

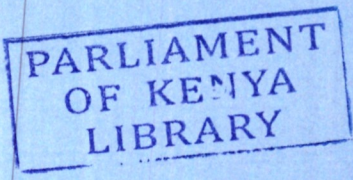
REPUBLIC OF KENYA



*Presented by the
Senate of Kenya
12/6/2018*



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
PRISON FARM REVOLVING FUND**

**FOR THE YEAR ENDED
30 JUNE 2017**





KENYA PRISON SERVICE
(Prison Farms Revolving Fund- (PFRF))

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

KENYA PRISON SERVICE (PFRF)
Reports and Financial Statements
For the year ended June 30, 2017

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I. KEY PFRF INFORMATION AND MANAGEMENT

(a) Background information

The Prison Farms Revolving Fund (PFRF) is domiciled in Prison Enterprises Farm section of the Kenya Prisons Service. The Fund was established by Legal Notice No. 87 of the Exchequer and Audit Act (Cap 412) Regulations, 1992. The Prisons Enterprise is situated at headquarter in Nairobi and has branches in 87 agricultural prisons country wide.

The Exchequer and Audit Act CAP 412, section 34(1) and 36 of the Legal Notice Act No 87, requires the Officer administering the Fund to prepare financial statements in respect of that Prison Farms Revolving Fund, which gives a true and fair view of the state of affairs of the Fund midyear and at the end of the financial period on operating results of the Fund for that year.

The Officer is also required to ensure that the Prison Farms Revolving Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund and safeguarding the assets of the Fund.

(b) Principal Activities

The principal mandate of the *Prison Farms* is to train and rehabilitate prisoners and inmates, procure necessary raw materials, tools, plants and equipment required thereof and offer for sale finished products in the market.

- **VISION :** A correctional service of excellence in Africa and beyond
- **MISSION:** Containment of offenders in humane and safe conditions in order to facilitate responsive administration of justice, rehabilitation, social integration and community protection
- **MOTTO :** Rehabilitation and Justice

OUR CORE VALUES

1. **Fairness and Equality to all within the law**
2. **Integrity**
3. **Team work and collaboration**
4. **Loyalty**
5. **Gender sensitivity**
6. **Discipline**
7. **Meritocracy**
8. **Leadership by example**

(c) Key Management

The *PFRF's* day-to-day management is under the following key organ:

Ministry of Interior and Co-ordination of National Government
Principal Secretary, State Department for correctional Service
Commissioner General
Kenya Prisons Service
Director
Prison Enterprises

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Deputy Director – Prison Farms

(d) Fiduciary Management

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

No.	Designation	Name
1	Principal Secretary State Department of Correctional Service	Amb.Richard T. Ekai(PhD),CBS
2	Principal Secretary Commissioner	Micah P. Powon, CBS
3	General of Prisons Service	Isaya M. Osugo,CBS, CGP
4	Director of Prisons Enterprise	Josphat K. Ituka,MBS, ACGP
5	Deputy Director Prison Farms	Patrick Kariri, MKIM

(Include all positions regarded as top management in your organisation).

(e) Fiduciary Oversight Arrangements

Audit and finance committee activities

The purpose of Internal Audit is to assist an organisation in accomplishing its objectives by bringing a systematic, disciplined approach, to evaluate and improve the effectiveness of risk management, control, and governance processes. In accordance with Public Financial Management Act (2012) Regulations [Section 165], the main purpose of the Audit Committee shall be to provide oversight over the issues of risk management, system of internal control and governance and associated assurance. The responsibility over the management of risk, control and governance processes remains with the management.

The Audit Committee shall also oversee the process of follow up on the implementation of the recommendations proposed by the internal and external auditors respectively.

CORE FUNCTIONS;

- ❖ Establishing the governance mechanisms of the Enterprise and ensure for transparency and accountability with regard to the finances and assets;
- ❖ Conducting risk-based, value-for-money and systems audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of the Enterprise;
- ❖ Verifying the existence of assets administered by the Enterprise and ensuring that there are proper safeguards for their protection;
- ❖ Providing assurance that appropriate institutional policies and procedures and good business practices are followed by the Enterprise;
- ❖ Evaluating the adequacy and reliability of information available to management for making decisions with regard to the Fund and its operations.
- ❖ Account for results of the audit of the financial statements and the related report therein and, if applicable, a report on changes during the year in accounting principles and their application.
- ❖ Report on significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit. Inquire about the cooperation received by the

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outside auditors during their audit, including access to all requested records, data, and information.

- ❖ Ask the outside auditors if there have been any disagreements with staff that, if left unresolved, would have caused them to issue a nonstandard report on the organization's financial statements.
- ⬇ Obtain annually from the outside auditors a letter regarding the adequacy of internal controls.

(f) PFRF Headquarters

MAGEREZA House
Bishop Road – Upperhill
P.O. Box 30175-00100
Nairobi, KENYA

Registered Office

Teleposta Building
Kenyatta Avenue
P.O. Box 30478-00100
Nairobi, KENYA

(g) PFRF Contacts

Telephone: (254) 20-2722900-6
E-mail: commissioner.prisons.go.ke
Website: www.go.ke

(h) PFRF Bankers

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

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. THE BOARD OF MANAGEMENT

Board Members photo and name.	Board Members key qualifications and work experience.
<div data-bbox="145 465 762 1059" data-label="Image"> </div> <div data-bbox="240 1099 671 1173" data-label="Caption"> <p>Amb. Richard T. Ekai, PhD, CBS Principal Secretary</p> </div>	<p>Principal Secretary for State Department for Correctional Services, Ministry of Interior and Coordination of National Government</p> <p>Principal Secretary for State Department for Sports, Ministry of Sports, Culture and The Arts (Dec. 2015 – March 2017)</p> <p>Principal Secretary for Sports, Culture and The Arts, Ministry of Sports, Culture and The Arts (Sept.2014 – Nov 2015)</p> <p>Principal Secretary for Mining, Ministry of Mining (June 2013 – Sept. 2014)</p> <p>Dean of the Diplomatic Corps (2012 – 2013): Coordinated engagements between the Diplomatic Corps and the Royal government</p> <p>Ambassador/Head of Mission (July 2006 – June 2013) Personal Representative of the Head of State of the Republic of Kenya in Thailand, Cambodia and Vietnam</p> <p>Lecturer, Moi University (2001 – 2006)</p> <p>Energy Researcher, ISFH Germany (1997 – 2001)</p> <p>Fellowships & Scholarships</p> <ul style="list-style-type: none"> • Deutsche Akademische Austausch Dienst (DAAD) Scholarship, Institute for Solar Energy Research (ISFH) Hameln/Emmerthal, University of Hannover, Germany (1996 – 2000); • International Program for Physical Sciences (IPPS) Fellowship, Solar Energy Group, Department of Physics, University of Dar Es-Salaam (May – July 1995) <p>RESEARCH & PUBLICATIONS</p> <ul style="list-style-type: none"> • Book : Written a book on structured Silicon Solar Cells • Papers : Published several papers in Journals and Conferences • Research : Factors affecting the Performance of NSE <p>EDUCATIONAL BACKGROUND</p> <ul style="list-style-type: none"> • PhD (Solar Energy), University of Hannover, Germany (1997 – 2000) • MBA (Strategic Management & Finance), Moi University (2004 - 2005) • MPhil (Physics/Nuclear & Solid States), Moi University (1993 - 1996) • BSc (Physics & Mathematics), Moi University (1988 - 1991) <p>PROFESSIONAL SKILLS</p> <ul style="list-style-type: none"> • Renewable Energies, Institute for Solar Energy Research (ISFH) Hameln/Emmerthal, University of Hannover, Germany • MBA in Strategic Management and Finance, Moi University • Sustainable Environmental Management, Kenya Institute of Administration • German Language, Goethe/Bremen University, Bremen, Germany.

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Mr. Isaya M. Osugo, CBS (CGP)
Commissioner General of Prisons

Joined the Kenya Police Force on 1st July, 1978 and worked in the Criminal Investigation Department on the following capacities:

- * Scene of Crime Officer
- * District Criminal Investigation Officer
- * Provincial Criminal Investigations Officer

Appointed Commissioner of Prisons in 2008 and elevated to Commissioner General of Prisons (CGP) in 2014. During my tenure office as commissioner General of Prisons, I have been instrumental in prison reforms which include among others;

- * Reorganization of the service
- * Professionalization of the service,
- * Expansion and modernization of prison facilities
- * Review of rehabilitation and reformation programs
- * Review and reorganization of security of prisons

Qualifications:

- * **Ordinary Level of Education**
- * **Professional Courses in security Management**
- * **Administration and Management Course**

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Mr. Josephat K. Ituka, MBS, [ACGP]
Director Prison Enterprises

Enlisted in Kenya Prisons Service in 1985 as Chief Officer One (CO1) and risen through ranks to the current rank of Assistant Commissioner General of Prisons (ACGP). Has served in Kenya Prisons Service for over 32 Years in the following capacities:

- * Duty Officer
- * Courts Officer
- * Documentation Officer
- * Deputy Officer in Charge
- * Officer in Charge Shimo Annexe, Isiolo, Eldoret and Kakamega Prisons
- * Deputy Provincial Prisons Commander
- * Deputy Director Administration, Research & Statistics
- * Director Reforms and Planning, Gender and NGO Coordination, Inspections and Complaints and Prison Enterprises
- * Serviced in United Nations Mission in Liberia (UNMIL) as a Correctional Adviser for 18 months

Qualifications:

- * MA (International Conflict Management) UON 2010
- * BA (Hons) UON 1985



Mr. Patrick Kariri, MKIM
Deputy Director Prison Farms

Experience:

Has 17 years related work experience in the Private sector having worked in the following Companies:

- Socfinaf Co. Ltd :
Coffee Estates Manager
- Sigona Golf Club:
Golf Course and Administration Manager
- Riara Group of Schools:
Estates Manager

Has 8 years related work experience in the Public sector having worked in the following Government departments:

- State House:
Principal Gardens Manager in-charge of all State Houses & Lodges.
- Kenya Prisons Service:
Deputy Director In-charge of Prison Farms

Qualifications:

1. MBA - Strategic Management (KeMU)
2. Bsc. Agricultural Engineering (UoN)
3. Full Member, Kenya Institute of Management (MKIM)

III. STATEMENT OF OFFICER ADMINISTERING THE FUND RESPONSIBILITIES

The Exchequer and Audit Act CAP 412, section 34(1) and 36 of the Legal Notice Act No 87, require the Officer administering the Fund to prepare financial statements in respect of that *Prison Farms Revolving Fund*, which give a true and fair view of the state of affairs of the *Fund* at the end of the financial period and the operating results of the *Fund* for that year. The Officer administering the Fund is also required to ensure that the *Prison Farms Revolving Fund* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Fund*. The Officer administering the Fund is also responsible for safeguarding the assets of the *Fund*.

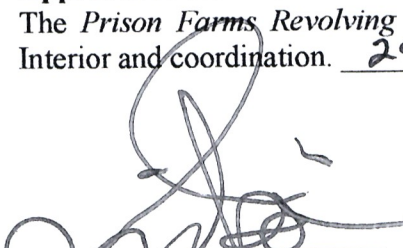
The Officer administering the Fund is responsible for the preparation and presentation of the *Prison Farms Revolving Fund* financial statements, which give a true and fair view of the state of affairs of the *Fund* for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the PFRF; (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 *Fund* (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

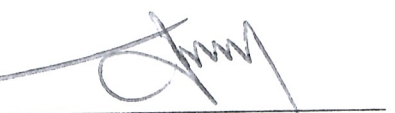
The Officer administering the Fund accepts responsibility for the *Prison Farms Revolving Fund* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act. The Officer administering the Fund is of the opinion that the *Prison Farms Revolving Fund* financial statements give a true and fair view of the state of *Fund* transactions during the financial year ended June 30, 2017, and of the *Funds* financial position as at that date. The Officer administering the Fund further confirms the completeness of the accounting records maintained for the *Prison Farms Revolving Fund* which have been relied upon in the preparation of the *Funds* financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the Officer administering the Fund to indicate that the *Prison Farms Revolving Fund* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *Prison Farms Revolving Fund* financial statements were approved by the Principal Secretary Interior and coordination. 29/9/ 2017


Amb. R T. Ekai (PhD), CBS
PRINCIPAL SECRETARY
DEP'T OF CORRECTIONAL
SERVICES


Isaya M. Osugo, CBS
COMMISSIONER GENERAL
OF PRISONS


Josphat K. Ituka, MBS
DIRECTOR OF PRISON
ENTERPRISES

IV. REPORT OF THE CHIEF EXECUTIVE OFFICER

STATEMENT BY THE PRINCIPAL SECRETARY

I am happy to note that the Prison Farms Revolving Fund has continued to meet its set purpose and objectives of providing funds required for the development and running of prison farms for agricultural training of prisoners and inmates since its establishment in 1993. During the year under review, the fund realized a gross profit of Kshs. **95,338,915.00**. The net asset base of the fund also increased from Kshs. **403,713,463.68** to Kshs **432,019,757.16**. Indeed this was a great improvement in the operations of the fund.

This impressive financial performance of the fund indicates that prison farms are increasingly supplying more food to the prisons as food and ration. This year alone, food worthy

Kshs.**204, 003,179.50** was supplied to prisoners' food and ration from prison farms. This a clear indication that prison farms revolving fund is on course to achieve our strategic objective of making prisons self sufficient in food production.

I take this opportunity to sincerely thank the Commissioner General of Prisons and his management team for instituting prudent measures to ensure that the fund continued to grow and meet its set objectives. I urge prison department to double its efforts to ensure that the fund not only fulfils its purpose but also produce adequate food to feed the entire prison population and ensure that prisons are self sufficient in food production.

Besides the Prison farms producing food for inmates it makes valuable contribution to the economy of the country through coffee and tea farming.

V. CORPORATE GOVERNANCE STATEMENT

To improve on quality of products and services the department has been engaging in undertaking the market research to determine the needs, tastes and preferences of the consumers and use of the feedback to develop improved products and services.

To enhance corporate governance and improve on processes the department ensured continued compliance with the legal and regulatory framework established by the Government in order to promote sustainable business practices.

In strengthening institutional capacity the department achieved much progress geared to enhance the institutional capacity to serve the increased needs and demands of our valued customers. The department continues to invest in human capital investment to ensure that we attract and retain competent and skilled employees. This has resulted in improved productivity levels.

Furthermore, in order to enhance the reporting and mitigation of the material risks impacting on the financial condition of the fund, the Authorities are engaged in introduction of cashless collection of revenue to enhance the implementation of the risk based supervision model.

The industry and markets in Kenya are still evolving; the changing legal, social and political environment presents avenues for product development and innovation. The reforms within the government legal and structures for example, have significantly increased the responsibilities, markets and therein some risks that the directors face in running their firms.

The management shall continue to work closely with the various stakeholders to ensure the development and growth of the fund, coupled with the requisite dynamic and efficient regulation and supervision.

The number of creditors increased as we endeavoured to meet the demand to execute our core mandate of training prisoners and also fulfil the market demand of our customers. This came about due to non wiring fund monies left with our former ministry. The management is still pursuing the matter with the relevant authorities.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT BY THE COMMISSIONER GENERAL OF PRISONS

The establishment of Prison Farms Revolving Fund in 1993 has provided the much needed support for prisons farming activities by ensuring timely and reliable source of money required for procurement of farm inputs. During the year under review, the fund supported farming activities in 87 agricultural prisons across the country and offered agricultural training to over 10,000 prisoners in various fields. Rehabilitation of prisoners through agricultural training in modern farming methods and technology is one of the most appropriate training for prisoners as agriculture is the backbone of Kenya's economy. Prisoners who benefit from agricultural training in prison farms leave prisons with sufficient and relevant skills ready to be absorbed and integrated into the fast growing agricultural sector. This does not only provide chance for prisoners to get employment but also contribute to national food security and poverty reduction in line with vision 2030

Food produced from prison farms is supplied to prisoners ration and paid for by the department at subsidized cost and the money realized recycled to the fund for further training and food production. In the last financial year alone, prison farms supplied to the prisoners food and ration food worthy over Kshs.204,003,179.50. This has helped prisons to reduce the cost of feeding prisoners and ensure fresh and nutritious supply of food for prisoners. However, food supplied to prisoners food and ration from prison farms is just a drop in the ocean. Food requirement in prisons is one of the biggest concerns for the government today and prison farm have a great opportunity to fully utilize all available land and prisoners labour to bridge this gap.

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

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

In executing its mandate, the Kenya Prisons Service, Prisons Enterprises revolving fund is committed to behaving ethically and responsibly, to contribute to economic development while improving the quality of life of its immediate clients (prisoners), employees and their families as well as the local community, national government and the society at large.

The Directorate Prison Enterprises (DPE) is the corporate division of the Department that manages industry business units in most of the State's prisons. It employs an average of 5,000 prisoners per day throughout the State's facilities.

The development of a work ethic is regarded as significant prisoner rehabilitation issue. DPE fosters work ethics, develops prisoner skills and trains prisoners in modern work techniques.

PE's workforce covers a broad range of processing operations including woodwork, metalwork, spray painting, general engineering and assembly textiles which contributes to the Department's needs in the provision of clothing.

PE operates under a very clear directive to avoid competing with main stream business, but seeks opportunities that will deliver vocational training in an environment supervised by suitably qualified trades-people. Many prisoners are trained and receive qualifications endorsed by the National Industrial Training Authority (NITA).

At the moment, the main focus of our Corporate Social Responsibility (CSR) activities and projects is in the area of promoting the impaction of technical knowledge to incarcerated prisoners. Our CSR policy also covers community relations, national events, education, and support to national disaster mitigation efforts.

Some of the Authority's most notable CSR activities include, provision of furniture to ASK during trade fairs, provision of tool kits and start-up furniture to released prisoners, repair and maintenance of furniture for prison's churches, primary and secondary schools, maintaining the national presidential Dias, donation of items during the annual uniformed discipline forces thanksgiving prayer ceremonies etc.

The Enterprise shall continue to forge public private sector partnerships to ensure that it uplifts the society.

VIII. REPORT OF THE DIRECTORS

STATEMENT BY DIRECTOR OF PRISONS ENTERPRISES

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

During the financial year 2016/2017, the operations of prisons farms revolving fund remained focused on the set purpose and objectives. As a result, the performance of the fund was impressive. Prison farms remained as centres of training and learning for prisoners and by extension demonstration farms for the local communities. The number of prisoners joining agricultural training in various fields increased from 12,850 in 2015/2016 to 13,800. Besides employing technical agricultural prison officers in the training programme, prison farms also partnered and collaborated with nongovernmental agro-business organizations key among them being Faraja Trust, Resource Oriented Initiative (Rodi) and local universities. The joint collaboration enriched the training program, exchange of best practices and lessons learnt in the field of agriculture.

During the year under review, prison farm also experienced great expansion and intensification of farming. Land under cultivation is purposed to be increased from 4, 050 acres in the current financial year though in unit production it increased by between 20% to 23% in different agricultural activities. Generally the year 2015/2016 has seen marked improvement for prison farms. The year's performance has set a benchmark and plans have been formulated and piloted to scale up food production from prison farms for prison's food self- sustainability.

STATEMENT BY THE DEPUTY DIRECTOR FOR PRISON FARMS

During the financial year ended 30th June 2017, 89 Prison stations were involved in various agricultural activities for which they were funded through the Kenya Prisons Farms Revolving Fund (PFRF). An amount of Ksh **51,473,381.82** was expended as operating costs during the year for all the Prison stations. Unlike previous years, this year's debts owed to the Farms revolving Fund by the Prisons Food & Ration have been provided for in the financial statements hence the expenditure for the year was catered for by the revenue generated during the year making a surplus of Ksh.**43,865,533.18**.

The suspense account has remained unchanged for the last 8 years but efforts put in place this year have reduced the balance to Kshs.80,321.76 in the comprehensive statement of financial position.

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

The arable land under cultivation was 4430 Acres representing about 53% of land available for farming.

During the year, almost all the food crop produce was supplied to the prison kitchens as food ration for prisoners and inmates. Vegetable production and supply to prisoners food ration performed very well accounting to 54% of the annual requirement. This is a significant drop compared to the last financial year due to severe drought experienced throughout the country.

The year ahead looks promising especially the maize crop from which we expect a good harvest from the main producing stations.

In the past year a pedigree beef breeding stock of 25 Boran Heifers and 57 Doper sheep has been introduced at Kamiti Medium Prison farm. A further 55 breeding goats have been delivered to Maranjau Prison, 50 boran Heifers are expected to be delivered in the coming months. Once the program is fully realized, it is expected that the demand for beef within Nairobi region will be met.

The severe drought across the country negatively affected both agricultural and livestock production. The general performance of the farms has therefore not been as expected.

KENYA PRISON SERVICE (PFRF)
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PRINCIPAL ACTIVITIES

The principal activities of the PFRF are Ration provision, training and rehabilitating prisoners, procuring the necessary farm inputs, tools, plants and equipment required thereof and offer for sale finished products in the market in order to fulfil the concept of “revolving fund”.

RESULTS

The results of the PFRF for the year ended June 30, 2017 are set out on the onward pages.

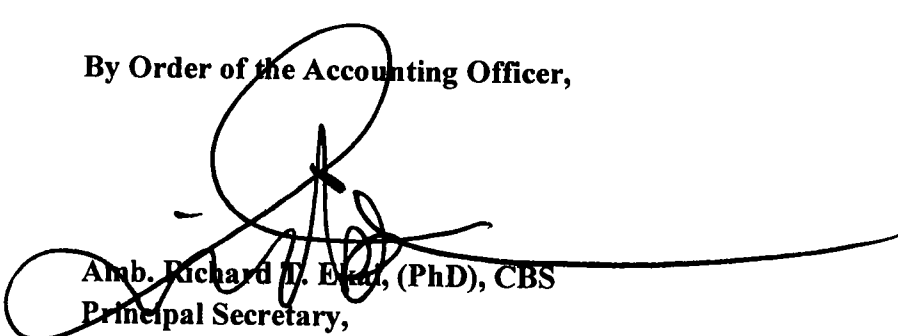
DIRECTORS

The members of the management team who served during the year are shown on page 3. During the year there was change of mantle of the Accounting officers i.e. **Principal Secretary, Mr. Micah P. Powon, CBS was transferred and replaced by PS Amb. Richard T. Ekai (PhD), CBS** with effect from March, 2017.

AUDITORS

The Auditor General is responsible for the statutory audit of the *PFRF* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *PFRF* for the year/period ended June 30, 2017.

By Order of the Accounting Officer,


Amb. Richard T. Ekai, (PhD), CBS
Principal Secretary,
Nairobi,

Date:.....


IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act,*) require the Directors to prepare financial statements in respect of that *PFRF*, which give a true and fair view of the state of affairs of the *PFRF* at the end of the financial year/period and the operating results of the *PFRF* for that year/period. The Directors are also required to ensure that the *PFRF* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *PFRF*. The Directors are also responsible for safeguarding the assets of the *PFRF*.

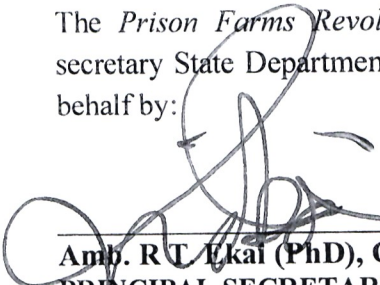
The Directors are responsible for the preparation and presentation of the *PFRF's* financial statements, which give a true and fair view of the state of affairs of the *PFRF* for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *PFRF*; (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 *PFRF*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the *PFRF'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, 2012 and (the State Corporations Act). The Directors are of the opinion that the *PFRF* financial statements give a true and fair view of the state of *PFRF* transactions during the financial year ended June 30, 2017, and of the *PFRF's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *PFRF*, which have been relied upon in the preparation of the *PFRF's* financial statements as well as the adequacy of the systems of internal financial control.

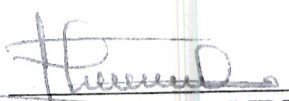
Nothing has come to the attention of the Directors to indicate that the *PFRF* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *Prison Farms Revolving fund (PFRF)* financial statements were approved by the Principal secretary State Department for Correctional Services on 29/9/ 2017 and signed on its behalf by:


Amb. R.T. Lkai (PhD), CBS
PRINCIPAL SECRETARY
DEPT OF CORRECTIONAL
SERVICES


Isaya M. Osugo, CBS
COMMISSIONER GENERAL
OF PRISONS


Josphat K. Ituka, MBS
DIRECTOR OF PRISON
ENTERPRISES

REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON PRISON FARM REVOLVING FUND FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Prison Farm Revolving Fund set out on pages 18 to 33, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of changes in cash flows, and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Prison Farm Revolving Fund as at June 30, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Debtors

The statement of financial position reflects debtors' balance of Kshs.204,003,179.50 (Year 2015/2016 – Kshs.176,413,406.47) as at 30 June 2017. Although management has explained that part of the debts is owed by other government agencies, there were no measures taken to recover outstanding debts and avoid further accumulation of huge debts.

Report of the Auditor-General on the Financial Statements of Prison Farm Revolving Fund for the year ended 30 June 2017

2. Suspense Account

The statement of financial position reflects Kshs.5,825,967.60 against suspense account balance which, has not been supported with analyses and verifiable source documents contrary to Regulation 107 (1) of the Public Finance Management (National Government) Regulations, 2015. Consequently, the validity, completeness and accuracy of the balance of Kshs. 5,825,967.60 cannot be confirmed.

3. Creditors

The statement of financial position reflects a balance of Kshs.30,002,138.00 against creditors. No satisfactory reasons have been provided for failure to pay these debts despite the huge P.M.G. (bank) balance of Kshs.57,504,034.00 as of 30 June 2017.

4. Undisclosed Loss of Livestock

Available records indicate that the Prison Farm Revolving Fund lost Kshs.198,000.00 in Nakuru Main Prison following an attack by leopards on a flock of sheep killing five rams, twenty-five sheep and critically injuring eleven others on the night of 16 March 2017. However, the loss has not been disclosed in the financial statements for the year ended 30 June 2017. In addition, the state department for correctional services has not taken measures to reinforce the security of farm assets to avoid further losses.

5. Fixed Assets Register

The statement of financial position reflects fixed assets balance of Kshs.32,698,617.66 as at 30 June 2017. A detailed schedule to support the balance has, however, not been provided for audit review. The fixed assets have instead been lumped together based on their nature or function without providing the particulars. Further the Fund did not maintain a fixed assets register during the year under review. Consequently, the existence, location, completeness and accuracy of the fixed assets and the related balance reflected in the financial statements cannot be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in the

Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1. Under Utilization of Ngeria Prison Farm

Examination of records together with an inspection undertaken during the month of March 2018 revealed that 622 acres out of 1,762 acres of Ngeria Prison Farm is being utilized for maize farming. The audit also revealed that the actual maize production realized on 622 acres is approximately 4,034 bags instead of 12,440 bags which were sold at Kshs. 3,000 per bag. In the circumstances, indications are that 1,140 acres of farm is underutilized resulting in shortfall of maize production of 21,560 bags. It follows, therefore, that the farm incurred an opportunity loss of Kshs 64,000,000 in revenue during the year under review.

In addition, factors leading to the underutilization of the farm includes but not limited to:

- (i) Lack of adequate and proper machinery, and
- (ii) Inadequate and delay in funding for farm inputs - fertilisers, pesticides, herbicides and certified seeds

2. Idle Machines at Shikusa, Ngeria and Eldoret Prisons

The audit revealed that machines worth Kshs. 5,414,000.00 were bought by the Department of Correctional Services in the financial years 2009/2010 and 2014/2015 without user requisitions and specifications from the respective stations.

Physical verification carried out in the month of March 2018 on the above farms revealed that:

- (i) The machines have never been utilized for the intended purposes since they were bought;
- (ii) The boom sprayers were delivered incomplete thus they could not be utilized in the farms to spray and as a result reducing the production level; and
- (iii) The planters were too big and needed more powerful tractors for them to be utilized as a result they are all kept in stores. In addition, the make of the planters is not suitable for the soil type in those particular regions.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

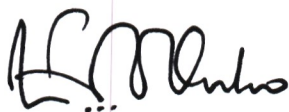
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

08 May 2018

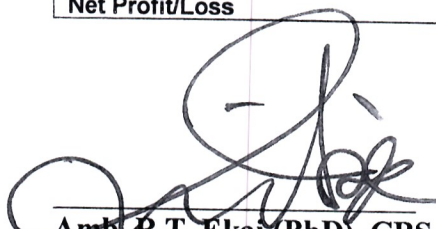
KENYA PRISON SERVICE (PFRF)
Reports and Financial Statements
For the year ended June 30, 2017

KENYA PRISONS FARMS FUND ACCOUNT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE
2017

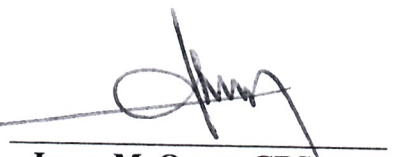
DETAILS	NOTE	2016/2017	2015/2016
Sales	2	211,492,108.00	263,680,251.94
Less: previous Debts paid during the year		80,232,442.00	121,118,857.50
		131,259,666.00	142,561,394.44
Opening Stock (1-7-2017)			
Livestock		35,424,610.00	31,833,650
Growing Crops		82,574,582.00	87,663,611.00
Harvested Crops		5,399,055.00	4,724,395.00
Farm Inputs		22,230,299.00	27,781,425.00
Sub-Total		145,628,546.00	152,003,081.00
ADD PURCHASES	3	61,489,020.00	82,524,260.00
Sub-Total		207,117,566.00	234,527,341.00
LESS CLOSING STOCK			
Livestock		41,030,016.00	35,424,610.00
Growing Crops	4	92,539,204.00	82,574,582.00
Harvested Crops		5,525,281.00	5,399,055.00
Farm Inputs		32,102,314.00	22,230,299.00
Sub-Total		171,196,815.00	145,628,546.00
Cost of Sales		35,920,751.00	88,898,795.00
Gross Profit/Loss		95,338,915.00	53,662,599.44
Less Operating Expenses:			
2210101 - Electricity			100,000.00
2210102 - Water & Sewerage Charges			200,000.00
2210203-Postal services			92,546.00
2210301 - Travel Costs		2,727,200.00	2,465,040.00
2210302 - Accom. Domestic travel		4,473,500.00	1,582,200.00
2210303 - Daily Subsistence		1,644,950.00	2,064,000.00
2210504 - Advertising Awareness & Publicity			30,000.00
2210505 - Trade Shows & Exhibition		329,200.00	477,300.00
2210503 Subscription to newspapers		54,024.00	
2210801-catering services		154,540.00	249,000.00
2211016 - Purch. Of Uniform & Clothing (Staff)		300,000.00	400,000.00
2211101 - General Office Supplies		2,403,770.00	1,011,360.00
2211102 – Supplies & accessories		10,000.00	59,000.00

KENYA PRISON SERVICE (PFRF)
Reports and Financial Statements
For the year ended June 30, 2017

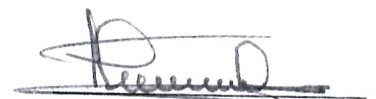
2210711-tuition fee			
2211201 - Refined Fuel & Lubricants for Transport		4,973,434.00	6,579,076.00
2211202 - Refined Fuel & Lubricants for Production		20,702,140.00	22,585,000.00
3111103 – Purch of Agri. Machinery & Equip		4,500,000.00	
2220101 - Maint. M/Vehicle			344,500.00
2220201 - Maint. Of Plant, Mach. & Equip		5,803,025.00	5,370,000.00
2220209 - Minor Alteration to building & C/Works		500,000.00	2,230,000.00
Depreciation - uncoded	1C	2,897,598.82	3,231,927.44
Total Operating costs		51,473,381.82	49,070,949.44
Net Profit/Loss		43,865,533.18	4,591,650.00



Amb. R. T. Ekai (PhD), CBS
PRINCIPAL SECRETARY
DEPT' OF CORRECTIONAL
SERVICES



Isaya M. Osugo, CBS
COMMISSIONER GENERAL
OF PRISONS



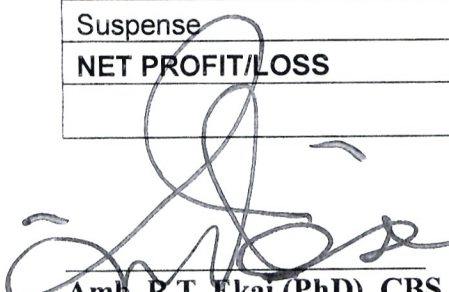
Josphat K. Ituka, MBS
DIRECTOR OF PRISON
ENTERPRISES


KENYA PRISON SERVICE (PFRF)
Reports and Financial Statements
For the year ended June 30, 2017

KENYA PRISONS FARMS REVOLVING FUND

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2016

DETAILS	NOTES	2016/2017	2015/2016
FIXED ASSETS			
Motor Vehicles NBV		8,313,850.37	9,237,611.50
Tractors		11,069,288.09	11,299,208.99
Farm machinery		7,737,354.87	3,693,511.87
Computers		2,040,861.16	2,148,274.91
Motor bikes		887,063.85	985,626.50
Trailers		1,553,899.32	1,635,683.65
Scrap machinery	8	1,096,300.00	1,096,300.00
Total Fixed Assets		32,698,617.66	30,096,217.44
Investments	5	2,364,895.00	2,364,895.00
SUB TOTALS		35,063,512.66	32,461,112.44
CURRENT ASSETS			
Livestock		41,030,016.00	35,424,610.00
Growing crops	4	92,539,204.00	82,574,582.00
Harvested crops		5,525,281.00	5,399,055.00
Farm inputs		32,102,314.00	22,230,299.00
Debtors	6	204,003,179.50	176,413,406.47
P.M.G.	9	57,504,034.00	74,500,398.77
Total Current Assets		432,704,028.50	396,542,351.24
LESS CURRENT LIABILITIES			
Creditors	10	30,002,138.00	25,290,000.00
Net Current Assets		402,701,890.50	371,252,351.24
NET ASSETS		437,765,403.16	403,713,463.68
FINANCED BY;			
Prisons farm fund account	11	4,200,000.00	4,200,000.00
Accumulated reserves	12	381,509,007.22	376,917,357.22
Capital investment reserve	5	2,364,895.00	2,364,895.00
Suspense	13	5,825,967.60	15,639,561.44
NET PROFIT/LOSS		43,865,533.18	4,591,650.00
		437,765,403.16	403,713,463.66


Amb. R T. Ekai (PhD), CBS
PRINCIPAL SECRETARY
DEP'T OF CORRECTIONAL
SERVICES


Isaya M. Osugo, CBS
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OF PRISONS


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KENYA PRISON SERVICE (PFRF)
Reports and Financial Statements
For the year ended June 30, 2017

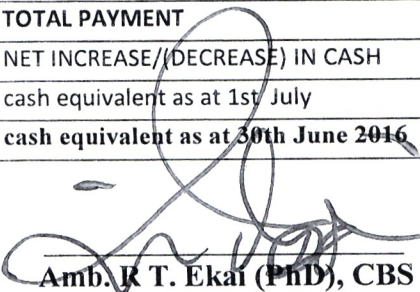
STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2017


	Farms account	Accumulated Reserves	Capital Investment
Balance as at 30th June,2012	4,200,000.00	184,976,217.45	2,364,895.00
Add surplus for the prev.year	(-)	40,690,008.93	(-)
Balance as at 30th June, 2013	4,200,000.00	225,666,226.38	2,364,895.00
Add surplus for the prev.year	-	47,412,412.82	-
Balance as at 30th June,2014	4,200,000.00	273,078,639.80	2,364,895.00
Add surplus for the prev.year	-	50,387,194.32	-
Balance as at 30th June 2015	4,200,000.00	323,465,832.70	2,364,895.00
Add surplus for the prev.year	-	53,451,524.52	-
Balance as at 30th June 2016	4,200,000.00	376,917,357.22	2,364,895.00
Add surplus for the prev.year		4,591,650.00	
Balance as at 30th June 2017	4,200,000.00	381,509,007.22	2,364,895.00

KENYA PRISON SERVICE (PFRF)
Reports and Financial Statements
For the year ended June 30, 2017

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES (REVENUE COLLECTION)	2016-2017	2015-2016
RECEIPT FROM VARIOUS STATION	103,669,892.00	155,638,015.97
PAYMENTS;		
2210101 - Electricity		100,000.00
2210102 - Water & Sewerage Charges		200,000.00
2210203-Postal services		92,546.00
2210301 - Travel Costs	2,727,200.00	2,465,040.00
2210302 - Accom. Domestic travel	4,473,500.00	1,582,200.00
2210303 - Daily Subsistence	1,644,950.00	2,064,000.00
2210504 - Advertising Awareness & Publicity		30,000.00
2210505 - Trade Shows & Exhibition	329,200.00	477,000.00
2210503 Subscription to newspapers	54,024.00	
2210801-catering services	154,540.00	249,000.00
2211016 - Purch. Of Uniform & Clothing (Staff)	300,000.00	400,000.00
2211101 - General Office Supplies	2,403,770.00	1,011,360.00
2211102 Supplies and Accessories for Computers	10,000.00	59,000.00
2211201 - Refined Fuel & Lubricants for Transport	4,973,434.00	6,579,076.00
2211202 - Refined Fuel & Lubricants for Production	20,702,140.00	22,585,000.00
3111103 – Purch. Of Agri. Mach & Equip	4,500,000.00	
2220101 - Maint. M/Vehicle		344,500.00
2220201 - Maint. Of Plant, Mech. & Equip	5,803,025.00	5,370,000.00
2220209 - Minor Alteration to building & C/Works	500,000.00	2,230,000.00
2210711-tuion fees		
2211003-Veterinary materials	8,776,020.00	10,122,810.00
2211004-Fungicides and sprays	9,481,000.00	9,886,450.00
3111301 -Certified Seed	7,938,000.00	10,429,000.00
2211007-Purchase of Agri,material	35,294,000.00	26,476,000.00
3111302-Breeding stock		320,000.00
Add Payment (Creditors) from previous year b/d	10,606,754.00	29,761,627.00
SUB-TOTAL PAYMENT	120,671,557.00	132,834,609.00
ADD CASH FLOWS FROM INVESTING ACTIVITIES;		
Purchases of plant and Equipments (Posh mill)		
TOTAL PAYMENT		132,834,609.00
NET INCREASE/(DECREASE) IN CASH	-17,001,665.00	22,803,406.97
cash equivalent as at 1st July	74,500,698.77	51,697,291.80
cash equivalent as at 30th June 2016	57,504,034.00	74,500,698.77


Amb. R. T. Ekai (PhD), CBS
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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FARM'S BUDGET

ITEM	DESCRIPTION	ORIGINAL BUDGET 2016-2017	ADJUSTMENTS 2016-2017	FINAL BUDGET 2016-2017	ACTUAL COMPARABLE BASIS 2016-2017	PERFORMANCE DIFFERENCE 2016-2017
	TOTAL INCOME (REVENUE)	103,669,892.59			103,669,892.59	
2210101	Electricity	500,000		500,000		500,000.00
2210102	Water/sewage charges	500,000		500,000		500,000.00
2210201	Tel,Tax &mobile services	50,000		50,000		50,000
2210203	postage services	250,000		250,000		250,000
2210301	Travel cost	3,000,000		3,000,000	2,727,200.00	272,800.00
2210302	Accommodation, travel	4,500,000		4,500,000	4,473,500.00	26,500.00
2210303	daily sub allowance	3,500,000		3,500,000	1,644,950.00	1,855,050.00
2210503	Subscription to newspaper	200,000		200,000	54,024.00	145,976.00
2210504	Advertising awareness	200,000		200,000		200,000.00
2210505	Trade shows & Exhibition	500,000		500,000	329,200.00	170,800.00
2210706	Book allowance	70,000		70,000		70,000.00
2210707	Project allowance	80,000		80,000		80,000.00
2210711	Tuition fee allowance	1,000,000		1,000,000		1,000,000.00
2210801	Catering services	200,000		200,000	154,540.00	45,460.00
2211003	Veterinarian supplies	9,500,000		9,500,000	8,776,020.00	723,980.00
2211004	Fungicide,insecticides,sprays	10,000,000		10,000,000	9,481,000.00	519,000.00
2211007	Agri,mat, & small equip	55,000,000		55,000,000	35,294,000.00	19,706,000.00
2211016	Purchase of uniform	1,000,000		1,000,000	300,000.00	700,000.00
2211101	General office supplies	2,500,000		2,500,000	2,403,770.00	96,230.00
2211102	Supplies & Accessories	100,000		100,000	10,000.00	90,000.00

KENYA PRISON SERVICE (PRF)
Reports and Financial Statements
For the year ended June 30, 2017

2211201	Refined fuel for transport	12,000,000			12,000,000	4,973,434.00	7,026,566.00
2211202	Refined fuel for production	25,000,000			25,000,000	20,702,140	4,297,860.00
2211301	Bank services	50,000			50,000		50,000.00
2211324	Registration of land	50,000			50,000		50,000.00
2220101	Maint.expense of M/vehicle	4,000,000			4,000,000		4,000,000.00
2220201	Maint.expense of Ma/equip	10,000,000			10,000,000	5,803,025.00	4,196,975.00
2220209	Minor alt to building	5,000,000			5,000,000	500,000.00	4,500,000.00
2220210	Maint of comp.software	100,000			100,000		100,000
3110701	Motor vehicles	8,000,000			8,000,000		8,000,000
3110705	Pur. Of trucks & trailers	5,000,000			5,000,000		5,000,000
3110706	Pur. Of tractors	30,000,000			30,000,000		30,000,000
3111002	purchase of computers	200,000			200,000		200,000
3111004	Pur. of exchange & others	200,000			200,000		200,000
3111103	Pur. Of agri. Mach	10,000,000			10,000,000	4,500,000.00	5,500,000.00
3111301	Purchase of certified crops	12,000,000			12,000,000	7,938,000.00	4,062,000.00
3111302	Purchase of breeding stock	7,000,000			7,000,000		7,000,000
	TOTAL EXPENDITURE	221,250,000			221,250,000.00	110,064,803.00	111,185,197.00

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

2. Summary of significant accounting policies

PRISONS FARM REVOLVING FUND 30TH JUNE 2017

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Property, plant and equipment

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

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

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

(b) Sales Recognition

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

(c) Budget information

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

(d) Capital Investment Reserves

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

(e) Revenue Reserve

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

The preparation of statement of financial performance and statement of financial position for the year ended 30th June, 2016 is based from manual records i.e. Revenue, Expenditure return and stock taking certificates from the stations.

KENYA PRISON SERVICE (PFRF)
Reports and Financial Statements
For the year ended June 30, 2017

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

	<u>2015/2016</u>	<u>2016/2017</u>
Sales		
Sales	155,638,015.97	103,669,892.00
Add sales from disposal	-	
Credit Sales for the year	108,042,235.97	107,822,216.00
Total	<u>263,680,251.94</u>	<u>211,492,108.00</u>

Cash and cash equivalents

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

Comparative figures

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

Significant judgments and sources of estimation uncertainty

The preparation of the Farm's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made:

Estimates and assumptions

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

based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

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

Inventories

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

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

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

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

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

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

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

Purchases	2015/2016	2016/2017
2211003-veterinary supplies	10,122,810.00	8,776,020.00
2211004-fungicide	9,886,450.00	9,481,000.00
3111301-purchase of seeds	10,429,000.00	7,938,000.00
3111302-purch.of breeding stock	4,320,000.00	-
2211007-agricultural material	47,766,000.00	35,294,000.00
	<u>82,524,260.00</u>	<u>61,489,020.00</u>

4. Growing Crops

The growing crops have been valued in conjunction with the Ministry of Agriculture and Ministry of Livestock Development officials. The items are adjusted by 331/3% or 1/3 of the selling price being the lower of the estimated cost and market value. KShs.138,739,437.00 by 331/3 to be KShs.92,539,204.00

5) Investment/Share Allotment

Investment Reserve

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

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

Station	Company	Share cert No.	No. of shares.	Value .	Total.
1.Kericho	KTDA Momul Factory	R0016238	46,790	Kshs. 5	233,950.00
		R0017356	35,679	Kshs. 5	178,380.00
	KTDA Tegat Factory	G0011577	114,185	kshs. 5	570,925.00
		R0012892	21,016	kshs. 5	105,080.00
		R0032560	142,461	kshs. 5	712,305.00

KENYA PRISON SERVICE (PFRF)
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For the year ended June 30, 2017

2. Uruku

Mwikigi Farm	9391	14,987	kshs. 5	74,935.00
KTDA Githongo Factor	G0008179	3,50	kshs. 5	17,520.00
	G0008472	20,037	Kshs 5.	100,185.00
	B04391	21,562	Kshs 5.	107,810.00
KTDA Imenti Leaf Base	G0005692	6,412	kshs 5.	32,060.00
	G0011798	7,059	kshs 5.	35,295.00
KTDA Kionyo Factory	R0001928	16,497	kshs 5.	82,485.00
	R0006211	14,023	Kshs 5	70,115.00
<u>3. Ruiru</u>				
KPCU	0034699	516	kshs 10.	5,160.00
KPCU	8687-0659	3,869	kshs 10.	38,690.00
	TOTAL		Kshs.	<u>2,364,895.00</u>

6) Debtors-see attached schedule.

7) Fixed Assets Schedule

See attached schedule

8) Scrap machinery

See attached schedule

(9) PMG

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

	<u>2015/2016</u>	<u>2016/2017</u>
Opening balance	51,697,291.80	74,500,698.77
Add: Sales (cash)	<u>155,638,015.97</u>	<u>103,669,892.59</u>
	<u>207,335,307.77</u>	<u>178,170,591.36</u>
Less: Expenditures/Withdraw	103,073,282.00	110,059,803.00
Paid creditors	<u>29,761,627.00</u>	<u>10,606,754.00</u>
Closing balance	<u>74,500,398.77</u>	<u>57,504,034.00</u>

10) Creditors

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

	<u>2015/2016</u>	<u>2016/2017</u>
Opening balance	29,127.00	Nil
Closing balance	25,290,000.00	30,002,138.00

(b) PRISONS HEADQUARTERS

1.National cereals and produce Board supply of fertilizer	16,400,000.00
2.m/s Nemick agencies	3,000,000.00
3.Arrowteck supplies supply of tyres	402,468.00
4.Thika Refrigeration supply of Irrigation material	1,199,570.00
5.Busia supply of fungicide	70,500.00

**KENYA PRISON SERVICE (PFRF)
Reports and Financial Statements
For the year ended June 30, 2017**

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

<u>12) Accumulated Reserves</u>	<u>2015/2016</u>	<u>2016/2017</u>
Opening balance	323,465,832.70	376,917,357.22
Add: Surplus for the prev. year	<u>53,451,524.52</u>	4,591,650.00
Less: Prior year adjustment (Understated creditors)	-	-
	<u>376,917,357.22</u>	<u>381,509,007.22</u>

13) Suspense Account
The Suspense Account balance as follows:

	<u>2015/2016</u>	<u>2016/2017</u>
Balance b/f	15,639,561.44	5,825,967.60

14) Operating Results

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

	<u>2015/2016</u>	<u>2016/2017</u>
Net profit/Loss	4,591,650.00	43,865,533.18

PRISON FARMS FUNDS
FIXED ASSETS
AS AT 30TH JUNE 2016

	TRACTORS		MORTISED SPRAYER		KNAPSACK SPRAYER		PORTABLE ENGINE		RICE HAULER MACHINE		COMPUTER		M/VEHICLE		MOTOR/BIKE		TRAILERS		TOOLS/EQUIPMENT		TOTAL		
	KSH		KSH		KSH		KSH		KSH		KSH		KSH		KSH		KSH		KSH		KSH		
BALANCE B/F AS AT 1.7.2016	12,299,208.99		1,020,956.43		58,123.58		689,398.76		955,456.43		2,148,274.91		9,237,611.52		985,626.50		1,635,683.65		969,576.76				29,999,917.53
ADDITIONAL(REVALUED)							4,500,000																4,500,000
TOTAL ASSETS AS AT 30/6/2017	12,299,208.99		1,020,956.43		58,123.58		5,189,398.76		955,456.43		2,148,274.91		9,237,611.52		985,626.50		1,635,683.65		969,576.76				34,499,917.53
DISPOSAL																							
DEPRECIATION	1,229,920.90		51,047.82		2,906.18		34,469.94		47,772.82		107,413.75		923,761.15		98,562.65		81,784.18		319,960.33				2,897,598.82
NBV AS AT 30.6.2017	11,069,288.09		969,908.61		55,217.40		5,154,928.82		907,683.61		2,040,861.16		8,313,850.37		887,063.85		1,553,899.32		649,616.43				31,602,317.66
NBV AS AT 30.6.2016	12,299,208.99		1,020,956.43		58,123.58		689,398.76		955,456.43		2,148,274.91		9,237,611.52		985,626.50		1,635,683.65		969,576.67				29,999,917.53

NB.2

The balance reflected as farm machinery constitute the following

1. Motorised Sprayers 969,908.61
 2. Knapsack Sprayers 55,217.40
 3. Portable Engines 5,154,928.82
 4. Rice Haulier machine 907,683.61
 5. Tools/Equipment 649,616.43
- 7,737,354.87**

XI. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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

Principal Secretary

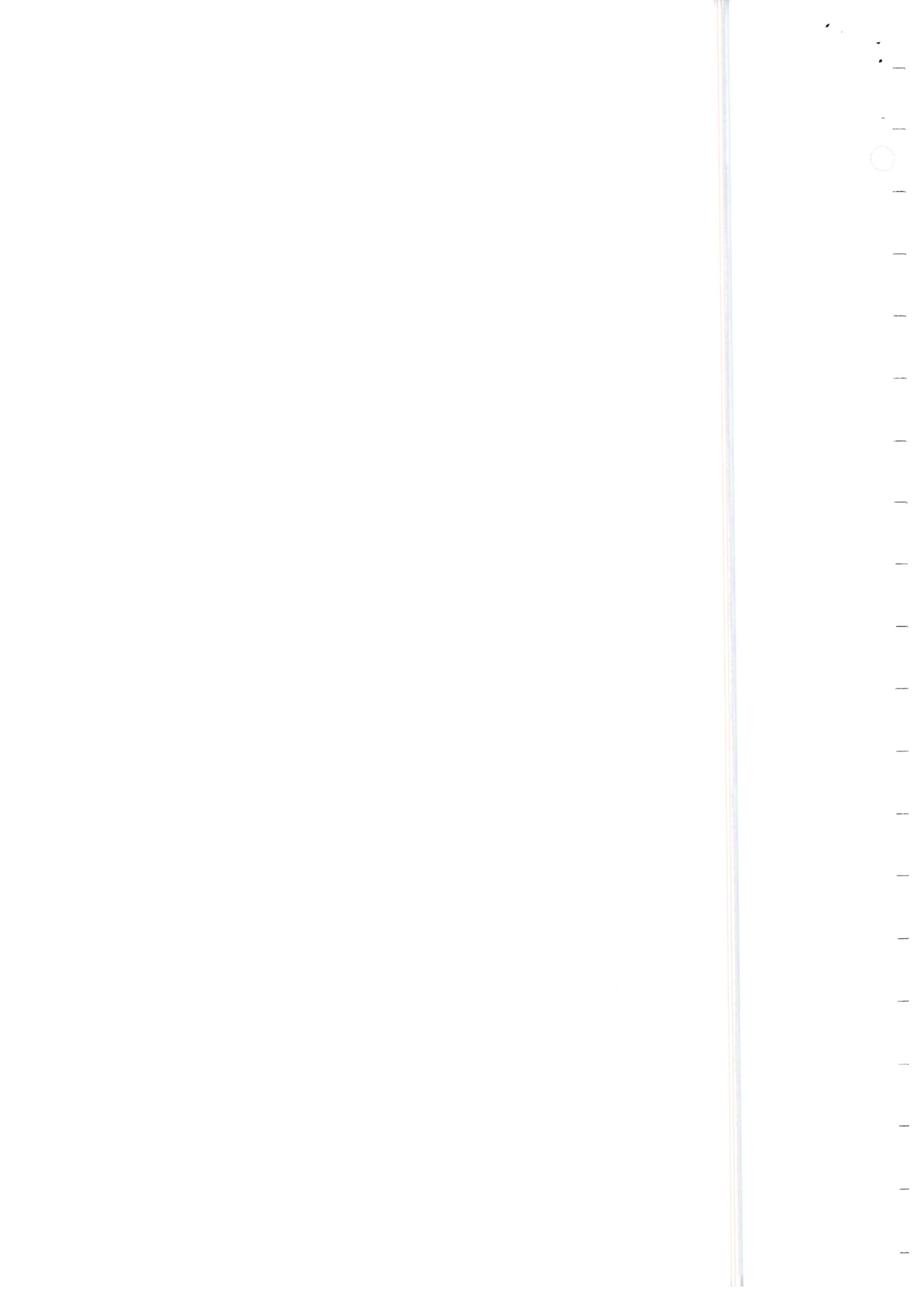
Commissioner General of Prisons

Date.....

Date.....

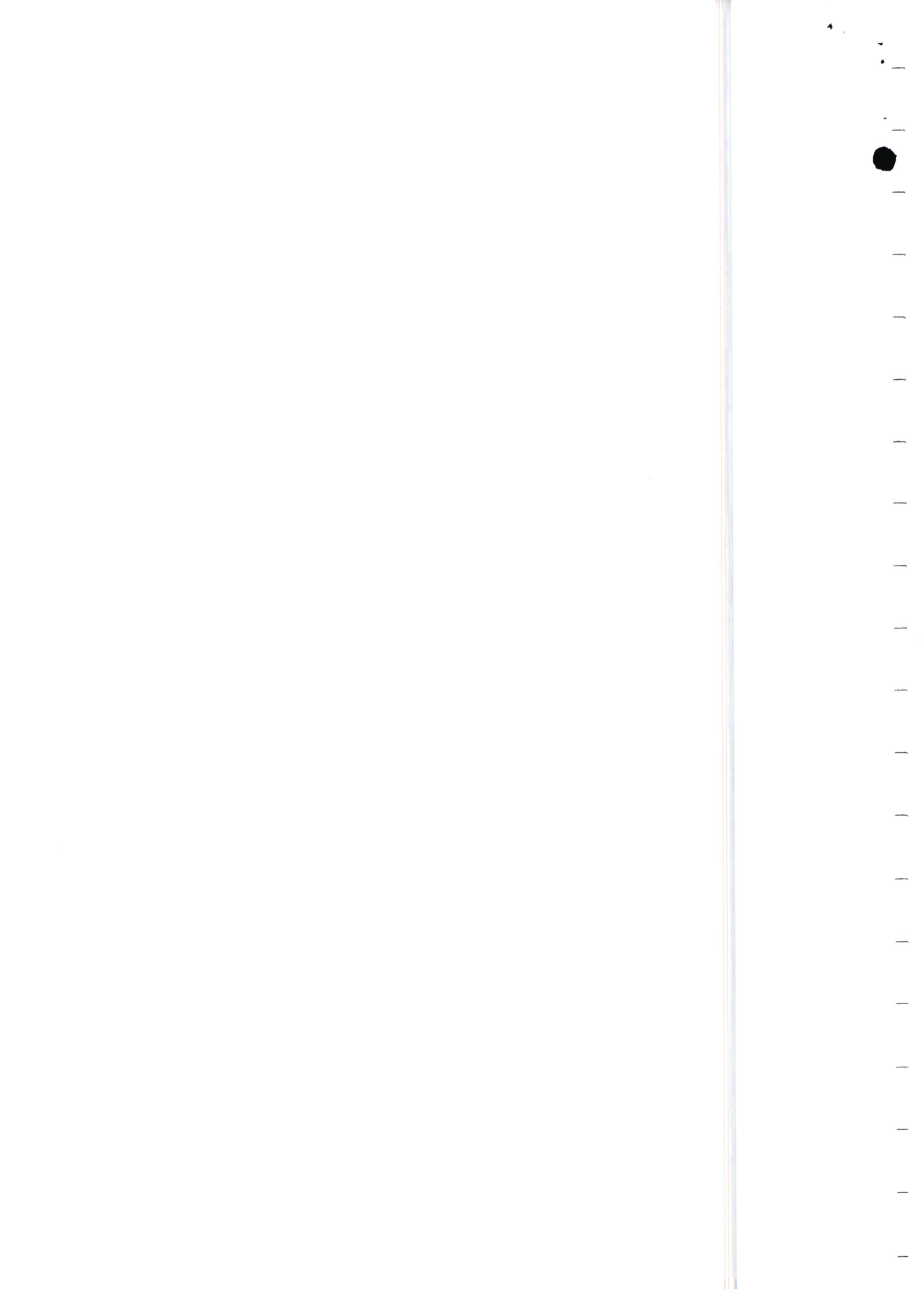
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	Karicho w	168,000.00	4,500.00			280,750.00	201,250.00	18,900.00		
	Kisumu					175,000.00	770,000.00			340,000.00
	Nakuru w	84,500.00				10,000.00				
	Soke	248,400.00				542,000.00				
WESTERN PROVINCE										
	Bungoma	4,350.00			378,000.00	22,225.00				325,000.00
9250	Busia	82,500.00	175,500.00	3,800.00	139,000.00	87,850.00	81,751.00	84,150.00	70,500.00	141,000.00
9030	Kakamega		80,000.00		273,000.00		19,900.00	7,000.00		210,000.00
9031	Shikusa SE	16,324,000.00			1,481,000.00	31,840,000.00		2,700,000.00		1,539,500.00
9030	Shikusa BI	930,000.00			480,000.00	285,000.00		178,000.00		575,000.00
	TOTALS	123,248,848.00	6,399,088.00	22,230,288.00	28,290,000.00	36,868,738.00	138,739,437.80	8,826,281.00	32,102,314.00	21,072,838.00
										41,030,018.00



SCRAP MACHINERY SCHEDULE FOR YEAR

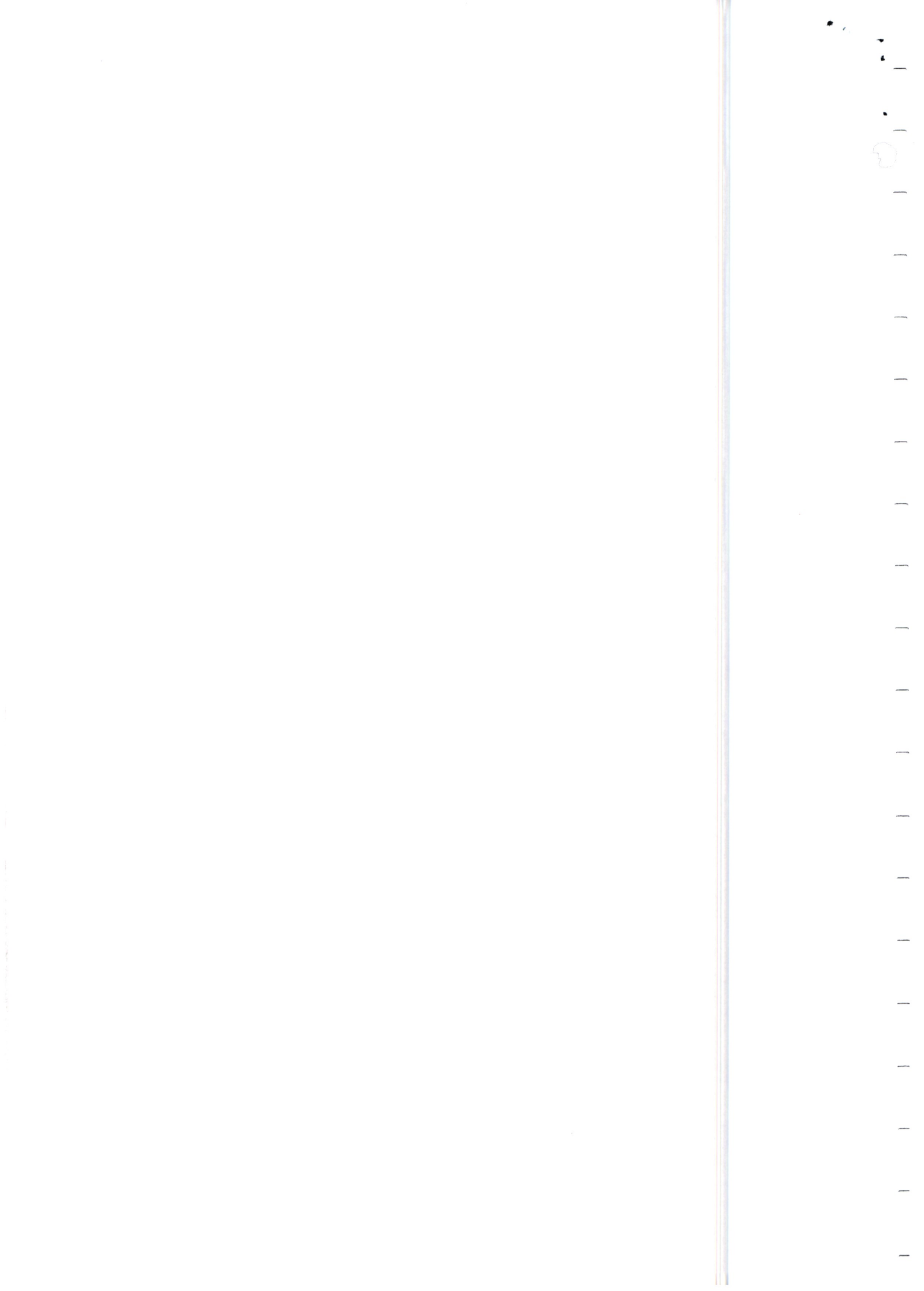
LOCATION	YEAR OF PURCHASE	TYPE OF MACHINE	ORIGINAL COST	SCRAP VALUE	
Eldoret	1984	Messay Fuuguson	600,000	60,000	60,000
Mwea	1979	Tractor Int	300,000	30,000	
Mwea	1980	"	300,000	30,000	
Mwea	1979	"	300,000	30,000	
Mwea	1979	"	150,000	15,000	105,000
Maranjau	1980	Irrigation plant	45,000	4,500	
"	1981	Hurrow	10,000	1,000	
"	1984	Irrigation plant	50,000	5,000	
"	1985	International	300,000	30,000	40,500
Hindi	1980	Tractor 475 – Int.	300,000	30,000	30,000
Homa Bay	1979	Tractor 475 – Int.	300,000	30,000	30,000
Kisumu Annexe	1979	Tractor 574	300,000	30,000	
"	1979	Disc, Int.	18,000	1,800	31,800
KITALE REMAND	1980	Trailer	30,000	3,000	
"	1980	Maize Sheller	10,000	1,000	
"	1980	Plough	30,000	3,000	
"	1982	Int. Tractor	40,000	4,000	
"	1982	Plough	30,000	3,000	
"	1983	trailer	40,000	4,000	48,000
"EMBU	1980	Plough	28,000	2,800	
"	1984	Water Pump	185,000	18,500	
"	1985	Chaff Cutter	7,000	700	22,000
RUIRU	1979	Tractor Int. 475	300,000	30,000	
"	1979	Plough Horrow	62,000	6,200	36,200
KITALE MAIN	1979	Tractor Int. 475	250,000	25,000	
"	1972	Massey Furguson	300,000	30,000	
"	1972	Massey Furguson (165)	300,000	30,000	
"	1980	Messy Furguson	300,000	30,000	
"	1980	Messy Furguson	300,000	30,000	
"	1980	Planter	15,000	1,500	
"	1980	Planter	15,000	1,500	
"	1980	Maize sheller	10,000	1,000	
"	1979	Electric machine	36,000	3,600	
"	1979	Lister Engine	60,000	6,000	
"	1979	Water Pump	175,000	17,500	
"	1979	Water Pump`	175,000	17,500	
"	1979	Chaff Cutter	5,000	500	
"	1979	Mould Board	10,000	1,000	

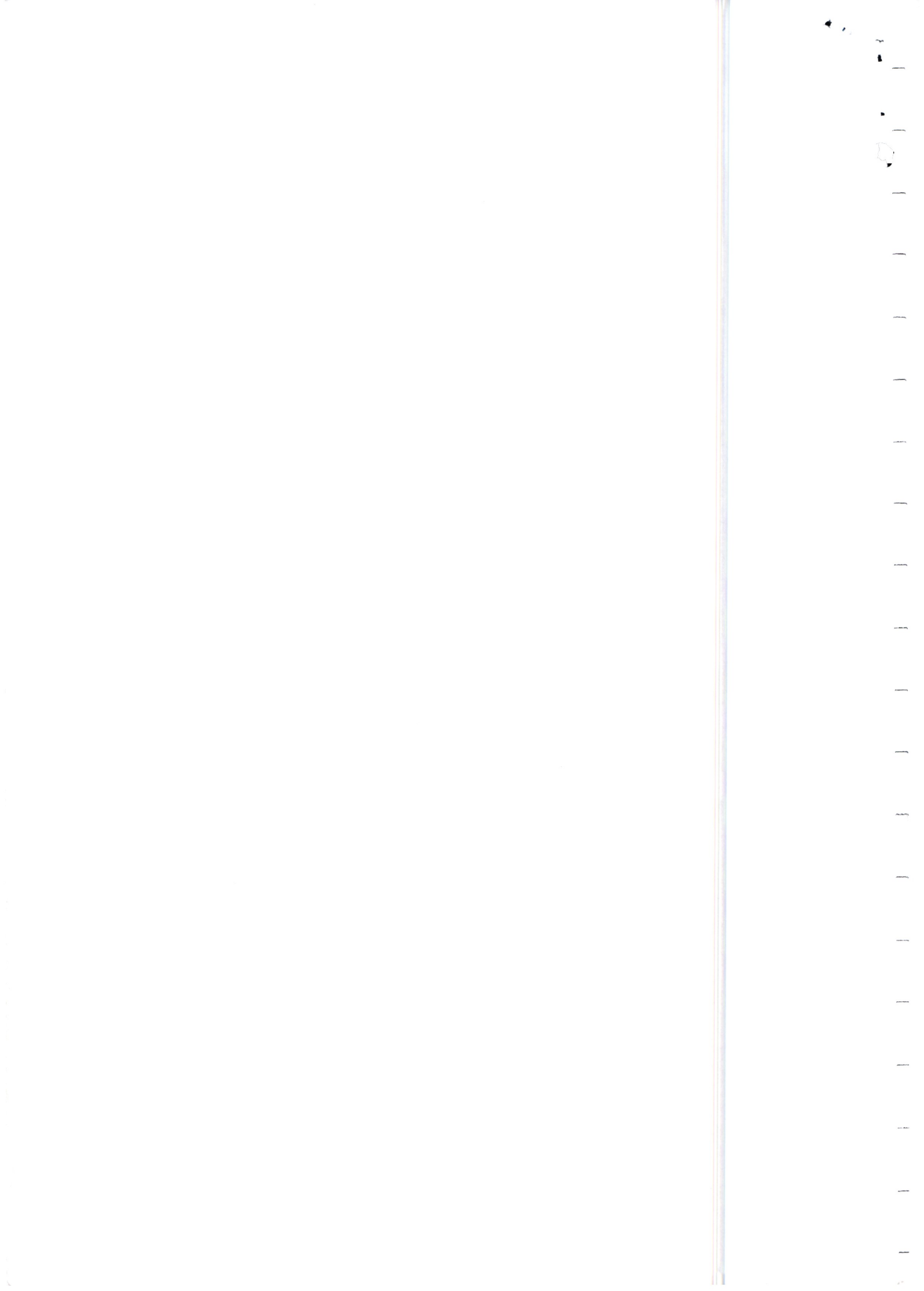


"	1979	Water Pump Large	200,000	20,000	
"	1979	Water Pump Small	120,000	12,000	
medium	1979	Water Pump	175,000	17,500	
"	1982	Int. Tractor	40,000	4,000	
"	1982	trailer	40,000	4,000	
"	1982	Plough	30,000	3,000	
"	1982	Plough	30,000	3,000	
"	1983	Int. Tractor	40,000	4,000	262,600
KWALE	1981	Tractor Int.	485,000	48,500	
"		Plough	18,000	1,800	
"		Harrow	47,000	4,700	55,000
"SHIMO ANNEX	1985	Tractor Int.	350,000	35,000	35,000
SHIKUSA	1979	Tractor	300,000	30,000	
"	1972	Trailer	45,000	4,500	
"	1972	Plough disc	650,000	65,000	
"	1981	tractor	300,000	30,000	
"	1981	Plough Disc	65,000	6,500	136,000
MALINDI	1979	Tractor	300,000	30,000	
"	1984	Water Engine	185,000	18,500	48,500
KIBOS	1981	Tractor	250,000	25,000	
"	1981	Harrow	30,000	3,000	
"	1981	Plough	25,000	2,500	
"	1981	Ridgers	15,000	1,500	
"	1981	Irrigation plants	70,000	7,000	39,000
MARALAL	1981	Tractor 684	300,000	30,000	
"	1981	Wide span	3,000	300	
"	1981	tractor 684	300,000	30,000	60,300
KERUGOYA	1986	Irrigation pump	185,000	18,500	18,500
NAIROBI	1982	Tractor Int.	679,000	67,900	67,900
			GRAND TOTAL		1,096,300.00

EXPENDITURE RETURN SUMMARY AS AT 30TH JUNE 2017

CODE	STATION	VETARY	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										





FARM'S OUTSTANDING DEBTS

Outstanding debt as at 30 th june 2016	176,413,406.47
Less debt paid during the year 2016/2017	<u>80,232,442.97</u>
Previous debt outstanding	96,180,963.50
Add outstanding (credit sales) as at 30 th June 2017	107,822,216
Total outstanding farm debts	204,003,179.50

