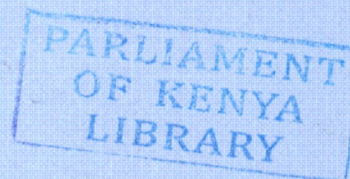


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

OF

THE AUDITOR-GENERAL

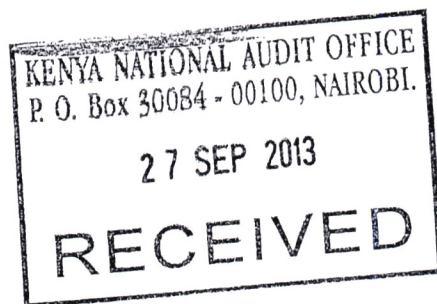
ON

**THE FINANCIAL STATEMENTS OF
AGRI AND CO-OPERATIVE TRAINING AND
CONSULTANCY SERVICES LIMITED**

**FOR THE YEAR ENDED
30 JUNE 2013**



AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD



REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th JUNE 2013

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COMPANY PROFILE

ATC, the Agri and Co-operative Training and Consultancy Services, was launched in July 2004 as the then Agribusiness Training Centre. The then Co-operative College of Kenya teamed up with five other organizations to establish ATC. The founding partners are:-

1. Co-operative University College of Kenya
2. German Technical Co-operation
3. German Technical Service
4. American Co-operative Development International
5. Kenya Agricultural Commodity Exchange
6. Hanns-Seidel- Foundation

The purpose of ATC is to ensure the outreach of Co-operative University College's academic knowledge and fulfilling the needs of diverse groups within and outside the co-operative movement to improve their business by providing capacity development, training, consultancy & research.

ATC was formally registered as a private company wholly owned by CUCK, by guarantee in August 2007. It operates on a commercial and cost-recovery basis and enjoys a great deal of institutional autonomy in order to deliver competitive services in a fast and cost-effective manner, in line with the expectations of clients. However, it works within the overall framework set by the Co-operative University College Governing Council.

Vision

The Solution Provider to Co-operatives and Agri-Business

Mission

To Offer High Quality Research, Training and Consultancy At A Profit In Order To Be the Solution Provider to Co-Operatives and Agribusiness

Principal Activity

ATC conducts training and consultancy services to governmental and non-governmental organizations such as co-operative movement and the associated sectors of the economy, farmers and their associations, small and medium enterprises, Development Partners, Community Based Organizations and other related clientel.

DIRECTORS

The directors, who held office as at 30th June, 2013 were:

| | | |
|----|--|--|
| 1. | Dr. Esther Njoki Gicheru (Mrs.) HSC | Co-operative University College Ag. Principal and Board Chairperson |
| 2. | Mr. David Otiende | Co-operative University College Ag. Registrar Academic Affairs |
| 3. | Mr. K.G. Waruingi | Co-operative University College Ag. Registrar Finance Planning & Administration |
| 4. | Mr. S. Miringu | Co-operative University College Ag. Dean of Student |
| 5. | Mr. D. Orod | Co-operative University College Academic Staff |
| 6. | Mr. David Nyameino | Cereal Growers Association - CEO |
| 7. | Mr. Meshack Makongoso | Germany Technical Co-operation ... Representative |
| 8. | Henrik Brundin | Swedish Co-operative Centre |
| 9. | Mrs. Ancieta Mwiti | Chief Executive Officer and Secretary to the Board |

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Agri and Co-operative Training and Consultancy Services Ltd
Co-operative University College of Kenya
Ushirika Road Karen
P O Box 465 -00502
KAREN – NAIROBI

BANKERS

| | | |
|---|---|--|
| Standard Chartered Bank Karen Branch P O Box 24601 – 0502 KAREN – NAIROBI | Kenya Commercial Bank Karen Branch P O Box 4042 - 00502 KAREN – NAIROBI | Co-operative Bank Of Kenya Karen Branch KAREN – NAIROBI |
|---|---|--|

AUDITORS

Auditor General
Kenya National Audit Office
Anniversary Towers
P.O. Box 30084 – 00100
NAIROBI

CORPORATE GOVERNANCE & QUALITY STATEMENT

ATC is committed to good corporate governance through its Board of Directors. In an effort to uphold this, each activity of the company is monitored from the Board down to the staff. The Board of Directors is responsible for the long-term strategic direction for profitable growth of the company, whilst being accountable to the Co-operative University College of Kenya Governing Council for legal compliance and maintenance of the highest corporate governance standards and business ethics.

The Board of Directors

The Board is made up of ten directors. The directors are, the Co-operative University College of Kenya Director as the chairperson of the Board, two members from the Co-operative University College academic staff, two from the Co-operative University College management staff, three members from the ATC's Development Partners, one member from the Private Sector and the ATC Chief Executive Officer as the secretary to the Board. The composition of the Board is guided by the provisions of the Company's Articles and Memorandum of Association.

The day to day running of the business of the company is delegated to the Chief Executive Officer who is responsible for establishing and maintaining the company internal control systems so that the objectives of profitable growth and owner value is realized.

Quality Management

For effective & efficient systems and procedures, the management operates within the existing procedures which are regularly reviewed in order to strengthen the systems. The company is ISO 9001:2008 Certified by Bureau Veritus-Germany.

The management, through the company's quality manual & policies is committed to operate and continually improve the company quality management system. The management strives to achieve the following quality objectives:

- To provide high quality and up-to-date co-operative education, training, research and consultancy services.
- To meet or exceed customer expectations and necessary requirements, at a price that represents value for money, and to deliver products or services when they need it.
- To continually improve our processes and business results based on measurable

and regularly reviewed quality objectives.

- To continually improve the quality of our products and services and to adopt technological solutions that enhance customer satisfaction.
- To train our employees to empower them to make quality conscious decisions and obtain commitment of all employees in the organization.
- To provide a safe and conducive working environment for all employees, and to maintain a good corporate responsibility.
- To establish and maintain mutually beneficial business relationships with our clients and suppliers.
- To provide adequate resources to establish, maintain, review and continually improve our quality management system.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Kenya Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the company for that year. It also requires the Directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements that have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

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



.....
Dr. Esther Gicheru (Mrs.) HSC
Director



.....
Ancieta Mwiti (Mrs.)
Director

CHAIRPERSON STATEMENT

The financial year 2012-2013 was characterized by harsh economic and geopolitical conditions that adversely impacted on our performance. The commercial service industry was particularly negatively affected by the sustained financial constraints of the Government that reduced spending on trainings. Although the larger African markets remained buoyant, Kenya witnessed constricted business from Development Partners as they adopted a wait-and-see attitude before, during and after the general elections. The prevailing security situation during the year also presented fears of retaliatory attacks from the external threats.

Given the above challenges the company's performance went down with revenue reducing by 54% from the previous year, thus reducing the company profit to a deficit of ksh 4.5M during the financial year under review.

Dividend

Given this performance the board does not recommend payment of dividend for the financial year.

Outlook for 2013/2014 financial year

The Company's economic outlook going forward is very positive in line with the general economic growth which is projected to be 5.8% (*KNBS 2013 Economic Survey Highlights*). Our Board and management team continue to work hard in a number of areas that ought to contribute positively to further improvements in 2013/2014 financial year: First and foremost, we continue to focus on delivering the best value for money, service and reliability to our clients to drive our revenue growth and positively impact both revenue and profit. Secondly, we are investing further in our marketing activities to take advantage of the growth in agribusiness and value chain training services demand in Kenya. The Company is also positioning itself to gain a greater share of the upcoming contract farming business from larger corporate and other organizations.

With the new devolved system of government and in partnership with our mother University College, ATC is exploring collaboration with the county governments in building capacity in the counties in such areas as agribusiness, co-operatives and other associated sectors.

Given that the election related fears are now over, the new Government is in place and the external threats have been contained, we project improved results in 2013/2014.

Finally I would like to thank the ATC staff for their hard work and passion in carrying out their business mandate despite the economic challenges that saw the Company reverse the growing trend from the previous years. It is through their persistent effort to deliver results that made us keep afloat.



Dr. Esther Njoki Gicheru (Mrs.) HSC

Chairperson

CHIEF EXECUTIVE OFFICER STATEMENT

The ATC Management continues to derive advice and direction from our supportive Board of Directors. We remain internally focused on two key drivers of long term value for the business – execution and excellence. We continue to focus on these, ensuring that we deliver to our customers the best value for money in a timely and reliable customer service.

The 2012/2013 financial year was full of a myriad of challenges, with a highly unpredictable business environment which goes as far back as September, 2012. This was mainly caused by the electioneering process, external threats and the Euro zone crisis. Even after the elections, the transition process took longer than expected, followed by the massive change in Government structures and appointments meant that the dust took much longer to settle, presenting a hostile environment where business was hard to come by. These challenges, among others, adversely affected our operations in the financial year, where the company recorded a decline of 52% in professional income from Ksh 32.1M in 2011/12 to ksh 15.3M in 2012/2013 financial year. The net profit also reduced to a deficit of ksh 4,516,870 compared to profit of ksh 1,378,654 in 2011/2012 financial year. The cost also reduced by 39% from ksh 34.5M in 2011/2012 financial year to ksh 21.1 M in the year under review. This is despite incurring ksh 595,000, in ISO 9001:2008 recertification and providing for Ksh 163,016 as provision for bad debts.

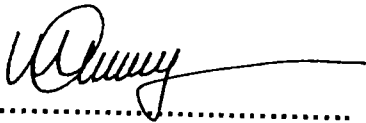
Despite the challenges and financial constraint the company engaged in aggressive marketing whose results are expected to be realized both in the short and long term in future years. During the year we were able to bring on board new clients such as Japan International Co-operation Agency (JICA), East African Farmers Federation (EAFF) and Finance Alliance for Sustainable Trade (FAST) from whom we expect improved future business. Given the current business dynamics and trends, and in order to have an upper hand against our competitors, ATC continues to enter into partnerships with potential clients, Government Agencies as well as with Development Partners.

With the revision of our vision in September 2012, to *“to be the solution provider to Co-operatives and Agri-business”*, ATC, has through its innovativeness, designed and is developing an online platform that will provide a one stop shop for co-operative information resources. The Co-operative Information Resource Centre (CIRC) is expected to be launched in November 2013 and once launched, it will provide another avenue for the company to generate income through advertisement and selling of classified resources. Additionally, it will provide a channel for marketing ATC and the University College. Through collaboration with the Sacco Societies Regulatory Authority (SASRA) and the University College, ATC is at the forefront in the establishment of a Sacco Institute of Management for training Sacco personnel. The training will be domiciled at ATC

In order to tap the huge potential in the devolved Government and Co-operative Sector as a whole ATC has developed proposals to the shareholder (University College) for financing in order to be able to penetrate these markets.

Though the year registered unsatisfactory financial results, the company is looking forward with great expectation, to accelerated growth in the financial year 2013/2014 as it plans to benefit from the expected economic growth and opportunities arising from the implementation of the devolved system of Government and the marketing done during this and the past years. Surface to state that, upon the revision of the Company's Corporate Strategic Plan in September 2012, for a 9 months implementation period, ATC embarked on aggressive business acquisition activities as well as operationalization of activities to streamline the internal service delivery systems. The expected impact of this is a reversal of the current performance and accelerated growth of the Company.

The directors submit their report together with the financial statements for the year ended 30th June 2013, which disclose the state of affairs of the company. The company's financial results for the year ended 30th June 2013, are shown from page twelve to twenty six.



Ancieta Mwiti (Mrs.)
Chief Executive Officer

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Agri and Co-operative Training and Consultancy Services Limited set out on pages 12 to 26, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

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

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

Basis for Qualified Opinion

1. Budgetary Control

The statement of comprehensive income for the year ended 30 June 2013 reflects total expenditure incurred of Kshs.21,045,762. However, there was no evidence that the budget had been approved by Treasury and parent Ministry as provided for under Section 11 of the State Corporation's Act, Cap 446.

In the circumstances therefore, the Company is in breach of the law and that the propriety of the total expenditure of Kshs.21,045,762 for the year ended 30 June 2013 could not be confirmed.

2. Operating Expenses

The operating expenses of Kshs.20,017,863 as at 30 June 2013 includes an amount of Kshs.132,500 paid to four (4) members of staff of the Co-operative University College of Kenya which fully owns the Company for performing normal audit assignments. The rationale for this payment was not adequately explained given that the persons paid were full time employees of the University.

Under the circumstances, the expenditure of Kshs.132,500, does not appear to be a proper charge to the Company's funds.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2013, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, Cap. 486 of the Laws of Kenya.

Emphasis of Matter

Financial Performance

During the year, the Company recorded a loss of Kshs.4,516,870 compared to a profit of Kshs.1,378,654 in 2011/12, which resulted in depletion of the general reserves from Kshs.5,184,948 in 2011/12 to Kshs.119,690 in 2012/13. Although the Company recorded a favorable working capital of Kshs.2,255,088 as at 30 June 2013, the loss trend if not reversed, could have adverse effects on the Company's operations. My opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenya Companies Act, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and believe were necessary for the purpose of the audit;
- ii. In my opinion, proper books of account have been kept by the Company, so far as appears from my examination of those books; and,
- iii. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

8 April 2014

AUDITORS REPORT

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS FOR
THE AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
FOR THE YEAR ENDED 30TH JUNE 2013

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

| ASSETS | | Ksh | |
|---|----|-------------------|-------------------|
| NON-CURRENT ASSETS | | 2012 - 2013 | 2011 - 2012 |
| Property Plant & Equipments | 2 | 3,070,580 | 1,476,591 |
| | | <u>3,070,580</u> | <u>1,476,591</u> |
| CURRENT ASSETS | | | |
| Stock (Shop) | 3 | 9,072 | 83,313 |
| Trade & other receivables | 4 | 4,226,398 | 8,367,493 |
| Shop Control Account | 10 | 0 | 329,445 |
| Cash & Bank Balances | 5 | 4,087,268 | 4,851,085 |
| | | <u>8,322,738</u> | <u>13,631,336</u> |
| TOTAL ASSETS | | 11,393,318 | 15,107,927 |
| EQUITY & LIABILITIES | | | |
| FUND BALANCES | | | |
| General Reserve | 6 | 119,690 | 5,184,948 |
| Co-operative University College Control Account | 7 | 2,870,870 | 2,870,870 |
| Development Partners Fund Account | 8 | 745,400 | 745,400 |
| Revaluation Reserve | 22 | 1,589,708 | - |
| | | <u>5,325,668</u> | <u>8,801,218</u> |
| CURRENT LIABILITIES | | | |
| Trade & Other Payables | 9 | 6,067,650 | 6,306,709 |
| | | <u>6,067,650</u> | <u>6,306,709</u> |
| TOTAL EQUITY & LIABILITIES | | 11,393,318 | 15,107,927 |

The financial statements were approved by the Board of Directors on 26th September 2013 and signed on their behalf by:-

Mrs. Ancieta Mwiti



Chief Executive Officer

Dr. Esther Njoki Gicheru (Mrs.) HSC



Board Chairperson

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2013

| | Notes | Ksh | |
|----------------------------------|-------|--------------------|-------------------|
| | | 2012 - 2013 | 2011 - 2012 |
| INCOMES | | | |
| Seminar | 11 | 15,287,621 | 32,106,102 |
| Grants | 12 | 1,097,000 | 3,473,226 |
| Other | 13 | 144,271 | 265,331 |
| Total | | 16,528,892 | 35,844,659 |
| EXPENSES | | | |
| Operating Expenses | 14 | 20,017,863 | 33,412,161 |
| Board Expenses | 15 | 456,088 | 158,000 |
| AGM Expenses | | 0 | 269,549 |
| Depreciation charge for the year | 2 | 339,214 | 407,547 |
| Provisions for Audit Fees | 16 | 174,000 | 174,000 |
| Financial costs | 20 | 58,597 | 44,748 |
| Tax payable | 17 | 0 | 0 |
| Total expenses | | 21,045,762 | 34,466,005 |
| Profit / Loss | | (4,516,870) | 1,378,654 |

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED 30TH JUNE 2013

| | Ksh | Ksh | Ksh | Ksh | Ksh |
|---|------------------|---|-----------------------------------|---------------------|------------------|
| | General Reserve | Co-operative University College Control Account | Development Partners Fund Account | Revaluation Reserve | TOTAL |
| 2011/2012 | | | | | |
| Balance as at 01/07/2011 | 4,315,891 | 2,870,870 | 618,400 | 320,000 | 8,125,161 |
| Additions | 0 | 0 | 127,000 | 0 | 127,000 |
| Adjustments as per Note No 6 | (509,597) | 0 | 0 | (320,000) | (829,597) |
| Profit / (Loss) for the year | 1,378,654 | 0 | 0 | 0 | 1,378,654 |
| Balance C / Forward as at 30/06/2012 | 5,184,948 | 2,870,870 | 745,400 | 0 | 8,801,218 |
| 2012/2013 | | | | | |
| Balance as at 01/07/2012 | 5,184,948 | 2,870,870 | 745,400 | 0 | 8,801,218 |
| Additions | 0 | 0 | 0 | 1,589,708 | 1,589,708 |
| Adjustments as per Note No 6 | (548,388) | 0 | 0 | 0 | (548,388) |
| Profit / (Loss) for the year | (4,516,870) | 0 | 0 | 0 | (4,516,870) |
| Balance C / Forward as at 30/06/2013 | 119,690 | 2,870,870 | 745,400 | 1,589,708 | 5,325,668 |

| STATEMENT OF CASHFLOWS | | | |
|--|-------|---------------------------|-------------------------|
| AS AT 30 JUNE 2013 | | | |
| | | Ksh | |
| CASHFLOW FROM OPERATING ACTIVITIES | Notes | 2012 - 2013 | 2011 - 2012 |
| Profit after tax | | (4,516,870) | 1,378,654 |
| Adjustment for | | | |
| Depreciation | 2 | 339,214 | 407,547 |
| Profit / Loss on disposal of assets | 19 | 0 | (37,600) |
| Income from student convenient Store | 18 | (40,665) | 71,269 |
| Working capital adjustments | | | |
| Decrease /(Increase) in account receivables | 4 | 4,141,095 | (5,152,026) |
| Increase / (Decrease) in account payables | 9 | (239,059) | 3,349,446 |
| Decrease /(Increase) in shop stock | 3 | 74,241 | (36,254) |
| Shop control account | 10 | 329,445 | (210,494) |
| Net Cash From Operating Activities | | <u>87,401</u> | <u>(229,458)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Increase in capital assets | 2 | (1,933,203) | (144,200) |
| Cash from disposal of bonded Items | 19 | 0 | 277,600 |
| Income from student convenient store | 18 | 40,665 | (71,269) |
| Dividend paid | | (350,000) | 0 |
| NET CASH USED IN INVESTING ACTIVITIES | | <u>(2,242,538)</u> | <u>62,131</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Development partners fund account | 8 | 0 | 127,000 |
| Increase in revaluation reserve | | 1,589,708 | (320,000) |
| General reserve shop control adjustment | | -198,388 | (509,597) |
| Net cash received in financing activities | | <u>1,391,320</u> | <u>(702,597)</u> |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT | | <u>(763,817)</u> | <u>(869,924)</u> |
| Opening cash and cash equivalent | | 4,851,085 | 5,721,009 |
| Closing Cash And Cash Equivalent | | <u>4,087,268</u> | <u>4,851,085</u> |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013**1. Accounting Policies**

The principal accounting policies adopted in preparation of these financial statements are set out below:-

a. Basis of Preparation

The company accounts have been prepared under historical cost convention which is in compliance with the international Finance Reporting Standards.

b. Property Plant & Equipment

Property plant & equipment is stated at cost less accumulated depreciation. Depreciation is calculated using reducing balance method in all categories of assets and the applied depreciation rate is as shown below;

| | |
|----------------------------------|-------|
| I. Motor Vehicles | 25% |
| II. Furniture & Fittings | 12.5% |
| III. Computers & Office Machines | 33.3% |
| IV. Loose Tools | 33.3% |

c. Inventories

Inventories are stated at lower of cost and net realizable value

d. Revenue Recognition

Revenue is recognized on accrual basis in accordance with international financial reporting standards. Grants received from DED are recognized as income since they not of capital nature.

e. Cash & Cash Equivalent

For purpose of cash flow statement, cash and cash equivalent comprises of cash at hand and deposit held with banks.

f. Comparatives

Where applicable comparative figures have been provided

g. Principal Activities

To conduct training and consultancy services to governmental and non-governmental organizations such as co-operative movement and the associated economies, farmers and their associations, small and medium enterprises, institutions, donors, community Based Organizations and other clients

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

2a. Property Plant and Equipment for 2012/2013 Financial Year

| DETAILS | MOTOR VEHICLES | EQUIPMENTS | COMPUTER & OFFICE ELECTRONICS | FURNITURE & FITTINGS | LOOSE TOOLS | TOTAL |
|------------------------|----------------|--------------|-------------------------------|----------------------|--------------|-----------|
| | Ksh 25.0% | Ksh 12.5% | Ksh 33.3% | Ksh 12.5% | Ksh 33.3% | Ksh |
| COST /VALUATION | | | | | | |
| As at 01/07/2012 | 499,331 | 459,580 | 1,826,600 | 835,735 | 128,872 | 3,750,118 |
| ADDITIONS | 0 | 143,500 | 182,400 | 9,900 | 7,695 | 343,495 |
| VALUATION (Note 22) | 1,589,708 | 0 | 0 | 0 | 0 | 1,589,708 |
| DISPOSAL | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 30/06/2013 | 2,089,039 | 603,080 | 2,009,000 | 845,635 | 136,567 | 5,683,321 |
| DEPRECIATION | | | | | | |
| As at 01/07/2012 | 319,039 | 125,476 | 1,396,762 | 328,834 | 103,416 | 2,273,527 |
| Charge for the year | 0 | 59,700 | 203,875 | 64,600 | 11,039 | 339,214 |
| Disposal | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 30/06/2013 | 319,039 | 185,176 | 1,600,637 | 393,434 | 114,455 | 2,612,741 |
| NET BOOK VALUE | | | | | | |
| As at 30/06/2013 | 1,770,000 | 417,904 | 408,363 | 452,201 | 22,112 | 3,070,580 |
| As at 01/07/2012 | 180,292 | 334,104 | 429,838 | 506,901 | 25,456 | 1,476,591 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

2b. Property Plant and Equipment for 2011/2012 Financial Year

| DETAILS | MOTOR VEHICLES | EQUIPMENTS | COMPUTER & OFFICE ELECTRONICS | FURNITURE & FITTINGS | LOOSE TOOLS | TOTAL |
|-------------------------|----------------|--------------|-------------------------------|----------------------|--------------|-----------|
| | Ksh 25.0% | Ksh 12.5% | Ksh 33.3% | Ksh 12.5% | Ksh 33.3% | Ksh |
| COST / VALUATION | | | | | | |
| As at 01/07/2011 | 819,331 | 407,950 | 1,734,030 | 835,735 | 128,872 | 3,925,918 |
| ADDITIONS | | 51,630 | 92,570 | | | 144,200 |
| VALUATION | | | | | | 0 |
| DISPOSAL | (320,000) | | | | | (320,000) |
| As at 30/06/2012 | 499,331 | 459,580 | 1,826,600 | 835,735 | 128,872 | 3,750,118 |
| DEPRECIATION | | | | | | |
| As at 01/07/2011 | 338,942 | 77,747 | 1,182,165 | 256,420 | 90,706 | 1,945,980 |
| Charge for the year | 60,097 | 47,729 | 214,597 | 72,414 | 12,710 | 407,547 |
| Disposal | (80,000) | | | | | (80,000) |
| As at 30/06/2012 | 319,039 | 125,476 | 1,396,762 | 328,834 | 103,416 | 2,273,527 |
| NET BOOK VALUE | | | | | | |
| As at 30/06/2012 | 180,292 | 334,104 | 429,838 | 506,901 | 25,456 | 1,476,591 |
| As at 01/07/2011 | 480,389 | 330,203 | 551,865 | 579,315 | 38,166 | 1,979,938 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

3. Stock

| DETAILS | 2012 - 2013 | 2011 - 2012 |
|------------------------|-------------|-------------|
| Shop Trade stock items | 9,072 | 83,313 |

4. Trade & Others Receivables

| CLIENT | 2012 - 2013 | 2011 - 2012 |
|--|-------------------------|-------------------------|
| GIZ Nairobi Office | 0 | 2,745,572 |
| Municipal Council Of Machakos | 120,116 | 120,116 |
| FAO | 2,144,274 | 1,536,000 |
| Small Holder Horticulture Marketing Programme | 0 | 560,953 |
| EAFF | 392 | 0 |
| Agricultural Information Resource | 42,500 | 42,500 |
| Co-operative University College of Kenya | 107,339 | 92,800 |
| Bungoma Teachers Sacco | 0 | 148,400 |
| Nzoia Sacco | 0 | 21,200 |
| Simlaw Seeds Co Ltd | 0 | 21,552 |
| ABSS | 400 | 400 |
| Ministry of Co-operative Devp & Marketing | 0 | 1,178,303 |
| GFA-Rwanda | 0 | 547,628 |
| Deposits paid | 14,138 | 0 |
| Staff Debtors (Shop 238,968 & Main 54,982) | 293,950 | 80,516 |
| Corporate Tax paid in advance | 853,153 | 478,222 |
| Value Added Tax Claimable | 813,152 | 793,331 |
| Total | <u>4,389,414</u> | <u>8,367,493</u> |
| Less Provision For Doubtful Debt | | |
| ABSS | 400 | |
| Municipal Council Of Machakos | 120,116 | |
| Agricultural Information Resource | 42,500 | |
| Total Provision for Doubtful Debt | <u>163,016</u> | |
| Net Trade & Other Receivables (4,389,414 – 163,016) | <u>4,226,398</u> | |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

5. Cash & Cash Equivalent

| DETAILS | 2012 - 2013 | 2011 - 2012 |
|--|------------------|------------------|
| Cash at Bank | | |
| Standard Chartered Account | 2,882,991 | 3,993,381 |
| Kenya Commercial Bank Account | 838,196 | 155,055 |
| Kenya Commercial Bank Privilege Account (Shop) | 253,350 | 123,725 |
| Co-operative Bank Of Kenya (USD 37.68 @ ksh 85) | 3,203 | 0 |
| Cash at Hand Office | 57,240 | 216,460 |
| Cash at Hand Shop | 52,288 | 362,464 |
| TOTAL | 4,087,268 | 4,851,085 |

6. General Reserve

| DETAILS | Notes | 2011 - 2012 | 2011 - 2012 |
|--|-------|------------------------|------------------------|
| | | General Reserve | General Reserve |
| Balance B / Forward | | <u>5,184,948</u> | <u>4,315,891</u> |
| Adjustments | | | |
| Adjustment for provision of gratuities payable | | 0 | (509,597) |
| Closure of Shop Control Account | 10 | (198,388) | 0 |
| 2011/2012 Bonus paid in 2012/2013 | | (350,000) | 0 |
| Total Adjustments | | <u>(548,388)</u> | <u>(509,597)</u> |
| Profit / (Loss) for the year | | (4,516,870) | 1,378,654 |
| Balance C / Forward | | 119,690 | 5,184,948 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013**7. Co-operative University College of Kenya Control Account**

This refers to the net of assets and liabilities that the company had when it started to prepare financial statements independently, which was credited to Co-operative College of Kenya Control Account as Capital.

| DETAILS | | 2012 - 2013 | 2011 - 2012 |
|--------------|--|------------------|------------------|
| Balance C/F | | 2,870,870 | 2,870,870 |
| TOTAL | | 2,870,870 | 2,870,870 |

8. Development Partners Fund Account

This refers to Capital grants received which cannot be written off immediately.

| DETAILS | | 2012 - 2013 | 2011 - 2012 |
|--|--|----------------|----------------|
| Balance C/F | | 617,350 | 617,350 |
| Grants (Laptops, projector & projector screen) | | 128,050 | 128,050 |
| TOTAL | | 745,400 | 745,400 |

9. Trade & Other Payables

| DETAILS | | 2012 - 2013 | 2011 - 2012 |
|--|--|------------------|------------------|
| | | Ksh | Ksh |
| Trade Payables | | 2,925,219 | 2,451,775 |
| Shop Trade Payables | | 0 | 27,475 |
| Payments Received in Advance / Refundable Deposit Received | | 10,000 | 52,002 |
| Provisions For Audit Fees | | 174,000 | 324,000 |
| Provisions for Gratuities Payable | | 2,958,431 | 3,101,457 |
| Provisions for Bonus Payable | | 0 | 350,000 |
| TOTAL | | 6,067,650 | 6,306,709 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

10. Shop Control Account

After the consolidation of Shop operations with that of main account, the shop control account has been closed by transferring the balance of ksh 198,388 to general reserve. The amount is also shown in Note No 6 as adjustment to general reserve.

| Details | 2011 - 2012 | 2011 - 2012 |
|--|------------------|------------------|
| Opening Balance | (329,445) | (118,951) |
| Shop expenses paid through main office account | (4,250) | 0 |
| Salaries & Wages (shop assistant salary paid from main account) | (80,800) | (242,400) |
| Main Office expenses paid through shop account | 284,956 | 0 |
| Decrease in Cash Balances at Shop | (180,552) | (78,534) |
| Decrease in Shop Payables | 27,475 | (20,919) |
| Shop Rent Payable | (4,000) | (12,000) |
| Decrease in Shop Stock | (74,241) | 36,255 |
| Shop Debtors | 203,134 | 35,835 |
| Profit for the year | (40,665) | 71,269 |
| Total | (198,388) | (329,445) |
| Amount Transferred to General Reserve to Close Shop Control a/c | 198,388 | 0 |

11. Seminar Income

| Details | 2012 - 2013 | 2011 - 2012 |
|--------------------|-------------------|-------------------|
| Training Income | 5,586,374 | 19,705,634 |
| Consultancy Income | 9,701,247 | 12,400,468 |
| TOTAL | 15,287,621 | 32,106,102 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

12. Grants Income

| | 2012 - 2013 | 2011 - 2012 |
|--|------------------|------------------|
| GIZ Nairobi Office | 240,000 | 433,723 |
| Co-operative University College of Kenya | 604,000 | 612,000 |
| ACDI/VOCA | 253,000 | 0 |
| Co-operative Insurance Company | 0 | 1,200,000 |
| Co-operative Bank of Kenya | 0 | 1,227,503 |
| TOTAL | 1,097,000 | 3,473,226 |

13. Other Income

| INCOMES | 2012 - 2013 | 2011 - 2012 |
|--|----------------|----------------|
| Income from Student Convenient Store (Note 18) | 40,665 | (71,269) |
| Sale of Disposal Tender Documents | (52,000) | (21,000) |
| Profit from Disposal of Obsolete Items | 980 | 37,600 |
| Realized Revaluation Income | 0 | 320,000 |
| Experts Subscription Fee Income | 55,000 | 0 |
| Photocopying Services | 99,626 | 0 |
| | 144,271 | 265,331 |

14. Operating Expenses

| EXPENSES | 2012 - 2013 | 2011 - 2012 |
|--------------------------------------|-------------------|-------------------|
| Seminar Expenses | 6,966,121 | 20,643,471 |
| Professional Expenses | 13,779 | 0 |
| Staff Costs | 9,872,876 | 10,313,238 |
| Motor Vehicle Running Cost | 221,612 | 457,685 |
| Office Administration Expenses | 907,488 | 949,327 |
| Marketing and Promotions | 625,125 | 349,760 |
| Quality Management & System Expenses | 595,387 | 60,000 |
| General Repairs & Maintenance | 52,212 | 38,680 |
| Foreign Exchange Loss | 247 | 0 |
| Provision For Bad Debt | 163,016 | 0 |
| Rent & Water | 600,000 | 600,000 |
| Total Expenses | 20,017,863 | 33,412,161 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

15. Board Expenses

Expenses relates to board meeting expenses during the financial year

16. Provision for Audit Fees

Ksh 174,000 has been provided for as audit fee for the 2012/2013 financial year.

17. Tax Payable

| DETAILS | 2012 - 2013 | 2011 - 2012 |
|--|---------------------|--------------------|
| Profit / (Loss) for the year | (4,516,870) | 1,048,610 |
| Less adjustment for loss B/F | (8,815,203) | (6,090,587) |
| Less. Non Taxable Income (Grants & realized revaluation) | (1,097,000) | (3,793,226) |
| Add: Disallowable | | |
| Depreciation | 339,214 | 407,547 |
| Donations | 0 | 20,000 |
| Less Allowable | | |
| Wear and tear | (339,214) | (407,547) |
| Taxable profit / (Loss) | (14,429,073) | (8,815,203) |
| Tax at Applicable rate (30%) | 0 | 0 |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

18. ATC Students Convenient Store Accounts

| FOR THE YEAR ENDED 30TH JUNE 2013 | | |
|---------------------------------------|-----------------------|-----------------------|
| | 2012 - 2013 | 2011 - 2012 |
| Shop stock sales | 312,306 | 458,017 |
| Less Cost of goods sold | (263,464) | (386,606) |
| Gross Profit from Sale of stock items | 48,842 | 71,411 |
| Add other Incomes | | |
| Revenue from Photocopying Services | 65,244 | 173,532 |
| Revenue from Bureau services | 5,250 | 17,760 |
| Revenue from Zap Services | 1,504 | 40 |
| Revenue from Mpesa Services | 58,786 | 72,512 |
| Total Incomes | <u>179,626</u> | <u>335,255</u> |
| Less Expenses | | |
| Salaries & wages | 80,800 | 242,400 |
| Mpesa Expenses | 904 | 4,154 |
| Bureau services expenses | 900 | 6,190 |
| Photocopying services expenses | 29,874 | 115,070 |
| Shop (Stock sales) expenses | 2,638 | 3,055 |
| Bank Charges | 11,800 | 12,200 |
| Repairs & Maintenance | 550 | 0 |
| Rent Payable | 4,000 | 12,000 |
| other shop expenses | 7,495 | 11,455 |
| | <u>138,961</u> | <u>406,524</u> |
| Net Profit / (Loss) | 40,665 | (71,269) |

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

19. Profit on Disposal of Bonded Stores

| DISPOSAL OF BONDED STORES 2011/2012 | | | | | | |
|--|--------------------------|------------------|--------------------------|----------------|-----------------------|--------------------------|
| No | Item Description | Cost / Valuation | Accumulated Depreciation | Net Book value | Amount Disposed | Loss/ Profit on Disposal |
| 1 | Suzuki Vitara – KAJ 349P | 320,000 | 80,000 | 240,000 | 282,000 | 42,000 |
| Sub Total | | 320,000 | 80,000 | 240,000 | 282,000 | 42,000 |
| Less other Cost | | | | | | |
| | | | | | Valuation Cost | 4,400 |
| Net Profit / (Loss) on Disposal | | | | | | 37,600 |
| DISPOSAL OF BONDED STORES 2012/2013 | | | | | | |
| No | Item Description | Cost / Valuation | Accumulated Depreciation | Net Book value | Amount Disposed | Loss/ Profit on Disposal |
| 1 | Sale of Old Newspapers | 0 | 0 | 0 | 980 | 980 |
| Sub Total | | 0 | 0 | 0 | 980 | 980 |
| Net Profit / (Loss) on Disposal | | | | | | 980 |

20. Dividends Payable

The management paid Kshs.350,000 as dividends for the year 2011/2012.

21. Financial Costs

| DETAILS | 2012 - 2013 | 2011 - 2012 |
|----------------------------|-------------|-------------|
| Bank charges and interests | 58,597 | 44,748 |

22. Valuation of Assets

| DETAILS | 2012 - 2013 | 2011 - 2012 |
|---|------------------|-------------|
| Motor Vehicle- KAD 076E - Landrover Discovery | 560,000 | |
| Motor Vehicle- KAP 274N – Mitsubishi Pajero | 644,015 | |
| Motor Vehicle- KAK 423C – Isuzu Trooper | 385,693 | |
| Total | 1,589,708 | |