

REPUBLIC OF KENYA



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on 25/5/2017 (pm)*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA TRADE NETWORK AGENCY**

**FOR THE YEAR ENDED  
30 JUNE 2016**





**KENYA TRADE NETWORK AGENCY (KENTRADE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2016**

# KENYA TRADE NETWORK AGENCY

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## I. ABBREVIATIONS, KEY AND DEFINITIONS

A.I.A	-	Appropriation in Aid
CEO	-	Chief Executive Officer-KenTrade
G.O.K	-	Government of Kenya
ICT	-	Information Communication Technology
IDF	-	Import Declaration Form
ICF	-	Investment Climate Facility for Africa (Development Partners)
IPSAS	-	International Public Sector Accounting Standards
KENTRADE	-	Kenya Trade Network agency
KRA	-	Kenya Revenue Authority
KWATOS	-	Kilindini Waterfront Automated Terminal Operating Systems for KPA
KPA	-	Kenya ports Authority
KNESWS	-	Kenya National Electronic Single Window System
MMS	-	Manifests Management Systems
NSSF	-	National Social Security Fund
PFM	-	Public Finance Management
SIMBA	-	Customs Management Systems for KRA
SWS	-	Single Window Systems

# KENYA TRADE NETWORK AGENCY

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## II. KEY ENTITY INFORMATION AND MANAGEMENT

### Background information

Kenya Trade Network Agency (KENTRADE) is established under the Legal notice No.6 of 2010 and the State Corporations Act, Cap. 446 of the Laws of Kenya.

### Principal Activities

The principal roles of KENTRADE are:

- ≈ Establish and manage a National Electronic Single Window System and facilitate trade.
- ≈ The National Electronic Single Window System shall serve as a single entry point for parties involved in trade and transport to:
  - Lodge documents electronically, for processing and approval; and
  - Make payments electronically for fees, levies, duties and taxes due to the Government, on goods imported or exported.

### Key Management

The Agency's day-to-day management is under the following key officers:

- The Chief Executive Officer;
- General Manager Operations
- General Manager support Services

### Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

1.	<b>Mr. Amos Wangora</b>	Chief executive Officer
2.	<b>Mr. Simon Kiplangat</b>	General Manager Support Services
3.	<b>Ms. Beatrice Kosgei</b>	Corporation Secretary and Head of Legal Affairs
4.	<b>Ms. Joanne Kweyu</b>	Manager, Procurement
5.	<b>Mr. David Ngarama</b>	Manager, Strategy and Planning
6.	<b>Mr. Joseph Kimanga</b>	Manager, Finance
7.	<b>Ms. Hellen Wasike</b>	Manager, Human Resource and Administration
8.	<b>Mr. Eugene Waluvengo</b>	Ag. General Manager Operations/Manager ICT
9.	<b>Mr. Daniel Kiange</b>	Manager, Trade Facilitation
10.	<b>Mr. Chrispus Mbogo</b>	Manager, Audit, Risk and Compliance
11.	<b>Ms. Rose Ronoh</b>	Manager, Customer Service and Contact Centre
12.	<b>Ms. Anne Odero</b>	Head, Corporate Communications

## **Fiduciary Oversight Arrangements**

### **Audit & Risk Committee**

- |                         |          |
|-------------------------|----------|
| 1. Mr. Gilbert Langat   | Chairman |
| 2. Mr. Joseph Ngugi     | Member   |
| 3. Mr. George Wanjau    | Member   |
| 4. Mr. Francis Parsimei | Member   |
| 5. Prof. Esther Gicheru | Member   |

### **Finance, Staff & General Purposes Committee**

- |                         |          |
|-------------------------|----------|
| 1. Mr. Francis Parsimei | Chairman |
| 2. Ms. Wambui Namu      | Member   |
| 3. Mr. Joseph Ngugi     | Member   |
| 4. Amb. Nelson Ndirangu | Member   |

### **Human Resource and Compliance Committee**

- |                         |          |
|-------------------------|----------|
| 1. Prof. Esther Gicheru | Chairman |
| 2. Mr. Francis Parsimei | Member   |
| 3. Mr. George Wanjau    | Member   |
| 4. Mr. Joseph Ngugi     | Member   |

### **Strategy and Business Committee**

- |                         |          |
|-------------------------|----------|
| 1. Ms. Wambui Namu      | Chairman |
| 2. Mr. Gilbert Langat   | Member   |
| 3. Amb. Nelson Ndirangu | Member   |
| 4. Mr. George Wanjau    | Member   |

### **Entity Headquarters**

Embankment Plaza  
First Floor  
P.O. Box 36943 – 00200  
Nairobi

### **Entity Contacts**

Telephone: (254) 20 2614896  
E-mail: [info@kentrade.go.ke](mailto:info@kentrade.go.ke)  
Website: [www.singlewindow.go.ke](http://www.singlewindow.go.ke)

# KENYA TRADE NETWORK AGENCY

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## **Entity Bankers**

Equity Bank limited.  
Equity Centre Branch  
P.O. Box 75104 – 00200  
Nairobi

Co-operative Bank of Kenya  
KUSCO Centre Branch  
P.O. Box 48231 – 00100  
Nairobi

## **Independent Auditors**

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

## **Principal Legal Adviser**

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

## III. THE BOARD OF DIRECTORS

### THE BOARD OF DIRECTORS

**Gen. (Ret) Joseph Raymond Kibwana, EGH, CBS**  
**CHAIRMAN**



Gen. Kibwana is an Alumnus of the Britannia Royal Naval School of Engineering, the US Naval Staff College and the US Naval War College. He is also a member of Kenya Institute of Directors.

Gen. Kibwana has a wealth of experience having served as the Chief of the General Staff, the Commandant of the National Defence College and the Commander of the Kenya Navy. He is also the Former Chairman of the Board of Directors, KPA and Board Member, KCB (Kenya and Burundi).

**Mr. Gilbert Langat**  
**Member**



Mr. Langat has an Executive MBA from Copenhagen Business School Innoorero University and a Bachelor of Arts Management from Moi University, Eldoret. He also has a Certificate in Corporate Governance from International Centre for Leadership and Development (ICLAD). He has worked as a Trainer of Trainers Freight logistics and management at KRA Training, Mombasa.

Mr. Langat has served as Chief Executive Officer at Shippers Council of Eastern Africa. He was also the Chairman of Mombasa port corridor charter and presidential round table Committee. He has been a Board Member, Kenya National Highway Authority (KeNHA), Member Railway Consultative Committee, Member Chief Executives Forum, National Business Agenda, Board of Governors, and Railways Training Institute.

**Mr. Joseph Zacharia Ngugi**  
**Alternate Member**



Mr. Ngugi has Master of Arts Economics from the University of Nairobi and Bachelor of Arts in Economic & Sociology from Egerton University. He also has a Certificate in Agricultural Credit and Agricultural Co-operative from Agricultural Co-operative College, South Korea, Certificate in Fiscal Decentralization and Financial Management of Regional and Local Government from Harvard University USA.

He is a Principal Economist at The National Treasury and previously worked with the Ministry of Planning and National Development. He has served as a Member of Board of Trustee - Coffee Development Fund (Alternate to Principal Secretary for the National Treasury).

# KENYA TRADE NETWORK AGENCY

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## **Mr. George Wanjau** **Member**



Mr. Wanjau holds a Master of Science in Project Planning and Financing from University of Bradford and Bachelor of Arts in Economics degree form Nairobi University.

He is a Deputy Chief Economist at Ministry of transport. He has over 20 years' experience in the Civil Service with considerable experience in regional, sectorial and national planning, including poverty reduction strategies, health sector reforms and project preparations and implementation, monitoring and evaluation, policy formulation for the transport sector and urban transport planning.

## **Ms. Wambui Namu** **Member**



Ms. Wambui Namu holds MSc in Management (MBA) from Arthur D Little Management Education Institute, Cambridge, Massachusetts, USA and BSc in Business Administration from Lincoln University, Oxford, Pennsylvania, USA. She worked for the Ministry of Finance and Planning prior to joining Kenya Revenue Authority, as a seasoned tax administrator where she rose through the ranks to become the Commissioner of Customs Services.

She has extensive experience in international trade matters as well as taxation policies and practices She has also engaged in tax advisory services, capacity building and management consultancy works for various national and international institutions such as the World Customs Organization (WCO), Kenya Institute of Management (KIM) Worldwide Inc., Kenya Trade Network Agency (KENTRADE), DHL Global Forwarding, PricewaterhouseCoopers as well as bulk commodity traders and importers of heavy commercial machinery.

Ms. Namu has received National/State Honors [Head of State Commendation (HSC & MBS) recognitions by His Excellency the President of the Republic of Kenya in 2009 and 2010 respectively for significant contribution in domestic revenue mobilization in the context of the wider state building efforts. She has served as Board Director at the Export Processing Zone Authority.

## **Prof. Esther Gicheru** **Member**



Prof. Esther Gicheru is currently a Director, Institute of Co-operative Development and an Associate Professor in Cooperative Management and Organization Development at the Co-operative University College of Kenya. She is a doctorate degree holder in Organization Development and Transformation with over 26 years of scholarly and administrative experience in the Co-operative sector.

Prof. Gicheru holds BSc degree in Agriculture from University of Nairobi, MA in Co-operative Management and Organization Development from Leicester University, UK and Doctorate

Degree (PH.D) in Organization Development and Transformation from Cebu Doctors' University, the Philippines. She also holds a Diploma in Counseling Psychology from Tangaza University College.

She is engulfed with honors and awards especially for her contributions towards the Co-operative movement including Rochdale Pioneers Award (RPA) by International Co-operative Alliance (ICA) Geneva, Switzerland in 2007, Head of State Commendation (HSC) in 2008 and Commendation from the Co-operative Movement in Kenya (2008).

## **Mr. Francis Parsimeu Gitau** Member



Mr. Francis Parsimeu Gitau, is a holder of MA degree in Urban Development from University of Nairobi, Post Graduate Diploma and MA Thesis in Housing Policy and Practice from Hallam University UK, Bsc. (FTC) equivalent of Building Construction Technology from JKUAT.

He has sufficient international exposure in the area of Urban Development and Housing and has held leadership positions both in the private and public sector. He has actively participated in the development and implementation of the design concepts of the following landmarks: Uchumi Ltd, Kenya Airways, Christian Industrial Training Institute (CITC) – Thika, Jomo Kenya University of Agriculture & Technology (JKUAT) and Songa Ogoda Associate.

He is a member of Chartered Institute of Housing UK, British Council of Shopping Centre's Manager is also a fully trained registered (MN 1732) environmental auditor and EIA expert and a founder of Association of Urban Managers of Kenya.

## **Ambassador Nelson Ndirangu** Member



Born 62 years ago, Ambassador Ndirangu is an international trade expert with more than 30 years of experience on trade/ economic policy, managerial, leadership and negotiations skills and more. He has extensive experience in strategic planning, programmatic design, implementation and setting of impact assessment systems.

He has worked as consultant for various institutions, international organizations including WHO, FAO, UNCTAD, ACP, COMESA, IGAD, EAC, South African Development Cooperation Agency (SADC) and WTO from 1999 to 2007, Director of Asia Division at the World Trade Organization (WTO) from 2007 to 2008. He took time off from 2009 to 2011 to provide technical assistance to enhance the capacities of various trade agreements.

Amb. Ndirangu has a Master of Arts (M.A) from the University of East Anglia in 1988, a Bachelor of Commerce degree from the University of Nairobi, a WTO, a Bachelor of Commerce degree, several awards, including Order of the Golden V, and extensive experience in policy formulation, development and implementation.

# KENYA TRADE NETWORK AGENCY

ed Ambassador/ High Commissioner mid-December 2012 and resumed his duties in the  
gn Affairs as the Director General in charge of the Economic Affairs and International trade  
post he is holding up to date. He is responsible for formulation, implementation,  
d review of international trade and economic policies, including trade negotiations. He has  
on the legal and economic analysis of the WTO agreements, regional and bilateral trade  
focus on Africa.

## **Chief Executive Officer**

Amos Wangora is currently the Chief Executive Officer of the Kenya Trade Network Agency having been appointed to that position on October 1, 2016. He has served as the General Manager Operations and Project Director for the Kenya National Electronic Single Window System implementation (Kenya TradeNet System) with responsibility for the system implementation and operationalization. He holds a degree in Maritime Affairs specializing in Port and Shipping Management from the World Maritime University (Sweden). He is also a Fellow of the Institute of Chartered Shipbrokers (UK) and a Information Systems Auditor (CISA).

Mr. Wangora has nineteen years work experience in the Trade and Logistics sector with specialization in Trade and Logistics Affairs and Project Management in Port, Customs and Trade sector automation. He has vast experience in the designing, development and implementation of ICT interventions for Trade and Logistics facilitation.

## **Ms. Kosgei Secretary & Head of Legal Services**

Ms. Kosgei has Master of Laws from University of London and Bachelor of Laws from University of Nairobi. She also has a Diploma in Law from Kenya School of Law and Higher Diploma in Human Resource Management.

She has several years of experience having worked in both private and public organizations which include Attorney General's Chambers, Kenya Industrial Estates, Jim Ngugi & company Advocates and Kosgei Advocates. Prior to joining KENTRADE, she was a secretary for eight years at Agricultural Development Corporation. She is a member of Kenya Law Society, East Africa Law Society and a Board Member of Ndabibi.

Degree (PH.D) in Organization Development and Transformation from Cebu Doctors' University, the Philippines. She also holds a Diploma in Counseling Psychology from Tangaza University College.

She is engulfed with honors and awards especially for her contributions towards the Co-operative movement including Rochdale Pioneers Award (RPA) by International Co-operative Alliance (ICA) Geneva, Switzerland in 2007, Head of State Commendation (HSC) in 2008 and Commendation from the Co-operative Movement in Kenya (2008).

## **Mr. Francis Parsimei Gitau**

### **Member**



Mr. Francis Parsimei Gitau, is a holder of MA degree in Urban Development from University of Nairobi, Post Graduate Diploma and MA Thesis in Housing Policy and Practice from Hallam University UK, Bsc. (FTC) equivalent of Building Construction Technology from JKUAT.

He has sufficient international exposure in the area of Urban Development and Housing and has held leadership positions both in the private and public sector. He has actively participated in the development and implementation of the design concepts of the following landmarks: Uchumi Ltd, Kenya Airways, Christian Industrial Training Institute (CITC) – Thika, Jomo Kenya University of Agriculture & Technology (JKUAT) and Songa Ogoda & Associate.

He is a member of Chartered Institute of Housing UK, British Council of Shopping Centre's Management. He is also a fully trained registered (MN 1732) environmental auditor and EIA expert and a founding Chair of Association of Urban Managers of Kenya.

## **Ambassador Nelson Ndirangu**

### **Member**



Born 62 years ago, Ambassador Ndirangu is an international trade expert with more than 30 years of experience on trade/ economic policy issues. He possess strong managerial, leadership and negotiations skills and more than 20 years of experience in strategic planning, programmatic design, implementation, team building, fundraising and setting of impact assessment systems.

He has worked as consultant for various institutions, international and national organizations such as WTO, WHO, FAO, UNCTAD, ACP, COMESA, IGAD, EAC, South Centre. He was Chief Negotiator for Kenya in the WTO from 1999 to 2007, Director of Asia Division at the Ministry of Foreign Affairs from August 2007 to December 2008. He took time off from 2009 to 2012 to manage an ACP Programme that provided technical assistance to enhance the capacities of the ACP countries to Negotiate and implement WTO agreements.

Amb. Ndirangu has a Master of Arts (M.A) and a Post Graduate Diploma in International Economic relation from the University of East Anglia in UK, A Post Graduate Diploma in International Trade Policy from the WTO, a Bachelor of Commerce degree (B.COM Hons.) from the University of Nairobi. He holds several awards, including Order of the Golden Warrior of Kenya (OGW) in recognition of his contribution to trade policy formulation, development and implementation.

## KENYA TRADE NETWORK AGENCY

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He was appointed Ambassador/ High Commissioner mid-December 2012 and resumed his duties in the Ministry of Foreign Affairs as the Director General in charge of the Economic Affairs and International trade Directorate, a post he is holding up to date. He is responsible for formulation, implementation, coordination and review of international trade and economic policies, including trade negotiations. He has keen interests on the legal and economic analysis of the WTO agreements, regional and bilateral trade relations with a focus on Africa.

### **Amos Wangora** **Chief Executive Officer**



Amos Wangora is currently the Chief Executive Officer of the Kenya Trade Network Agency having been appointed to that position on October 1, 2016. He has served as the General Manager Operations and Project Director for the Kenya National Electronic Single Window System implementation (Kenya TradeNet System) with responsibility for the system implementation and operationalization. He holds a Master's degree in Maritime Affairs specializing in Port and Shipping Management from the World Maritime University (Sweden). He is also a Fellow of the Institute of Chartered Shipbrokers (UK) and a Certified Information Systems Auditor (CISA).

He has over nineteen years work experience in the Trade and Logistics sector with specialization in Maritime affairs and Project Management in Port, Customs and Trade sector automation. He has vast experience in the designing, development and implementation of ICT interventions for Trade and Transport facilitation.

### **Ms. Beatrice Kosgei** **Corporation Secretary & Head of Legal Services**



Ms. Kosgei has Master of Laws from University of London and Bachelor of Laws from University of Nairobi. She also has a Diploma in Law from Kenya School of Law and Higher Diploma in Human Resource Management.

She has several years of experience having worked in both private and public organizations which include Attorney General's Chambers, Kenya Industrial Estates, Jim Choge & company Advocates and Kosgei Advocates. Prior to joining KENTRADE, she worked as Corporation Secretary for eight years at Agricultural Development Corporation. She is a member of FIDA Kenya, ICPSK, Kenya Law Society, East Africa Law Society and a Board Member of Ndabibi Secondary School.

## IV. MANAGEMENT TEAM

### **Amos Wangora** **Chief Executive Officer**



Amos Wangora is currently the Chief Executive Officer of the Kenya Trade Network Agency having been appointed to that position on October 01, 2016. He has served as the General Manager Operations and Project Director for the Kenya National Electronic Single Window System implementation (Kenya TradeNet System) with responsibility for the system implementation and operationalization. He holds a Master's degree in Maritime Affairs specializing in Port and Shipping Management from the World Maritime University (Sweden). He is also a Fellow of the Institute of Chartered Shipbrokers (UK) and a Certified Information Systems Auditor (CISA).

He has over nineteen years work experience in the Trade and Logistics sector with specialization in Maritime affairs and Project Management in Port, Customs and Trade sector automation. He has vast experience in the designing, development and implementation of ICT interventions for Trade and Transport facilitation.

### **Mr. Simon Kiplangat** **General Manager Support Service**



Mr. Kiplangat holds Executive Masters of Science degree in Management and leadership from Management University of Africa, Masters in Human Resource Management from Open University of Tanzania, Bachelor of Arts from University of Nairobi. He also holds a Post graduate Higher Diploma in Human Resource Management and Certificate in Counselling from IHRM (K) He has attended several professional trainings both locally and internationally.

He has over 20 years' experience in senior Management having worked in both private and public organizations such as Kenya Post and Telecommunication, Telkom Kenya, Orange and Kenya Bureau of Standards serving in various senior Management capacities. He is a Fellow member of the IHRM and associate member of KISM

### **Ms. Beatrice Kosgei** **Corporation Secretary & Head of Legal Services**



Ms. Kosgei has Master of Laws from University of London and Bachelor of Laws from University of Nairobi. She also has a Diploma in Law from Kenya School of Law and Higher Diploma in Human Resource Management.

She has several years of experience having worked in both private and public organizations which include Attorney General's Chambers, Kenya Industrial Estates, Jim Choge & company Advocates and Kosgei Advocates. Prior to joining KENTRADE, she

## KENYA TRADE NETWORK AGENCY

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worked as Corporation Secretary for eight years at Agricultural Development Corporation. She is a member of FIDA Kenya, ICPSK, Kenya Law Society, East Africa Law Society and a Board Member of Ndabibi Secondary School.

**Ms. Hellen N. Wasike**  
**Manager, HR & Administration**



Ms. Wasike is a holder of Master of Science in Human Resource Management from Jomo Kenyatta University of Agriculture & Technology and Bachelor of Arts in Public Administration & French from University of Nairobi. She is also a Certified Public Secretary of Kenya and has acquired Foundation Diploma in Purchasing & Supply Management. Further, she has attended several courses such as Integrity Assurance Officers Course and Facilities Management Course.

Before joining KENTRADE in 2012, Ms. Wasike has worked for several public organizations including Agency for Development Education & Communication, Jomo Kenyatta University of Science & Technology, Coffee Development Fund and Kenya Vision 2030 Delivery Secretariat serving in various capacities.

**Ms. Joanne Kweyu**  
**Manager, Procurement**



With over 20 years' experience in Supply Chain Management, Ms. Kweyu oversees the procurement function at KenTrade. Prior to joining KenTrade, she worked as a procurement professional in the Ministries of Public Health and Sanitation, Lands, Agriculture, Office of the President and the National Treasury.

Ms. Kweyu is a member of the Chartered Institute of Purchasing and Supply Management (London) and the Kenya Institute of Supply Management (KISM). She holds an Executive MBA from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Commerce degree in Business Administration from the University of Nairobi. She has also attended the Senior Management course at the Kenya School of Government from which she graduated with a Distinction.

**Mr. Eugene Waluvengo**  
**Manager, ICT**



Mr. Waluvengo holds Master of Science in Information Systems from the University of Nairobi, a Master of Science in Computing from Surrey University, an MBA from the University of Nairobi and Bachelor of Science in Information Science from Moi University. He also holds several Professional qualifications including CISA, COBIT, and PRINCE2, ORACLE and System Analysis and Design certifications.

Mr. Waluvengo has wide experience in Managing ICTs as well as automation Projects. He has previously worked in these roles at Kenya Revenue Authority, Nation Media Group and Strathmore University. He is

also a Business Process Reengineering expert and has worked as a consultant on several large projects including the Huduma Project. He is a Member of ISACA.

**Mr. Daniel Kiange**  
**Manager, Trade Facilitation**



Mr. Kiange holds Master of Business Administration from University of Nairobi and Bachelor of Arts Degree from Kenyatta University. He has also acquired Foundations Diploma in Shipping from the Institute of Chartered Shipbrokers and is a Certified Information Systems Auditor (CISA).

He possesses great knowledge in Trade Facilitation having worked with Kenya Ports Authority in various capacities.

**Mr. Chrispus Mbogo**  
**Manager, Internal Audit and Risk**



Mr. Mbogo holds a Master of Business Administration in Finance from University of Nairobi and Bachelor of Commerce in Finance from Catholic University of Eastern Africa. He is a Certified Public Accountant of Kenya.

He worked for Kenya Agricultural Research Institute for ten years as an Accountant and Internal Auditor. Before joining the Agency he worked with Coffee Development Fund as Head of Internal Audit and Acting Finance & Administration Manager.

**Mr. Joseph M. Kimanga**  
**Manager Finance**



Mr. Kimanga holds a Master of Business Administration in Finance and Bachelor of Education (Arts) in Economics & Business Studies both from University of Nairobi. He is a Certified Public Accountant of Kenya. He is also a registered student for a PhD Finance programme at the University of Nairobi.

He has 22 years' experience having worked for Teachers Service Commission (TSC), The Jomo Kenyatta Foundation(JKF), Penmain Co. Ltd and Kenya Fresh Produce Exporters Ltd in various capacities ranging from Cost Accountant, Financial Accountant, Credit Controller, Operations Manager, Financial Controller and Finance Manager,

# KENYA TRADE NETWORK AGENCY

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## **Mr. David Ngarama**

### **Manager, Strategy & Planning**



Mr. Ngarama is a holder of a Master of Science degree in Economics from the University of Zimbabwe and a Bachelor of Arts degree in Economics (Honour's) from the University of Nairobi.

Prior to his appointment as a Manager, Strategy and Planning, he served as a Transaction Manager at the Privatization Commission, a parastatal under the National Treasury. He previously served as a Principal Economist in the Office of the Deputy Prime Minister and Minister for Finance where he doubled as a Technical Assistant to the Deputy Prime Minister.

Mr. Ngarama has over nineteen years' experience in public sector operations and has worked as a Senior Economist at the Ministries of Planning, Finance, International Trade and Industry. In addition, he has wide exposure in regional trade and integration matters and has represented Kenya in many trade negotiations within and outside the Common Market for East and Southern Africa (COMESA) Region and EAC.

## **Ms. Rose Ronoh**

### **Manager, Customer Service & Contact Centre**



Ms. Ronoh is currently a candidate for Doctor of Philosophy in Business Management (Strategic Management Specialization) at Moi University. She holds Masters in Business Administration, (Strategic Management Option) from Moi University and Bachelor of Science in International Business (Marketing Option) from United States International University (USIU). Rose has also acquired Executive Diploma in Marketing from Marketing Society of Kenya and Professional Qualifications in Prince 2 (Project Management).

She has also attended several courses and seminars in Customer Service Excellence, Project Management, Monitoring and Evaluation, Change Management, Entrepreneurship, Budgeting and Financial Management.

She was a wealth of experience in Customer Service, Marketing Management, Strategic Communication, Strategic Management, Stakeholder Engagement and Change Management both in Public and Private Sector. Rose has previously worked as a Corporate Communications Manager at The Catholic University of Eastern Africa, Regional Marketing and Communications Officer at Kenya Power & Lighting Company Ltd and a Brand Manager at The Standard Group. She is a Member of the Marketing Society of Kenya and a 2014 Finalist of the Rising Star Awards.

## **Ms. Ann A. Odero**

### **Head of Corporate Communications**



Ann A. Odero is currently the Head of Corporate Communications at Kenya Trade Network Agency (KenTrade). She has over 10 years of experience in the area of marketing, advertising and public relations in both service and manufacturing sectors.

Prior to joining KenTrade, she worked at KCA University as the Corporate Affairs Manager, Mabati Rolling Mills Ltd (MRM) as a Senior Public Relations Executive, Bidco Oil Refineries as Public Relations Officer and Nation Media Group as a Marketing and Advertising Executive. She holds a Master of Arts degree in Communication Studies from University of Nairobi and Bachelor of Arts degree from Panjab University, Chandigarh India. Ms. Odero is also a holder of Post Graduate Diploma in Mass Communication from University of Nairobi and Post Graduate Diploma in Public Relations and Advertising from Institute of Management Research & Training, Panjab. She is a bonafide member of Public Relations Society of Kenya (PRSK) and Media Council of Kenya (MCK). Ms. Odero is married and has 3 children.

## V. CHAIRMAN'S STATEMENT

It gives me great pleasure to present the Kenya Trade Network Agency (KENTRADE) Annual Financial Report for the year ended June 30, 2016.

During the year, we saw tremendous progress made in the operationalization and usage of the TradeNet System. The progress was partially attributed to the implementation of the Public Notice issued by The National Treasury at the end of the last Financial Year which outlined cut-over date of modules whose piloting had been completed effective July 1, 2015. With the notification, lodgement of all documents outlined in the Public Notice is now done only through the Single Window System. Currently there are 29 PGAs working on the System, over 7,500 registered users and over 40,000 beneficiaries.

In addition 18 out of a total 20 modules have now been rolled out and it is expected that the system will be finalised in the year 2016/2017 upon completion of the integrated Custom Management System by KRA.

During the Financial Year, the Agency developed a five year Strategic Plan for the period 2015 - 2020. In this strategic plan the Agency has committed to pursue the following strategic objectives:

- i. To have appropriate legal and corporate governance frameworks in place by year 2020.
- ii. To maintain at least 99.982% availability of the Kenya Trade Net System.
- iii. To facilitate reduction of cargo clearance time from 4.5 days to an average of one day and reduction of cost of doing business across borders by at least 10% by 2020.
- iv. To increase quality and timeliness of service delivery to stakeholders by increasing customer satisfaction by 3% annually from the current baseline of 74%.
- v. To raise internally generated funds to finance at least 20% of the Agency's operating budget by year 2020.
- vi. To increase operational efficiency in service delivery.
- vii. To ensure optimum productivity and enhanced service delivery by continuously developing the human capital of the Agency.

On the business front, KenTrade has over the years relied heavily on Government funding for all its operations. Experience learnt from other fully operational Single Window operators show that there are numerous opportunities for KenTrade to exploit in order to be self-financing without impacting negatively on its core mandate of trade facilitation. In this regard, KenTrade is in the process of finalizing an appropriate business model geared towards self-sustainability of the Agency both in the medium and long term.

## KENYA TRADE NETWORK AGENCY

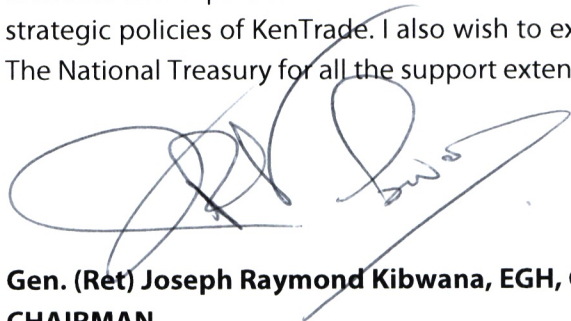
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The Agency also progressed work on the KenTrade Bill that is aimed at ensuring that the operations of the Agency are grounded on a firm legal foundation and it is expected that this work will be concluded in the next Financial Year.

During the Financial Year, the Agency was ISO 9001:2008 Certified giving the Agency international recognition. The Certification hinges on improved customer experience and is therefore a major commitment to all our stakeholders and especially the Users of the Single Window System and all the players involved in International trade, on service standards that we will observe and deliver.

To this end, the board has a conviction that the Agency has executed its mandate well and will continue to play a major role in trade facilitation in the country and the region and we will continue to count on the support of our parent Ministry, the National Treasury; the wise guidance of the Board; stakeholder support and the dedication by the Management and staff all who are key in sustaining this momentum.

In conclusion, I would like to thank all those who continue to support the Agency in the discharge of its mandate and in particular the Board Members who continue to dedicate their precious time in shaping the strategic policies of KenTrade. I also wish to express my sincere appreciation to the stakeholders as well as The National Treasury for all the support extended to KENTRADE.



**Gen. (Ret) Joseph Raymond Kibwana, EGH, CBS  
CHAIRMAN**

## REPORT OF THE CHIEF EXECUTIVE OFFICER

Kenya Trade Network Agency (KENTRADE) is a State Corporation under the National Treasury established through an Executive Order on 14th January 2011 and later gazetted via Legal Notice No. 6 of 2010 which became effective on 28th January 2011.

The Kenya Trade Network Agency (KENTRADE) was created to operationalize and manage the Kenya National Electronic Single Window System (KNESWS) also known as Kenya Trade Net System. The System enables parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements.

In the Financial year 2015-2016, Kenya Trade Network Agency received from the National Treasury KShs.472,400,000 which included KShs.284, 000,000 for Recurrent Expenditure and KShs.188,400,000 for Development Expenditure.

The Agency was able to generate KShs 51,025,711 from other sources that included KShs 1,444,931 being from training fees, Kshs. 7,730 from the sale of obsolete stores and KShs.49, 573,050 as interest on short term deposits from the Equity and Cooperative banks.

The Agency realized an operating deficit of KShs.118,348,836 before tax after deducting expenses of KShs.727,274,379 The Agency also provided a tax of KShs.14,871,915 resulting to a deficit of KShs.133,220,751 in the year under review. Further the Statement of Financial Position had Total Non-Current Assets of KShs 1,087,194,769 comprising of the following items:

- |     |                            |                  |
|-----|----------------------------|------------------|
| i)  | Property Plant & Equipment | Kshs. 91,803,152 |
| ii) | Single window Software     | Kshs.995,208,667 |

Further the Agency during the year had a Total Net Assets and Liabilities of Kshs 2,182,199,583 comprising of:

- |      |                     |                    |
|------|---------------------|--------------------|
| i.   | Current Assets      | Kshs.573,777,366   |
| ii.  | Current Liabilities | Kshs.26,274,959    |
| iii. | Owners Equity       | Kshs.1,634,697,176 |

In terms of its operations, the Agency continued to build on gains made in the previous years on the operationalization and management of the TradeNet System. Implementation of the System reached a critical stage where most of the modules became operational with a shift to fully electronic processing of documents by Government Agencies using the platform. Consequently System usage increased significantly with the following observations been made:

- i. Number of stakeholder increased to 38, part of whom are 29 Government Agencies.
- ii. Number of users grew to over **7,300** registered users depicting an increase in system usage.
- iii. Number of Beneficiaries increased to over 40,000.

## KENYA TRADE NETWORK AGENCY

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The Agency has continued to receive positive feedback from the Users of the system and areas of improvement were identified and plans are underway to improve the identified challenges. It is further expected that the System will be finalised in the FY 2016/2017 upon completion and roll out of integration with the new integrated Customs Management System (iCMS) by KRA.

The Agency was able to achieve the above successes due to the continued support from our stakeholders to whom we remain indebted to, the wise leadership of the Chairman and the Board of Directors, hard work from a team of dedicated staff members all working towards ensuring that the Agency delivers on its mandate of facilitating trade and improving on Kenya's attractiveness as an Investment Destination.

In this regard, I wish to extend our gratitude to the entire Board for their wise leadership, all Government Agencies working and partnering with KENTRADE and in particular, The National Treasury and all the staff of KENTRADE for their invaluable support since the inception of the Agency.

**Thank you.**



**Amos S. Wangora**  
**CHIEF EXECUTIVE OFFICER**

## I. CORPORATE GOVERNANCE STATEMENT

Kenya Trade Network Agency (KENTRADE) regards Corporate Governance as key to the success of its business operations and is unreservedly committed to applying the principles necessary to ensure that good governance is practiced in all of its business dealings in respect of its customers/shareholders and relevant stakeholders.

Our Corporate Governance policy functions as a built-in self-regulating mechanism, which provides a framework to monitor and ensure statutory compliance, foster a culture of values and rewards the highest ethical standards and personal integrity.

KENTRADE strives to ensure that the principles of good Corporate Governance are applied by the Board of Directors in their dealings in respect and on behalf of KENTRADE to enable them provide strategic guidance, leadership and effective management oversight.

This statement sets out the key corporate governance principles observed by the Agency and illustrates the practices and systems established by the Board of Directors in line with these principles.

### Functions of the Board of Directors

1. Ensuring the attainment of the Corporation's core values
2. Determining the business strategies and plans that underpin the Corporate strategy and provide strategic advice to Management
3. Reviewing the financial statements and overseeing compliance with applicable audit, accounting and reporting requirements
4. Monitoring and evaluating Corporate Performance
5. Regularly reviewing systems, processes, procedures and policies to ensure the effectiveness of internal control
6. Monitoring compliance with legal and regulatory requirements and ethical standards and policies
7. Establishing a sound system of risk oversight, Management and internal controls
8. Ensuring that the rights of stakeholders that are protected by law are respected
9. Ensuring that a comprehensive system of policies and procedures is operative
10. Ensuring ethical behavior and compliance with relevant laws and regulations, audit and accounting principles, and the institution's own governing documents and Codes of Ethics

The Agency is run through the general direction of the Board of Directors which is responsible for:

1. The administration, management and development of the Agency
2. Administering the assets and funds of the Agency in such manner and for such purposes as shall promote the best interests of the Agency
3. Committing to the underlying principles of good governance

# KENYA TRADE NETWORK AGENCY

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## Board Structure and Processes

The Board of Directors of the Agency consists of:

- A non- executive Chairman appointed by the President
- Permanent Secretary, the National Treasury or his alternate
- Permanent Secretary, Ministry of Foreign Affairs and International Trade or his alternate
- Permanent Secretary, Ministry of Transport and Infrastructure or his alternate
- A representative from the Shippers Council of East Africa
- Three other members, not being public officers, appointed by the Cabinet Secretary, the National Treasury by virtue of their knowledge and experience in matters relating to:
  - Trade logistics;
  - Information communication technology; or
  - Finance and administration.
- Chief Executive Officer

The Board reflects a diversity of talent and experience. The Agency ensures that it provides the necessary resources and expertise to the Board of Directors to assist them in their decision- making processes and as such, they are regularly consulted on key policy matters.

The Board is exposed to seminars and workshops on corporate governance issues to enhance their knowledge and skills. They also attend trainings and inductions, especially for newly appointed directors, in respect of the Agency's operations.

The Board is governed by the Board Charter which ensures conformity with best corporate governance practices. Evaluation of the Board Members is carried out annually as dictated by the Charter and governance policies.

To assist in its operations, the Agency has established four standing committees as follows:

### ▪ **AUDIT & RISK COMMITTEE**

The main function of the Audit Committee is to oversee the internal audit, risk management and governance processes of the Agency.

### ▪ **STRATEGY AND BUSINESS COMMITTEE**

The main function of the Strategy and Business Committee is to monitor the development and implementation of the core business of the Agency and ensure achievement of its objectives.

### ▪ **FINANCE AND GENERAL PURPOSES COMMITTEE**

The Finance and General purpose Committee deals with finance and procurement matters collectively and general affairs of the Agency. The Committee reviews financial statements of the Agency and oversee compliance with applicable accounting and reporting requirements.

- **HUMAN RESOURCE AND COMPLIANCE COMMITTEE**

The main function of the Human Resource and Compliance Committee is to oversee administrative actions, review human resource policies and approve appointments of senior management.

## **Conduct of Business Operations**

The Agency's business operations are carried out within an established framework; KENTRADE's Strategic Plan. The Strategic Plan helps the Agency position itself strategically in its operational environment by aligning itself effectively to the changes taking place within its environment. It clearly sets out a coherent, systematic and sustainable road-map on which to anchor the Agency's operational initiatives.

The Agency also has a Human Resource Manual to provide the basic policies and guidelines needed to effectively manage the Agency's human resource activities by both Management and employees and also guide employee conduct. Further, the Agency practices affirmative action and equal opportunity recruitment of qualified personnel.

To achieve its business objectives and facilitate staff performance, the Agency has implemented as part of its policy, a comprehensive medical scheme to cater for all its staff and dependents.

## **Risk Management and Internal Controls**

KENTRADE has set up an internal audit function of the Agency. The Audit and Risk Committee (**ARC**) of the Board has the overall responsibility to oversee the internal audit, risk management, governance and risk processes of the Agency.

The Internal, Audit and risk department of the Agency is mandated to monitor the implementation of agreed action plans by mitigating any deficiencies that may arise or be seen to arise in audit.

## **Compliance**

The Board is satisfied that the Agency is complying with the relevant laws and is conducting its business affairs in accordance with the law in particular the State Corporations Act and its guidelines.

## VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Corporate Social Responsibility (CSR) at the Agency are planned activities taking into consideration the Agency's capabilities, expectations of the communities living in and around the areas of its operation as well as where it has its presence, targeted to have a significant positive impact in the long term. The CSR projects or activities are implemented under the guidance of the CSR & Environmental Committee which comprises of staff derived from all divisions with clear terms of reference. One of the key themes outlined in the Strategic Plan 2015/16 – 2019/20 is "Business Development and Marketing". Under this theme, the Agency appreciates the importance of giving back to the society and therefore commits to put in place measures that will increase its participation in corporate social responsibility (CSR) activities. The Agency has an approved the CSR Policy in place which focuses on the following objectives:

- i. To generate community goodwill and help reinforce a positive & socially responsible image
- ii. To directly or indirectly undertake projects this will enhance the well-being of our community and society at large.
- iii. Promote relationships with stakeholders

Against this background, the following were the major CSR and Environmental initiatives during the Financial Year 2015 – 2016;

- **Nairobi National Park Conservation;** KenTrade partnered with Nairobi Greenline Project ( A 30km long and 50m wide forest of indigenous trees that will shield the Nairobi National Park from our growing metropolis) to plant 250 Acacia Tree Seedlings at Nairobi National Park. Due to its proximity to the capital, the Park and its rich ecosystem have been exposed to massive environmental hazards due to human settlements, increased industrial activities, effluent discharge into the Park's streams, plastic litter and solid waste scattered throughout the Park among others. The Nairobi Greenline project is an initiative of the Kenya Association of Manufacturers (KAM) in partnership with the Kenya Wildlife Service (KWS) and other corporate organisations.



- **Ndabibi Tree Planting Project;** The Agency donated a 4200 litre water reservoir tank to Ndabibi Secondary School in Naivasha. The tank donation was necessary to aid in the sustainability of 500 tree seedling planted by the staff members in 2014, whose current survival rate is 90%. During the visit, staff inspected the site where they planted trees and were delighted to see the trees nourishing. The tank will also be beneficial to the students and school community, who may use it for other water needs. Ndabibi is located near Eburu forest a major water catchment area in danger

of being diminished due to forest fires and deforestation by local people. It is one of the Gazetted forests that comprise the Mau Complex in Rift Valley.



- **2015 Standard Chartered Marathon;** 20 Staff members took part in 13th Edition of the Standard Chartered Nairobi marathon that was held on 25th October, 2015 at the Nyayo National Stadium. Over 25,000 people participated in the event. The event proceeds will go towards the “Seeing is believing” initiative of eradicating avoidable blindness in children under 15 years of age. Seeing is believing is a global program which aims to improve child health and reduce avoidable blindness and visual impairment among children in the Kenya. This initiative also contributes towards attainment of millennium development goals.



- **First Lady Half Marathon:** The Agency sponsored staff members who joined 15,000 participants who took part in the 3rd edition of the annual Beyond Zero Campaign First Lady Half Marathon charity run held on March 6, 2016 in Nairobi. The event raised more than KES 700 Million that was for purchasing eleven (11) clinics to boost maternal child healthcare. Spearheaded by The First Lady of the Republic of Kenya, Her Excellency Margaret Kenyatta, the Beyond Zero Campaign is part of the initiatives towards HIV control, promotion of maternal, new born and child health in Kenya.

# KENYA TRADE NETWORK AGENCY

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- **Student Mentorship:** Braeside High School Grade 10 students of aged between 14 and 15 years joined KenTrade for one week Work Experience Placement Program in June 2016. The work experience placement is an essential component of students training at Braeside High School and KenTrade was glad to be partner with the School in this noble initiative. The students were enthusiastic about the experience as the skills learnt was to give them real life work experience in a public institution.
- **Institute of Chartered Shipbrokers (ICS) Annual Awards;** KenTrade was one of sponsors during the 11th annual Dinner and Awards Ceremony for East Africa Chapter of the Institute of Chartered Shipbrokers (ICS) held at the Voyager Beach Hotel Mombasa in March 2016. Over 20 best performing students were awarded certificate of excellence and 5 new members admitted to ICS membership. The ICS is the international professional membership organization for the shipping industry representing shipbrokers, ship managers and agents throughout the world.

KenTrade considers it important to recognise the social and environmental impact of its business in order to develop the business in a sustainable way. We aim at undertaking activities that contribute towards a better, more sustainable society by undertaking initiatives that will enhance our corporate values and strengthen the communities in which we operate. In fiscal year 2014 – 2015 our efforts were focused on environmental sustainability and social welfare initiatives.

## VIII. REPORT OF THE DIRECTORS

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

### Principal activities

The principal activities of the entity are to:

- ≈ Establish and manage a National Electronic Single Window System and facilitate trade.
- ≈ The National Electronic Single Window System once fully operational shall serve as a single entry point for parties involved in trade and transport to:-
  - Lodge documents electronically, for processing and approval; and
  - Make payments electronically for fees, levies, duties and taxes due to the Government, on goods imported or exported.

## Results

The results of the entity for the year ended June 30, 2016 are set out on page 1 to 29.

## Directors

The members of the Board of Directors who served during the year are shown on page v in accordance with the provisions of the Agency's Legal notice No.6 of 2010.

## Auditors

The Auditor General is responsible for the statutory audit of the Agency in accordance with Section 35 of the Public Audit Act 2015.

By Order of the Board

*Kosgei*

**Ms. Beatrice Kosgei**  
**CORPORATION SECRETARY**

**Date:**.....

# KENYA TRADE NETWORK AGENCY

## IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 68(K) of the Public Finance Management Act, 2012 and section 446 of the State Corporations Act, require the Directors to prepare financial statements in respect of the *Agency*, which give a true and fair view of the state of affairs of the *Agency* at the end of the financial year and the operating results of the *Agency* for that year. The Directors are also required to ensure that the *Agency* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Agency*. The Directors are also responsible for safeguarding the assets of the *Agency*.

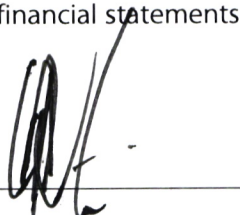
The Directors are responsible for the preparation and presentation of the *agency's* financial statements, which give a true and fair view of the state of affairs of the *Agency for* and as at the end of the financial year ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 *Agency*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *agency's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the *agency's* financial statements give a true and fair view of the state of *agency's* transactions during the financial year ended June 30, 2015, and of the *agency's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *Agency*, which have been relied upon in the preparation of the *Agency's* financial statements as well as the adequacy of the systems of internal financial control.

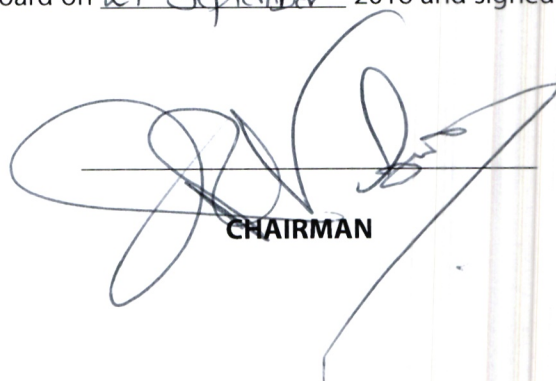
Nothing has come to the attention of the Directors to indicate that the *Agency* will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The *Agency's* financial statements were approved by the Board on 29<sup>th</sup> September 2016 and signed on its behalf by:



**CHIEF EXECUTIVE OFFICER**



**CHAIRMAN**



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON KENYA TRADE NETWORK AGENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Trade Network Agency set out on pages 1 to 28, which comprise the statement of financial position as at June 30, 2016, and the statement of financial performance, statement of change in net assets, statement of comparative budget and actual amounts and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 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

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

The directors are 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 directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **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 48 of the Public Audit Act, 2015 and submit the report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Auditing Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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*Report of the Auditor-General on the Financial Statements of Kenya Trade Network Agency for the year ended 30 June 2016*

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 Agency's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

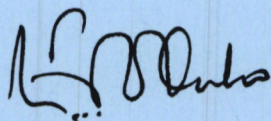
### **Opinion**

In my opinion, the financial statements present fairly, in all material respects the financial position of Kenya Trade Network Agency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the State Corporations Act, Cap 446 of Laws of Kenya and Kenya Trade Network Agency Order, 2010.

### **Emphasis of Matter**

- (i). The statement of financial performance reflects a deficit of Kshs.133,220,751 (2014/2015 deficit – Kshs.42,924,584) for the year ended 30 June 2016. The statement of financial position reflects accumulated deficit of Kshs.262,180,999 as at 30 June 2016. The future sustainability of the Agency therefore depends on continued financial support from the National Government.
- (ii). I further draw attention to Note 20 to the financial statements describing the uncertainty related to the outcome of a suit pending in court against Kenya Trade Network Agency, which was similarly reported in the previous year.

My opinion is not qualified in respect of this matter.



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

**Nairobi**

**12 May 2017**

# KENYA TRADE NETWORK AGENCY

## I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

REVENUE FROM NON- EXCHANGE TRANSACTION	Notes	2015/2016 kshs.	2014/2015 kshs.
Recurrent Grants	3	559,565,000	621,233,448
		<b>559,565,000</b>	<b>621,233,448</b>
REVENUE FRM EXCHANGE TRANSACTIONS			
Interest on deposits	4	49,573,050	34,671,276
Other Incomes	5	1,452,661	2,979,655
		<b>51,025,711</b>	<b>37,650,931</b>
<b>Total Revenue</b>		<b>610,590,711</b>	<b>658,884,379</b>
<b>EXPENSES</b>			
Auditors Fees	6	600,000	600,000
Staff Costs	7	229,395,831	220,218,998
General Expenses	8	355,740,064	328,469,195
Finance Costs	9	647,646	497,639
Directors expenses	10	17,622,639	3,300,284
Depreciation charge	15	21,917,485	9,553,872
Amortisation charge	16	106,777,795	96,360,291
		<b>732,701,460</b>	<b>659,000,279</b>
Other gains/(losses)			
Forex Losses		(1,518,232)	(6,526,146)
Loss on disposal of assets		(146,936)	-
<b>Deficit before tax</b>		<b>(123,775,917)</b>	<b>(6,642,046)</b>
Taxation	19	14,871,915	10,401,383
<b>Deficit for the year</b>		<b>(138,647,832)</b>	<b>(17,043,429)</b>

The notes set out on pages 1 to 26 form an integral part of the Financial Statements

# KENYA TRADE NETWORK AGENCY

## STATEMENT OF FINANCIAL POSITION

**AS AT 30 JUNE 2016**

	Notes	2015/2016 Kshs.	2014/2015 Kshs.
<b>Assets</b>			
Current Assets			
Cash and Cash Equivalents	11	456,820,995	660,157,817
Inventories	12	1,126,975	2,550,974
Receivables from exchange transactions	13	114,069,038	113,139,338
Receivables from non-exchange transactions	14	20,917	200,020,917
		<b>572,037,925</b>	<b>975,869,046</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15	91,986,102	81,803,151
Intangible Assets	16	995,208,667	867,242,618
		<b>1,087,194,769</b>	<b>949,045,769</b>
<b>Total Assets</b>		<b>1,659,232,694</b>	<b>1,924,914,815</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other payables from exchange transactions	17	12,910,517	54,430,429
Provisions	17	5,535,853	6,191,546
ICF Deferred Income	18	-	196,484
Taxation	19	7,828,589	5,994,708
		<b>26,274,959</b>	<b>66,813,167</b>
<b>Non- Current Liabilities</b>			
<b>Total Liabilities</b>		<b>26,274,959</b>	<b>66,813,167</b>
<b>Net Assets</b>		<b>1,632,957,735</b>	<b>1,858,101,648</b>
Capita Reserves		1,795,870,000	1,883,035,000
Donor Grants		94,723,240	96,776,546
Revaluation reserves		9,030,000	9,030,000
Accumulated Deficits/Surplus		(266,665,505)	(130,739,898)
<b>Owners Equity</b>		<b>1,632,957,735</b>	<b>1,858,101,648</b>
<b>Total net Assets and Liabilities</b>		<b>1,659,232,694</b>	<b>1,924,914,815</b>

The Financial Statements set out on pages 1 to 27 were signed on behalf of the Board of Directors by:

**CHAIRMAN OF THE BOARD**

**CHIEF EXECUTIVE OFFICER**

**DATE.....**

**DATE.....**

# KENYA TRADE NETWORK AGENCY

## XIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Attributable to the owners of the controlling entity				TOTAL
	CAPITAL RESERVE	DONOR GRANTS	REVALUATION RESERVE	ACCUMULATED SURPLUS/DEFICIT	
Balance as at 1st July 2014	842,500,000	52,885,721	9,030,000	(172,229,960)	732,185,761
Additional Grants - GOK	1,040,535,000	-	-	-	1,040,535,000
Additional Grants - ICF	-	43,890,825	-	-	43,890,825
Prior year	-	-	-	53,838,214	53,838,214
Adjustment due to change policy	-	-	-	4,695,277	-
Deficit for the year	-	-	-	(17,043,429)	(17,043,429)
<b>Balance as at 30th June 2015</b>	<b>1,883,035,000</b>	<b>96,776,546</b>	<b>9,030,000</b>	<b>(130,739,898)</b>	<b>1,853,406,571</b>
Additional Grants - GOK	188,400,000	-	-	-	188,400,000
Amortized Grants - ICF	-	(2,053,306)	-	-	(2,053,306)
Prior year	-	-	-	2,722,225	2,722,225
Reallocation during the year	(275,565,000)	-	-	-	(275,565,000)
Deficit for the year	-	-	-	(138,647,832)	(138,647,832)
<b>Balance as at 30th June 2016</b>	<b>1,795,870,000</b>	<b>94,723,240</b>	<b>9,030,000</b>	<b>(266,665,505)</b>	<b>1,628,266,571</b>

The Capital reserve is the Cumulative cost of Development Funds contributed by the Government of Kenya to the Agency in order to attain the Agency's Mandate as per Legal Notice No.6 of January 28, 2011. Included in the Statement of changes in net assets is an amortised grant amounting to Kshs.94, 052,743 contributed by ICF towards development and support of Single Window systems Implementation as detailed bellow.

This grant was negotiated between the government of Kenya and the donor The Registered Trustees of the Investment Climate Facility for Africa Trust (ICF) with an overall objective of the fund is to facilitate international trade in Kenya by reducing delays and lowering costs associated with clearance of goods at the Kenyan borders, while maintaining the requisite controls and collection of levies, fees, duties and taxes, where applicable, on imports or exports. The restated figures are explained at note 1 of these Financial statements.

The Grant is amortized annually with the equivalent of depreciation charge for the Assets financed by the Grant. The Depreciation charge for the year adjusted against the grant is Ksh. 2,053,306.

**XIV. STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2015/2016 Kshs.	2014/2015 Kshs.
<b>Cashflows generated from operations</b>			
Net surplus/ Deficit for the year		(123,775,917)	(32,523,201)
Adjustments:			
For items not involving movement of cash			
Depreciation	15	23,970,791	9,553,872
Amortisation	16	106,777,795	122,241,446
Loss on disposal		146,936	-
<b>Operating surplus before working capital</b>		<b>7,119,605</b>	<b>99,272,117</b>
<b>Working capital adjustments:</b>			
Decrease/(Increase) in inventories		1,423,999	(2,550,974)
Decrease/(Increase) in accounts receivable		199,070,300	(305,548,916)
(Decrease)/Increase in creditors and accruals		(42,175,605)	(175,593,679)
Working Capital prior year Adjustment		2,657,115	53,838,214
Tax paid	19	(13,038,039)	(4,717,704)
<b>Working Capital changes</b>		<b>147,937,770</b>	<b>(434,573,059)</b>
<b>Total cash generated from operations</b>		<b>155,057,375</b>	<b>(335,300,942)</b>
<b>Investing Activities</b>			
Purchase of Fixed Assets	15	(34,263,462)	(45,071,194)
Purchase of intangible assets	16	(234,743,845)	(104,902,659)
Proceeds from disposed assets		27,900	-
<b>Net cashflows from investing activities</b>		<b>(268,979,407)</b>	<b>(149,973,853)</b>
<b>Financing Activities</b>			
Increase in development grants		(87,165,000)	1,086,695,426
Amortized ICF Grants		(2,053,306)	-
Decrease in Deferred grants		(196,484)	(62,304,757)
<b>Net cash in financing activities</b>		<b>(89,414,790)</b>	<b>1,024,390,669</b>
Net increase/decrease in cash and cash		(203,336,822)	539,115,874
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
At start of the year		660,157,817	121,041,943
<b>At end of the year</b>	<b>11</b>	<b>456,820,995</b>	<b>660,157,817</b>

## KENYA TRADE NETWORK AGENCY

### XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

#### i) Government Funding

##### a. Revenue Grants

	Original Budget 2015/2016 Kshs	Actual on Comparable basis 2015/2016 Kshs	Performance Difference 2015/2016 Kshs
Staff costs	238,605,166	230,117,000	8,488,166
CTC Expenses	1,200,000	1,302,367	(102,367)
International Travel	6,238,192	4,602,516	1,635,676
Local Travel	5,909,456	5,863,821	45,635
Training Expenses	5,641,454	5,625,435	16,019
Office Rent	24,088,264	25,124,515	(1,036,251)
Repairs and Maintenance	700,000	783,853	(83,853)
Printing and Stationery	2,499,432	3,835,319	(1,335,887)
Staff Welfare	3,645,116	3,538,129	106,987
Club Membership	2,050,000	1,775,500	274,500
Consultancy Fees	8,575,235	5,267,019	3,308,216
Motor Vehicle Running	4,579,352	3,143,758	1,435,594
Cleaning	862,588	803,840	58,748
Security	1,867,464	1,465,862	401,602
Publicity & Advert	11,024,824	5,872,346	5,152,478
Telephone & Postage expenses	1,600,000	1,587,782	12,218
Computer expenses	238,734,184	240,260,187	(1,526,003)
Utilities	2,521,284	2,492,207	29,077
Board Expenses	19,902,292	17,622,639	2,279,653
Insurance General	4,224,020	4,238,422	(14,402)
Bank Charges	599,332	647,646	(48,314)
Conference & Workshops	14,775,977	13,975,450	800,527
Corp Social Responsibility	500,000	391,162	108,838
Research & Development	147,969	-	147,969
Office Incidentals	500,000	454,477	45,523
Staff Medical	17,298,124	19,046,273	(1,748,149)
Audit fees	696,000	696,000	-
Provision for Income tax	5,030,591	7,828,589	(2,797,998)
Monitoring & Evaluation	500,000	361,125	138,875
	<b>624,516,316</b>	<b>608,723,240</b>	<b>15,793,076</b>

# KENYA TRADE NETWORK AGENCY

## Variance Explanations for the recurrent Votes

	<b>Performance Difference2015/2016 Kshs</b>	<b>Variance Explanations</b>
Staff costs	8,488,166	The Staff Expected to be brought on board upon approval by the National Treasury did not materialise as the approval was never received by the Agency occasioning a saving under this vote
CTC Expenses	(102,367)	This was due to numerous meetings held to do evaluations on various procurements that were being done on the last quarter of the financial year and other facilitative expenses
International Travel	1,635,676	Limited Travels and late disbursement of money by The National Treasury which was received on 25/05/2016 hence no activities could be planned and at the same time there was no major event that needed the participation of the Agency
Local Travel	45,635	
Training Expenses	16,019	
Office Rent	(1,036,251)	This was occasioned by the parking space that was procured on need for staff at upper hill and for Mombasa regional office. There was also some reallocations of Kshs.1,000,000 that was moved out of this vote to fund some deficit areas
Repairs and Maintenance	(68,744)	Repairs and maintenance is an expense that occurs in an unpredictable manner. Occasional repairs on office floor tiles and replacement of padlocks has pushed this expense over and above the projected budget by Kshs.68,744
Printing and Stationery	388,445	
Staff Welfare	106,987	
Club Membership	274,500	
Consultancy Fees	3,308,216	The Business Model consultancy originally scheduled for completion by the end of the financial year 2015-2016 was not therefore occasioning this huge balance to be carried over as a commitment for payment completion of the assignment
Motor Vehicle Running	1,435,594	
Cleaning	58,748	
Security	401,602	
Publicity &	5,152,478	These funds were the balance of the 8 Million that was

## KENYA TRADE NETWORK AGENCY

	<b>Performance Difference20 15/2016 Kshs</b>	<b>Variance Explanations</b>
Advert		reallocated to this vote to pay the bills that were originally send to the Government advertising agency. This balance has been carried forward as a commitment to pay the bills in the 2016-2017 Financial year
Telephone & Postage expenses	12,218	
Computer expenses	(1,526,003)	This was due to dollar fluctuations since most of the invoices were dollar dominated. The forex fluctuations in the year under review pushed the bills over the budget by the amount stated above
Utilities	29,077	
Board Expenses	2,279,653	
Insurance General	(14,402)	
Bank Charges	(48,314)	
Conference & Workshops	800,527	
Corp Social Responsibility	108,838	
Research & Development	147,969	
Office Incidentals	45,523	
Staff Medical	(1,748,149)	This deficit was occasioned by the change of service provider from CIC to UAP and which after reconciling the account a bill of Kshs.6 Million was paid. This in addition to the policy procured in December 2015 and additional dependants has pushed the bill over and above the budget amount
Audit fees	-	
Provision for Income tax	(2,797,998)	This is a provision that is dependent on the interest income generated in each year. The budget projection for last year was based on the actual tax payable for the year. However due to favourable interest rates offered by the banks the Agency was able to generate Kshs.49 Million hence a higher tax compared to last year
Monitoring & Evaluation	138,875	

# KENYA TRADE NETWORK AGENCY

## b. Development Grants

	Original Budget Approved Budget	Actual on comparable basis	Performance Differences
	2015/2016 Ksh	2015/2016 Ksh.	2015/2016 Ksh
<b>Software and Automation</b>			
Single Window Base Software	280,000,000	208,121,249	71,878,751
Office Automation	55,000,000	17,702,761	37,297,239
	<b>335,000,000</b>	<b>225,824,010</b>	<b>109,175,990</b>
<b>Other Capital Items</b>			
Motor Vehicle Purchase	18,000,000	17,900,000	100,000
Furniture & Office Equipment	5,153,638	17,845	5,135,793
Office Equipment	2,340,065	499,686	1,840,379
Office Partitions	5,000,000	609,099	4,390,901
	<b>30,493,703</b>	<b>19,026,630</b>	11,467,073
Business Process Re-engineering	-	-	-
Business Process Re-engineering(Change Request)	70,000,000	26,622,595	43,377,405
	<b>70,000,000</b>	<b>26,622,595</b>	43,377,405
	<b>435,493,703</b>	<b>271,473,236</b>	<b>164,020,467</b>

### Variance Explanations for the Development Votes

Software and Automation	Performance Differences 2015-2016 Kshs	
Single Window Base Software	71,878,751	
Single Window Maintenance for the Future	100,000,000	
Office Automation	37,297,239	
<b>Totals</b>	<b>209,175,990</b>	These funds are the funds that the agency has been investing to generate Interest as the payment dates are in the start of the Financial year 2016-2017 and 2017- <b>2018</b>
<b>Other Capital Items</b>		
Motor Vehicle Purchase	100,000	
Furniture & Office Equipment	5,135,793	

## KENYA TRADE NETWORK AGENCY

Office Equipment	1,840,379	
Office Partitions	4,390,901	These funds have been carried forward as the works were not complete at the end of the year to warrant the payment of the same. This will be paid upon completion in the year 2016-2017
	11,467,073	
B. P. R(Change Requests)	43,377,405	These funds have been carried forward as the works were not complete at the end of the year to warrant the payment of the same. This will be paid upon completion in the year 2016-2017. The key milestones under this were Gainde 2000 and Crimson logic
	<b>264,020,467</b>	

### Reconciliation of Statement of Comparison of the Budget and the Actual Amounts

myr	Original Budget	AdJustments	Final Budget	Actual Comparable Basis	Perfomamnce difference
Revenue					
GOK Grants	284,000,000	275,565,000	559,565,000	559,565,000	-
Training Fees Anc	3,510,000	1,452,660	4,962,660	1,444,930	3,517,730
Interest Income	2,500,000	49,573,050	52,073,050	49,573,050	2,500,000.00
Expenses	624,516,316	-	624,516,316	606,983,798	17,532,518
Surplus/Deficit	(334,506,316)	326,590,710	(7,915,606)	3,599,182	(11,514,788)

The bigger percentage of the Deficit in the statement of Financial Performance is as a result of the Ksh.21,917,485 and Kshs.106,777,795 For depreciations of Non-current Assets and Amortization of Single Window systems respectively during the year that are non-cash.

#### ii). The Investment Climate Facility for Africa (ICF)

The ICF grants were not received in the current financial year and the cash balance at the closure of the Project was refunded to the Financier.

**Reconciliation statement of ICF Grants received during the year**

	2015/2016 Ksh.	2014/2015 Ksh.
Opening Balance as at 1st July	196,484	62,501,240
Receipts During the year	-	116,214,121
Transferred to Revenue	-	(132,358,448)
Transferred to Development (Capitilised)	-	(46,160,430)
Refund of Cash Balance to Financier	(196,484)	
<b>Balance as at 30th</b>	-	<b>(62,304,757)</b>

# KENYA TRADE NETWORK AGENCY

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## XVI. NOTES TO THE FINANCIAL STATEMENTS

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

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

The Agency adopted the International Public Sector Accounting Standards (IPSAS) for the first time in the financial year 2013/2014.

### 2. Summary of significant accounting policies

#### i) Revenue from non-exchange transactions

##### **Grants**

The entity recognizes grants from Government of Kenya (GoK) and ICF when the actual receipt has occurred and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. Provision for doubtful debts is made when collection of the full amounts is no longer probable.

##### **Transfers from other government entities**

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

##### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

#### ii) 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

# KENYA TRADE NETWORK AGENCY

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## NOTES TO THE FINANCIAL STATEMENTS

Presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

### iii) Taxes

#### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit.

# KENYA TRADE NETWORK AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### iv) Property, plant and equipment

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

Depreciation is calculated on the reducing balance basis, at the following annual rates:

- Computers & Peripherals	- 33.3%
- Furniture, Fittings & Equipment	- 12.5%
- Motor Vehicles	- 25%
- Single Window Software (Intangible)	- 10%
- Office partitions	- 12.5%
- Software and Applications	- 20%

The depreciation rate on Single Window software (Intangible) in the year under review was revised to 10% from the previous year's rate of 14.3%. This was management decision to restate the rate in line with the expected life of the assets as per the best international practice and the true value of contribution of the system in its operations. As a result of the restatement of the amortised Intangible Asset cost Value was adjusted by Ksh.30, 576,432 while the accumulated Amortisation value was adjusted by Ksh.25, 881,155 on the 2014/2015 certified Annual reports and Financial Statements.

### v) Intangible assets (Single Window and Supporting software)

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

### vi) Financial instruments

#### a) Financial assets

## NOTES TO THE FINANCIAL STATEMENTS

### ***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 Entity determines the classification of its financial assets at initial recognition.

### ***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. 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 Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity 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 entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity 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)

### ***b) Financial liabilities***

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

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

#### ***vii) Provisions***

Provisions are recognized when the Agency 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

# KENYA TRADE NETWORK AGENCY

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## NOTES TO THE FINANCIAL STATEMENTS

service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Agency 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.

### **viii) Contingent liabilities**

The Agency 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.

### **ix) Nature and purpose of reserves**

The Agency creates and maintains reserves in terms of specific requirements. Agency also states the reserves maintained and appropriate policies adopted. The Capital reserves arise through the investment by the GOK on capital Assets which basically facilitate the mandate of the Agency. The revenue reserves are as a result of operation through to the operating period and are fully attributable to the GOK as a sole owner of the Agency.

### **x) Changes in accounting policies and estimates**

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

### **xi) Employee benefits**

#### **Retirement benefit plans**

The Agency provides retirement benefits for its employees and while the CEO is paid based on the gratuity method. Defined contribution plans are post-employment benefit plans under which the agency pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Agency operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Agency and the employees.

# KENYA TRADE NETWORK AGENCY

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## NOTES TO THE FINANCIAL STATEMENTS

The Agency also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Corporation's obligation under the scheme is limited to specific monthly contributions legislated from time to time and were fixed at Sh.200 per employee.

The Agency's contributions to the defined contribution retirement benefit scheme and to the NSSF in respect of current service are charged to the statement of comprehensive income in the year.

### **xii) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

### **xiii) Related parties**

The Agency regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Agency, or vice versa. Members of key management are regarded as related parties and comprise the CEO, Divisional and Unit Managers, and senior managers.

### **xiv) 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 Agency. 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. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

The annual budget figures included in the financial statements are for the controlling entity (the Agency) and therefore exclude the budget for its donor funding from ICF. These budget figures are those approved by the donor (ICF) both at the beginning and during the year following a period of consultation with the donor.

### **xv) 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.

# KENYA TRADE NETWORK AGENCY

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## NOTES TO THE FINANCIAL STATEMENTS

Bank account balances include amounts held at the Cooperative Bank of Kenya and Equity Bank of Kenya at the end of the financial year.

### **xvi) 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 conditions are accounted for, as follows:

- Consumable Non consumable Inventories are valued at 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.

### **xvii) Comparative figures**

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

### **xviii) Significant judgments and sources of estimation uncertainty**

The preparation of the Agency'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.

The Agency in the financial year under consideration made the following assumptions:

- The Data Hosting costs were capitalized since the SWS was still under development
- The recurrent expenses financed by ICF were treated as revenue with equal amount which effectively cancelled out as there was no benefit was intended to be delivered from the transaction.

## NOTES TO THE FINANCIAL STATEMENTS

### *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

### *Provisions*

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 16.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

### **xix) Subsequent events**

There are no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

### **xx) Segment Reporting**

The Agency does not have any reporting segments as all operations of the Agency are managed from the registered office at the Head office. The core business of the KENTRADE continues to be trade facilitation together with other mandates as stipulated in the legal notice No.6 of 2010.

## **C) Financial risk Management objectives and policies**

The Agency's activities expose it to a variety of financial risks, including credit risks and effects of changes in foreign currency rates and interest rates. The agency's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its performance.

Exposure to currency, commodity, interest rate, liquidity and credit risk arises in the normal course of the Agency's operations. This note presents information about the Agency's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Agency's management of capital. Further quantitative disclosures are included throughout these financial statements where applicable to explain the risk.

# KENYA TRADE NETWORK AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The following method and assumption was used to estimate the fair value: Cash and short-term deposits, trade receivables, trade payables and other current

Liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

### Cash and cash equivalents

The Agency limits its exposure to credit risk by investing cash and cash equivalents with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Agency's approved investment policy and PFMR. Consequently, the Agency does not consider there to be any significant exposure to credit risk.

### Liquidity risk

Liquidity risk is the risk of the Agency not being able to meet its obligations as they fall due. The Agency's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Agency's reputation.

The Agency ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts. On average payables are settled within 30 days of invoice. The Agency during the year did not have many foreign currency denominated creditors although the KSWs supplier payments were USD denominated resulting to exchange loss of Ksh.1, 518,232.

### 3. Recurrent grants

	2015/2016 Kshs.	2014/2015 Kshs.
GOK Grants	559,565,000	488,875,000
ICF Grants	-	132,358,448
	<b>559,565,000</b>	<b>621,233,448</b>

The grants are received from the GOK and ICF for recurrent expenses which are treated as revenue for the non-exchange transactions.

### 4. Interest on deposits

	2015/2016 Ksh.	2014/2015 Ksh.
Equity Bank Ltd	31,382,828	24,780,426
Cooperative bank of Kenya Ltd	18,190,223	9,890,850
	<b>49,573,050</b>	<b>34,671,276</b>

The interest income is as a result of investments in a call account during the year that remained uncommitted.

# KENYA TRADE NETWORK AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Other Incomes

	2015/2016 Ksh.	2014/2015 Ksh.
Training fees	1,444,931	2,970,755
Miscellaneous Income	7,730	8,900
	<b>1,452,661</b>	<b>2,979,655</b>

### 6. Audit Fees

	2015/2016 Ksh.	2014/2015 Ksh.
Opening balance	600,000	1,392,000
Paid in the year	(600,000)	(1,392,000)
Provision for the year	600,000	600,000
	<b>600,000</b>	<b>600,000</b>

### 7. Staff Costs

	2015/2016 Ksh.	2014/2015 Ksh.
Basic Salaries	153,339,848	144,906,500
House Allowance	29,199,614	28,489,000
Wages	1,329,936	5,178,557
Other Staff Allowance	7,938,875	7,175,611
Responsibility Allowance	1,304,161	82,750
Commuter Allowance	10,860,325	11,315,000
Leave Allowance	2,391,600	2,245,000
Pension Contributions	23,031,472	20,826,580
	<b>229,395,831</b>	<b>220,218,998</b>

The amount of **Kshs..1,329,936** for wages related to payments made to Interns and casuals who were engaged during the 2015-2016 financial year.

## KENYA TRADE NETWORK AGENCY

### NOTES TO THE FINANCIAL STATEMENTS

#### 8. General expenses

	2015/2016 Ksh.	2014/2015 Ksh.
International Travel	4,602,516	9,836,243
local Travels	5,863,821	13,001,295
Membership Prof subscription	780,543	923,499
Lease Expenses	25,720,858	21,104,447
Office Maintenance	783,853	435,624
Printing and Stationery	3,835,319	2,132,335
Office Incidentals	3,569,329	3,312,031
Club Membership	1,775,500	1,250,000
Consultancy Fees	5,267,019	56,061,309
Training Expenses	5,649,810	15,069,764
Motor Vehicle Maintenance & Repair	895,675	1,204,080
Motor Vehicle Insurance	1,278,286	92,381
Postage Services	172,674	114,086
Fuel	969,797	680,475
CTC Expenses	1,302,367	2,089,013
Cleaning services	803,840	552,214
Security	1,465,862	952,192
Publicity & Advertisement	5,872,346	10,656,057
Telephone	1,415,108	1,515,670
Utilities	2,492,207	1,678,350
Computer Expenses	240,260,187	129,285,366
Conference & Workshops	13,596,140	41,731,930
Staff Medical Insurance	20,760,284	9,347,926
Insurance General	4,678,791	2,875,981
Pension administration	721,169	977,773
Research and Development	-	352,032
Corporate Social Responsibilities	391,162	622,634
Newspapers and Periodicals	454,477	594,860
Monitoring and Evaluation	361,125	-
Penalties and Interest	-	19,630
	<b>355,740,064</b>	<b>328,469,197</b>

#### 9. Finance costs

	2015/2016 Ksh	2014/2015 ksh
Bank charges	647,646	497,639

# KENYA TRADE NETWORK AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Directors Expenses

	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Sitting Allowances	7,923,318	540,891
Honoraria	1,885,714	155,665
Retainer	2,400,000	500,000
Other Related expenses	5,413,607	2,103,728
	<b>17,622,639</b>	<b>3,300,284</b>

The amount of Ksh.5,413,607 for other related expenses comprises of cost of E-board, Travelling Expenses and training expenses during the year under review.

### 11. Cash and Cash equivalents

	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Cash in hand	65,505	319,759
Bank	456,755,490	659,838,058
	<b>456,820,995</b>	<b>660,157,817</b>

### 12. Inventories

	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Consumable Inventories	934,759	2,338,224
Non Consumable Inventories	192,216	212,750
	<b>1,126,975</b>	<b>2,550,974</b>

### 13. Receivables from Exchange transactions

	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Prepaid Insurance	2,000,000	6,489,290
Insurance Claims	199,771	264,886
Rent Deposits	1,256,409	1,256,409
Prepaid Office Rent	746,020	596,343
System Development Installments	-	22,569,634
Other Prepayments	4,739,102	305,900
Unsurrendered Staff Imprests	122,160	818,974
VAT Control	105,005,577	80,837,906
	<b>114,069,038</b>	<b>113,139,342</b>

## KENYA TRADE NETWORK AGENCY

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### NOTES TO THE FINANCIAL STATEMENTS

#### 14.Receivable from non-exchange transactions

	2015/2016	2014/2015
	kshs	kshs
GOK Recurrent Grants	20,917	200,020,917
	20,917	200,020,917

The amount of Ksh.200, 000,000 that was outstanding as at the balance sheet date was disbursed to the Agency on 2<sup>nd</sup> July 2015. However a balance of Kshs.20,917 is still outstanding.

## KENYA TRADE NETWORK AGENCY

### NOTES TO THE FINANCIAL STATEMENTS

#### 15. Property, Plant and Equipment

	Office Partitions Ksh.	Office equipment Ksh.	Office Furniture Ksh.	Computers & Peripherals Ksh.	Motor Vehicles Ksh.	Total Ksh.
As at 01.07.2014						
Cost/Valuation	23,112,218	2,428,981	9,753,729	23,057,893	12,118,181	70,471,002
Additions	8,154,514	2,282,385	2,889,784	31,744,511	-	45,071,194
Disposals	-	-	-	(504,000)	-	(504,000)
<b>As at 30.06.2015</b>	<b>31,266,732</b>	<b>4,711,366</b>	<b>12,643,513</b>	<b>54,298,404</b>	<b>12,118,181</b>	<b>115,038,196</b>
Accumulated Depreciation						
As at 01.07.2014	6,074,776	424,376	1,702,840	9,708,862	3,739,828	21,650,682
Charge for the year	2,335,650	333,722	1,161,442	5,898,074	2,094,588	11,823,476
Prior year adjustment	-	-	-	-	-	-
On Disposal	-	-	-	(239,114)	-	(239,114)
<b>As at 30.06.2015</b>	<b>8,410,426</b>	<b>758,098</b>	<b>2,864,282</b>	<b>15,367,822</b>	<b>5,834,416</b>	<b>33,235,044</b>
As at 01.07.2015						
Cost/Valuation	31,266,732	4,711,366	12,643,513	54,298,404	12,118,181	115,038,196
Additions	609,099	499,686	17,845	17,702,763	15,434,069	34,263,462
Disposals	-	-	-	(236,138)	-	(236,138)
<b>As at 30.06.2016</b>	<b>31,875,831</b>	<b>5,211,052</b>	<b>12,661,358</b>	<b>71,765,029</b>	<b>27,552,250</b>	<b>149,065,520</b>
Accumulated Depreciation						
As at 01.07.2015	8,410,426	758,098	2,864,282	15,367,822	5,834,416	33,235,044
Charge for the year	2,926,831	822,922	1,224,516	16,672,992	2,323,530	23,970,791
Prior year adjustment	-	-	-	-	-	-
On Disposal	-	-	-	(126,417)	-	(126,417)
<b>As at 30.06.2016</b>	<b>11,337,257</b>	<b>1,581,020</b>	<b>4,088,798</b>	<b>31,914,397</b>	<b>8,157,946</b>	<b>57,079,418</b>
Net Book value						
<b>As at 30.06.2016</b>	<b>20,538,574</b>	<b>3,630,032</b>	<b>8,572,560</b>	<b>39,850,632</b>	<b>19,394,304</b>	<b>91,986,102</b>
<b>As at 30.06.2015</b>	<b>22,856,306</b>	<b>3,953,268</b>	<b>9,779,231</b>	<b>38,930,582</b>	<b>6,283,765</b>	<b>81,803,152</b>

## KENYA TRADE NETWORK AGENCY

### NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of the depreciation charge for the year as reported in the Statement of Financial performance.

	2015/2016	2014/2015
Depreciation Charge as per Fixed Asset movement Schedule (note 15)	23,970,791	11,823,477
Depreciation Charge attributable to Assets financed by ICF Grants	(2,053,306)	(2,269,605)
Depreciation Charge for the year	21,917,485	9,553,872

The Depreciation charge on assets finance by ICF grants have been applied against the capitalized Grants in the statement of changes in Net Asset for Ksh.2,053,306 (2014/2015 Ksh.2,269,605).

#### 16. Intangible assets - software

<b>Cost</b>	<b>Ksh.</b>
As at 1st July 2014	954,306,651
Additions	104,902,659
<b>As at 30th June 2015</b>	<b>1,059,209,310</b>
As at 1st July 2015	1,059,209,310
Additional Development	234,743,845
<b>As at 30th June 2016</b>	<b>1,293,953,155</b>
<b>Amortisation</b>	
As at 1st July 2014	95,606,401
Amortisation	96,360,291
<b>As at 30th June 2015</b>	<b>191,966,692</b>
As at 1st July 2015	191,966,692
Amortisation	106,777,795
<b>As at 30th June 2016</b>	<b>298,744,488</b>
<b>Net Book Value</b>	
<b>At 30th June 2016</b>	<b>995,208,667</b>
<b>At 30th June 2015</b>	<b>867,242,618</b>

The Amount of Intangible assets comprises of the single window base and supporting software which has been incurred during the development of the software in facilitation of trade.

# KENYA TRADE NETWORK AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Trade and other payables from exchange transactions

	2015/2016	2014/2015
	ksh	ksh
Trade Payables	3,066,836	34,117,259
Statutory deductios	-	4,463,493
E-Citizen	9,575,681	15,849,677
Staff Welfare Fund	268,000	-
	<b>12,910,517</b>	<b>54,430,429</b>
<b>Provisions</b>		
Provisions for Gratuity	4,935,853	5,459,546
Audit fees	600,000	732,000
	<b>5,535,853</b>	<b>6,191,546</b>
	<b>18,446,370</b>	<b>60,621,975</b>

### 18. Deferred Grants from ICF

	2015/2016	2014/2015
	Ksh	Ksh
Opening Balance	196,484	62,501,241
Receipts during the year	-	114,703,568
Applied during the year	-	(177,008,325)
Refund upon Closure of Project	(196,484)	-
Deferred Income	-	196,484

### 19. Taxation

No provision of tax has been made on income from grants received from Government of Kenya and donor funds from ICF however a tax charge of Ksh.14,871,915 has been provided for on income from investment interest on call account with banks and other incomes generated from operations. The tax liabilities are Ksh.7, 828,588 after adjusting for Withholding tax of Ksh.7,043,327 in the year.

	2015/2016	2014/2015	Total
	Kshs.	Kshs.	Kshs.
Balance b/f	5,994,713	311,033.00	6,305,746.00
Taxation Charge for the year	14,871,915	10,401,384	25,273,299
With holding Tax during the year	(7,043,327)	(4,406,671)	(11,449,998)
Tax Paid during the year	(5,994,712)	(311,033)	(6,305,745)
	<b>7,828,589</b>	<b>5,994,713</b>	<b>13,823,302</b>

## KENYA TRADE NETWORK AGENCY

### NOTES TO THE FINANCIAL STATEMENTS

#### 20. Contingent Liabilities

At the year end the Agency had the following Contingent liability:

	2015/2016 Ksh	2014/2015 Ksh
Mweha Enterprises	12,373,452	8,752,852

A contingency liability of kshs.12, 373,452 to Mweha Enterprises who were undertaking office partitions is probable. This liability is not included in the financial statement since the case is still pending in court and no judgment has been entered, however the Agency is working on how to sort the matter out of court.

#### 21. Operating Leases

The Agency has an uncancellable two operating leases of six years and four years for office space in the first and ground floors respectively with Embankment Investments Ltd on L.R.No. 209/12384. The rents are payable quarterly in advance.

	2015/2016 Ksh	2014/2015 Ksh
<b>Due within the next 12 Months</b>		
First Floor	10,631,628	10,631,628
Ground Floor	2,564,770	2,564,770
Parking	180,000	180,000
Service Charge	2,269,182	2,269,182
<b>Later than 1 year and not later than 5 year</b>		
First Floor	17,807,977	28,439,605
Ground Floor	4,616,586	7,181,356
Parking	324,000	504,000
Service Charge	2,596,720	4,865,902
	<b>40,990,863</b>	<b>56,636,443</b>

#### 22. Commitments

	2015/2016 Ksh	2014/2015 Ksh
Capital commitment		
Approved and contracted		
Consultancy and Implimentation of SWS		
Paid	763,171,377	390,702,906
Outstanding	205,000,000	577,468,471
Total Commintments ( Contract Sum)	968,171,377	968,171,377

The Singapore Corporation Enterprise and KENTRADE Agreement were denominated in US Dollars. Given the existing unfavourable Foreign Exchange Fluctuations involving weakening of the Kenya Shilling, the cumulative cost of acquisition, consultancy and implementation of the Electronic Single Window system shall be bound to be higher to the extent of deviation arising from the unfavourable forex difference.

NOTES TO THE FINANCIAL STATEMENTS

23. Related party disclosures

**(a) Directors Expenses**

The directors' Fees were Sh.17, 622639 (2014/2015: Sh.3, 300,284).

**(b) Remuneration of Key Management staff**

Included in the Staff Cost in Note 6 are the salaries and benefits of 12No. top management staff costs as follows:

	<b>2015/2016</b>	<b>2014/2015</b>
	<b>Ksh</b>	<b>Ksh</b>
Salaries and other Benefits	67,679,000	66,330,089

## KENYA TRADE NETWORK AGENCY

### XVII. 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 person to resolve the issue and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
(i)	Unaccounted for Laptops	The Four Laptops were reported as lost	Manager Finance	Two of the Laptops have been compensated while the other two are pending with the Insurance	30.06.2016
(ii)	Unpaid PAYE on Gratuity Payment	The Gratuity was paid gross by error and the same will be recovered from the affected staff.	Manager Finance	Resolved	30.06.2016

CHIEF EXECUTIVE OFFICER .....



DATE.....