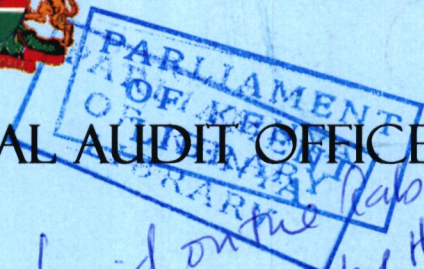


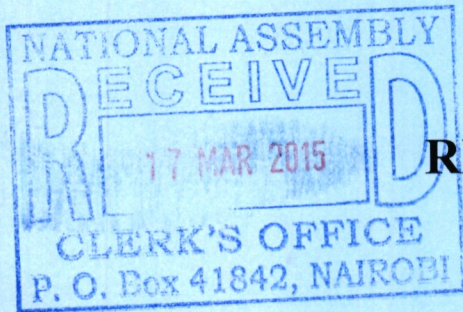
REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**



*Laid on the Table of the House by Hon. A. D. ... (hon) on 19.3.2015.*



**REPORT**

**OF**



KENYA NATIONAL AUDIT OFFICE

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA PRISONS FARMS REVOLVING FUND**

**FOR THE YEAR ENDED  
30 JUNE 2014**



# REPUBLIC OF KENYA

Telephone: +254-20-3342330  
Fax: +254-20-3311482  
E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



NAIROBI HUB  
P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA PRISONS FARMS REVOLVING FUND FOR THE YEAR ENDED 30 JUNE 2014

---

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Prisons Farm Revolving Fund, set out on pages 1 to 20, which comprise the statement of financial position as at 30 June, 2014, the 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 8 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 7 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 9 of the Public Audit Act, 2003. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

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

### **Basis for Qualified Opinion**

#### **1. Suspense Account**

The statement of financial position reflects a balance of Kshs. 15,639,561.00 against suspense account which has not been analysed or explained. The management has attributed the suspense to disparities in the stock taking methods applied in different stations and also indicated that verification of stocks is ongoing to reconcile physical stock take and ledger cards. However, management has not instituted guidelines on stock taking. In the circumstances, the accuracy of account balance of Kshs.15,639,561.00 could not be confirmed.

#### **2. Paymaster General Account**

The statement of financial position for the year ended 30, June, 2014 reflects a cash balance of Kshs. 110,344,815.00 against paymaster General Account (PMG). The balance of Kshs. 110,344,815.00 as at 30 June 2014 has not been supported with cashbook, bank certificate and bank statement balances. Under the circumstances, the accuracy of this balance could not be confirmed.

#### **3. Debtors**

The statement of financial position as at 30 June, 2014 reflects a balance of Kshs. 53,947,131.21 against debtors. This balance represents the value of farm produce supplied to various prisons to feed prisoners. However, the Parent Ministry had not reimbursed the same to the Fund as at the end of the financial year.

#### **4. Fixed Assets Register**

Although the statement of financial position reflects Kshs. 37,151,088.00 as at 30 June 2014 against fixed assets, the management of the Fund did not avail the fixed assets register for audit review and verification of the assets.

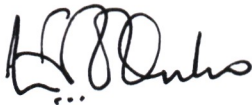
In addition, the statement reflects Kshs. 5,212,600.00 against farm machinery, whose condition appears to be obsolete. In the circumstances, therefore, it was not possible to conform the existence and values of the fixed assets as at 30 June 2014.

## **5. Illegal Encroachment**

At Kamiti Prisons audit verification revealed that un-specified pieces of land were under cultivation of maize and vegetables by unspecified/unknown persons. No evidence was produced to show that such persons had any agreement with Prisons Department. The pieces of land under cultivation, therefore, appear to have been illegally encroached posing a security threat to the prisons.

### **Qualified Opinion**

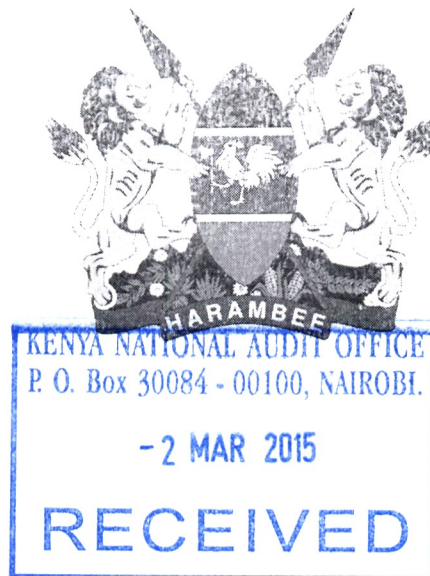
In my opinion, except for the effect of the matters described in the Basis for Qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Prisons Farm Revolving Fund as at 30 June, 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with the Public Finance Management Act 2012.



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

**Nairobi**

**18 February 2015**



**KENYA PRISONS SERVICE**  
*(KENYA PRISONS FARMS REVOLVING FUNDS (P.F.R.F))*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2014**

---

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

## APPENDIX

1. KEY ENTITY INFORMATION AND MANAGEMENT \_\_\_\_\_(ii, iii )
2. PRINCIPAL ACTIVITIES \_\_\_\_\_(iv)
3. STATEMENT BY THE OFFICER ADMINISTERING THE FUND \_\_\_\_\_(v)
4. STATEMENT BY THE COMMISSIONER GENERAL OF PRISONS\_ \_\_\_\_\_(vi)
5. STATEMENT BY THE DIRECTOR OF PRISONS ENTERPRISES \_\_\_\_\_(ix)
6. STATEMENT BY THE DEPUTY DIRECTOR PRISONS FARMS\_\_\_\_\_ (xi)
7. STATEMENT OF OFFICER ADMINISTERING THE FUNDS RESPONSIBILITY\_ (xii)
8. REPORT OF THE INDEPENDENT AUDITORS \_\_\_\_\_ (xiv)
9. STATEMENT OF FINANCIAL PERFORMANCE\_\_\_\_\_ (1)
- 10.STATEMENT OF FINANCIALS POSITION\_\_\_\_\_ (3)
- 11.STATEMENT OF CHANGES IN NET ASSETS \_\_\_\_\_ (4)
- 12.STATEMENT OF CASH FLOWS \_\_\_\_\_(5)
- 13.STATEMENT OF COMPARISONS OF BUDGET AND ACTIVAL AMOUNTS \_\_ (6)
- 14.NOTES OF THE FINANCIAL STATEMENTS \_\_\_\_\_(8-19)
- 15.PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATION \_\_ \_\_\_\_\_(20)

## KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

#### ESTABLISHMENT OF THE FARMS REVOLVING FUND

LEGAL NOTICE No. 87

##### THE EXCHEQUER AND AUDIT ACT (Cap. 412)

IN EXERCISE of the powers conferred by sections 34 (1) and 36 of the Exchequer and Audit Act, the Minister for Finance makes the following Regulations:-

##### THE EXCHEQUER AND AUDIT (PRISON FARMS FUND) REGULATIONS, 1993

1. These Regulations may be cited as the Exchequer and Audit (PRISONS FARMS FUND) Regulations, 1993 and shall be deemed to have come into operation on the 1<sup>st</sup> July, 1992.

2. In these Regulations, unless the context otherwise requires-

“Financial year” means the period of twelve months ending  
On 30<sup>th</sup> June in each year;

“Fund” means the Prison Farms Fund established by regulate on 3;

“Officer administering the Fund” means the accounting officer of the Ministry for the time being responsible for prisons or any person appointed by him in writing for that purpose.

3. (1) There shall be established a fund to be known as the Prison Farm Fund which shall consist of moneys appropriated by Parliament for that purpose.

(2) The Fund shall be administered by the accounting officer of the Ministry for the time being responsible for prisons or any person appointed by him in writing to administer the Fund on his behalf.

(3) All moneys realized from the sale of farm produce, livestock, surplus and unserviceable items of farms assets authorized for disposal by the officer administering the Fund or on his behalf shall be paid into the Fund.

(4) The object and purpose of the Fund is to provide funds required for the development and running of Prison farms for training and rehabilitation of prisoners and inmates.

4. (1) The initial capital of the Fund shall be K£210.000 appropriated by Parliament for that purpose in the 1992/93 financial year.

(2) The surplus realized in any financial year from the operations of the Fund shall be retained on a reserve account of the Fund and any deficiency realized in any financial year shall, subject to prior concurrence of the Treasury, be offset against the realized surplus held in the reserve account of the Fund.

5. The purchase of farm produce from prison farms shall be open to Government ministries or departments, local authorities, state corporations, private organizations and individuals.

6. The selling prices of the farm produce and livestock referred to in regulation 3 shall, where they are not subject to international market forces, be reviewed from time to time by the officer administering the Fund in consultation with the Treasury.

7. The expenditure on development and running of prison farms under the Fund shall be on the basis of and limited to the annual budget which shall be submitted to the Treasury for approval before the

beginning of the financial year to which the budget relates, and any revision of the approved annual budget shall be referred to the Treasury for necessary approval.

8. The Government procurement and disposal procedures shall be strictly adhered to.

9. All receipts, earnings and accruals of the Fund and the balance of the Fund at the close of each financial year shall be retained for the purpose for which the Fund is established.

10. The officer administering the fund shall:-

- (a) Supervise and control the administration of the Fund;
- (b) Consult with the Minister for the time being responsible for matters relating to finance as may from time to time be required;
- (c) If he thinks fit, impose conditions on the use of any expenditure authorized by him or on his behalf and may impose any reasonable prohibition, restriction or other requirement concerning such use or expenditure;
- (d) Cause to be kept all proper books of accounts and other books and records relating to the Fund and to all the various activities and undertakings financed by the Fund;
- (e) Prepare, sign and transmit to the controller and Auditor – General in respect of each financial year and within four months after the end thereof, a statement of account relating to the Fund in such form as the Treasury may from time to time direct, in accordance with section 18 (2) of the Act.

Made on the 8<sup>th</sup> April, 1993.

W. M. MUDAVADI,  
*Minister for Finance.*

## **Principal Activities**

The principal activity of the Prisons Farm is to train and rehabilitate prisoners and inmates on general Agriculture and procure necessary raw materials, tools, plants and equipment required thereof and offer for food and ration to inmates.

## **Management**

The Directors who served the entity during the year were as follows.

Mr.Mutea Iringo OGW,EBS,CBS  
Isaya M. Osugo,CBS  
Josphat K. Ituka,MBS  
Mr.Patrick Kariri

Interior and Coordination of National Government  
Commissioner General of Prisons  
Director Prison Enterprises  
Deputy Director Prison Farm

## **Registered Office**

Teleposta Building  
Kenyatta Avenue  
P.O. Box 30478  
Nairobi, KENYA

## **Corporate Contacts**

Telephone: (254) -20-2722900-6  
E-mail: [commissioner.prisons.go.ke](mailto:commissioner.prisons.go.ke)  
Website: [www.go.ke](http://www.go.ke)

## **Corporate Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

## **Independent Auditors**

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

## **Principal Legal Advisers**

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

## STATEMENT BY THE OFFICER ADMINISTERING THE FUND



**Mr. Mutea Iringo OGW, EBS, CBS**  
**PS- Interior and Coordination of National Government**

The Prisons Farms Revolving Fund was established by the Exchequer and Audit (Prison Farms Fund) Regulations, 1993 Legal Note No. 87 with initial capital of 4.2 million. The object and purpose of the fund is to provide funds required for the development and running of prison farms for training and rehabilitation of prisoners and inmates. All moneys realized from the sale of farm produce, livestock, surplus and unserviceable items of farms assets authorized for disposal by the officer administering the fund is paid into the fund account. The surplus realized in any financial year is retained in the fund reserve account pending Treasury's decision on its disposal. Since establishment, the fund has continued to meet its purpose and objectives. During the year under review, the fund business turnover was Kshs. 231,175,641.66 and realized a surplus of Kshs. **50,387,194.32**. The net asset base of the fund increased from 295,283,092.64 in 2012/2013 to 345,670,289.56 in 2013/2014 financial years. Similarly, accumulated surplus money held at Pay Master General Account increased from Kshs. 56,021,755.07 to Kshs. 110,344,815.00 in the same period. Indeed this was a great improvement in the operations of the fund.

I take this opportunity to sincerely thank the Commissioner General of Prisons and his management team for instituting prudent measures to ensure that the fund continued to grow and meet its set objectives. I urge prison department to double its efforts to ensure that the fund not

only fulfills its purpose but also produce adequate food to feed the entire prison population and ensure that Prisons are self sufficient in food production.

#### **STATEMENT BY THE COMMISSIONER GENERAL OF PRISONS**



**ISAYA M. OSUGO, CBS  
COMMISSIONER GENERAL OF PRISONS**

The establishment of Prison Farms Revolving Fund in 1993 has provided the much needed support for prisons farming activities by ensuring timely and reliable source of money required for procurement of farm inputs. During the year under review, the fund supported farming activities in 85 agricultural prisons across the country and offered agricultural training to over 10,000 prisoners in various fields. Rehabilitation of prisoners through agricultural training in modern farming methods and technology is one of the most appropriate training as agriculture is the backbone of Kenya's economy. Prisoners who benefit from agricultural training in prison farms leave prisons with sufficient and relevant skills ready to be absorbed and integrated into the fast growing agricultural sector. This does not only provide chance for prisoners to get

employment but also contribute to national food security and poverty reduction in line with vision 2030

Food produced from prison farms is supplied to prisoners ration and paid for by the department at subsidized cost and the money realized recycled to the fund for further training and food production. In the last financial year alone, prison farms supplied to the prisoners food and ration food worthy Kshs. 146 million. This has helped prisons to reduce the cost of feeding prisoners and ensure fresh and nutritious supply of food for prisoners. However, food supplied to prisoners food and ration from prison farms is just a drop in the ocean. Food requirement in prisons is one of the biggest concern for the government today and prison farm have a great opportunity to fully utilize all available land and prisoners labour to bridge this gap.

The growth witnessed in the fund during the year under review is commendable. Surplus funds realized in the operation of the fund will be ploughed back into the farming activities to expand and improve on prisoners training program and food production to ensure that prisons become food self sufficient in the very near future.

## STATEMENT BY THE DIRECTOR OF PRISONS ENTERPRISES



**JOSPHAT K. ITUKA, MBS, DCP**

**DIRECTOR OF PRISONS ENTERPRISES**

The Kenya Prisons Enterprises comprise of Prisons Farms and Industries. Prison Farms operate under the Prisons Farms Revolving Fund established by Legal Notice No. 84 of the Exchequer and Audit Act (Cap 412) Regulations, 1993.

During the financial year 2013/2014, the operations of prisons farms revolving fund remained focused on the set purpose and objectives. As a result, the performance of the fund was impressive. Prison farms remained as centres for training and learning for prisoners and by extension demonstration farms for the local communities. The number of prisoners joining agricultural training in various fields increased from 8, 700 in 2012/2013 to 10, 300 in 2013/2014. Besides employing technical agricultural prison officers in the training programme, prison farms also partnered and collaborated with nongovernmental agro- business organizations key among them being Faraja Trust, Resource Oriented Initiative (Rodi) and local universities. The joint collaboration enriched the training program, exchange of best practices and lessons learnt in the field of agriculture.

During the year under review, prison farm also experienced great expansion and intensification of farming. Land under cultivation increased from 2,300 Acres to 3,500 Acres while unit production increased by between 10% and 18% in different agricultural activities. Rice growing was introduced in Kibos and Kisumu while new varieties which grown with less water were

introduced. Deliberate attempts were also made to migrate from rain fed agriculture to irrigation. Prison farms revived irrigation at Nyeri, Kamiti, Kibos and Embu prison farm. Plans have also been made to acquire land at Galana Kulalu, Hola and Bura irrigation schemes. Efforts were also made to diversify food production with improved management of cash crops (tea and coffee) fisheries, pigs, sheep, goats and Chicken.

Generally the year 2013/2014 has been a rejuvenation period for prison farms. The year's performance has set a benchmark and plans have been formulated and piloted to scale up food production from prison farms for prison's food self- sustainability.

## **STATEMENT BY THE DEPUTY DIRECTOR PRISON FARMS**



### **MR.PATRICK M. KARIRI, MKIM**

During the financial year ended 30<sup>th</sup> June 2014, 85 Prison stations were involved in various agricultural activities for which they were funded through the Kenya Prisons Farms Revolving Fund (PFRF). An amount of Ksh38,152,242.14 was expended as operating costs during the year for all the Prison stations.

The object and purpose of the fund is to provide funds required for the development and running of Prison farms for training and rehabilitation of prisoners and inmates. Sale of farm produce is open to Government ministries or Departments, Local authorities, state corporations, private organizations and individuals. Farming activities carried out in the stations during the year include horticulture and afforestation, food and cash crop production and livestock rearing. The

arable land under cultivation was 3500 acres representing about 47% of land available for farming. The livestock population stood at 2676 animals at the closure of the financial year. During the year, almost all the food crop produce was supplied to the prison kitchens as food ration for prisoners and inmates. Vegetable production and supply to prisoners food ration performed very well accounting to 80% of the annual requirement.

Farm production was affected by a number of challenges during the year, key among them late supply and procurement of farm inputs caused by late issuance of AIE as new Government structures we being put in place which affected the Prisons Farms Revolving Funds. Nearly all stations continued to relay on rain fed agriculture and the weather conditions were not favorable in the key production areas.

During the course of the year, we increased acreage under maize in the main producing areas by 250 acres and started rice production in Kibos Medium prison and Kisumu Medium prison by piloting 25 Acres and 30 Acres respectively in those stations. The cash crops Tea and Coffee did particularly well realizing revenue of Ksh 16.4million.

The year ahead looks promising especially the maize crop from which we expect a good harvest from the main producing stations. It is also projected that acreage under the maize crop and rice will be increased by a further 600 acres. New farm equipment and machinery will be procured as captured in the budget. Emphasis will also be laid on livestock to increase production of meat towards food ration for inmates and prisoners

## STATEMENT OF OFFICER ADMINISTERING THE FUND'S RESPONSIBILITIES

The Exchequer and Audit Act Cap 412 under Legal Notice No.87 of 1992, require the Officer Administering the fund to prepare financial statements in respect of *Prison Farms Revolving Fund*, which give a true and fair view of the state of affairs of the *Fund*, at the end of the financial year/period and the operating results of the *Fund* for that year/period. The Officer Administering the fund is also required to ensure that the *Funds* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Revolving fund*. The Officers are also responsible for safeguarding the assets of the *Fund*.

The Officer Administering the fund is responsible for the preparation and presentation of the *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, 2014. 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 Farms; (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 *Funds*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Officer administering the funds accept responsibility for the Prisons *Farms 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 Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Officer Administering the fund is of the opinion that the *Fund's* financial statements give a true and fair view of the state of *Fund's* transactions during the financial year ended June 30, 2013, and of the *Fund's* financial position as at that date. The Officer Administering the fund further confirm the completeness of the accounting records maintained for the *Farm*, which have been relied upon in the preparation of the *Prisons Farm 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 Officer Administering the funds to indicate that the *Fund's* 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 *Prison Farms Revolving Fund* financial statements were approved by the Principal Secretary State Department of coordination, \_\_\_\_\_ 2014

---

P.S STATE DEPARTMENT OF COORDINATION

**REPORT OF THE INDEPENDENT AUDITORS**  
ON THE *PRISON FARM FUND*

We have audited the accompanying (consolidated) financial statements of *Prison Farm Revolving* for the year ended June 30, 2014, which comprise: (i) a statement of comprehensive income; (ii) a statement of financial position as at June 30, 2013; (iii) a statement of cash flows; (iv) a summary of significant accounting policies; and (v) other explanatory notes.

**Management's responsibility for the financial statements**

The Officers Administering the funds are responsible for the preparation and fair presentation of the financial statements which give a true and fair view of the entity's state of affairs and its operating results in accordance with International Financial Reporting Standards, and for such internal control as the Officers Administering the fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Prisons farms Revolving fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the *Prison Farms Revolving Fund* as at June 30, 2014, and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards, the Public Finance Management Act, the State Corporations Act, and the Companies Act.

---

Auditor General

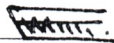
---

Date

**KENYA PRISONS FARMS FUND ACCOUNT**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2014**

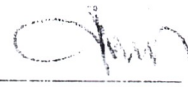
DETAILS	NOTE	2013-2014	2012-2013
<b>Sales</b>	<b>2</b>	231,175,641.66	166,363,893.35
Less: previous Debts paid during the year		142,738,981.20	51,147,557.50
		<b>88,436,660.46</b>	<b>115,216,335.85</b>
<b>Opening Stock (1-7-2013)</b>			
Livestock		21,093,780.00	19,494,394.50
Growing Crops		50,213,600.00	65,214,336.10
Harvested Crops		10,060,893.00	1,636,200.00
Farm Inputs		6,225,199.00	2,587,715.00
<b>Sub-Total</b>		<b>87,593,472.00</b>	<b>88,932,645.60</b>
<b>ADD PURCHASES</b>	<b>3</b>	54,195,240.00	33,121,000.00
<b>Sub-Total</b>		<b>141,788,712.00</b>	<b>122,053,645.60</b>
<b>LESS CLOSING STOCK</b>			
Livestock		25,980,990.00	21,093,780.00
Growing Crops	<b>4</b>	78,280,633.00	50,213,600.00
Harvested Crops		28,075,550.00	10,060,893.00
Farm Inputs		9,554,315.00	6,225,199.00
<b>Sub-Total</b>		<b>141,891,488.00</b>	<b>87,593,472.00</b>
<b>Cost of Sales</b>		(102,776.00)	34,460,173.60
<b>Gross Profit/Loss</b>		<b>88,549,436.46</b>	<b>80,756,162.25</b>
<b>Less Operating Expenses:</b>			
2210101 - Electricity			10,000.00
2210102 - Water & Sewerage Charges		100,000.00	200,000.00
2210203-Postal services		5,970.00	
2210301 - Travel Costs		972,210.00	1,998,546.00
2210302 - Accom. Domestic travel		4,498,575.00	3,859,230.00
2210303 - Daily Subsistence		4,351,975.00	2,575,650.00
2210504 - Advertising Awareness & Publicity		25,000.00	23,995.00
2210505 - Trade Shows & Exhibition		243,600.00	466,000.00
2210503 Subscription to newspapers		109,500.00	77,160.00
2210801-catering services		139,000.00	147,425.00
2211016 - Purch. Of Uniform & Clothing (Staff)		80,000.00	139,891.00
2211101 - General Office Supplies		1,772,320.00	1,564,915.00
2211102 Supplies and Accessories for Computers			100,000.00

2211201 - Refined Fuel & Lubricants for Transport		5,189,633.00	2,852,514
2211202 - Refined Fuel & Lubricants for Production		10,967,221.00	8,474,832
2211324-Land Registration			3,000
2220101 - Maint. M/Vehicle		776,945.00	1,262,404
2220201 - Maint. Of Plant, Mach. & Equip		3,961,985.00	3,652,609
2220209 - Minor Alteration to building & C/Works		1,090,083.00	2,286,988
Depreciation - uncoded	1C	3,368,223.14	3,648,589
<b>Total Operating costs</b>		<b>38,152,242.14</b>	<b>33,343,749</b>
<b>Net Profit/Loss</b>		<b>50,387,194.32</b>	<b>47,412,412</b>



MR.MUTEA IRINGO OGW,EBS,CBS

PS- Interior and Coordination of National Government



ISAYA M. OSUGO, CBS

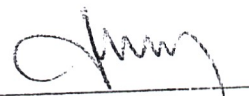
Commissioner General of Prisons

**KENYA PRISONS FARMS REVOLVING FUND**  
**STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2014**

DETAILS	NOTES	2013/2014	2012/2013
		KSH	KSH
<b>FIXED ASSETS</b>			
Motor Vehicles NBV		11,547,013.80	12,830,014.00
Tractors		13,949,640.73	15,499,600.81
Farm machinery		5,212,600.01	4,976,522.92
Computers		2,380,360.01	2,505,642.12
Motor bikes		1,152,779.53	1,213,452.53
Trailers		1,812,391.85	1,907,780.89
Scrap machinery	8	1,096,300.00	1,096,300.00
<b>Total Fixed Assets</b>		<b>37,151,088.16</b>	<b>40,029,313.27</b>
Investments	5	2,364,895.00	2,364,895.00
<b>SUB TOTALS</b>		<b>39,515,982.35</b>	<b>42,394,208.27</b>
<b>CURRENT ASSETS</b>			
Livestock		25,980,990.00	21,093,780.00
Growing crops	4	78,280,633.00	50,213,600.00
Harvested crops		28,075,550.00	10,060,893.00
Farm inputs		9,554,315.00	6,225,199.00
Debtors	6	53,947,131.21	143,924,973.60
P.M.G.	9	110,344,815.00	56,021,755.07
<b>Total Current Assets</b>		<b>306,183,434.21</b>	<b>287,540,200.67</b>
<b>LESS CURRENT LIABILITIES</b>			
Creditors	10	29,127.00	34,651,316.30
<b>Net Current Assets</b>		<b>306,154,307.21</b>	<b>252,888,884.37</b>
<b>NET ASSETS</b>		<b>345,670,289.56</b>	<b>295,283,092.64</b>
<b>FINANCED BY;</b>			
Prisons farm fund account	11	4,200,000.00	4,200,000.00
Accumulated reserves	12	273,078,638.80	225,666,226.38
Capital investment reserve	5	2,364,895.00	2,364,895.00
Suspense	13	15,639,561.44	15,639,558.44
<b>NET PROFIT/LOSS</b>		<b>50,387,194.32</b>	<b>47,412,412.82</b>
		<b>345,670,289.56</b>	<b>295,283,092.64</b>



MR.MUTEA IRINGO OGW.E 3S,CBS  
 PS- Interior and Coordination of National Government



ISAYA M. OSUGO, CBS  
 Commissioner General of Prisons

**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended 30 June 2014**

	<b>Farms account</b>	<b>Accumulated Reserves</b>	<b>Capital Investment</b>
<b>Balance as at 30<sup>th</sup> June,2012</b>	<b>4,200,000.00</b>	<b>184,976,217.45</b>	<b>2,364,895.00</b>
<b>Add surplus for the prev.year</b>	<b>(-)</b>	<b>40,690,008.93</b>	<b>(-)</b>
<b>Balance as at 30<sup>th</sup> June, 2013</b>	<b>4,200,000.00</b>	<b>225,666,226.38</b>	<b>2,364,895.00</b>
<b>Add surplus for the prev.year</b>	<b>-</b>	<b>47,412,412.82</b>	<b>-</b>
<b>Balance as at 30<sup>th</sup> June,2014</b>	<b>4,200,000.00</b>	<b>273,078,639.80</b>	<b>2,364,895.00</b>

## STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES ( REVENUE COLLECTION )	2013-2014	2012-2013
RECEIPT FROM VARIOUS STATION	178,414,502.85	107,030,736.15
<b>PAYMENTS;</b>		
2210101 - Electricity	-	10,000.00
2210102 - Water & Sewerage Charges	100,000.00	200,000.00
2210203-Postal services	5,970.00	
2210301 - Travel Costs	972,210.00	1,998,546.00
2210302 - Accom. Domestic travel	4,498,575.00	3,859,230.00
2210303 - Daily Subsistence	4,351,975.00	2,575,650.00
2210504 - Advertising Awareness & Publicity	25,000.00	23,995.00
2210505 - Trade Shows & Exhibition	243,600.00	466,000.00
2210503 Subscription to newspapers	109,500.00	77,160.00
2210801-catering services	139,000.00	147,425.00
2211016 - Purch. Of Uniform & Clothing (Staff)	80,000.00	139,891.00
2211101 - General Office Supplies	1,772,320.00	1,564,915.00
2211102 Supplies and Accessories for Computers		100,000.00
2211201 - Refined Fuel & Lubricants for Transport	5,189,633.00	2,852,514.20
2211202 - Refined Fuel & Lubricants for Production	10,967,221.00	8,474,832.70
2211324-Land Registration		3,000.00
2220101 - Maint. M/Vehicle	776,945.00	1,262,404.00
2220201 - Maint. Of Plant, Mech. & Equip	3,961,985.00	3,652,609.50
2220209 - Minor Alteration to building & C/Works	1,090,080.00	2,286,988.00
2211003-Veterinary materials	3,694,059.00	5,410,137.00
2211004-Fungicides and sprays	6,740,970.00	4,881,243.00
3111301 -Certified Seed	4,241,682.00	4,560,735.00
2211007-Purchase of Agri,materials	39,518,529.00	13,268,885.00
3111302-Breeding stock		5,000,000.00
Add Payment (Creditors) from previous year b/d	34,622,189.30	
<b>SUB-TOTAL PAYMENT</b>	<b>123,101,443.30</b>	<b>62,816,160.40</b>
<b>ADD CASH FLOWS FROM INVESTING ACTIVITIES;</b>		
Purchases of plant and Equipments (Posh mill)	990,000.00	
<b>TOTAL PAYMENT</b>	<b>124,091,443.30</b>	<b>62,816,160.40</b>
NET INCREASE/(DECREASE) IN CASH	54,323,059.55	44,214,575.75
cash equivalent as at 1st July	56,021,755.07	11,807,179.32
<b>cash equivalent as at 30th June</b>	<b>110,344,814.62</b>	<b>56,021,755.07</b>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FARM'S BUDGET**

<b>ITEM</b>	<b>DESCRIPTION</b>	<b>ORIGINAL BUDGET 2013-2014</b>	<b>ADJUSTMENTS 2013-2014</b>	<b>FINAL BUDGET 2013-2014</b>	<b>ACTUAL COMPARABLE BASIS 2013-2014</b>	<b>PERFORMANCE DIFFERENCE 2013-2014</b>
	<b>TOTAL INCOME (REVENUE)</b>	<b>178,414,502.85</b>			<b>178,414,502.85</b>	
2210101	Electricity	200,000	(100,000)	100,000		100,000
2210102	Water/sewage charges	200,000		200,000	100,000	100,000
2210201	Tel, Tax & mobile services	100,000		100,000		100,000
2210203	postage services	100,000		100,000	5,970	94,030
2210301	Travel cost	2,000,000		2,000,000	972,210	1,027,790
2210302	Accommodation, travel	4,000,000		4,000,000	4,498,575	(498,575)
2210303	daily sub allowance	3,000,000		3,000,000	4,351,575	(1,352,575)
2210503	Subscription to newspaper	200,000	(100,000)	100,000	109,500	(9,500)
2210504	Advertising awareness	200,000	(100,000)	100,000	25,000	75,000
2210505	Trade shows & Exhibition	500,000		500,000	243,600	257,000
2210706	Book allowance	70,000		70,000		70,000
2210707	Project allowance	80,000		80,000		80,000
2210711	Tuition fee allowance	1,500,000	(1,000,000)	500,000		500,000
2210801	Catering services	150,000		150,000	139,000	11,000
2211003	Veterinarian supplies	5,000,000		5,000,000	3,694,059	1,305,941
2211004	Fungicide, insecticides, sprays	5,000,000	1,800,000	6,800,000	6,740,970	59,030
2211007	Agri, mat, & small equip	35,000,000	7,500,000	42,500,000	40,508,529	1,991,471
2211016	Purchase of uniform	1,000,000	(500,000)	500,000	80,000	420,000
2211101	General office supplies	2,000,000		2,000,000	1,772,320	227,680
2211102	Supplies & Accessories	100,000		100,000		
2211201	Refined fuel for transport	5,000,000		5,000,000	5,189,633	(189,633)
2211202	Refined fuel for production	12,000,000		12,000,000	10,967,221	1,032,779

2211301	Bank services	50,000			50,000			50,000
2211324	Registration of land	50,000			50,000			50,000
2220101	Maint.expense of M/vehicle	2,000,000	(500,000)		1,500,000	676,945		823,055
2220201	Maint.expense of Ma/equip	6,000,000			6,000,000	3,961,985		2,038,015
2220209	Minor alt to building	3,000,000	(1,000,000)		2,000,000	1,090,080		909,920
2220210	Maint of comp.software	300,000			300,000			300,000
3110701	Motor vehicles	4,000,000			4,000,000			4,000,000
3110705	Pur. Of trucks & trailers	10,000,000			10,000,000			10,000,000
3110706	Pur. Of trucks & trailers	2,000,000			2,000,000			2,000,000
3110002	purchase of computers	300,000	(300,000)		(-)			
3111004	Pur. of exchange & others	200,000	(200,000)		(-)			
3111103	Pur. Of agri. Mach	5,000,000			5,000,000			5,000,000
3111301	Purchase of certified crops	5,500,000			5,500,000	4,241,682		1,258,318
3111302	Purchase of breeding stock	7,000,000	(5,500,000)		1,500,000			1,500,000
	<b>TOTAL EXPENDITURE</b>	<b>122,800,000</b>	<b>18,600,000</b>		<b>122,800,000</b>	<b>89,469,254</b>		<b>33,330,746</b>
	SURPLUS FOR THE PERIOD	55,614,502.85				88,745,248.85		

## NOTES TO THE FINANCIAL STATEMENTS

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

The Prisons Farms Revolving 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 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**  
**PRISONS FARM REVOLVING FUND 30<sup>TH</sup> JUNE 2014**  
**NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES**

**(a) 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.

Depreciation- is calculated on reducing balance basis at annual rates estimated to write off carrying values of the assets over their expected useful lives. The annual depreciation rates in use are:-

Tractors	10%
Computers	5%
Machinery	5%
Motor vehicles	10%
Tools	331/3%

**(b) Sales Recognition**

Sales are recognized to the extent that is probable that the economic benefits will flow to the Prison Farm Fund and the sales can be reliably measured. The sales value includes cash sales and credit sales invoiced to individuals, all Prison Stations and government Ministries and Departments.

**(c) 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.

**(d) Capital Investment Reserves**

This is recognized when allotment of shares was done by issuing organization to its members. The investments in KTDA Ltd quoted were issued without cash exchange but purely on membership as a producer of tea in the respective factories. Being a capital transaction in principle, the shares are thereby recognized as investment and accordingly an investment reserve has been created to recognize this.

**(e) Revenue Reserve**

Constitutes retained surpluses from operations of the fund pending Treasury decision on its disposal. Any deficiency realized in any financial year shall, subject to Treasury approval, be set-off against the retained surpluses.

The preparation of statement of financial performance and statement of financial position for the year ended 30<sup>th</sup> June, 2014 is based from manual records i.e. Revenue, Expenditure return and stock taking certificates from the stations.

**2. The current sales for the year constitute the following:**

	<u>2012/2013</u>	<u>2013/2014</u>
Sales		
Sales	106,552,236.15	178,414,502.85
Add sales from disposal	478,500.00	-
Credit Sales for the year	59,333,157.20	52,761,138.81
Total	<u>166,363,893.35</u>	<u>231,175,641.66</u>

**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, 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 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.

**Comparative figures**

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

**Significant judgments and sources of estimation uncertainty**

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

State all judgements, estimates and assumptions made:

### ***Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

## **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 are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method

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.

**3. The purchase reported refers to total farm inputs as detailed below:**

<u>Purchases</u>	<u>2012/2013</u>	<u>2013/2014</u>
2211003-veterinary supplies	5,410,137.00	3,694,059.00
2211004-fungicide	4,881,243.00	6,740,970.00
3111301-purchase of seeds	4,560,735.00	4,241,682.00
3111302-purch.of breeding stock	5,000,000.00	-
2211007-agricultural material	13,268,885.00	40,508,529.00
	<b><u>33,121,000.00</u></b>	<b><u>55,185,240.00</u></b>

**4. Growing Crops**

The growing crops have been valued in conjunction with the Ministry of Agriculture and Ministry of Livestock Development officials. The items are adjusted by 331/3% or 1/3 of the selling price being the lower of the estimated cost and market value. **KShs 117,420,891.00 by 331/3 to be KShs.78, 280,633.00**

5) Investment/Share Allotment  
Investment Reserve

The investment Reserve Account was created to account for shares held by the Fund in the Kenya Tea Development Authority and Kenya Planters Co-operative Union Limited amounting to Khs 2,364,895.00

The following shares have been issued to the prison stations as tabulated below:

Station	Company	Share cert No.	No. of shares.	Value.	Total.
1. Kericho	KTDA Momul Factory	R0016238	46,790	Kshs. 5	233,950.00
		R0017356	35,679	Kshs. 5	178,380.00
	KTDA Tegat Factory	G0011577	114,185	kshs. 5	570,925.00
		R0012892	21,016	kshs. 5	105,080.00
		R0032560	142,461	kshs. 5	712,305.00
<u>2. Uruku</u>					
	Mwikigi Farm	9391	14,987	kshs. 5	74,935.00
KTDA Githongo Factor		G0008179	3,50	kshs. 5	17,520.00
		G0008472	20,037	Kshs 5.	100,185.00
		B04391	21,562	Kshs 5.	107,810.00
KTDA Imenti Leaf Base		G0005692	6,412	kshs 5.	32,060.00
		G0011798	7,059	kshs 5.	35,295.00
KTDA Kionyo Factory		R0001928	16,497	kshs 5.	82,485.00
		R0006211	14,023	Kshs 5	70,115.00
<u>3. Ruiru</u>					
KPCU		0034699	516	kshs 10.	5,160.00
KPCU		8687-0659	3,869	kshs 10.	38,690.00
	<b>TOTAL</b>			Kshs.	<b>2,364,895.00</b>

6) Debtors-see attached schedule.

7) Fixed Assets Schedule

See attached schedule

8) Scrap machinery

See attached schedule

(9) PMG

PMG Account represents the amount that is held in the Ministry's Deposit Account on behalf of the Fund. It represents the unspent income from all stations and deposited with the Ministry of Home Affairs .During the year, this has been derived as hereunder:

	<u>2012/2013</u>	<u>2013/2014</u>
Opening balance	11,807,179.32	56,021,755.07
Add: Sales (cash)	107,030,736.15	178,414,502.85
	<u>118,837,915.47</u>	<u>234,436,257.92</u>
Less: Expenditures/Withdraw	62,816,160.40	89,469,254.00
Paid creditors	848,427.50	34,622,189.30
Closing balance	<u>56,021,755.07</u>	<u>110,344,814.70</u>

— 10) Creditors

The creditors of the farms represents amount owing to the suppliers of farm inputs which had not been cleared at close of the year as listed.

	<u>2012/2013</u>	<u>2013/2014</u>
Opening balance	1,254,256.30	34,651,316.00
Closing balance	<u>34,651,316.00</u>	<u>129,127.00</u>

**(b) RUIRU PRISON**

1. Grada farmers centre      supply of fungicides      129,127.00

**11) Prison Farm Fund Account**

This has been in the context of the Legal Notice No. 87 of 1992 through which parliament appropriated the Ksh. 4,200,000.00 as the initial capital of the Fund.

**12) Accumulated Reserves**

	<u>2012/2013</u>	<u>2013/2014</u>
Opening balance	184,976,217.45	225,666,226.38
Add: Surplus for the prev. year	<u>40,690,008.93</u>	<u>47,412,412.00</u>
Less: Prior year adjustment (Understated creditors)	-	-
	<u>225,666,226.38</u>	<u>273,078,638.38</u>

**13) Suspense Account**

The Suspense Account balance as follows:

	<u>2012/2013</u>	<u>2013/2014</u>
Balance b/f	15,639,558.44	15,639,561.44

**14) Operating Results**

The profitability of the fund increased from the previous year thus:

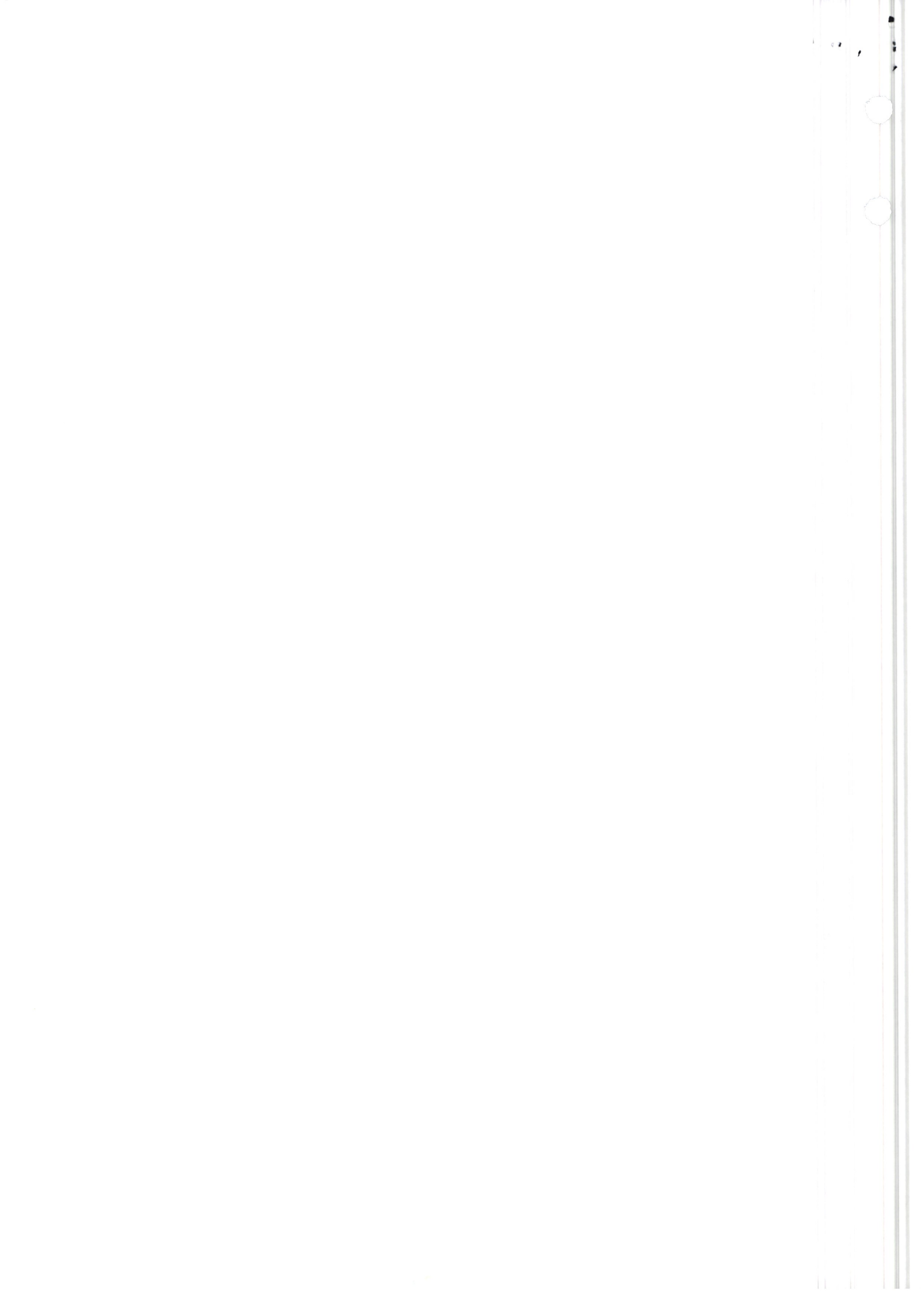
	<u>2011/2012</u>	<u>2012/2013</u>
Net profit/Loss	47,412,412.00	50,387,194.32

PRISON FARMS FUNDS  
FIXED ASSETS  
AS AT 30<sup>TH</sup> JUNE 2014

	TRACTORS		MORTISED SPRAYER		KNAPSACK SPRAYER		PORTABLE ENGINE		RICE HAULER MACHINE		COMPUTER		M/VEHICLE		MOTOR/BIKE		TRAILERS		TOOLS/EQUIPMENT		TOTAL	
	KSH		KSH		KSH		KSH		KSH		KSH		KSH		KSH							KSH
BALANCE B/F AS AT 1.7.2013	15,499,600.81		1,205,458.64		67,792.86		804,080.78		1,114,397.35		2,505,642.12		12,830,014.80		1,213,452.53		1,907,780.89		1,784,793.29			38,933,014.07
ADDITIONAL(REVALUED)																						990,000.00
TOTAL ASSETS AS AT 30/6/2014	15,499,600.81		1,205,458.64		67,792.86		804,080.78		1,114,397.35		2,505,642.12		12,830,014.80		1,213,452.53		1,907,780.89		2,774,793.29			39,923,014.07
DISPOSAL																						
DEPRECIATION	1,549,960.08		60,273.00		3,390.00		40,204.04		55,719.87		125,282.11		1,283,001.00		60,673.00		95,389.04		594,336.00			3,868,228.14
NEV AS AT 30.6.2014	13,949,640.73		1,145,185.64		64,402.86		763,876.74		1,058,677.48		2,380,360.01		11,547,013.80		1,152,779.53		1,812,391.85		2,180,457.29			36,054,785.93
NEV AS AT 30.6.2013	15,499,600.81		1,205,458.64		67,792.86		804,080.78		1,114,397.35		2,505,642.12		12,830,014.80		1,213,452.53		1,907,780.89		1,784,793.29			38,933,014.07

NB :2  
The balance reflected as farm machinery constitute the following

1. Motorised Sprayers 1,145,185.64
  2. Knapsack Sprayers 64,402.86
  3. Portable Engines 763,876.74
  4. Rice Hauler machine 1,058,677.48
  5. Tools/Equipment 2,180,457.29
- 5,212,600.01**



## I. 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)

### Guidance Notes:

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

Director General/C.E.O/M.D (enter title of head of entity)

Chairman of the Board

Date.....

Date.....

