ministry of Agriculture Livestock & Fisheries)

Registered Office and Principal place of Business:

Nyayo House- 11 Floor
Kenyatta Avenue
P.O. Box 48552 - 00100

NAIROBI

Auditors:

Auditor-General
Anniversary Towers
P.O. Box 30084-00100









NAIROBI

Bankers:

Kenya Commercial Bank Ltd
Kipande House Branch
P.O. Box 30012



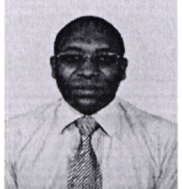


NAIROBI

BOARD OF DIRECTORS

1	 Mathew Iteere (MGH, CBS, OGW, DCO) – Chairman	<p>Mr Iteere is 54 years old and joined the board in February 2013. Prior to joining the board he was the Commissioner of Police of Republic of Kenya from 2009 to 2012. Mr Iteere holds a Diploma in Education. He hails from Meru County.</p>
2	 Peter K. Korir – Managing Director	<p>Mr Korir is 46 years and joined the board in November 2012. He holds a Bachelor of Science in Mathematics degree from Egerton University and MBA from University of Nairobi. He is also a graduate in Advanced Management from IESE in conjunction with Strathmore University Business School He has over 20 years’ experience in management having previously worked with East African Portland Cement and Unilever Kenya. He also sit in the board of East Africa Tea Trade Association (EATTA).</p>
3	 Ms. Angeline M. Savala – Member	<p>Ms Savala is 51 years old and joined the board in 2009. She holds a doctorate in Religion and Philosophy from Masinde Muliro University of Science and Technology. She hails from Kakamega County.</p>
4	 Ms. Faith Jepkemboi Boinett – Member	<p>Ms Boinett is 34 years old and joined the board in 2009. She holds a Bachelor of Laws degree (LLM). She is an advocate of the High Court of Kenya based in Eldoret. She also sits in the Board of Kenya Pipeline Company. She hails from Uasin Gishu County.</p>
5	 Mr. Ceaser Wanjao – Member	<p>Mr Wanjao is 51 years old and joined the board in 2012. He holds a Bachelor of Arts and a Bachelor of Laws degree. He is an advocate of the High Court of Kenya based in Nairobi. He hails from Kirinyaga County.</p>
6	 Mr. Kibiwott Ruto – Member	<p>Mr Ruto is 52 years old and joined the board in 2012. He holds a Bachelor of Science degree in Business Administration and is a Certified Public Accountant. He previously worked as an accountant in the corporation. He is in private business and hails from Nandi County.</p>
7	 Mr. John N. M. Nyaga – Member	<p>Mr Nyaga is 77 years old and joined the board in 2009. He holds a Master of Science degree in Management and Organizational Development He is a former Mayor and Town Clerk of Embu Municipal Council and a retired civil servant. He is currently pursuing a doctorate degree in marketing from the University of Nairobi. He hails from Embu County.</p>
8	 Mrs. Lucy N. Njenga – Member (Alternate to Principal Secretary Ministry of Agriculture Livestock & Fisheries)	<p>Mrs Njenga represented the Principal Secretary Ministry of Agriculture Livestock & Fisheries in the board during the year. She was replaced by Mr Clement Muyesu in 2014</p>
9	Mr. James Aloyo – Member (Alternate to Principal Secretary Treasury)	<p>Mr Aloyo represented the Principal Secretary, The Treasury in the board during the year</p>

10	Ms Naomi Wanja Kathurima - Member	Appointed to the Board in April 2015
11	Mr. Clement Muyesu – Member (Alternate to Principal Secretary Ministry of Agriculture Livestock & Fisheries)	Mr Muyesu represented the Principal Secretary Ministry of Agriculture Livestock & Fisheries in the board during the year. He replaced Mrs. Lucy N. Njenga in 2014

MANAGEMENT TEAM

1	 <p>Peter K. Korir – Managing Director</p>	Mr Korir is 46 years and joined the board in November 2012. He holds a Bachelor of Science in Mathematics degree from Egerton University and MBA from University of Nairobi. He is also a graduate in Advanced Management from IESE in conjunction with Strathmore University Business School He has over 20 years' experience in management having previously worked with East African Portland Cement and Unilever Kenya. He also sit in the board of East Africa Tea Trade Association (EATTA).
2	 <p>Samuel Njire – Head of Finance</p>	Mr Samuel Njire joined the corporation in 2009 and is the Head of Finance. He holds Masters in Business Administration (Finance) from University of Nairobi. He is also a certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) He is responsible for overall financial stewardship of the corporation. He has over 20 years' experience in finance in both public and private institutions
3	 <p>Charles Mucheke – Head of Operations</p>	Mr Charles Mucheke joined the Corporation in 2004 and is the Head of Operations. He holds a Bachelor of Science degree. He is responsible for all agronomy operations in the Corporation. Prior to joining the corporation he worked with KTDA and has over 20 years' experience in the tea industry.
4	 <p>William Togom – Head of Human Resource and Administration</p>	Mr Togom joined the corporation in 1996 and is the head of human resources and administration. He holds a Bachelor of Arts degree in Anthropology. He has over 20 years' experience in human resource and administration.
5	 <p>David Chepkwony – Head of Commercial</p>	Mr Chepkwony is 45 years old and joined the corporation in 2014 as head of commercial unit. He holds a Bachelor of Commerce degree in Marketing. Prior to joining the corporation he worked with Ketepa, Del Monte Kenya Ltd, Reckitt Benckiser EA Ltd & Unilever Kenya Ltd and has over 17 years' experience in sales and marketing.

STATEMENT OF CORPORATE GOVERNANCE

Corporate governance is the manner in which the power of, and the power over a company is exercised in the stewardship of its assets and resources so as to enhance and sustain shareholders' value while at the same time satisfying the needs and interests of all its stakeholders. The Corporation recognizes that corporate governance is a shared responsibility and as such accords the shareholders opportunity to exercise their responsibility for safeguarding and propagating their interests by participating in its affairs, as appropriate, to ensure it is well governed.

The Corporation conducts its operations in accordance with recommended principles of good corporate governance as provided in Public officers and ethics Act as well as Public Financial Management Act 2013.

All the board members except the Managing Director are non-executive and are appointed for a renewable term of 3 years for a maximum of 2 terms.

The board has established 3 committees; (i) Production and Marketing Committee (ii) Audit Committee and (iii) Finance and General Purpose Committee. Each committee meets at least once every quarter before tabling their reports to the full board.

The corporation is also focused on enhancing stakeholder's relations program to embrace best practice and to keep all stakeholders informed on the business.

STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY

The Corporation continues to emphasize on the importance of Corporate Social Responsibility (CSR) for a sustainability of its operations. As is rightly in our mandate conservation of the environment serves a key pillar in our CSR activities.

During the year the Corporation continues to support livelihoods in all our operating area by means of providing consistent source of employment to the communities adjacent to our tea and forestry operations. We also engage the community in conservation activities such as restoration of ecologically sensitive areas as well as providing free seedling for forestry products.

The Corporation also sponsored the Kericho Tea Marathon which is held annually in Kericho Town.

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 30th June 2015, which disclose the state of affairs of the Corporation.

Incorporation

The Corporation is registered in Kenya through a Gazette notice LN265/1986 as a parastatal and is resident in Kenya, while it's whole owned subsidiary (Kipchabo Tea Factory Ltd) is registered in Kenya under the companies Act (Cap.486) registration certificate number CPR/2010/33168.

Principal Activity

The corporation principal activity is conservation of gazetted forests through establishment of tea buffers and fuelwood plantations.

Results

	2014/2015 (Ksh)	2013/2014 (Ksh)
Profit / (Loss) before tax	85,575,031	35,895,363
Net Profit/ (Loss) for the year	<u>85,575,031</u>	<u>35,895,363</u>

Directors

The directors who held office during the year and to date of this report are shown on page (iv)

Auditors

The Auditor-General is responsible for the statutory audit of the Corporation books of account

By order of the Board

DIRECTOR
NAIROBI



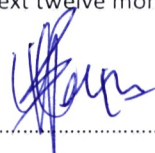
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The State Corporations Act requires the directors to prepare financial statements for each year, which give a true and fair view of the state of affairs of the corporation and of its operating results for that year. It also requires the directors to ensure that the corporation keeps a set of proper accounting records, which disclose with reasonable accuracy at any time the financial position of the corporation. They are also responsible for safeguarding the assets of the corporation.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the legal requirements.

The directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Director 

Date..... 25/01/2016

Director 

Date..... 25/01/2016

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NYAYO TEA ZONES DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Nyayo Tea Zones Development Corporation set out on pages 1 to 11, which comprise the statement of financial position as at 30 June, 2015, and the statement of comprehensive income, statement of changes in general fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) (e) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

Nyayo Tea Zones Development Corporation – Annual Report and Financial Statements for the year ended 30 June 2015

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Property, Plant and Equipment

- i. As noted in my report of the financial year 2013/2014 and previous years, land and buildings figure of Kshs.340,968,040 as at 30 June 2015 excludes an undetermined value of two (2) parcels of land located in Kericho and Keiyo district measuring 372.80 and 66 hectares respectively. According to available information, the land which is fully developed and with tea bushes has been illegally excised by a co-operative society and an individual. Although management has explained that the matter regarding the Kericho parcel of land acquired by the co-operative society was taken to court and a ruling made to the effect that the land was not illegally excised, no evidence in support of this has been provided for audit verification.
- ii. Included in the non-current assets as disclosed under note 8 to the financial statements is Kshs.249,439,200 disclosed under survey and mapping. According to available information, this amount was used in demarcation through boundary marking of the Corporation's land from gazetted forests. This, however, is contrary to Paragraph 17 of the International Accounting Standard (IAS) No.16 which states that the cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:
 - a. it is probable that future economic benefits associated with the item will flow to the entity; and
 - b. the cost of the item can be measured reliably.

Under the circumstances, it has not been possible to confirm whether the non-current assets balance of Kshs.3,093,699,844 as at 30 June 2015 is fairly stated.

2. Long Outstanding Imprests

Included in the trade and other receivables figure of Kshs.621,752,247 is imprests of Kshs.2,604,345 due from former employees that has been outstanding since 1990's. Although management has made a full provision for these debts whose recovery remains doubtful, no evidence showing the actions management has been taking to recover the debts has been provided for audit verification.

3. Accruals

Included in the accruals figure of Kshs.130,959,864 under Note 16 to the financial statements is Kshs.102,932,013 described as accruals. Audit verification however revealed that this figure includes Kshs.907,160.75, Kshs.158,598.70 and Kshs.435,450.00 relating to electricity, water and lift maintenance respectively that have not been supported with analysis and documentary evidence. In the absence of supporting documents therefore, it is not possible to confirm whether the accruals balance of Kshs.130,959,864 as at 30 June 2015 is fairly stated.

Qualified Opinion

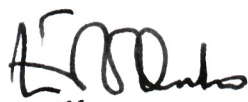
In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of the Corporation as at 30 June, 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Nyayo Tea Zones Development Corporation Order, 2002.

Other Matter

Failure to Pay Annual Salary Increment

A review of chapter 6 (4) of Corporation's Human Resource Policy provides that "An increment is an increase of salary of specific amount which provided conditions are satisfied, is granted at regular intervals when due until maximum salary point in a job group is reached. However, a review of the payroll for the year revealed that annual increments were stopped by the Corporation under unclear circumstances in the year 2011. No explanation has been provided for this action which is contrary to the letters of appointments to staff and the HR Policy. This may result in unspecified costs to the Corporation in the event of a legal action by employees.

My opinion is not qualified in respect of this matter.



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

Nairobi

23 March 2016

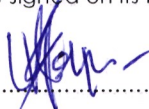
Nyayo Tea Zones Development Corporation
 Statement of Profit and Loss and Other Comprehensive Income
 For the Year Ended 30th Jun 2015

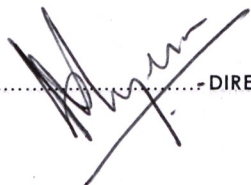
Page 1

	Notes	2014/2015 Kshs	2013/2014 Kshs
Turnover	2 (a)	1,350,744,810	893,200,480
Cost of Production	2 (b)	<u>(702,109,502)</u>	<u>(394,760,164)</u>
Gross Profit		648,635,308	498,440,316
Employment Expenses	3 (a)	(286,445,327)	(197,867,810)
Administrative Expenses	3 (b)	(154,323,229)	(134,636,865)
Board Expenses	3 (c)	(10,578,613)	(6,061,662)
Other Operating Expenses	4	<u>(114,365,017)</u>	<u>(145,835,513)</u>
		(565,712,187)	(484,401,850)
Operating Profit Before finance Costs		82,923,121	14,038,466
Finance Costs	5	<u>(27,844,871)</u>	<u>(16,919,805)</u>
Profit before Exceptional Item		55,078,250	(2,881,339)
Other income	2(c)	<u>30,496,781</u>	<u>38,776,702</u>
Net profit/(loss) for theyear		85,575,031	35,895,363

	Notes	2014/2015 Kshs	2013/2014 Kshs
ASSETS			
Non-Current Assets			
Biological Assets	6	1,534,278,950	1,469,329,187
Property, Plant & Equipments	7	1,248,986,209	1,305,845,130
Survey & Mapping	8	249,439,200	249,439,200
Long Term Investments	9	60,995,485	59,622,997
		3,093,699,844	3,084,236,514
Current Assets			
Inventories	10	69,485,034	181,526,266
Trade & Other Receivables	11	621,752,248	399,334,441
Cash & Cash Equivalents	12	227,401,331	265,968,811
		918,638,614	846,829,519
Total Assets		4,012,338,458	3,931,066,033
GENERAL FUND & LIABILITIES			
General Fund			
Accumulated Fund/Shareholding	13	1,147,068,970	1,147,068,970
Government Grant (ADB Loan)	13	741,760,713	755,842,591
Reserves	13	1,820,144,410	1,739,569,379
		3,708,974,092	3,642,480,939
Long Term Loans			
EADB Loan	14	87,135,957	151,640,477
		87,135,957	151,640,477
Current Liabilities			
Trade Creditors	15	34,182,916	39,509,386
Accruals	16	130,959,864	97,435,230
Long Term Loan due within the year	14	51,085,630	-
		216,228,410	136,944,616
General Fund and Liabilities		4,012,338,458	3,931,066,033

The financial statements were approved by the Board of Directors on 25/01/2016
 and were signed on its behalf by:-


 DIRECTOR


 DIRECTOR

STATEMENT OF CHANGES IN THE GENERAL FUND

2014/2015

	Accumulated Fund Kshs	GOK Grant (ADB Loan) Kshs	Revenue Reserves Kshs	Total Kshs
As at 1 July 2014	1,147,068,970	763,235,323	1,703,674,016	3,613,978,309
GOK Grant (ADB Loan) 2013/2014		(7,392,733)		(7,392,733)
Net Profit for the year			35,895,363	35,895,363
As at 30 June 2014	1,147,068,970	755,842,591	1,739,569,379	3,642,480,940
GOK Grant (ADB Loan) 2014/2015		(14,081,878)		(14,081,878)
Dividends paid			(5,000,000)	(5,000,000)
Net Profit for the year			85,575,031	85,575,031
As at 30 June 2015	1,147,068,970	741,760,713	1,820,144,409	3,708,974,092

2013/2014

	Accumulated Fund Kshs	GOK Grant (ADB Loan) Kshs	Revenue Reserves * Kshs	Total Kshs
As at 1 July 2012	1,147,068,970	816,407,947	1,384,216,740	3,347,693,657
GOK Grant (ADB Loan) 2012/2013		(53,172,624)		(53,172,624)
Net Profit for the year			319,457,276	319,457,276
As at 30 June 2013	1,147,068,970	763,235,323	1,703,674,016	3,613,978,309
GOK Grant (ADB Loan) 2013/2014		(7,392,733)		(7,392,733)
Adjustment				-
Net Profit for the year			35,895,363	35,895,363
As at 30 June 2014	1,147,068,970	755,842,591	1,739,569,379	3,642,480,940

CASHFLOW STATEMENT

	Note	2014/2015 Kshs	2013/2014 Kshs
Cashflow from Operating Activities			
Operating Profit (Loss)		85,575,031	35,895,363
Dividend income	2 (c)	(550,896)	(689,083)
Depreciation of Fixed Assets	7	94,400,481	88,283,906
		179,424,616	123,490,186
Profit Before Working Capital Changes			
(Decrease) / Increase in Debtors & Prepayments	11	(222,417,807)	170,904,572
Increase / (Decrease) in Creditors & Accruals	15 & 16	79,283,793	(1,055,113)
Increase in Stock	10	(891,868)	(11,929,314)
Increase in Stock - Kipchabo	10	112,933,100	(70,696,564)
Net Changes in working Capital		(31,092,782)	87,223,582
Net Cash Generated from Operating Activities		148,331,834	210,713,768
Cashflows used in Investing Activities			
Dividends received	2 (c)	550,896	689,083
Long-Term Investments	9	(1,372,488)	(8,811,362)
Purchase of Fixed Assets	7	(37,541,561)	(187,243,943)
Biological Assets	6	(64,949,762)	(160,100,633)
Net Cash (Used) in Investing Activities		(103,312,915)	(355,466,854)
Cashflows (Used) in Financing Activities			
GOK Grant (ADB Loan)	13	(14,081,878)	(7,392,733)
EADB Loan	13	(64,504,520)	(40,804,761)
Dividends Paid		(5,000,000)	-
Net Cash from/(Used) in Financing Activities		(83,586,398)	(48,197,493)
Net Increase in Cash and Cash Equivalents		(38,567,480)	(192,950,580)
Movement in Cash and Cash Equivalents			
At 1 July 2014	12	265,968,811	458,919,391
Increase/(Decrease) in the year		(38,567,480)	(192,950,580)
At 30 June 2015	12	227,401,331	265,968,811

NOTES TO THE ACCOUNTS

1. Summary of Significant Accounting Policies

(a) Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Nyayo Tea Zones Development Corporation.

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

(b) Revenue Recognition

Revenue represents the fair value of the consideration received or receivable for sales of goods and Services, and is stated net of value-added tax (VAT), rebates and discounts and after eliminating sales Within the Group. Revenue is recognised as follows:

(i) Sales of goods are recognised when significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and when there is no continuing management involvement and the amount of revenue can be measured reliably.

(ii) Sales of services are recognised in the period in which the services are rendered by reference to the completion of specific transactions assessed on the basis of actual service provided as a proportion of total services to be provided. Sales revenue can only be recognised when the associated costs can be estimated reliably and the amount of revenue can be estimated reliably.

(c) Property Plant & Equipment

Property, plant and equipment are measured at cost or revalued amounts less accumulated depreciation and any impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

(d) Depreciation and impairment of property, plant and equipment

Depreciation is calculated on a straight line basis, at annual rates estimated to write-off the assets over their expected useful lives.

The annual depreciation rates in use are:-

Factory Buildings	2%	Furniture & Fixtures	12.5%	Motor Vehicles	20%
Tractors & Trailers	33.3%	Office Equipment	20%	Farm Tools	33.3%
Factory Machinery	6.65%	Computers	33.3%		

(e) Biological Assets

Biological assets are measured on initial recognition and at each reporting date at fair value less cost to sell. Costs to sell include all costs that would be necessary to sell the assets including transportation costs. Any changes to the fair value are recognised in profit or loss in the period in which they arise.

(f) Inventories

Finished Tea and Other inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost. Cost comprises expenditure incurred in the normal course of business, including direct material costs, labour and production overheads, where appropriate, that have been incurred in bringing the stocks to their present location and condition. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for costs of realisation. Consumable stores are stated at the weighted average cost less provisions for obsolescence, slow moving and defective stocks.

(g) Trade and other receivables

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

(h) Trade Payables (Creditors) and Accruals

Payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Provision is made for specific and general expenses incurred during the accounting period but where invoices have not been received. The expenses are charged in the accounting period in the year they are incurred and not necessarily when they were paid. General expenses are measured only using substantial degree of estimation.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

(j) Consolidation

The financial statements for year ending 30 June 2015 have been consolidated with those of the subsidiary company (Kipchabo Tea Factory Ltd) which is wholly owned by the Corporation

NOTES TO THE ACCOUNTS

2 (a) Turnover	2014/2015 Kshs	2013/2014 Kshs
Green Leaf Sales	850,037,542	558,104,206
Less Intercompany (Kipchabo Factory)	(132,237,696)	-
Sale of Finished Tea	619,606,886	302,018,168
Transport refund	12,800,678	12,632,335
Fuelwood sales	537,400	20,445,770
	<u>1,350,744,810</u>	<u>893,200,480</u>

Green leaf sales relates to sale of green leaf to various KTDA factories and the transport refund which accrue to the Corporation on all green leaf delivered by Corporation fleet.

2 (b) Cost of Production

Plantation Labour	273,033,937	274,568,392
Farm Inputs	78,160,772	76,916,903
Transport	44,197,464	39,335,792
KTDA Charges	1,490,388	5,558,939
Kipchabo Tea factory cost of Production	437,464,637	182,368,237
Less Intercompany (Kipchabo Factory)	(132,237,696)	(183,988,099)
	<u>702,109,502</u>	<u>394,760,164</u>

NOTES TO THE ACCOUNTS -Continued

2 (c) Other Income	2014/2015 Kshs	2013/2014 Kshs
Interest Income	10,000,945	30,055,231
Dividends from KTDA factories	550,896	689,083
Miscellaneous Income	80,036	5,950,785
Kipchabo Tea Factory Ltd Other Income	19,864,905	2,081,603
	<u>30,496,781</u>	<u>38,776,702</u>

This relates to income from treasury bills interest, dividends from investments in KTDA factc sale of tenders and sale of forests produce.

3 (a) Employment expenses

Salaries and wages	106,437,372	80,936,952
House Allowance	22,532,477	17,069,259
Leave Allowance	3,698,424	2,168,704
Commuter & Other allowances	41,774,953	31,492,321
Medical Allowance	23,553,907	18,203,520
Staff Welfare	3,525,832	1,379,867
Social Security Expenses	14,031,500	21,530,866
Staff Uniforms	-	390,242
Staff Training	13,965,571	10,879,679
Travelling & Subsistence	22,385,639	13,816,399
Kipchabo Fatory Employment Expenses	34,539,653	28,994,659
Employment Expenses	<u>286,445,327</u>	<u>197,867,810</u>

3 (b) Administrative Expenses

Advertising Marketing & Publicity	4,922,588	6,236,676
Donations	1,553,410	966,578
Audit fees	1,239,550	1,053,618
Printing & Stationery	4,158,366	2,670,858
Telephone & Postage	6,643,046	3,701,638
Publications & Periodicals	802,876	698,969
General Office Expenses	2,384,530	3,669,059
Transport Operating	4,910,829	4,370,644
Legal & Professional	63,311,592	36,241,571
Cleaning	731,486	428,308
Bank charges	1,586,871	1,588,631
Kipchabo Tea Factory Administration Expenses	62,078,084	73,010,317
	<u>154,323,229</u>	<u>134,636,865</u>

3 (c.) Directors' Expenses

Board Expenses	10,578,613	6,061,662
----------------	-------------------	------------------

NOTES TO THE ACCOUNTS -Continued

	2014/2015	2013/2014
	Kshs	Kshs
4. Other operating expenses		
Rent & Rates	1,389,285	987,595
Light & Water	1,083,219	585,141
Repairs & Maintenance	5,603,748	8,003,253
Licences	16,200	9,590
Insurance	6,700,013	3,790,018
Security	2,416,600	1,789,527
Depreciation	43,987,440	41,025,896
Kipchabo Factory Ltd Other operating expenses	53,168,512	89,644,492
Total Expenses	114,365,017	145,835,513
5. Finance Cost		
Exchange Loss on EADB Loan	13,619,760	-
Interest on EADB Loan-Kipchabo Factory Ltd	14,225,111	16,919,805
	27,844,871	16,919,805

Operating Profit

The following items have been charged in arriving at the operating profit.

Depreciation	43,987,440	41,025,896
Auditor's Remuneration	1,239,550	1,053,618
Kipchabo Factory Ltd Depreciation	50,413,041	47,258,010

6. Biological Assets	Tea	Forest	Total
	Kshs	Kshs	Kshs
Balance as at 1st July 2014	841,699,667	627,629,520	1,469,329,187
Changes in value during the year	57,854,587	7,095,176	64,949,762
Balance as at 30th June 2015	899,554,254	634,724,696	1,534,278,950
30th June 2014	841,699,667	627,629,520	1,469,329,187

The Corporation is involved in growing of tea and fuelwood plantations. As at 30th June 2015 the size of tea farms was 3,249 hectares with a total of 25,878,059 tea bushes valued at an average of Ksh. 34.76 per bush. Fuelwood plantations cover an area of 2,948 hectares valued at an average of Ksh. 215,286.43 per hectare

Note 7

2014/2015	Land & Buildings Kshs	Work in Progress* Kshs	Factory Buildings Kshs	Factory Machinery Kshs	Furniture & Fixtures Kshs	Office Equipment Kshs	Computers & Assessories Kshs	Tractors & Trailers Kshs	Motor Vehicles Kshs	Farm Tools & Implements Kshs	Total Kshs
Cost											
1 July 2014	373,310,842	162,453,571	452,542,378	339,752,360	45,137,133	5,075,006	60,145,249	24,721,598	265,848,741	8,909,541	1,737,896,419
Movement		(22,353,885)		22,353,885							
Restatement	204,800			2,064,231	2,104,053		8,099,949		25,068,528		37,541,561
Additions	(25,810,089)	(85,181,365)		110,991,454							
Reclassification	347,705,553	54,918,321	452,542,378	475,161,930	47,241,186	5,075,006	68,245,198	24,721,598	305,089,006	8,909,541	1,775,437,980
Depreciation											
1 July 2014	3,368,757		33,449,228	92,871,626	35,763,942	4,267,570	58,895,657	23,387,981	171,583,243	8,463,290	432,051,289
Charge for the year	3,368,757		9,050,848	31,598,268	3,857,596	536,306	3,185,875	1,333,616	41,192,965	276,250	94,400,481
Restatement											
30 June 2015	6,737,513		42,500,076	124,469,894	39,621,539	4,803,876	62,081,533	24,721,597	226,947,946	8,739,540	526,451,770
Net Book Value											
30 June 2015	340,968,040	54,918,321	410,042,303	350,692,036	7,619,647	271,129	6,163,665	1	78,141,061	170,001	1,248,986,209
30 June 2014	532,395,657		419,093,150	246,880,735	9,373,191	807,435	1,249,592	1,333,617	94,265,498	446,251	1,305,845,130
* Work-in-Progress comprises buildings for which construction is ongoing. Once they are completed they will be reclassified under buildings											
2013/2014											
Cost											
1 July 2013	431,091,111		424,475,149	333,679,731	44,944,683	5,056,611	58,911,257	24,721,598	219,353,416	8,399,540	1,550,633,096
Additions	104,673,302		28,067,229	6,072,629	192,450	18,395	1,233,992		46,495,325	510,001	187,263,323
Disposal											
30 June 2014	535,764,413		452,542,378	339,752,360	45,137,133	5,075,006	60,145,249	24,721,598	265,848,741	8,909,541	1,737,896,419
Depreciation											
1 July 2013			24,398,381	62,897,162	32,146,571	3,704,940	57,622,604	20,554,931	134,043,259	8,399,540	343,748,002
Charge for the year	3,368,757		9,050,848	29,974,464	3,617,371	562,630	1,273,054	2,833,050	37,539,984	63,750	88,283,906
Prior year adjustment											19,381
30 June 2014	3,368,757		33,449,228	92,871,626	35,763,942	4,267,570	58,895,657	23,387,981	171,583,243	8,463,290	432,051,289
Net Book Value											
30 June 2014	532,395,657		419,093,150	246,880,735	9,373,191	807,435	1,249,592	1,333,617	94,265,498	446,251	1,305,845,130
30 June 2013	431,091,111		400,076,769	270,782,569	12,798,112	1,351,670	1,288,653	4,166,667	85,310,156		1,206,885,094

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Survey & Mapping

This is an amount for Kshs 249,439,200 used in demarcation through boundary marking of the Corporation's land from the gazetted forests.

9. Long-term Investments

This relates to the Corporations shareholding at various KTDA factories (Appendix I)
The investments are stated at cost as there is no available market values.

10. Inventories

	2014/2015	2013/2014
	Kshs	Kshs
Farm Inputs & Nursery Materials	20,018,507	19,126,640
Kipchabo Tea Factory Inventories	49,466,527	162,399,627
	<u>69,485,034</u>	<u>181,526,266</u>

Stocks are valued at lower of cost or net realizable.

11. Trade & Other Receivables

Trade Debtors

KTDA- Green leaf Debtors	452,731,184	249,457,877
KTDA- Transport refund	7,656,132	8,798,735
Kiptagich Tea Factory	52,701,337	65,188,267
Kaisugu Tea factory	4,438,771	1,030,095
Accrued Interest	1,208,486	2,885,998
Kipchabo Factory Debtors	70,432,405	28,994,118
	<u>589,168,315</u>	<u>356,355,089</u>

Kipchabo Factory Debtors are receivables for finished tea due from customers of the factory

Prepayments

Prepayments	22,839,045	40,287,052
	<u>22,839,045</u>	<u>40,287,052</u>

Imprests, Advances and Loans

Provision Doubtful debts	(3,300,782)	(3,300,782)
Temporary, Wages and Standing Imprests	11,050,989	4,052,468
Staff loans	1,994,681	1,940,615
	<u>9,744,887</u>	<u>2,692,300</u>
	<u><u>621,752,247</u></u>	<u><u>399,334,441</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2014/2015 Kshs	2013/2014 Kshs
12. Cash & Cash Equivalents		
Savings Account	6,804	473,463
Current Account	11,327,290	32,263,613
Fixed Deposits	129,086,819	162,700,000
Current Account- Project	536,039	14,363,669
Cash in Hand	127,843	116,917
Kipchabo Factory Cash & Cash Equivalents	86,316,536	56,051,149
	<u>227,401,331</u>	<u>265,968,811</u>
13. General Fund		
Accumulated Fund	1,147,068,970	1,147,068,970
Government Grant (ADB Loan)	741,760,713	755,842,591
Reserves	1,820,144,409	1,739,569,379
	<u>3,708,974,092</u>	<u>3,642,480,939</u>
Accumulated Fund relates to the corporations core capita		
Government of Kenya Loan (ADB Grant) relates to African Development Bank Green Zone project phase I		
14. EADB Loan		
Kipchabo Factory Loan	138,221,586	151,640,477
Less due within the year	(51,085,630)	-
	<u>87,135,957</u>	<u>151,640,477</u>
Relates to East African Development Bank loan to finance machinery for Kipchabo Tea Factory		
15. Creditors		
Trade Creditors	5,035,711	25,872,997
Other Creditors	3,639,468	3,834,542
Kipchabo Factory Creditors	25,507,737	9,801,847
	<u>34,182,916</u>	<u>39,509,386</u>
16. Accruals		
Provision for Gratuity	8,085,929	5,303,901
Accruals	102,932,013	84,163,900
Kipchabo Factory Accruals	19,941,923	7,967,429
	<u>130,959,864</u>	<u>97,435,230</u>

17. Registration

The Corporation is registered in Kenya through a Gazette notice LN265/1986 as a parastatal and is resident in Kenya.

18. Comparatives

Where necessary, comparative figures have been adjusted to conform with change in presentation in the current year.

The financial statements are presented in Kenya Shillings (Kshs)

Nyayo Tea Zones Development Corporation
Report and Accounts for the Year Ended 30th Jun 2015

SCHEDULE OF LONG-TERM INVESTMENTS

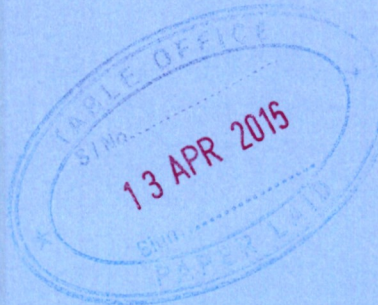
TEA FACTORIES	2014/2015 Kshs	Additions	2013/2014 Kshs
Chinga	53,805		53,805
Chebut	4,565,081		4,565,081
Gacharage	586,265		586,265
Gachege	104,085		104,085
Gathuthi	3,695,973		3,695,973
Gatunguru	248,720		248,720
Githambo	35,370		35,370
Githongo	1,691,950		1,691,950
Gitugi	628,055		628,055
Gituri	-		-
Ikumbi	12,665		12,665
Imenti	482,452		482,452
Iriani	129,795		129,795
Kagwe	1,058,117		1,058,117
Kambaa	266,605		266,605
Kangaita	174,108		174,108
Kapkoros	4,192,369		4,192,369
Kapsara	4,132,845		4,132,845
kapset	3,762,614	1,222,834	2,539,780
Kathangariri	4,341,130		4,341,130
Kenenyaini	38,665		38,665
Kiegoi	911,240		911,240
Kiru	555,730		555,730
Kimunye	553,785		553,785
Kinoro	1,917,535		1,917,535
Kionyo	779,500		779,500
Kuri	534,475		534,475
Makomboki	210,075		210,075
Mataara	7,345		7,345
Michimikuru	117,290		117,290
Mogogosiek	305,227		305,227
Mundete	587,663		587,663
Mungania	982,320		982,320
Mununga	76,670		76,670
Ndimu	277,630		277,630
Ngere	245,735		245,735
NJunu	56,485		56,485
Ragati	1,085,565		1,085,565
Rukuriri	431,250		431,250
Tergat	17,065		17,065
Thananga	600,410	149,654	450,756
Theta	176,445		176,445
Thumaita	1,902,638		1,902,638
Tirgaga	14,296,694		14,296,694
Weru	4,166,045		4,166,045
Total	60,995,485	1,372,488	59,622,997

REPUBLIC OF KENYA

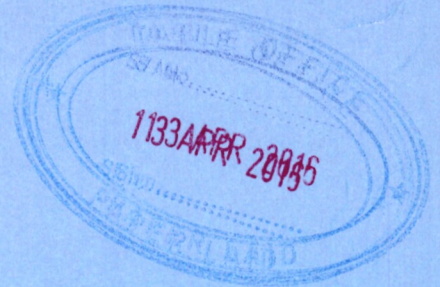


OFFICE OF THE AUDITOR-GENERAL

*Paper laid by LOM
on 13/4/2016 (pm)*



REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA YEARBOOK EDITORIAL BOARD**

**FOR THE YEAR ENDED
30 JUNE 2015**





KENYA YEARBOOK EDITORIAL BOARD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector

Accounting Standards (IPSAS)

Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For year ended 30 June, 2015

Table of Content	Page
I. KEY BOARD INFORMATION AND MANAGEMENT	1
II. THE BOARD OF DIRECTORS	3
III. MANAGEMENT TEAM	7
IV. CHAIRPERSON'S STATEMENT	8
V. REPORT OF THE CHIEF EXECUTIVE OFFICER	9
VI. CORPORATE GOVERNANCE STATEMENT	10
VII. REPORT OF THE DIRECTORS	12
VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES	13
IX. REPORT OF AUDITOR GENERAL ON KENYA YEARBOOK EDITORIAL BOARD FOR YEAR ENDED 30/06/2015	14
X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015	15
XI. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015	16
XII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015	17
XIII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015	18
XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR YEAR ENDED 30/06/2015	19
XV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	30

I. KEY BOARD INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Yearbook Editorial Board was established in 2007 under the Ministry of Information, Communication and Technology vide legal notice **No. 187/2007**. The subsidiary legislation, known as the **Kenya Yearbook Order, 2007** was made under section 3(i) of the **State Corporations Act, Cap 446** Laws of Kenya.

(b) Principal Activities

The State Corporation's strategic objectives and principal activities are:

- i) To research and publish the most comprehensive Yearbook in Africa;
- ii) To benchmark the Kenya yearbook with the best yearbooks in the world.
- iii) To convey in the yearbook the immense resources possessed by Kenya and the potential still to be tapped;
- iv) To publish special publications highlighting Kenya's historical experience such as Kenya Cabinets since independence;
- v) To research and publish books on contributions of different individuals /groups in Kenya; and
- vi) To compile and publish sector-specific books and smaller editions of the yearbook for key sectors such as Agriculture, Tourism, Health.

(c) Key Management

As stipulated under paragraph 3(2) of the Kenya Yearbook Order, 2007, the Board consist of:

- A non executive Chairperson,
- The Principal Secretaries representing the Treasury and other Ministries listed in the Legal Notice,
- Three independent board members appointed by name and by notice in the Gazette and
- The chief executive as the secretary

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2015 and who had direct fiduciary responsibility were:-

No.	Designation	Name
1.	Chief Executive Officer	Denis Chebitwey
2.	Finance & Admin Manager	Marie Goretti Wanyonyi
3.	Editorial Manager	Wainainah Kiganya
4.	Production Manager	Edward Mwasi

(e) Fiduciary Oversight Arrangements

The Board is able to carry out its fiduciary activities through four board committees namely;

1. Finance Committee
2. Editorial and Marketing Committee
3. Human Resource and Performance contract committee and
4. Audit Committee

(f) Board Headquarters

P.O. Box 34035-000100
NHIF Building 4th Floor
Ragati Road
Nairobi, KENYA

(g) Board Contacts

Telephone: (254) 2715390
E-mail: info@kenyayearbook.go.ke
Website: www.kenyayearbook.go.ke

(h) Board Banker

Kenya Commercial Bank
Capital Hill Branch
P.O Box 30012 – 00100
NAIROBI
Account No: **1112214119**

(i) Independent Auditors

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





(j) Principal Legal Adviser

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

THE BOARD OF DIRECTORS

Passport –Size Photo & Name	Designation	Key Profession/Academic Qualification	Key Qualification and work experience
 <p>Mr. Joseph Tiampati Ole Musuni</p>	Principal Secretary, Ministry of Information, Communications & Technology	Mr. Tiampati is an alumnus of Alliance Boys High school. His education includes an executive MBA from ESAMI/ MSM and a Bachelor of Science (Hons) degree in Mathematics from the University of Nairobi	Mr. Tiampati is the Principal Secretary, Ministry of Information, Communications & Technology. Before his appointment, Mr. Tiampati worked as General Manager in charge of Social Security with the National Social Security Fund (NSSF). He had earlier served in various capacities at Kenya Commercial Bank (KCB) until 2010 when he left to join NSSF. Prior to leaving KCB he was a Head of Department in Credit and also served briefly as Chairman of the Kenya Bankers Association (KBA) Credit sub-committee as well as member of the KBA/CBK taskforce which introduced credit information sharing in Kenya.
 <p>Esther Kamweru</p>	Chairperson Kenya Yearbook Editorial Board	Esther holds a Masters of Arts (MA) Degree in Gender and Development from the University of Nairobi. Post Graduate Diploma in Gender and Development; University of Nairobi, Institute of African Studies.	Esther Kamweru is the Chairperson of Kenya Yearbook Editorial Board. She is an accomplished Journalist serving as Kenya's first female Managing Editor of the Standard. She also served as the first Executive Director of Media council. In addition to serving as an Editorial and Media Consultant, she has also served as a Lecturer at the Kenya Methodist University, Tangaza college and Catholic University of Eastern Africa. Kamweru has also worked as a Gender coordinator at Heinrich boll foundation, Media Programme Officer at Friedrich Ebert Stiftung (FES) and Senior Corporate communications Officer, Kenya Wildlife Service (KWS)
 <p>Mr. Mundia Muchiri</p>	Director Kenya Yearbook Editorial Board	Mundia holds a Journalism Degree from the University of Nairobi, a Post-Graduate Diploma in Journalism, and a Bachelor of Arts Degree in Literature and Government. Mundia also holds a Diploma in Management from the Akademie Klausenhof, Germany (1996-1997).	Mundia is the Director, Kenya Yearbook Editorial Board. It is widely acknowledged in media circles that Mundia is one of the most experienced media practitioners in the country. He has extensive experience in both sides of the media as a practitioner and as a developer and implementer of complex strategies. Over the years he has worked as:- Deputy Chief Sub-editor, Sunday Nation, Chief Sub-Editor, Daily Nation, Editor, Saturday Magazine, Managing Editor, the Sunday Standard, Editorial Consultant, Oakland Media Service, Project Director, Child Africa Media (Jan 2009 to present), Regional Director (Eastern Africa), Innovative Global

*Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For the year ended 30 June, 2015*

 <p>Mr. Phillip Ochieng, MBS</p>	<p>Director Kenya Yearbook Editorial Board</p>	<p>Phillip attended Alliance High School thereafter earning a deserved place in 1959 at Roosevelt University, Chicago (USA). He then relocated to France where he joined the University of Besancon to study French Literature.</p>	<p>Philip is a renowned journalist whose name is widely recognised and respected. Over the years, Phillip, rose to be Managing Editor, Daily Nation; and then Editor-in-Chief, Kenya Times Media Group, among other senior positions before retiring from daily newspaper work to concentrate on consultancy work. He was also a Teacher at Homa Bay Secondary School, Protocol Officer, External Affairs Department, Information Officer UNICEF and Inter Press service and Director Outreach and Information Africa Centre for Technology Studies.</p>
 <p>Denis Chebitwey, OGW</p>	<p>Chief Executive Officer Kenya Yearbook Editorial Board (up to 24th November 2014)</p>	<p>Denis has a Bachelor of Communications Degree from Daystar University and is currently pursuing a Master of Arts in Corporate Communications from the same university</p>	<p>Denis Chebitwey became Kenya Yearbook Editorial Board's first Chief Executive Officer on his appointment in 2009. Denis has account managed key brands in Kenya such as: Coca-Cola, Bamburi Cement, and Safaricom. He was credited with the brand activation of the re-branding of Kenya's leading mortgage institution, Housing Finance, and the setting up of the video production department of Gina Din Corporate Communications.</p>
 <p>Dr. Richard Lesiyampe</p>	<p>PS, Ministry of Environment, Water & Natural Resources</p>	<p>PS, Ministry of Environment, Water & Natural Resources</p>	<p>Dr. Richard Leresian Lesiyampe is a Management Specialist who holds an MBA in Strategic Management & HRM from the Nairobi University. He is currently pursuing a PHD at the Kenya Methodist University. He also holds a Bachelors of Arts Degree in Political Science from the University of Nairobi.</p>
 <p>Mary Ngaruma, (Alternate Director)</p>	<p>Alternate Director Ministry of Environment, Water & Natural Resources</p>	<p>Alternate Director Ministry of Environment, Water & Natural Resources</p>	<p>Mary Ngaruma holds a Masters Degree in Mass Communications from Hill University, Texas, USA. She holds two (2) Bachelors Degrees from Hill University and Trinity University USA respectively. Mary also holds Diplomas from various disciplines including, Business Management and Administration, Human Resources Management, Sales Management, Public Relations and News Agency Journalism.</p>

*Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For the year ended 30 June, 2015*



Dr. Wilson Songa, MBS

PS, Ministry of Industrialisation, Enterprise & Devolution

Dr. Wilson A. Songa holds the following qualifications; a BSc. in Agriculture from the University of Nairobi; MSc. in Crop Science from Wageningen Agricultural University, Netherlands and a PhD in Plant Pathology from University of Reading, UK.

Dr. Songa is the PS, Ministry of Industrialisation, Enterprise & Devolution. He has had an illustrious career and experience spanning over 17 years in the national agricultural research systems and 14 years in senior management and administration in various institutions in the agricultural sector such as:- Kenya Agricultural Research Institute (KARI), Kenya Plant Health Inspectorate Services (KEPHIS), Pest Control Products Board (PCPB), and Horticultural Crops Development Authority (HCDA).

Dr. Songa served as the Chairman of the Executive Board of the Technical Centre for Agricultural and Rural Cooperation ACP-EU in the Netherlands from 2008-2011. He is also the Kenyan Government representative to the Board of Trustees of the African Agricultural Technology Foundation (AATF) and a member of the project Nurture Steering Committee, an initiative of the Coca-Cola Company, TechnoServe and the Bill & Melinda Gates Foundation.

Dr. Songa has also been serving on the Supervisory Board of the Climate Change Impacts on Ecosystem Services and Food Security in Eastern Africa (CHIESA) and his interim chair of the Agricultural Chapter of the University of Nairobi Alumni Association (UONAA).





**George S. Mwosa,
(Alternate Director)**

Ministry of Industrialisation, Enterprise & Devolution

Mr. Mwosa holds a Bsc (Bachelor of Science in Business Administration).





Mr. Mwosa was a Senior Assistant Director in the Ministry of Industrialisation, Enterprise & Devolution. He has since retired from Public Service.

*Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For the year ended 30 June, 2015*

 <p>Dr. Kamau Thugge</p>	<p>Principal Secretary Ministry of National Treasury</p>	<p>Thugge holds a Bachelors of Arts (Economics) (1980) from Colorado Collage, USA, Master in Economics (1982) from Johns Hopkins University, USA and a Doctor of Philosophy (PhD) in Economics (1990) from Johns Hopkins University, USA.</p>	<p>Dr Thugge is the Principal Secretary Ministry of National Treasury. He has oversight responsibility for the National Treasury. He has previously worked in the Ministry of Finance as Head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor. Before joining the Ministry of Finance he worked with the International Monetary Fund (IMF) both in the policy making Departments and non-policy making Departments as Economist/Senior Economist and Deputy Division Chief.</p>
 <p>Richard Gakunya, (Alternate Director)</p>	<p>Ministry of National Treasury</p>	<p>Gakunya holds a Master in Economics (1991) from Odessa Institute of National Economy, Ukraine</p>	<p>He has previously worked in the Kenya National Audit Office as an Audit assistant (1983-1986).An Economist in the Ministry of Planning and National Development (1995-2000) and in the Ministry of Finance from 2001 to-date as a senior Economist) in the Economic Affairs Department.</p>

*Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For the year ended 30 June, 2015*

MANAGEMENT TEAM

Passport –Size Photo & Name	Designation	Key Profession / Academic Qualification	Key Qualification and work experience
 Denis Chebitwey, OGW	Chief Executive Officer Kenya Yearbook Editorial Board (Up to 24 th November 2014)	Denis has a Bachelor of Communications Degree from Daystar University and is currently pursuing a Master of Arts in Corporate Communications from the same university	Denis Chebitwey became Kenya Yearbook Editorial Board's first Chief Executive Officer on his appointment in 2009. Denis has account managed key brands in Kenya such as: Coca-Cola, Bamburi Cement, and Safaricom. He was credited with the brand activation of the re-branding of Kenya's leading mortgage institution, Housing Finance, and the setting up of the video production department of Gina Din Corporate Communications.
 Mr. Edward Mwasi	Acting Chief Executive Officer (Since 24 th November 2014) & substantively the Production Manager	Graduate of the University of Nairobi with BA(Design)	Edward Mwasi has over 20 years working experience in Graphic Design and Production. He is currently the Acting Chief Executive Officer of Kenya Yearbook Editorial Board and Production Manager. Previously he worked at Nation Media Group as Chief Graphic Designer
 Ms Marie Goretti Wanyonyi	Finance and Admin Manager	Master of Public Administration, University of Nairobi Bachelor of Commerce-Accounting Option, University of Nairobi CPA K	Ms Marie Goretti Wanyonyi : the Finance and Admin Manager of Kenya Yearbook Editorial Board. over 30 years experience in Finance. Has served in various Senior Management positions in the Public Service such as:- Western Water Services Company as Commercial Manager, Telkom Kenya Limited as Deputy Chief Finance Officer, Kenya Posts and Telecommunications Corporation as Manager Management Accounting and Office of the Controller & Auditor General as Auditor 1, among others
 Mr. Wainainah Kiganya	Ag. Editorial Manager	Master of Arts in Media Management -Ongoing, Staffordshire University. Bachelor of Arts - Communication, Information Science, Economics, University of South Africa Diploma In Education, Kisii College	Mr. Wainainah Kiganya has over 20 years work experience in journalism. He currently serves as Ag Editorial Manager in Kenya Yearbook Editorial Board. He worked with Nation Media Group and rose to Managing Editor of Taifa leo, (Kenya's only Kiswahili Daily). He was also Pioneer Production Editor of Inside Kenya Today, a weekly newspaper published by the department of information and Public Communication

IV. CHAIRPERSON'S STATEMENT

Given the ever changing local and international communication space, never has there been a greater need to put out information that is not only in sync with realities on the ground, but also Kenya's long term aspirations. In this regard and in line with Government's recognition of the importance of information and communication in national development, the Board exploited available opportunities to produce publications that provide leadership in government communications. Our goal is, to ensure that the citizens and international community understand and appreciate government efforts to achieve its goals, in a bid to make this country a better place.

The Board endeavours to make its contribution in transforming the livelihoods of Kenyans both socially and economically; by availing modern and exclusive information, to help them maximize emerging opportunities. It's our belief that an informed society is better equipped to take advantage of available opportunities and resources to improve its quality of life. Obviously, our success would not be possible without the support of various state, non-state actors and some individuals to whom we wish to convey our heartfelt gratitude.

To support the various Government ministries and department's endeavours, the Board has planned to team up with other ministries and departments in producing comprehensive sector/county profile publications. The contents of each publication to include the county profiles, development pillars, strategies and priorities harmonized with the national development goals and the county specific economic and financial programmes, including their implementation endeavours. We are also exploring the possibility of assisting other bodies in publishing of the in-house publication in exchange of pocket friendly costs, under accustomed publishing venture.

In conclusion I wish to convey special thanks to the Kenya Yearbook Management, the Board of Directors and other Stakeholders that have sustained the Board's activities over the years. The Board looks forward to working more closely with the parent Ministry, other government Ministries, departments and all Stakeholders to grow and make positive contribution to our mother land.



Esther Kamweru, OGW
Chairperson

REPORT OF THE CHIEF EXECUTIVE OFFICER

Dissemination of accurate information on changing events, issues, and characters in the world, is necessary to keep society better informed and therefore empowered. It is through **Responsible Publishing** that people are able to make the best possible decisions about their lives, their communities, their societies, and their governments.

It is my pleasure to present Kenya Yearbook Editorial Board (KYEB) financial report for the year ended 30th June 2015. We commenced this period on a very uncertain note as the Board was earmarked for merger along with four other state corporations to form KENVEST. Due to the pending merger, the Board's budget was reduced to a bare minimum to cater for basic personnel emolument. However, the Board status changed in April 2015 when a new chairperson was appointed by the President and the Board reconstituted.

KYEB steered by its new chair and board members reasserted itself to continue its operations as a standalone SAGA. The National Treasury augmented its financial provisions and enabled us to meet annual obligations and achieve annual objectives as before.

2014/15 Performance Review

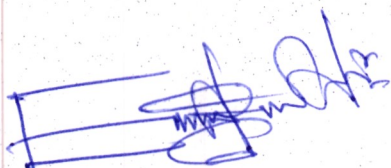
It was a financial period of strong results in the face of challenging global and domestic social, political and economic conditions. The Board was able to complete its annual flagship publication, the Kenya Yearbook 2014/15 for printing and launching during the 2015/16 period. Other completed publications included the Kenya Yearbook Upper and Lower Primary series earmarked for vetting by the Kenya Institute of Curriculum Development. The publications are to be evaluated for approval as part of primary schools syllabus to promote the Vision 2030 theme among young Kenyans.

Additionally, a sector specific publication on higher education titled *University Education and Career Guide* (East African Region) and a biographic publication, *Top Achieving Women Yearbook* were also completed during the period. The *University Education and Career Guide* publication looks at the courses available and delves into the relevance of the university education offered in the East African Countries' Institutions in relation to the regional development and the labour market.

Future outlook

The main focus of our Strategic Plan 2013-2017 is to partner with Ministries, State Agencies, other Departments and Counties to produce comprehensive sector specific and County profile publications. To be useful in spurring development, it is planned that the Yearbook publications will highlight development pillars, strategies and priorities harmonized with National and County goals, financial programmes and implementation endeavours. We are optimistic that the publications will provide information that will attract investors to the counties and promote national and inter and intra County Investments.

In conclusion, I comment the financial report to all our stakeholders to review, internalize, utilize the information and make their contribution. I wish to thank all those who have worked with us and in particular the Board of Directors and Management team for their contribution and cooperation during the year.



Edward Mwasi
Ag. Chief Executive Officer

VI. CORPORATE GOVERNANCE STATEMENT

Introduction

Corporate governance is the process by which companies are directed and controlled. The concept of corporate governance has gained prominence and enshrined in codes of best practice developed by Organization for Economic Co-operation and Development (OECD), Commonwealth Association of Corporate Governance (CACG) and the Centre for Corporate Governance in Kenya. The Board recognizes the need to conduct the business and operations of the Board with integrity and in accordance with generally accepted corporate practice, and endorse internationally developed principles of corporate governance. The board members will continue to focus their attention on maintaining the highest standards of corporate governance and business ethics in the Board's operations

Board

The members of the board are shown from page 3. The Board is chaired by a non-executive chairperson appointed by the President. All members of the board have extensive business and administrative experience in private and/or public sectors that are applied in the management of the Board.

The Board is responsible for:

- Determining and protecting the Board's Vision, Mission and Core values;
- Providing strategic direction to the Board and be responsible for the approval of strategic plans;
- Approving the annual budget, procurement plans, strategic plans, performance contract and work plans;
- Monitoring of implementation of the Board's mandate;
- Ensuring the accounts are audited on time and approve the same on annual basis;
- Appointing the Chief Executive Officer and other senior staff in line with the laid down regulations and ensure they receive adequate training and development and ensure a succession plan is in place;
- Establishing an appropriate organizational structure for the Board to facilitate efficient delivery of its mandate;
- Ensuring that adequate technology and systems are in place;
- Assessing the performance of the Board and ensuring it is meeting its targets as stipulated in the performance contract effectively;
- Ensuring that the Board has appropriate risk management, internal control and regulatory compliance procedures in place;
- Monitoring non-financial aspects relating to the business of the Board and ensuring that the right image and character is upheld;
- Comply with laws and regulations and other guidelines issued by the government from time to time.
- Ensure Board meetings are held regularly to review the Board's performance against set targets, approve policies as well as to formulate strategy for the period under review.

*Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For the year ended 30 June, 2015*

The Board is assisted to carry out its mandate through four committees whose chairpersons report to the Board as described below;

1. Finance Committee

The Board Finance committee is chaired by non-executive board Member and meets at least on quarterly basis. The committee has oversight role of all Financial and Budgetary issues.

2. Audit Committee

The Audit Committee is chaired by a non executive board member and meets at least on quarterly basis. The main responsibilities of the committee are oversight of integrity of financial reporting, internal control, internal and external audit, and compliance with relevant laws and regulations

3. Editorial Committee and Marketing Committee

The editorial and marketing committee is chaired by a non executive board member. The committee meets at least once every quarter and has oversight over all editorial production and marketing issues. The committee's responsibilities are to provide strategic marketing direction and approve marketing plans, activities and budgets.

4. Human Resources and Performance Contract Committee

The Committee chaired by a non executive board member. The committee meets at least once quarterly and oversees human resources and performance contracts issues.

VII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of the Board's affairs.

Principal activities

The principal activities of the Board are:-

- Co-ordinate and implement Government Communications functions in a manner that ensures qualitative and positive presentation of materials that defines Kenya's situation
- Provide guidance in government communication and build framework of partnerships and co-operation between key government communicators
- Promote awareness of opportunities available worldwide and how to gain access to them
- Inform Kenyans of regional, continental and global integration opportunities and initiatives
- Communicate governments policies and programmes
- Underpin the philosophy of openness, accountability and transparency

Results

The results of the Board for the year ended June 30, 2015 are set out on page 15

Directors

The members of the Board of Directors who served during the year are shown from page 3

Auditors

The Auditor general is responsible for the statutory audit of the editorial board's books of account in accordance with Section 14 of the public Audit Act, 2003.

By Order of the Board



Edward Mwasi
Ag. Chief Executive Officer
Nairobi

Date:.....

III. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 68 (2) 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 the *Board*, which give a true and fair view of the state of affairs of the *Board* at the end of the financial year/period and the operating results of the *Board* for that year/period. The Directors are also required to ensure that the *Board* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Board*. The Directors are also responsible for safeguarding the assets of the *Board*.

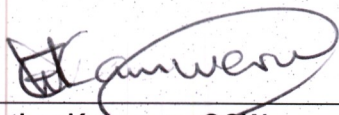
The Directors are responsible for the preparation and presentation of the *Board's* financial statements, which give a true and fair view of the state of affairs of the *Board* for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility includes: (i) maintaining adequate 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 *Board*; (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 *Board*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *Board'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) accrual method and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the *Board's* financial statements give a true and fair view of the state of *Board's* transactions during the financial year ended June 30, 2015, and of the *Board's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *Board*, which have been relied upon in the preparation of the *Board's* financial statements as well as the adequacy of the systems of internal financial control.

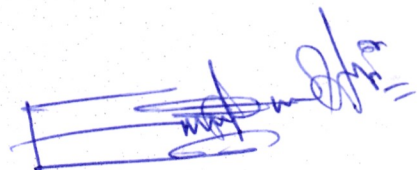
Nothing has come to the attention of the Directors to indicate that the *Board* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *Board's* financial statements were approved by the Board on 2015
and signed on its behalf by:



Esther Kamweru, OGW
Chairperson



Edward Mwasi
Ag. Chief Executive Officer

**IX. REPORT OF AUDITOR GENERAL ON KENYA YEARBOOK EDITORIAL BOARD
FOR YEAR ENDED 30 JUNE 2015**

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA YEARBOOK EDITORIAL BOARD FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Yearbook Editorial Board set out on pages 15 to 29, which comprise the statement of financial position as at 30 June 2015, 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 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement

of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

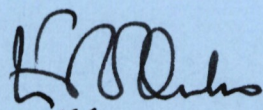
Unsupported Expenditure

Included in publishing and printing figure of Kshs.26,744,861 under note 14 to the financial statements is an amount of Kshs.4,915,500 paid to a company for the supply and printing of Konza booklets. Although the management has explained that the respective order was done by the parent Ministry, no requisition order and subsequent delivery notes were availed for audit review.

In addition, the publishing and printing figure also includes expenditure of Kshs.6,830,885 and Kshs.4,774,854 in respect of printing expenses and amount paid to writers whose supporting analysis/information were not availed for audit review. Further three (3) officers of the Board made cash withdrawal totalling Kshs.1,857,938 which has not been accounted for as at the date of this report. Consequently the propriety of the expenditure totalling Kshs.18,379,177 for the year ended 30 June 2015 could not be confirmed.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Kenya Yearbook Editorial Board as at 30 June 2015, 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 Legal Notice No.187 of 2 November, 2007.



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

Nairobi

11 March 2016

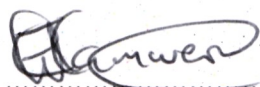
*Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For the year ended 30 June, 2015*

X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

		2014-2015	2013-2014
		Kshs	Kshs
Revenue from non-exchange transactions			
Government Grants	3	70,398,400	79,248,000
Other receipt from government	4	15,705,100	21,236,375
		86,103,500	100,484,375
Revenue from exchange transactions			
Other Income	5	755,200	1,433,300
		86,858,700	101,917,675
Expenses			
Board Expenses	6	3,886,018	8,435,200
Employee costs	7	33,294,135	36,847,290
Advertisement Cost	8	1,783,838	1,168,405
Trade shows	9	288,025	72,500
Depreciation and amortization	10&20	2,419,779	3,154,929
Repairs and maintenance	11	624,334	870,075
Travelling & Accommodation	12	356,800	1,607,094
Training and Capacity Building	13	1,490,823	1,760,060
Publishing and printing	14	26,744,861	26,921,154
Administrative Expense	15	7,183,218	11,438,161
Rent expenses	16	7,773,041	7,594,639
		85,844,872	99,869,507
Surplus for the period		1,013,828	2,048,168

XI. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

		2014/15 Kshs	2013/14 Kshs
Assets			
Current assets			
Cash and cash equivalents	17	2,443,214	1,175,462
Receivables from exchange transactions	18	8,236,084	3,901,446
Inventories	19	7,409,000	9,120,000
		18,088,298	14,196,908
Non-current assets			
Property, plant and equipment	20	10,114,406	12,534,184
		10,114,406	12,534,184
Total assets		28,202,704	26,731,092
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21(a)	10,981,856	10,211,698
Provisions	21(b)	9,538,405	8,961,079
		20,520,261	19,172,777
Non-current liabilities			
Non-current provisions	22	-	889,700
		-	889,700
Total liabilities		20,520,261	20,062,477
Capital Fund	25	10,945,746	10,945,746
Accumulated deficit	24	(3,263,303)	(4,277,131)
Total net assets and liabilities		7,682,443	6,668,615



.....
Esther Kamweru, OGW
Chairperson



.....
Edward Mwasi
Ag. Chief Executive Officer

XII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Capital Fund	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
Balance as at 30 .06. 2013	10,945,746	(6,325,299)	4,620,447
Surplus for the period	-	2,048,168	2,048,168
Balance as at 30.06.2014	10,945,746	(4,277,131)	6,668,615
Surplus for the period	-	1,013,828	1,013,828
Balance as at 30.06.2015	10,945,746	(3,263,303)	7,682,443

XIII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

		2014/15 Kshs	2013/14 Kshs
Net cash flows from operating activities	23	1,267,753	(4,483,124)
<hr/>			
INVESTING ACTIVITIES			
Cash flows from investing activities		-	-
Purchase of property, plant and Equipment		-	21,200
Proceeds from sale of property, plant and Equipment		-	21,200
Net increase/(decrease) in cash and cash equivalents		1,267,753	(4,461,924)
<hr/>			
Cash and cash equivalents at 30.06.2014	17	1,175,462	5,637,387
Cash and cash equivalents at 30.06.2015	17	2,443,215	1,175,462
<hr/>			

*Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For the year ended 30 June, 2015*

**XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE YEAR ENDED 30 JUNE 2015**

Description	Original Budget	Adjustments	Final Budget	Actual	Variance
	Ksh	Ksh	Ksh	Ksh	Ksh
GOVERNMENT GRANTS					
Recurrent	41,398,400	11,000,000	52,398,400	59,398,400	18,000,000
Development	-	18,000,000	18,000,000	11,000,000	11,000,000
Sub Total Budget	41,398,400	29,000,000	70,398,400	70,398,400	29,000,000
Other Government transfers		-	-	15,705,100	15,705,100
TOTAL GOVERNMENT GRANTS	41,398,400	29,000,000	70,398,400	86,103,500	44,705,100
Other Income	-		-	755,200	755,200
TOTAL REVENUE	41,398,400	29,000,000	70,398,400	86,858,700	45,460,300
EXPENDITURE					
Board of Directors Expenses					
CEO Remuneration	5,280,000		5,280,000	2,249,865	3,030,135
Chairperson Honoraria	1,044,000		1,044,000	713,653	330,347
Sitting allowance	1,400,000		1,400,000	900,000	500,000
Travel and Accommodation	540,000		540,000	22,500	517,500
Total Board of Directors Expenses	8,264,000	-	8,264,000	3,886,018	4,377,982
Payroll costs					
Salaries and wages	25,419,909		25,419,909	27,869,838	(2,449,929)
Staff gratuity	4,095,400		4,095,400	3,871,787	223,613
Staff pension	1,644,691		1,644,691	1,552,510	92,181
Total Payroll costs	31,160,000		31,160,000	33,294,135	(2,134,135)
Trade Shows					
Hiring Costs	50,000		50,000	149,000	(99,000)
Branding	50,000		50,000	139,025	(89,025)
Total Trade Shows	100,000	-	100,000	288,025	(188,025)
Repairs & Maintenance					
Furniture & Equipment	150,000		150,000	274,808	(124,808)
Motor Vehicles	410,000		410,000	349,526	60,474
Total Repairs & Maintenance	560,000		560,000	624,334	(64,334)
Advertising Expenses					
Commissions	650,974		650,974	1,644,812	(993,838)
Branding	139,026		139,026	139,026	-
Total Advertising Expenses	790,000		790,000	1,783,838	(993,838)

*Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For the year ended 30 June, 2015*

Description	Original Budget	Adjustments	Final Budget	Actual	Variance
	Ksh	Ksh	Ksh	Ksh	Ksh
Travelling & Accommodation					
Travelling	200,000		200,000	167,500	32,500
Accommodation	200,000		200,000	189,300	10,700
Total Travelling & Accommodation	400,000	-	400,000	356,800	43,200
Training & Capacity Building					
Performance Contract	300,000		300,000	660,000	(360,000)
Professional Subscription	100,000		100,000	100,000	-
Staff Training	350,000		350,000	730,823	(380,823)
Total Training & Capacity Building	750,000	-	750,000	1,490,823	(740,823)
Rental Charges					
Premises Rent	5,170,000		5,170,000	5,807,578	(637,578)
Service Charge	1,500,000		1,500,000	1,584,284	(84,284)
Parking Fees	450,000		450,000	381,179	68,821
Total Rental Charges	7,120,000	-	7,120,000	7,773,041	(653,041)
Administration Expenses					
Consultancy	-		190,000	190,000	-
Bank Charges & others	10,000		10,000	69,675	(59,675)
Audit Fees	450,000		450,000	450,000	-
Catering & CEO'S Office	1,244,000		1,244,000	1,187,769	56,231
Fuel and Lubricants	600,000		600,000	260,000	340,000
General Office Supplies	679,000		679,000	409,509	269,491
Telephone & Postage	160,000		160,000	126,000	34,000
Insurance	406,000		406,000	3,721,559	(3,315,559)
Office Cleaning	680,000		680,000	649,547	30,453
Newspapers and Other Publications	200,000		200,000	119,159	80,841
Total Administration Expenses	4,429,000	-	4,619,000	7,183,218	(2,564,218)
Publishing & Printing Expenses					
Kenya Yearbooks Writing, Editing & Consultancy	12,000,000		12,000,000	10,089,995	1,910,005
Inter Ministry Publications	-		-	14,807,659	(14,807,659)
Kenya Yearbooks Printing	6,000,000		6,000,000	1,847,207	4,152,793
Total Publishing & Printing Expenses	18,000,000	-	18,000,000	26,744,861	(8,744,861)
Total	71,573,000	-	71,763,000	83,425,093	(11,662,093)

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

The Board's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Board. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

b) Budget information

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

NOTES TO THE FINANCIAL STATEMENTS (CONT...)

c) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Board recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. In this regard depreciation is calculated on reducing balance to write off cost or re-valued amount of each asset on its estimated useful life. Full depreciation is charged at the year of purchase and zero at the year of disposal. The annual depreciation rates are:

Motor Vehicles	25%
Furniture.....	12.5%
Computers and Software.....	30%
Partitioning.....	12.5%

d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Board.

e) Provisions

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) Capital Fund

Capital Fund comprises of assets acquired from the ministry of information, Communication and Technology at the inception of the Board.

g) Changes in Accounting Policies and Estimates

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

NOTES TO THE FINANCIAL STATEMENTS (CONT...)

h) Employee benefits IPSAS 25

Retirement benefit plans

The Board provides retirement benefits for its employees. The Board operates a defined contribution plans where it pays fixed contributions into a separate Board (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The entities provide gratuity to it employees who are on three years contract at the end of their term. This expenditure is recognised in the accounts every year.

i) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers which were not surrendered or accounted for at the end of the financial year.

j) Comparative figures

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

k) Related parties transactions IPSAS 20

The Entity 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the parent ministry, Board members and the senior managers.

l) Subsequent events IPSAS 1

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

3. Transfers from other governments – gifts and services-in-kind

	2014/15	2013/14
	Kshs.	Kshs.
Unconditional Grants		
Recurrent Grants	59,398,400	59,248,000
Development Grant	11,000,000	20,000,000
Total government grants	70,398,400	79,248,000

4. Other Government Receipts

Grants for printing Konza Publication	-	5,120,000
Grants for printing Ministry Publication	5,000,000	16,116,375
Grant for printing GAA Publications	7,800,000	-
Grant for printing ICTA Strategic Plans	2,905,100	-
Total	15,705,100	21,236,375

NOTES TO THE FINANCIAL STATEMENTS (CONT...)

5. Other Income

	2014/15	2013/14
	Kshs.	Kshs.
Publications sales	672,200	1,053,200
Sale of tenders	19,000	380,100
Design & consultancy	64,000	-
Total other income	755,200	1,433,300

6. Board Expenses

CEO Remuneration	2,249,865	5,280,000
Chairperson Honoraria	713,653	1,044,000
Sitting allowance	900,000	1,560,000
Travel and Accommodation	22,500	551,200
Total	3,886,018	8,435,200

7. Employee Cost

Salaries and wages	27,869,838	29,935,855
Staff gratuity	3,871,787	5,691,600
Staff pension	1,552,510	1,219,835
Total Costs	33,294,135	36,847,290

8. Advertisement Cost

Newspaper	-	375,840
Branding	139,026	438,865
Other Publications	-	353,700
Commissions	1,644,812	
Total	1,783,838	1,168,405

9. Trade Shows

Hiring Costs	149,000	55,500
Branding	139,025	17,000
Total	288,025	72,500

10. Depreciation and amortization Expense

Motor Vehicle	520,533	694,043
Furniture	304,221	347,681
Computers	1,016,125	1,451,606
Partitioning	578,900	661,599
Total	2,419,779	3,154,929

*Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For the year ended 30 June, 2015*

NOTES TO THE FINANCIAL STATEMENTS (CONT...)

11. Repairs and Maintenance

	2014/15	2013/14
	Kshs.	Kshs.
Repairs and maintenance	274,808	675,091
Maintenance of motor Vehicle	349,526	194,984
Total repairs and maintenance	624,334	870,075

12. Travelling and Accommodation

Traveling Expenses	167,500	873,690
Accommodation	189,300	733,404
Total	356,800	1,607,094

13. Training and Capacity Building

Performance Contract	660,000	1,317,760
Staff Development	-	285,900
Professional Subscription and Training	830,823	156,400
Total	1,490,823	1,760,060

14. Publishing & Printing Expenses

Kenya Yearbooks Writing, Editing & Consultancy	10,089,995	8,712,891
Inter Ministry Publications	14,807,659	13,309,001
Kenya Yearbooks Printing	1,847,207	4,899,262
Total	26,744,861	26,921,154

15. Administrative Expense

Bank charges	69,675	32,380
Consultancy	190,000	160,000
Audit fees	450,000	345,000
Loss on disposal	-	67,272
Catering services	1,187,769	3,389,317
Fuel	260,000	568,000
Office supplies and stationery	409,509	3,274,053
Telephone	126,000	144,000
Insurance	3,721,559	2,891,411
Cleaning services	649,547	437,344
Newspaper subscription	119,159	129,384
Total	7,183,218	11,438,161

16. Rent Expenses

Premises Rent	5,807,578	5,716,233
Service Charge	1,584,284	1,414,569
Parking Fee	381,179	463,837
Total	7,773,041	7,594,639

NOTES TO THE FINANCIAL STATEMENTS (CONT...)

17. Cash and Cash Equivalents

	2014/15	2013/14
	Kshs.	Kshs.
Bank	2,422,912	1,171,362
Petty Cash	20,303	4,100
Total cash and cash equivalents	2,443,215	1,175,462

18. Receivables from Exchange Transactions

a) Trade Debtors

Government Ministries & Departments	408,500	408,500
Bookshops & others	403,580	465,580
Total	812,080	874,080

b) Prepayments

Insurance prepaid	1,531,675	1,633,098
Writers Prepaid	665,500	-
Total	2,197,175	1,633,098

c) Deposits

Rent Deposit	1,127,636	1,127,636
Total	1,127,636	1,127,636

d) Others

Staff Debtors	276,559	266,632
Imprest	1,349,967	-
*Receivables from GOK	2,472,667	-
Total	4,099,193	266,632

Grand Total	8,236,084	3,901,446
--------------------	------------------	------------------

*Includes the amount advanced to ministry to launch its strategic plan and payment to Director of public communication during the period of kshs.390,000 and 2,082,667 respectively.

19. Inventories

Kenya Yearbook	6,058,000	7,225,000
CD Copies	1,021,000	1,037,000
Other publications	330,000	858,000
Total	7,409,000	9,120,000

*Kenya Yearbook Editorial Board
Annual Reports and Financial Statements
For the year ended 30 June, 2015*

NOTES TO THE FINANCIAL STATEMENTS (CONT...)

20. Property, Plant and Equipment

	Motor Vehicle Kshs	Furniture Kshs	Computers & software Kshs	Partitioning Kshs	Total Kshs
COST					
As at 30.06.2013	6,028,405	4,572,664	14,194,506	8,821,672	33,617,247
Additions	-	-	-	-	-
Disposal	-	(146,500)	-	-	(146,500)
As at 30.06.2014	6,028,405	4,426,164	14,194,506	8,821,672	33,470,747
Balance as at 1/07/2014	6,028,405	4,426,164	14,280,506	8,821,672	33,470,747
Addition 2014/2015	-	-	-	-	-
Disposal	-	-	-	-	-
As at 30/6/2015	6,028,405	4,426,164	14,194,506	8,821,672	33,470,747
DEPRECIATION					
As at 30.06.2013	3,252,230	1,702,741	9,355,817	3,528,874	21,837,344
Charge for the year 2013/14	694,043	347,681	1,451,606	661,599	3,154,929
Disposal	-	(58,028)	-	-	58,028
As at 30.06.2014	3,946,273	1,992,394	10,807,423	4,190,473	20,936,563
Balance as at 1/07/2014	3,946,273	1,992,394	10,807,423	4,190,473	20,936,563
Charge for the year 2014/15	520,533	304,221	1,016,125	578,900	2,419,779
Disposal	-	-	-	-	-
As at 30/6/2015	4,466,806	2,296,615	11,823,548	4,769,373	23,356,342
NET BOOK VALUE					
As at 30/6/2015	1,561,599	2,129,549	2,370,958	4,052,299	10,114,406
As at 30.06.2014	2,082,132	2,433,770	3,387,083	4,631,199	12,534,184

NOTES TO THE FINANCIAL STATEMENTS (CONT...)

21. Trade and other Payables

(a) Payables from Exchange Transactions

	2014/15	2013/14
	Kshs.	Kshs.
Pending Bills	10,981,856	10,211,698

(b) Current Provisions

Description	PAYE	Payroll Liabilities	Pension	Gratuity	Total
Balance at the Beginning of the year	937,440	262,540	511,749	7,249,350	8,961,079
Additional Provision	2,272,078	121,800	0	3,871,787	6,265,665
Provision utilized	-	(262,540)	(511,749)	(5,803,750)	(6,578,039)
Transferred from Non- current provision	-	-	-	889,700	889,700
Balance as at 30.06.2015	3,209,518	121,800	-	6,207,087	9,538,405

22. Non-current Provisions

Description	Gratuity
At the Beginning of the year	889,700
Additional Provision	-
Less current portion	889,700
Balance as at 30.06.2015	-

23. Cash Generated from Operations

	2014/15	2013/14
	Kshs.	Kshs.
Surplus/(Deficit) for the year	(1,013,828)	2,048,166
Adjustments:		
Depreciation	2,419,779	3,154,931
loss on disposal	-	67,272
operating cash flows before working capital changes	3,433,607	5,270,369
Increase/(decrease) in payables	770,158	(6,376,961)
(decrease) in provisions	(312,374)	(2,370,420)
decrease/(increase) in receivables	(4,334,638)	2,044,888
decrease/(increase) in inventories	1,711,000	(3,051,000)
Total working capital changes	(2,165,854)	(9,753,493)
Cash generated from operating activities	1,267,753	(4,483,124)

24. Reserves

Balance at the beginning of the year	(4,277,131)	(6,325,299)
Surplus for the year	1,013,828	2,048,168
Balance as at 30 June 2015	(3,263,303)	(4,277,131)

NOTES TO THE FINANCIAL STATEMENTS (CONT...)

25. Capital Fund

	2014/15	2013/14
Initial Investment from the Ministry	10,945,747	10,945,747
Total	10,945,747	10,945,747

- The financial statements are expressed in Kenya Shillings


XV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS


The following is the summary of issues raised by the external auditor, and management comments 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)
		None			

Guidance Notes:

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


Chief Executive Officer


Chairperson of the Board

Date

Date