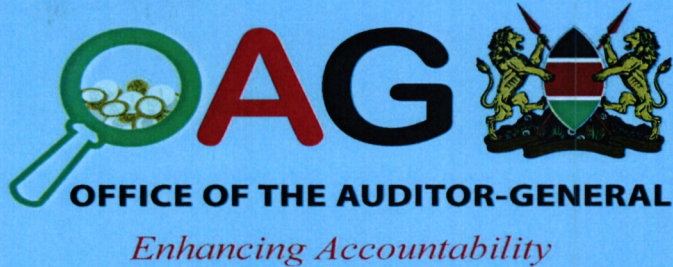



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THE AUDITOR-GENERAL

ON

**AGRICULTURAL INFORMATION
RESOURCE CENTRE REVOLVING FUND**

**FOR THE YEAR ENDED
30 JUNE, 2019**

**STATE DEPARTMENT FOR CROP
DEVELOPMENT**





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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AGRICULTURAL INFORMATION RESOURCE CENTRE

REVOLVING FUND ACCOUNT

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

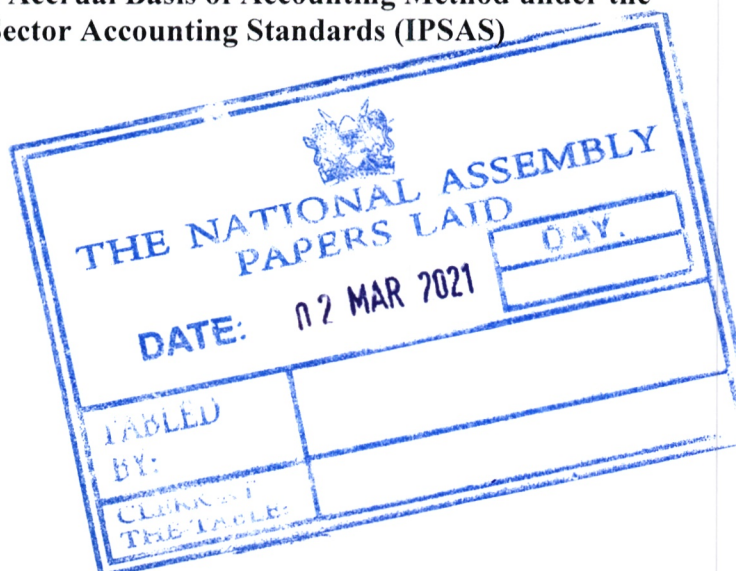


TABLE OF CONTENTS	PAGE
I. KEY ENTITY INFORMATION AND MANAGEMENT.....	2
II THE BOARD OF DIRECTORS	4
III CHAIRMAN'S STATEMENT.....	5
IV STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	6
V. REPORT OF THE INDEPENDENT AUDITORS ON THE AGRICULTURAL INFORMATION RESOURCE CENTRE REVOLVING FUND.....	7
VI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 TH JUNE 2018.....	9
VII. STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE, 2018	10
VIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 TH JUNE 2018.....	11
IX. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018.....	12
X. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	13
XI. NOTES TO THE FINANCIAL STATEMENTS.....	15

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

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

(c) Key Management (Head of Units)

1. Dr Isaiah Onyango Okeyo	Director, AIRC
2. Lumumba Kokeyo	Training and Conference Unit,
3. Rose Mwangi Makunzo	Agricultural Documentation Services Unit (ADSU)
4. Lynette Kibisu	Business Development and Marketing Unit
5. Festus Njogu	Mass Media Services Unit (consists of Radio, Video and Publication sub-units)
6. Nelco Mose	Head of Procurement Unit
7. Francis B. Magara	Head of Accounting Unit

(d) Entity Headquarters

P.O Box 66730-00800
Kenya Agricultural Research Institute Centre
Waiyaki way
Nairobi, KENYA.

(e) Entity Contacts

Telephone:(254) 020 8025464
E-mail: agrifodata@gmail.com
Website: www.airc.go.ke

(f) Bankers

Kenya Commercial Bank Limited
Sarit Centre Branch
Nairobi, Kenya

(g) Independent Auditors

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

(h) Principal Legal Advisor

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

II. THE BOARD OF DIRECTORS

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

III. CHAIRMAN'S STATEMENT

The board scheduled to meet at least once per quarter. However due to budgetary constraints, the Board last met on 14th March, 2018. The Centre has been crippled with underfunding that has made the Board to be moribund. A case in point, despite budgeting for board activities, during the financial year 2018/2019 the Centre was allocated only KShs. 33,288 for Board allowances. This has made it increasingly difficult for the Board to meet board expenses if the Board is to meet regularly as required.

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

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

WAY FORWARD

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

IV. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Director is responsible for the preparation and presentation of the Agricultural Information Resource Centre Revolving Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Kenya Citizens and Foreign Nationals Management Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Director accepts responsibility for the Agricultural Information Resource Centre Revolving Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors of the opinion that the Agricultural Information Resource Centre Revolving Fund's financial statements give a true and fair view of the state of Agricultural Information Resource Centre Revolving Fund's transactions during the financial year ended June 30, 2019 and of the Agricultural Information Resource Centre Revolving Fund's financial position as at that date. The Accounting Officer further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Agricultural Information Resource Centre Revolving Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Agricultural Information Resource Centre Revolving Fund financial statements were approved by the Board on _____ 2019 and signed on its behalf by:

Dr Isaiah Onyango Okeyo, PhD
Director

**V. REPORT OF THE INDEPENDENT AUDITORS ON THE AGRICULTURAL
INFORMATION RESOURCE CENTRE REVOLVING FUND**

Auditor General
Date.....

**VI. REPORT OF THE INDEPENDENT AUDITORS ON THE AGRICULTURAL
INFORMATION RESOURCE CENTRE REVOLVING FUND**

REPUBLIC OF KENYA



Enhancing Accountability

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Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON AGRICULTURAL INFORMATION RESOURCE CENTRE REVOLVING FUND ON FOR THE YEAR ENDED 30 JUNE, 2019 – STATE DEPARTMENT FOR CROP DEVELOPMENT

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Agricultural Information Resource Centre Revolving Fund set out on pages 9 to 26, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Agricultural Information Resource Centre Revolving Fund as at 30 June, 2019, 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 Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Compliance with the Public Sector Accounting Standards Board on Presentation

The International Public Sector Accounting Standards, (IPSAS)1 requires that, the financial statements disclose all the necessary information that is useful to the user. However, the financial statements submitted for audit lacked a header on all the pages, indicating the name of the entity being audited as required under the guidelines issued by the Board.

Further, the background information on page 2 of Other Information to the financial statements, indicates that the Agricultural Information Resource Centre is a Semi-Autonomous Government Agency created under Legal Notice No.163 of 25 June, 1993 with a Board of Directors to oversee its activities. However, the financial statements

submitted for audit were signed by the Principal Secretary and Head of Accounting Unit, State Department for Crop Development instead of the Chairman of the Board of Directors and Board Secretary. There is no evidence that the financial statements were discussed and approved by the Board of Directors since the Statement of Directors' Responsibilities was not signed.

In addition, although the Board of Directors are listed under non-financial information to the financial statements, their passport size photographs and a concise description of each Director's date of birth, key qualifications and work experience have not been provided as required under the guidelines issued by the Public Sector Accounting Standards Board.

Consequently, the annual report and the financial statements for the year ended 30 June, 2019 do not comply with the Public Sector Accounting Standards Board.

2. Inaccuracies in the Financial Statements

2.1. Lack of General Ledger

Management did not avail a general ledger and the balances in respect of various accounts reflected in the trial balances did not agree with the balances in the financial statements.

As a result, the accuracy of the financial statements could not be ascertained.

2.2. Statement of Financial Performance

A review of the statement of financial performance reflects revenue from exchange transactions of Kshs.21,017,074.20. However, examination of the cash book, revealed that revenue totalling Kshs.15,318,724 was collected during the year under review resulting to an unexplained variance of Kshs.5,698,350. Further, only an amount of Kshs.4,270,820 was supported by the official receipt vouchers (F.O 17), leaving the balance of Kshs.16,736,254.20 unsupported.

Further, the statement reflects general expenses balance of Kshs.2,192,615.20 while the re-casted amount of the corresponding disclosure under Note 8 to the financial statements is Kshs.3,565,615.20 resulting to unreconciled variance of Kshs.1,373,000.

Consequently, the accuracy, completeness and validity of the balances reflected in the statement of financial performance for the year ended 30 June, 2019 could not be confirmed.

2.3. Statement of Financial Position

The statement of financial position reflects a balance of Kshs.2,160,000 under reserves and an accumulated surplus balance of Kshs.8,593,361. However, the statement of changes in net assets reflects, on comparable basis, corresponding balances of Kshs.23,919,175 and Kshs.18,292,508, resulting to variances of Kshs.21,759,175 and Kshs.9,699,147 respectively.

Further, statement of financial position reflects property, plant and equipment net book value of Kshs.1,364,820. As disclosed under Note 13 to the financial statements, the total cost of the property, plant and equipment is indicated as Kshs.38,347,572 as at 30 June, 2019. The following unreconciled variances were noted between the financial statements and the assets register:

Description	Assets register balance (Kshs)	Statement of financial Position balance (Kshs)	Variance (Kshs)
Plant and machinery	18,617,930	12,940,825	5,677,105
Computer & equipment	44,818,280	19,442,287	25,375,993
Furniture & fittings	1,470,460	1,964,460	(494,000)
Motor vehicles	11,200,000	4,000,000	7,200,000
Total	76,106,670	38,347,572	

In addition, the statement of financial position reflects receivables from exchange transactions and current liabilities balances of Kshs.7,850,200 and Kshs.889,569 while the supporting schedules balances amounts to Kshs.3,380,874 and Kshs.886,111 respectively leaving unreconciled variances of Kshs.4,469,321 and Kshs.3,458 respectively not supported.

Consequently, the accuracy, completeness and validity of the balances reflected in the statement of financial position as at 30 June, 2019 could not be confirmed.

2.4. Statement of Changes in Net Assets

The statement of changes in net assets opening total balance of Kshs.58,377,628 as at 1 July, 2018 carried forward from the previous year was omitted from the total balance of Kshs.42,211,683 as at 30 June, 2019. No explanation was provided for the omission. Further, the statement includes depreciation reserves of Kshs.17,028,930.01 and transfers to the accumulated surplus totalling to Kshs.20,721,939. However, the balances were not supported.

Under the circumstances, the accuracy and completeness of the balances reflected in the statement of changes in net assets as at 30 June, 2019 could not be ascertained.

2.5. Statement of Cash Flows

The statement of cash flows reflects, under cash flows from investing activities nil amounts in respect of increase in debtors and creditors balances. However, the opening balance of current debtors' balance of Kshs.10,505,140 decreased by Kshs.2,654,964 to Kshs.7,850,200 while current liabilities balance of Kshs.1,025,146 decreased by Kshs.135,577 to Kshs.889,569 reported as at 30 June, 2019.

Further, cash flows from financing activities included an amount of Kshs.5,939,700.50 in respect of decrease in government grants which was not supported.

Consequently, the accuracy and completeness of balances reflected in the statement of cash flows for the year ended 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Agricultural Information Resource Centre Revolving Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.41,400,000 and Kshs.27,672,728 respectively resulting to an under-funding of Kshs.13,727,272 or 33% of the budget. Similarly, the Fund expended Kshs.22,548,410 against an approved budget of Kshs.30,604,000 resulting to an under-expenditure of Kshs.8,055,590 or 26% of the budget. The underfunding and underperformance affected the planned activities and impacted negatively on service delivery to the public.

A comparison of the approved annual recurrent expenditure estimates for the Centre under the State Department for Crop Development was Kshs.56,920,314. The variance between the two records was not reconciled or explained.

2. Prior Year Matters

In the audit report of the previous year, several issues were raised in the Auditor-General's report. However, the Management has not disclosed the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in basis for Adverse opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

08 February, 2021

**VII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
JUNE 2019**

	Note	2018-2019 Kshs	2017-2018 Kshs
Revenue from exchange transactions			
Rendering of services	3	21,017,074.20	24,864,169.00
Total revenue		21,017,074.20	24,864,169.00
Expenses			
Purchase of goods and services	4	7,246,405.70	12,113,960.00
Employee costs	5	5,823,344.00	2,480,861.00
Depreciation and amortization expense	6	217,210.29	470,381.00
Repairs and maintenance	7	1,005,685.00	1,519,704.00
General expenses	8	2,192,615.20	7,153,073.00
Board Allowance	9	71,000.00	402,693.00
Total expenses		16,556,260.19	24,140,673.00
Surplus for the year		4,460,814.01	723,496.00



Prof. Hamadi .I. Boga, PhD
Principal Secretary.



Charity .W. Muriuki
Head of accounting unit
Icpak no. 5380

VIII. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

	Note	2019-2019 Kshs	2017-2018 Kshs
Assets			
Current Assets			
Cash and cash equivalents	10	332,370.80	1,594,047.00
Receivables from exchange transactions	11	7,850,200.00	10,505,140.00
Inventories	12	2,095,540.00	3,087,980.00
		10,278,110.80	15,187,167.00
Non-current assets			
Property, plant and equipment	13	1,364,819.71	1,582,030.00
Intangible assets	14	-	-
Total Assets		11,642,930.51	16,769,197.00
Liabilities			
Current liabilities		889,569.00	1,025,146.00
Non-current liabilities		-	-
Total liabilities		889,569.00	1,025,146.00
Net Assets		10,753,361.51	15,744,051.00
Reserves		2,160,000.00	3,628,677.00
Accumulated surplus		8,593,361.51	12,115,374.00
Total net assets and liabilities		10,753,361.51	15,744,051.00

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



Prof. Hamadi .I. Boga, PhD
Principal Secretary.



Charity .W. Muriuki
Head of accounting unit
Icpak no. 5380

Date.....

Date.....

**IX. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED
30TH JUNE, 2019**

	Reserves		
	Capital replacement development reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs
Balance as at 30 June 2017			
Surplus/(deficit) for the period	19,458,361.00	32,569,104.00	52,027,465.00
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 June 2017	19,458,361.00	32,569,104.00	52,027,465.00
Depreciation Reserve	17,028,930.01		17,028,930.01
Surplus/Deficit for the period		723,496.00	1,582,030.00
Transfers to/from accumulated surplus	2,429,431.00	(13,831,694.00)	(15,214,752.00)
Balance as at 30 June 2018	19,458,361.00	19,460,906.00	58,377,628.00
Depreciation Reserve	17,028,930.01		17,028,930.01
Surplus/Deficit for the period		4,460,814.01	4,460,814.01
Transfers to/from accumulated surplus	6,890,245.00	13,831,694.00	20,721,939.00
Balance as at 30 June 2019	23,919,175.01	18,292,508.01	42,211,683.02

X. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
Cash flows from operating activities			
<u>Receipts</u>			
Rendering of services		21,017,074.20	24,864,169.00
Total Receipts from Rendering of services		21,017,074.20	24,864,169.00
<u>Payments</u>			
Purchase of Goods and Services		7,246,405.70	12,113,960.00
Employees Costs		5,823,344.00	2,480,861.00
General Expenses		2,192,615.20	7,153,073.00
Repairs and Maintenance		1,005,685.00	1,519,704.00
Board Allowance		71,000.00	402,693.00
Total Payments		<u>16,339,049.90</u>	<u>23,670,292.00</u>
Net cash flows from operating activities		<u>4,678,024.30</u>	<u>1,193,876.00</u>
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	1,404,605.00
Decrease in stock		-	852,770.00
Increase in debtors		-	4,586,527.00
Increase in Creditors		-	1,025,146.00
Net cash flows used in investing activities		4,678,024.30	5,059,838.00
Cash flows from financing activities			
Decrease in Government grants		(5,939,700.50)	(12,600,998.00)
Net cash flows used in financing activities		<u>(5,939,700.50)</u>	<u>(12,600,998.00)</u>
Net increase/(decrease)in cash and cash equivalents		<u>(1,261,676.20)</u>	<u>(7,541,160.00)</u>
Cash and cash equivalent as at 1 st July 2018		1,594,047.00	9,135,207.00
Cash and cash equivalent as at 30th JUNE 2019		<u>332,370.80</u>	<u>1,594,047.00</u>



Prof. Hamadi I Boga PhD
Principal Secretary.



Charity .W. Muriuki
Head of accounting unit
Icpak no. 5380

Date

Date

XI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%
	2018-2019	2018 - 2019	2018-2019	2018-2019	2018-2019	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Radio Unit	1,400,000	-	1,400,000	-	(1,400,000)	-100%
Video Unit	12,200,000	-	12,200,000	1,552,500	(10,647,500)	-87%
Publication Unit	13,600,000	-	13,600,000	16,478,428.	(2,878,428)	-21%
Training Unit	14,200,000	-	14,200,000	9,641,800.	4,558,200	32%
Total income	41,400,000	-	41,400,000	27,672,728	(13,727,272)	-33%
Expenses		-	-			
Casual labour	145,200	-	145,200	829,972	(684,772)	-472%
Electricity	240,000	-	240,000		240,000	100%
Water and sewerage charges	1,360,000	-	1,360,000	445,199	914,801	67%
Cooking Gas	400,000	-	400,000	172,120	227,880	57%
Telephone Expenses	60,000	-	60,000		60,000	100%
Internet connection	300,000	-	300,000	37,452	262,548	88%
Postal and Telegrams Expenses	360,000	-	360,000	44,610	315,390	88%
Official entertainment	144,000	-	144,000		144,000	100%
Daily subsistence allowance	3,113,000	-	3,113,000	1,650,890	1,462,110	47%
Publishing and Printing Expenses	7,568,000	-	7,568,000	8,202,117	(634,117)	-8%
Boards Allowance	240,000	-	240,000	402,693	(162,693)	-68%
Supplies for broadcasting & information	1,440,000	-	1,440,000	-	1,440,000	100%
Purchase of Food and ration	615,000	-	615,000	1,745,099	(1,130,099)	-184%
Photographic Materials	4,888,000	-	4,888,000	1,313,974	3,574,026	73%

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019**

General office supplies (papers, pencils, etc)	831,000	-	831,000	1,665,108	(834,108)	-100%
Sanitary and Cleaning Materials	325,800	-	325,800	532,738	(206,938)	-64%
Refined Fuel and Lubricants for Transport	1,065,000	-	1,065,000	748,171	316,829	30%
Bank charges	475,000	-	475,000	20,213	454,787	96%
Fees and commission	216,000	-	216,000	-	216,000	100%
Security Services	360,000	-	360,000	558,000	(198,000)	-55%
Contracted Professional Services	1,966,000	-	1,966,000	2,660,350	(694,350)	-35%
Maintenance Expenses - motor vehicles	744,000	-	744,000	617,987	126,013	17%
Maintenance of Plant, machinery and Equipments	810,000	-	810,000	519,615	290,385	36%
Maintenance of buildings and stations	2,938,000	-	2,938,000	382,102	2,555,898	87%
Total expenditure	30,604,000	-	30,604,000	22,548,410	8,055,590	
Surplus for the period	10,796,000	-	10,796,000	5,124,318	5,671,682	

XII. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest cent. 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 direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from exchange transactions

Rendering of services

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

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

ii) Revenue recognition

Sale of goods

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

iii) Budget information

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

additional financial statement in the statement of comparison of budget and actual amounts.

iv) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

v) Intangible assets

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

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

b) Inventories

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

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

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

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

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

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

c) Provisions

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

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

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

d) Cash and cash equivalents

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

e) Comparative figures

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

f) Significant judgments and sources of estimation uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the

disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

g) Significant judgments and sources of estimation uncertainty

State all judgments, estimates and assumptions made: e.g.

Estimates and assumptions

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

Useful lives and residual values

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

- i. The condition of the asset based on the assessment of experts employed by the entity;
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- iii. The nature of the processes in which the asset is deployed;
- iv. Availability of funding to replace the asset; and
- v. Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

and the assumption was made that the areas stay the same in size for a number of years.

Significant judgments and sources of estimation uncertainty

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

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

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

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

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

h) Depreciation policies

The fund depreciates its fixed assets as follows;-

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

3. Rendering of services

	2018-2019	2017-2018
	KShs	KShs
Revenue from Radio, Video ,desktop publishing and Training unit	21,017,074 .20	24,864,169.00
Total revenue from rendering of services	21,017,074 .20	24,864,169.00

4. Purchase of goods and services

	2018-2019	2017-2018
	KShs	KShs
Opening Stock	3,087,980.00	3,940,750.00
Add: Production Materials Purchased:		
Food and Ration	2,462,134.70	1,745,099.00
Printing Materials	3,287,521.00	8,202,117.00
Photographic Materials	504,310.00	1,142,572.00
Total Production Materials	9,341,945.70	17,448,995.00
Less: Closing Stock	(2,095,540.00)	3,940,750.00
Total Production Materials Used	<u>7,246,405.70</u>	<u>13,508,244.00</u>

5 Employee costs

	2018-2019	2017-2018
	KShs	KShs
Casual Workers' Wages	2,035,874.00	829,972.00
Daily Subsistence Allowance	<u>3,787,470.00</u>	<u>1,650,890.00</u>
Total employee costs	<u>5,823,344.00</u>	<u>2,480,862.00</u>

6. Depreciation and amortization expense

	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	217,210.29	470,381.00
Total depreciation and amortization	<u>217,210.29</u>	<u>470,381.00</u>

7.Repairs and maintenance

	2018-2019	2017-2018
	KShs	KShs
Maintenances of station	303,260.00	382,102.00
Maintenances of Plant and Equipment	598,785.00	519,615.00
Maintenances of Motor Vehicles	103,640.00	617,987.00
Total repairs and maintenance	1,005,685.00	1,519,704.00

8.General expenses

The following are included in general expenses:

	2018-2019	2017-2018
	KShs	KShs
Board ,seminars and conference	124,600.00	269,112.00
Refined Fuel & Lubricant	211,853.00	748,171.00
Subscription to Newspapers	0.00	16,200.00
Advertising and Publicity	0.00	1,205,720.00
Contracted Services (Security Guards)	350,320.00	558,000.00
Bank Charges	7,239.50	20,213.00
Stationary Expenses	243,650.00	1,665,108.00
Internet connection	449,122.70	37,452.00
Contracted Professional services	1,373,000.00	2,660,350.00
Sanitary and cleaning material	230,724.00	532,738.00
Gas	171,730.00	172,120.00
Water and Sewerage Services	393,526.00	445,199.00
Courier and Postage Services	9,850.00	44,610.00
Total general expenses	2,192,615.20	7,153,073.00

8. Board Allowance

	2018-2019	2017-2018
	KShs	KShs
Board , Allowance	71,000.00	402,693.00
Total Board , Allowance	71,000.00	402,693.00

10..Cash and cash equivalents

	2018-2019	2017-2018
	KShs	KShs
Bank	332,370.80	1,594,047.00
Total cash and cash equivalents	<u>332,370.80</u>	<u>1,594,047.00</u>

11.Receivables from exchange contracts

Current receivables	2018-2019	2017-2018
	KShs	KShs
Other debtor exchange transactions)	7,850,200.00	10,505,140.00
Staff Debtors	-	-
Total current receivables	<u>7,850,200.00</u>	<u>10,505,140.00</u>

12.Inventories

	2018-2019	2017-2018
	KShs	KShs
Other goods held for resale	2,095,540.00	3,087,980.00
Catering	-	-
Total inventories	<u>2,095,540.00</u>	<u>3,087,980.00</u>

13. Property, plant and equipment

	Intangible assets	Plant & machinery	Computer and related equipment	Furniture & Fittings	Motor Vehicles	Total
<u>Depreciation Rate</u>		10%	33.30%	12.50%	0	
<u>Cost or Valuation:</u>	Shs	Shs	Shs	Shs	Shs	Shs
As at 1st July, 2017		12,940,825.00	19,442,287.00	1,964,460.00	4,000,000.00	38,347,572.00
Additions during the year	-	-	--	-	-	-
Disposal	-	-	-	-	-	-
As at 30th June 2018	-	12,940,825.00	19,442,287.00	1,964,460.00	4,000,000.00	38,347,572.00
Depreciation and Impairment	-	-	-	-	-	-
At 1st July 2018	-	11,999,133.00	19,235,557.00	1,530,852.00	4,000,000.00	36,765,541.00
Depreciation		94,169.20	68,841.09	54,200.00		217,210.29
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-
At 30 June 2019	-	12,093,302.20	19,304,398.09	1,585,052.00	4,000,000.00	36,982,751.29
Netbook values						
At 30 June 2019	-	847,521.80	137,888.91	379,409.00	-	1,364,819.71
At 30 June 2018		941,693.00	206,730.00	433,609.00		1,582,030.00

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

14. Cash generated from operations	2018-2019	2017-2018
	Kshs.	Kshs.
Surplus/Deficit For the Year before Tax	4,460,814.01	740,476.00
Adjusted for:		
Depreciation	217,210.29	1,582,030.00
Non-cash grants received	-	-
Working capital adjustments:		
Decrease in inventory	(992,440.00)	852,770.00
Decrease in receivables	2,654,940.00	4,586,528.00
Increase in creditors	135,577.00	1,025,146.00
Net cash flows from operating activities	6,476,101.30	8,786,949.00

15. Explanation of Variances between budgets and Actual 2018-2019

	Final budget	Actual on comparable basis	%	Explanation
	2018-2019	2017-2018		
Revenue	Kshs	Kshs		
Radio Unit	1,400,000	-	100%	The cost of radio is expensive compared to other electronic media thus decline in clients
Video Unit	12,200,000	1,552,500.00	87%	This was result less of video coverage in the year and also effects of devolution
Publication Unit	13,600,000	16,478,428.00	-21%	The centre was awarded to print mirra and fertiliser receipts
Training Unit	14,200,000	9,641,800.00	32%	There was training during the year
Total income	41,400,000	27,672,728	33%	
Expenses	-			
Casual labour	145,200	829,972	-472%	Two support staff were deployed back in kilimo
Electricity	240,000	-	100%	The centre utilised allocation from state department of Crop and Research
Water and sewerage charges	1,360,000	445,199	67%	The centre utilised allocation from state department of Crop and Research
Cooking Gas	400,000	172,120	57%	The cooking of tea was centralised
Telephone			100%	The centre utilised allocation from state

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

Expenses	60,000	-		department of Crop and Research
Internet connection	300,000	37,452	88%	The centre utilised allocation from state department of Crop and Research
Postal and Telegrams Expenses	360,000	44,610	88%	The centre was using other means of communication
Official entertainment	144,000	-	100%	There was no provision
Daily subsistence allowance	3,113,000	1,650,890	47%	The centre utilised allocation from state department of Crop and Research
Publishing and Printing Expenses	7,568,000	8,202,117	-8%	The centre was awarded to print mirra and fertiliser receipts
Boards Allowance	240,000	402,693	-68%	The was inadequate allocation from kilimo
Supplies for broadcasting & information	1,440,000	-	100%	There was low turnout of clients who needed video coverage
Purchase of Food and ration	615,000	1,745,099	-184%	There was reduction from state department of Crop and Research
Photographic Materials	4,888,000	1,313,974	73%	There was low turnout of clients who needed video coverage
General office supplies (papers,pencils , etc)	831,000	1,665,108	-100%	The was inadequate allocation from kilimo
Sanitary and Cleaning Materials	325,800	532,738	-64%	The centre increased products to meet clients demands
Refined Fuel and Lubricants for Transport	1,065,000	748,171	30%	The centre utilised allocation from state department of Crop and Research
Bank charges	475,000	20,213	96%	The was less bank transaction
Fees and commission	216,000	-	100%	The was no litigation during the year
Security Services	360000	558,000	-55%	We hired extra guards during kakis conferences
Contracted Professional Services	1,966,000	2,660,350	-35%	The centre had to hire professional to supplement our staff
Maintenance Expenses - motor vehicles	744,000	617,987	17%	The centre utilised allocation from state department of Crop and Research

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019**

Maintenance Expenses - motor vehicles	744,000	617,987	17%	The centre utilised allocation from state department of Crop and Research
Maintenance of Plant, machinery and Equipment's	810,000	519,615	36%	The centre utilised allocation from state department of Crop and Research
Maintenance of buildings and stations	2,938,000	382,102	87%	The centre utilised allocation from state department of Crop and Research
Total expenditure	30,604,000	22,548,410		
Surplus for the period	10,796,000	5,124,318		

There no material events after the reporting date

Prof, Hamadi I Boga PhD
Principal Secretary.



Date.....

Charity W. Muriuki
Charity .W. Muriuki
Head of accounting unit
Icpak no. 5380

Date.....


X. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.					
2.					
3.					
4.					
5.					

Francis B. Magara
 Accountant

Date.....



23/10/2020



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