

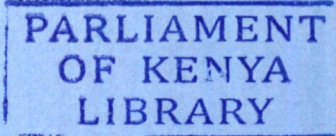


REPUBLIC OF KENYA



*Paper laid by the  
Leader of majority  
on Tuesday 12/6/2018  
M. J. J.*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

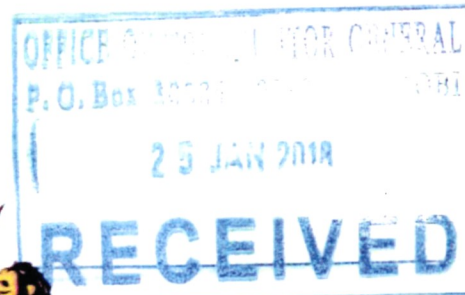
**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF**  
**GOVERNMENT PRESS FUND**

**FOR THE YEAR ENDED**  
**30 JUNE 2017**





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THE PRESIDENCY

MINISTRY OF INTERIOR AND CO-ORDINATION OF  
NATIONAL GOVERNMENT

**GOVERNMENT PRESS FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2017

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



**GOVERNMENT PRESS FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2017**



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**I. KEY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Government Press Fund was established in 1895 in Mombasa by then colonial government to provide essential printed materials, official rubber stamps for the government, moved to Nairobi on 15<sup>th</sup> January 1905 as Kenya - Uganda Press. Later it was changed again to its present name. In 1988 the Government Press Fund was established under the Exchequer and Audit (Government Press Fund) Regulations, 1988.

**(b) Principal Activities**

The principal activity of the fund is to publish, print and disseminate literary, accountable and educational materials.

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

1. Silvester Migwi – Government Printer
2. Geoffrey Runoh – Deputy Government Printer

**(d) Entity Headquarters**

P.O. Box 30128-00100  
Government Press  
Haile Selassie Avenue  
Nairobi, Kenya

**(e) Entity Contacts**

Telephone : (254) -020-2226596/7/8  
E-mail: [governmentpress@kenya.go.ke](mailto:governmentpress@kenya.go.ke)  
Website: [www.governmentpress.go.ke](http://www.governmentpress.go.ke)

**(f) Entity Bankers**

National Bank of Kenya  
Harambee Avenue  
P.O. Box 72866,  
City Square 00200, Nairobi, Kenya

**(g) Independent Auditors**

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

**(h) Principal Legal Adviser**

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

## **II. MANAGEMENT TEAM**



***Silvester N. Migwi***  
*Government Printer*

Mr. Silvester N. Migwi is the Government Printer. He has over forty years working experience in Printing and Publishing Industry. His wide experience has seen growth and modernization of Government Press.



***Geoffrey Runoh***  
*Deputy Government Printer*

Mr. Geoffrey Runoh has over twenty years working experience in the Printing and Publishing Industry. He is an accomplished manager having worked at the helm of various organizations namely; KNEC as a Senior Examination Secretary and headed the Print and Publications function at the KICD.

He has a MBA degree specializing in Strategic Management and a Bachelor of Commerce degree (BCOM) specializing in Management Science, both from the University of Nairobi. He has also undertaken a Bachelor of Philosophy (BPhil) degree in Printing Technology from the Technical University of Kenya. He had previously pursued a Diploma and Higher National Diploma from the same institution.

He is currently completing a Master of Science (MSc) Degree specializing in Publishing Studies at Moi University.

### **III. GOVERNMENT PRINTER'S STATEMENT**

We provide quality printing services to the Kenya Government promptly and at the most economical costs and to ensure adequate security and supply of all documents needed for the running of Ministries, Departments, Parastatals, Private Sector and the General Public.

We adhere to improve capacity building at the Government Press for effective and efficient delivery of services.

My commitment is to ensure that public services delivered in the Department are in accordance with the Constitution;

I also ensure modernization of the services by introduction of modern technologies and innovative service delivery systems to improve service delivery;

Lastly I ensure that officers in the Department demonstrate professionalism, transparency and accountability in performing their duties and that they show courtesy, integrity and neutrality in provision of services.

### **IV. CORPORATE GOVERNANCE STATEMENT**

We have no Board of Directors but derive our mandate as stipulated in The Exchequer and Audit (Government Press Fund) Regulations, 1988.

### **V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

Government Press is a department in the Ministry of Interior. It is committed in doing activities in a responsible, sustainable and meaningful way. Taking into account the environment and the community.

#### **Environment**

During the financial year 2016/2017 the management and the staff were involved in the tree planting exercise to keep the scenery beautiful, prevent the environment from pollution, trap dust, provide shade from solar radiation and reduce noise. The trees were planted in Government press compound and in Langata Women Prison.

#### **Community**

The management and the staff of the department have always been mindful of the social well being of others hence the need to give back to the community in their own small ways.

In this regard therefore, Government Press staff planned a visit to Langata Women Prison Children department on 9th September 2016.

The Initiative was coded **"GP STAND TO BE COUNTED"** and had targeted underage children, (below 5 years) who live with their mothers who are inmates.

The event was successful through personal contributions of cash and clothing valued KSh. 150,000.

**GOVERNMENT PRESS FUND**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2017**

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**VI. REPORT OF THE GOVERNMENT PRESS FUND**

The report together with the audited financial statements for the year ended 30 June 2017 which show the state of the Government Press Funds' affairs.

***Principal activities***

The principal activities of the Government Press to publish print and disseminate literary, accountable and educational materials.

***Results***

The results of the entity for the year ended 30 June 2017 are set out on page 1.

***Auditors***

The Auditor General is responsible for the statutory audit of the Government Press Fund in accordance with the Section 14 the Public Audit Act, 2003.

**By Order of the Accounting Officer**

**Nairobi**

Date.....

**GOVERNMENT PRESS FUND**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2017**

**VII. STATEMENT OF GOVERNMENT PRESS FUND'S MANAGEMENT RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 Act, require the Accounting Officer to prepare financial statements in respect of the Government Press Fund, which give a true and fair view of the state of affairs of the Government Press Fund at the end of the financial year and the operating results of the Government Press Fund for that year/period. The Accounting Officer is required to ensure that the Government Press Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Government Press Fund. The Accounting Officer is also responsible for safeguarding the assets of the Government Press Fund.

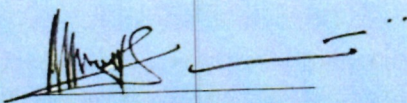
The Accounting Officer is responsible for the preparation and presentation of the Government Press Fund financial statements, which give a true and fair view of the state of affairs of the Government Press Fund for and as at the end of the financial year ended on 30 June 2017. This responsibility includes: (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 Government Press Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the Government Press Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act. The Management are of the opinion that the Government Press Fund's financial statements give a true and fair view of the state of Government Press Fund's transactions during the financial year ended June 30, 2017, and of the Government Press Fund's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the Government Press Fund, which have been relied upon in the preparation of the Government Press Fund's financial statements as well as the adequacy of the systems of internal financial control.

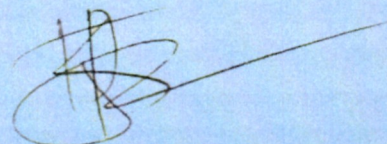
Nothing has come to the attention of the Accounting Officer to indicate that the Government Press Fund will not remain a going concern for at least the next twelve months from the date of this statement.

***Approval of the financial statements***

The financial statements were approved by the Government Printer on \_\_\_\_\_ and signed on his behalf by:



**Government Printer**



**Accounting officer  
State Department of Interior**



# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON GOVERNMENT PRESS FUND FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Opinion

I have audited the accompanying financial statements of Government Press Fund set out on pages 1 to 12, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Government Press Fund as at 30 June, 2017, 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 Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that public money has been applied lawfully and in an effective way.

##### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Government Press Fund in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### 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.

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*Report of the Auditor-General on the Financial Statements of Government Press Fund for the year ended 30 June 2017*

## **Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

## **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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 of Kenya. 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 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. 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 as a going concern.
- 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.



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

**Nairobi**

**04 May 2018**

**GOVERNMENT PRESS FUND**  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2017

**IX. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30TH JUNE 2017**

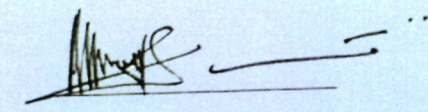
	Note	2016-2017 Kshs	2015-2016 Kshs
<b>Revenue from exchange transactions</b>			
Rendering of services	3	547,346,138	<u>480,436,318</u>
<b>Total revenue</b>		<b><u>547,346,138</u></b>	<b><u>480,436,318</u></b>
<b>Expenses</b>			
Cost of printing and other materials	4	(598,550,544)	<u>(437,468,750)</u>
<b>Total Expenses</b>		<b><u>(598,550,544)</u></b>	<b><u>(437,468,750)</u></b>
<b>Deficit for the period</b>		<b><u>(51,204,406)</u></b>	<b><u>42,967,568</u></b>

**X. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2017**

		2016-2017	2015-2016
<b>Assets</b>	<b>Note</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Current assets</b>			
Cash and cash equivalents	5	164,303,665	129,595,875
Receivables from exchange transactions	6	174,896,270	53,734,877
Inventories	7	<u>843,455,708</u>	<u>1,050,529,297</u>
<b>Total assets</b>		<b><u>1,182,655,644</u></b>	<b><u>1,233,860,049</u></b>
<b>Equity and Liabilities</b>			
<b>Capital and Reserve</b>			
Capital Reserve		30,000,000	30,000,000
Accumulated Surplus		<u>1,152,655,644</u>	<u>1,203,860,049</u>
<b>Total Equity and Liabilities</b>		<b><u>1,182,655,644</u></b>	<b><u>1,233,860,049</u></b>

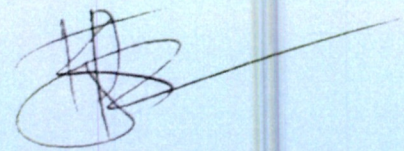
The Financial Statements set out on pages 1 to 4 were approved by the Government Printer and were signed on his behalf by:-

**Government Printer**



**Date.....**

**Accounting Officer**



**Date.....**

The notes set out on page 6 - 12 forms an integral part of the financial statement.

**XI. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017**

	Capital reserve Kshs	Revenue Reserve Kshs	Total Reserve Kshs
<b>Balance as at 1 July 2013</b>	30,000,000	622,957,218	652,957,218
(Deficit) for the year	-	<u>(24,287,178)</u>	<u>(24,287,178)</u>
<b>Balance as at 30 June 2014</b>	<b><u>30,000,000</u></b>	<b><u>598,670,040</u></b>	<b><u>628,670,040</u></b>
<b>As at 1<sup>st</sup> July 2014</b>	-	<u>184,683,226</u>	<u>184,683,226</u>
	<b><u>30,000,000</u></b>	<b><u>783,353,266</u></b>	<b><u>813,353,266</u></b>
<b>As at 1<sup>st</sup> July, 2014</b>	30,000,000	783,353,266	813,353,266
<b>Surplus for the Year</b>	-	<u>377,539,215</u>	<u>377,539,215</u>
<b>As at 30 June, 2015</b>	<b><u>30,000,000</u></b>	<b><u>1,160,892,481</u></b>	<b><u>1,190,892,481</u></b>
<b>As at 1<sup>st</sup> July, 2015</b>	30,000,000	1,160,892,481	1,190,892,481
Surplus for the Year	-	42,967,568	42,967,568
As at 30 June, 2016	30,000,000	1,203,860,049	1,233,860,049
As at 1 <sup>st</sup> July, 2016	30,000,000	1,203,860,049	1,233,860,049
Deficit for the Year	-	( 51,204,405)	(51,204,405)
As at 30 June, 2017	30,000,000	1,152,655,644	1,182,655,644

**Nature and purpose of Reserves.**

**Revenue Reserves**

These are surplus/deficits which the Press Fund has accumulated over the years.

**Capital Reserve**

This is a fund set up for undertaking production of various printing and publishing works and issued free of charge and in predetermined quantities to such departments and ministries as the officer administering the Fund may determine in consultation with Treasury.

**GOVERNMENT PRESS FUND****REPORTS AND FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2017

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**XII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017**

	2016/2017 Ksh	2015/2016 Ksh
<b>1. Cash flow from operating activities</b>		
Deficit for the year	(51,204,405)	42,967,568
<b>Net cash flow before working capital changes</b>	<b>(51,204,405)</b>	<b>42,967,568</b>
<b>Working capital changes</b>		
Decrease in inventories	207,073,589	(90,989,892)
Increase in Debtors	<u>(121,161,393)</u>	<u>40,777,677</u>
<b>Net cash (out flow)/Inflow from operating activities</b>	<b><u>34,707,791</u></b>	<b><u>88,800,001</u></b>
<b>2. Cash flow from investing activities</b>		
Net cash (outflow) inflow from investing activities	-	-
<b>3. Cash flows from financing activities</b>		
Increase/(Decreases) in cash and cash equivalents	34,707,791	88,800,001
Cash and cash equivalent at the beginning of the period	<u>129,595,874</u>	<u>218,395,875</u>
<b>Cash and cash equivalent at the end of the period</b>	<b><u>164,303,665</u></b>	<b><u>218,395,875</u></b>

**GOVERNMENT PRESS FUND****REPORTS AND FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2017

**XIII. STATEMENT OF COMPARISON OF ESTIMATE BUDGET AND ACTUAL AMOUNTS**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>
	<b>2016-2017</b>	<b>2016-2017</b>	<b>2016/2017</b>	<b>2016-2017</b>	<b>2016-2017</b>
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Rendering of services	520,000,000	-	520,000,000	547,346,138	27,346,138
<b>Total income</b>	<b>520,000,000</b>	<b>-</b>	<b>520,000,000</b>	<b>547,346,138</b>	<b>27,346,138</b>
<b>Expenses</b>					
Goods and services	520,000,000	-	520,000,000	598,550,544	78,550,544
<b>Total expenditure</b>	<b>520,000,000</b>	<b>-</b>	<b>520,000,000</b>	<b>598,550,544</b>	<b>78,550,544</b>
<b>Deficit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,204,405)</b>	<b>-</b>

\* During the year under review we surpassed our revenue target by Ksh27m which is 5% while our direct expenditure surpassed our target by 15%.leading to a deficit necessitated by the economic decline experienced in the financial year.

\* The Government press fund has no approved budget; however we have an estimate figure to realize. This figure is factored by the performance contract and the annual procurement plan.

#### XIV. NOTES TO THE FINANCIAL STATEMENTS

##### 1. Statement of compliance and basis of preparation

The Government Press Fund'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 Government Press Fund. 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 Government Press Fund 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 Government Press Fund.

###### b) Taxes – IAS 12

No taxation is provided for in the financial statements.

###### c) Financial instruments

###### *Financial assets*

###### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Government Press Fund determines the classification of its financial assets at initial recognition.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

***Impairment of financial assets***

The Government Press Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty.
- Default or delinquency in interest or principal payments.
- The probability that debtors will enter bankruptcy or other financial reorganization.
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

**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.

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 labour 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 Government Press Fund.

**e) Provisions**

Provisions are recognized when the Government Press Fund 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 Government Press Fund 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) *Contingent liabilities***

The Government Press Fund does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**g) *Contingent assets***

The Government Press Fund does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government Press Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**h) *Nature and purpose of reserves***

The Government Press Fund creates and maintains reserves in terms of specific requirements.

**i) *Changes in accounting policies and estimates***

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

**j) *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.

**k) *Comparative figures***

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

**l) *Significant judgments and sources of estimation uncertainty***

The preparation of the Government Press Fund'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.

***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 Government Press Fund 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

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arising beyond the control of the Government Press Fund. Such changes are reflected in the assumptions when they occur.

**m) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2017.

**(n) Risk Management**

We appreciate the various types of risks that we face as an organization such as Security risk, financial risk, Technological risk, Concentration risk in particular we are concerned about Financial risk with emphasis on debtors . Currently we do not have a risk management policy in place but we are using the best industry practice. At present our debtors stand at Kshs 174M out of this 116M representing 66.7% of total debtors. This presents a high default risk in case the single debtor fails to pay. We have since constituted a taskforce for the follow up of debt collection.

**NOTES TO THE FINANCIAL STATEMENTS(continued)**

<b>3. Rendering of services</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Proceeds from printing and sale of publications	547,346,138	480,436,318
<b>4. Cost of printing and other materials</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Opening Stock	1,050,529,297	959,539,405
Add: Purchases	<u>391,476,956</u>	<u>528,458,642</u>
	1,442,006,252	1,487,998,047
Less: Closing Stock	<u>(843,455,708)</u>	<u>(1,050,529,297)</u>
Direct Expenditure	<u><b>598,550,544</b></u>	<u><b>437,468,750</b></u>
<b>5. Cash and cash equivalents</b>		
Bank	163,643,307	128,928,606
Cash-in-hand and in transit	<u>660,357</u>	<u>667,269</u>

<b>Total cash and cash equivalents</b>	<b><u>164,303,665</u></b>	<b><u>129,595,875</u></b>
<b>6. Receivables from exchange transactions</b>	225,000	
Defence		
OOP/MICNG	7,647,600	
National Cohesion	36,000	
National Values	1,725,000	
Lands	116,350,000	
Auditor General	18,000	
National Police Service	73,750	
NTSA	8,480,000	
National Treasury	250,000	
NYS	2,270,000	
National Assembly	1,000,000	
Regional Coordinator Nairobi	25,000	
Immigration	1,625,000	
IEBC	-	5,461,757
KICD	-	145,000
KRA	-	12,957,200
JUDICIARY	35,170,920	35,170,920
	-	-
<b>Trade Receivables</b>	<b><u>174,896,270</u></b>	<b><u>53,734,877</u></b>
<b>7. Inventories</b>		
Publication	179,529,691	202,450,791
Bookshop	3,328,524	3,254,269
CRB	155,414,797	60,990,030
Dispatch	7,435,769	8,588,385
Inventory held in the paper store	288,963,781	398,120,650
Engineering	7,624,457	34,394,859
Inventory held in the planning office (WIP)	<u>201,158,689</u>	<u>342,730,313</u>
<b>Total inventories as at the lower of cost and net realizable value</b>	<b><u>843,455,708</u></b>	<b><u>1,050,529,297</u></b>

**8. Events after the reporting period**

There are no material non-adjusting events after the reporting date.

**9. Voted Provision**

We received from voted account Kshs.776M. Kshs314M for operation and maintenance, Personal emolument Kshs402M and Kshs60M for Development respectively. These funds are meant for administrative purpose. Personal emolument utilized Kshs.401M being the largest percentage of the recurrent vote and Development utilized Kshs.60M. Operation and maintenance utilized Kshs.220M. However, there is a component, supplies of production which assist in procuring material of which part of it is used by the office and state functions. Therefore, the voted provision is purely for running the Department operations as it is stated in the Exchequer and Audit act of 1988 regulation. The voted provision is recognized and accounted for in the financial accounts of the Ministry of Interior and Coordination of National Government.

**10. Capital Reserve Fund**

This relates to the initial funds received from the Government of Kenya upon the establishment of the fund in the Exchequer and Audit Act of 1988 Regulations.

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**XV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

All audit issues raised by the external auditor were resolved and concluded during the audit process. There are no audit issues that

Were carried forward.

Government Printer  Accounting Officer 

Date.....Date .....

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**XVI. GLOSSARY OF ABBREVIATIONS**

- IPSAS – International Public Sector Accounting Standards
- KSHS – Kenya Shillings
- PFM – Public Finance Management
- GP - Government Press

