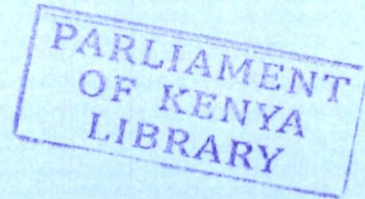


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

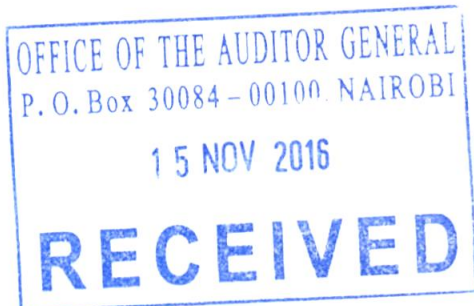
**THE FINANCIAL STATEMENTS OF**

**COMMODITIES FUND**

**FOR THE ELEVEN MONTHS**

**PERIOD ENDING 30 JUNE 2015**





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**COMMODITIES FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE ELEVEN (11) MONTHS ENDED  
JUNE 30, 2015**

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

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## I. KEY FUND INFORMATION AND MANAGEMENT

### (a) Background information

The Commodities Fund is a State Corporation under the Ministry of Agriculture, Fisheries and Livestock. It was established under section 9(2) of the Crops Act of 2013 and operationalized on 1<sup>st</sup> August 2014. It is the successor of the Coffee Development Fund and the Sugar Development Fund.

Its mandate is to provide sustainable, affordable and accessible credit and advances to farmers for value chain development of crops regulated by Agriculture, Fisheries and Food Authority (AFFA); under which former crop regulatory boards and authorities were merged into directorates.

During the period under review, the Fund was run by the interim management committee as directed by the Ministry of agriculture under the AFFA and Crops Act 2013 comprising of nine (9) members. The Crops Act 2013 Section 9(3) states that the Fund shall be run by Board of Trustees, appointed by the Authority with the approval of the National Assembly. The Managing Trustee who is the Secretary to the Board and Chief Executive Officer of the Fund. The Board is assisted by a management team headed by the Managing Trustee with departmental managers comprising of, the Field Credit Manager, the Finance Manager, Legal Manager and the Information and Communications Technology Manager. Other departmental heads are the Internal Auditor and Human Resource Officer.

### Principal Activities

The purpose of the Fund is to provide sustainable, affordable credit and advances to farmers for farm development, farm inputs, farming operations and price stabilization.

### (b) Key Management

The Fund's day-to-day management is under the following key organs:

- |                            |                  |
|----------------------------|------------------|
| - Interim Managing Trustee | -Nancy Chelangat |
| - Ag. Credit Manager       | -Richard Omelu   |
| - Interim Finance Manager  | -Silas Nyaga     |
| - Legal Manager            | -Nesline Okiko   |
| - ICT Manager              | -Solomon Kirwa   |
| - HR and Admin Officer     | -Benard Atonga   |
| - Ag. Internal Auditor     | -Edwin Okiah     |

### (c) Fiduciary Management

During the period the Fund did not have the constitutionally composed Board of trustee as required by the law. In the interim period the affairs of the Fund were run by the Interim Management Committee of AFFA as advised and directed by the Ministry of Agriculture Fisheries and Livestock.

**(d) Fund Headquarters**

2nd floor, Railway Headquarters Building - Block D  
Workshop Road  
Off Haile Selassie Avenue  
P.O. Box 52714 - 00200  
CITY SQUARE  
NAIROBI

**(e) Fund Contacts**

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E-mail: [info@codf.co.ke](mailto:info@codf.co.ke)  
Website: [www.codf.co.ke](http://www.codf.co.ke)

**(f) Fund Bankers**

Co-operative Bank of Kenya Ltd  
Hailé Selassie Avenue  
P.O. Box 48231-00100  
Nairobi  
Tel: +254-20-3276000  
Fax: +254-20-219821  
Website: [www.co-opbank.co.ke](http://www.co-opbank.co.ke)

**(g) Independent Auditors**

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

**(h) Principal Legal Adviser**

Nesline Gechuki Okiko  
Legal Officer  
Commodities Fund  
P.O. Box 52714  
City Square 00200  
Nairobi, Kenya

## II. INTERIM MANAGEMENT COMMITTEE

An Interim Management Committee was appointed by way of Gazette Notice No. 1363 of 2014. The members were as follows:

	NAME	DESIGNATION	SPECIALIZATION
1.	Mrs. Hannah W. Muriithi, EBS	Chairperson	Advocate
2.	Mr. Charles Dulo	Member	Advocate
3.	Ms. Terry Chebet Maina	Member	Human Resource Specialist
4.	Ms. Vivian Melelo Kotikash	Member	Finance & Accounts Specialist
5.	Mr. Peter K. King'ori	Member	Private Entrepreneur
6.	Mr. Crispus Ngolo	Member	Finance Specialist
7.	Mr. Boniface K. Terer	Member	Property Valuer
8.	Ms. Gladys Maina	Member	Agricultural Chemist/Quality Assurance specialist
9.	Dr. John K. Mutunga	Member	Socio-Economist & Agriculture specialist
10.	Dr. Anthony Getambu	Member	Value Chain Specialist

The main objective of gazetting the IMC was to advise the Ministry of Agriculture, Livestock and Fisheries on the operationalization of the AFFA Act, 2013, to realize the Agriculture Food and Fisheries Authority (AFFA) and pave way for commencement of the Crops Act, 2013. The Committee's Terms of Reference (ToR) were:

- a) Review the legal, regulatory, development and institutional framework of the Authority and make recommendations as appropriate;
- b) Make proposals and establish a substantive Board and secretariat to the Authority in line with the provisions of the AFFA ACT, 2013;
- c) Develop specific sub sector regulations for every existing/proposed sub sector;
- d) Examine existing Government Policies in relation to existing parastatals management and make recommendations;
- e) Review of Existing legislation in relation to the AFFA Act, 2013 and Crops Act, 2013 and draft amendments thereof;
- f) Develop a functional structure for the Authority;
- g) Review the Interim Secretariat and propose requisite staffing and skills levels for effective and efficient service delivery;

### III. MANAGEMENT TEAM

<p>1. <b>Ms. Nancy Chelangat Cheruiyot:</b></p> 	<ul style="list-style-type: none"> <li>• <b>Area of Responsibility:</b> Ag. Managing Trustee (Accounting Officer)</li> <li>• <b>Academic Qualification:</b> MBA-Financial Management, Bachelor of Arts - Economics &amp; Sociology</li> <li>• <b>Professional Qualification:</b> ACCA</li> </ul>
<p>2. <b>Mr. Richard Omelu:</b></p> 	<ul style="list-style-type: none"> <li>• <b>Area of Responsibility:</b> Field and Credit</li> <li>• <b>Academic Qualification:</b> Bachelor of commerce in Finance, MBA (on-going)</li> </ul>
<p>3. <b>Mr. Solomon Kirwa:</b></p> 	<ul style="list-style-type: none"> <li>• <b>Area of Responsibility:</b> ICT</li> <li>• <b>Academic Qualification:</b> M.Sc. in I.T (Systems Security &amp; Audit), MBA Finance Option, Bachelor of Science in IT,</li> <li>• <b>Professional Qualification:</b> PRINCE2, ITIL, CCNA, Oracle OCP, MCSE &amp; JAVA Programmer</li> </ul>
<p><b>Mr. Silas Nyaga:</b></p> 	<ul style="list-style-type: none"> <li>• <b>Area of Responsibility:</b> Finance</li> <li>• <b>Academic Qualification:</b> MBA-Finance</li> <li>• Bachelor of Commerce in Accounting.</li> </ul> <p><b>Professional Qualification:</b> CPA (K), CPS</p>
<p><b>Mr. Bernard Atonga:</b></p>	<ul style="list-style-type: none"> <li>• <b>Area of Responsibility:</b> Human Resources &amp; Administration.</li> <li>• <b>Academic Qualification:</b> M.Sc. in HRM, Bachelor of Commerce in HRM</li> </ul> <p><b>Professional Qualifications:</b> Higher Diploma in HRM, Certificate in Workplace Counselling, Certificate in</p>

**Commodities Fund**  
**Annual Report and Financial statements for the eleven (11) months ending 30 June 2015**

	Corporate Governance
<p><b>Mr. Edwin Okiah:</b></p> 	<ul style="list-style-type: none"><li>• <b>Area of Responsibility:</b> Internal Audit.</li><li>• <b>Academic:</b> Bachelor of Commerce - Finance.</li></ul> <p><b>Professional Qualification:</b> CPA (K).</p>
<p><b>Mr. Nesline Gechuki Okiko:</b></p> 	<ul style="list-style-type: none"><li>• <b>Area of Responsibility:</b> Legal Services</li><li>• <b>Academic Qualification:</b> Bachelor of Law</li></ul> <p><b>Professional Qualification:</b> Diploma in Law.</p>

## IV. REPORT OF THE MANAGING TRUSTEE

### 1.0: Introduction:

I am pleased to announce the financial results of the Commodities Fund for the year ending 30st June 2015. The period marks Fund's first year after operationalization of Crops Act 2013 that merged Coffee Development Fund with Sugar Development Fund to form Commodities Fund. During the year the issues of merger were focused culminating to adoption of SDF loan portfolio as at 30<sup>th</sup> June 2015. Commodities Fund is envisaged to semi-autonomous financial institution and the focus is currently on development regulations that will define governance structure.

### 2.0: Financial Highlights

- Total revenue for the merged Funds amounted to Kshs.565 million compared to Kshs.410 million reported realized in 2013/14.
- Total expenditure for the Fund amounted to Kshs.183 million compared to Kshs. 359 million. The massive decline in costs was as a result of reduced provisions for bad and doubtful debts.
- Net surplus for the (11) months period ending 30<sup>th</sup> June 2015 amounted to Kshs.381 million compared to Kshs. 52 million reported in 2013/14.
- The Fund's total assets grew to Kshs. 15.5 billion compared to Kshs.12.8 billion held as at 31<sup>st</sup> July 2014. The growth was boosted by new loan disbursement to both Coffee and Sugar subsectors. During the year the Kshs 503million and 1.9 billion was disbursed to the two subsectors respectively.

The Revolving Loan Fund grew to Kshs.14.8 billion from the restated figure of Kshs. 12.5 billion held in 201/14 period. The fund was largely boosted by merger of Sugar Development Fund that brought in Kshs13billion to the Fund.

### 3.0: Credit portfolio

The Fund's coffee loan portfolio comprising of products that supported coffee production, coffee processing and value addition grew to Kshs. 964 million from Kshs.669 million in 2014 with 85,000 coffee Farmers both from 338 Coffee Cooperatives and 575 Estates having benefited, as at the closure of the fiscal period. The growth of the portfolio was achieved as a result of rigorous publicity undertaken as well as streamlining of lending instruments. In addition, strengthening of the already existing partnerships with good performing intermediaries as well as estate growers and societies positively contributed to the growth.

In an effort to increase access to coffee planting materials, boost coffee productivity, enhance capacity of societies and thereby increasing coffee earnings, the Fund in conjunction with other partners rolled out the Integrated Coffee Productivity Project (ICPP) in Nandi, Elgeyo Marakwet, Uasin Gishu and Trans-Nzoia Counties in the year under consideration. The project will in the long run lead to increased demand for the Fund's credit facilities and similarly boost borrowers capacity to repay advanced credit facilities.

In addition to coffee portfolio, the Fund has adopted Sugar Development Fund loan portfolio with the net book value of Kshs. 11.4 billion after provisions amounting to Kshs.3.2 billion. This positive development places the Fund in a strong position to discharge its mandate.

#### **4.0: Human Capital**

The Fund recognizes that its human capital is core to achieving its mandate. As such and in addition to rewarding careers, the Fund offers opportunities for leadership building and skills enrichment through various development programs, on-the-job training and structured personal career growth.

The Fund upholds good citizenship practices by adhering to disability and gender mainstreaming as well as continually striving to be the employer of choice. CoF will continue to use the balanced score card as tool to monitor employees output.

#### **5.0: Risk Management and Internal controls**

The Board of Trustees has overall responsibility for the establishment and oversight of the Fund's risk management frameworks. The Fund's Risk Management Policies are established to identify and analyze the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor adherence limits. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

Subsequently, the Fund identifies and manages risk through in-house risk review enhanced by internal and external audits. The Fund has in place a system of internal controls with defined procedures and financial and operational controls to ensure that resources are safeguarded; transactions authorized, validated and reported in line with International Financial Reporting Standards.

#### **ISO 9001:2008 Re-Certification**

The Fund has a functioning and continuously monitored Quality Management System that is in the process of ISO 9001: 2008 re-certification. The QMS is monitored through management review meetings, internal and external audits to ensure it is fully implemented and produces value for all of Commodities Fund's internal and external stakeholders.

#### **The ISO 9001:2008 certification:**

- Commits Commodities Fund (CoF) to continuously deliver improved and excellent services to all its stakeholders while being sensitive to their needs through the quality policy.
- Strengthens the operations and management of CoF through clearly documented processes of work.
- Ensures monitoring for continuous improvement of products and services through scheduled auditing of the Quality Management System, guaranteeing the stakeholders continued improvement in line with their needs and expectations.
- Ensures the CoF's work is technically and manageably sustainable through continuous capacity building of the CoF staff to meet stakeholder requirements.
- Enhances mutually beneficial CoF - stakeholder relationships through clear and open communication; pooling of expertise and recognizing our stakeholders' achievements.
- Demonstrates that the CoF is a quality organization that is internationally recognized, since ISO 9001:2008 is universally accepted and renowned Standard.

#### **6.0: Corporate Social Responsibility**

The Fund recognizes that the institution's social, environmental and ethical conduct has an impact on our reputation. We therefore take our corporate social responsibilities seriously and are committed to

advancing our policies and systems to ensure we address and monitor all aspects of Corporate Social Responsibility that are relevant to us. These include good ethical behaviour, concern for employees' health and safety and community involvement.

## 7.0 Outlook

Empowering farmers through provision of sustainable, affordable and accessible credit and advances is going to be our focal point in days to come. Our expanded mandate requires us to finance all crops regulated by Agriculture Fisheries and Food Authority. In the current period, the Fund will develop and pilot two financial products for crops not currently supported by us. The Fund will through collaboration and partnerships with development partners identifying and systematically build up sustainable lending capital. We will collaborate with all stakeholders with a view to harnessing opportunities and growing robust agriculture enterprises within the sectors we are mandated to serve. Our achievements in 2014/15 would not have been possible without the dedication and expertise of our staff, to whom I extend my sincere thanks. I would also like to show my appreciation to AFFA, the Interim Management Committee and Ministry of Agriculture Fisheries and Livestock who have provided wise counsel to my colleagues and myself during the year.



**Mrs. Nancy Chelangat Cheruiyot**  
**Interim Managing Trustee**

## V. CORPORATE GOVERNANCE STATEMENT

### PROLOGUE

At the Commodities Fund, we are committed to the highest level of corporate governance, which is critical to our business philosophy and to maintaining stakeholders trust in the Fund. Our corporate governance policy functions as a built-in, self-regulating mechanism, which provides the framework to monitor and ensure statutory compliance, foster a culture that values and rewards the highest ethical standards and personal integrity. The Fund strives to ensure that at all times all its Trustees and staff act with integrity, honesty and professionalism. The Fund believes that if its Board of Trustees and Management adopt sound corporate governance principles; this will set the right “tone at the top” thereby reinforcing an ethical business culture governing all its dealings. This statement sets out the key corporate governance principles observed by the Fund and illustrates the practices and systems established by AFFA (Agricultural and Fisheries Food Authority) and the Board of Trustees in line with these principles.

#### Board of Trustees

The Fund is ideally run through the direction of the Board of Trustees, which is responsible for;

1. Providing policy guidelines and strategic decision-making;
2. Establishing and maintaining the Fund’s overall systems of planning, accounting and internal control as well as ensuring its integrity;
3. Setting the strategic direction of the Fund;
4. Setting policy guidelines for management and ensuring competent management of the business including the selection, supervision and remuneration of senior management;
5. Ensuring that the business of the Fund is conducted in compliance with relevant laws, regulations and the legality of transactions;
6. Reporting the performance of the Fund to stakeholders and ensuring the Fund meets all its other responsibilities to stakeholders;
7. Ensuring that the rights of stakeholders that are protected by law are respected;
8. Permitting and facilitating performance-enhancing mechanisms for stakeholder participation;
9. Ensuring that where stakeholders participate in performance-enhancing mechanisms, they have access to all relevant information;
10. Putting in place independent and viable mechanisms to evaluate performance of the Fund and management;
11. Account for stewardship [efficient and effective use of entrusted resources] for the maximum benefit of the Fund;
12. Ensuring that the Fund operates within ethical guidelines that enhance integrity, social accountability and the reputation and credibility of the Fund;
13. Maintaining adequate systems of financial management and internal control over the Fund;
14. Facilitating an extension of Auditors duties in regard to:
  - Reporting on whether the Fund has financial and other risk management controls,
  - Evaluating and reporting on aspects of propriety and efficiency;
15. Extending the liability of external auditors to third parties.

The day-to-day running of the Funds affairs is delegated to the Management team while the Board retains the overall responsibility as mandated by Law.

## Board Structure and Processes

The Board was previously composed of five independent members appointed by name and three government representatives. The Board of Trustees comprise of trustees who contribute expertise and judgment, based on their professional qualifications and business experience. It reflects a diversity of backgrounds and experience.

Board meetings are to be held quarterly. The Board has a formal schedule of matters specifically reserved for deliberation. The Fund ensures that it provides the necessary resources and expertise to the Board of Trustees to assist them in their decision-making and as such, they are regularly consulted on key policy matters. The Board has access to outsiders' seminars on corporate legal and governance issues to enhance their knowledge and skills in corporate governance issues. In addition, all newly appointed Trustees are provided with a detailed and tailored induction in respect of the Fund's activities, including its corporate governance systems as well as their responsibilities, duties and relevant regulatory requirements.

The Board of Trustees and its constituent committees have Board Charters which govern their operations in conformity with best corporate governance practices. The Board conducts an annual evaluation of its performance and that of its key committees. The evaluation is carried out with the evaluation criteria linked to Board and Committee responsibilities and goals as set forth in the charter and governance policies. To assist in its operations the Fund has established three standing committee as follows:

- Credit Committee  
The Credit Committee oversees the Fund's key mandate of providing affordable, accessible and innovative financial solutions to the coffee industry.
- Finance, Staff and General Purposes Committee  
The main functions of the Finance, Staff and General Purposes Committee are to monitor the Fund's financial performance and viability, as well as set and review human resources policies and the approval of senior management appointments.
- Audit and Governance Committee  
The main function of the Audit and Governance Committee is strengthening the control environment, the financial reporting and auditing function as well as ensuring that ethical standards are maintained by the Fund.

## Conduct of Business Operations, Performance

The Funds business operations are carried out within an established framework of processes, procedures, systems and in line with the Fund's Strategic Plan. The Fund is in its second strategic cycle 2012-2016 after completing the 2008-2012 cycle. The Management structure has clearly set out roles, responsibilities and reporting lines, all geared towards providing strong, stable leadership and achievement of business objectives. As a key Management initiative, the Fund is using the balanced scorecard with all staff performance evaluated continuously on a semi-annual basis with financial and non-financial metrics used to evaluate executive performance.

The Fund practices equal opportunity recruitment of qualified persons but ensures compliance in its hiring practices with policies guided by the Constitution of Kenya (2010) in recognizing regional and ethnic balance, gender balance and affirmative action to persons with disabilities where possible. As part of its staff development programme, the Fund endeavours to empower all staff regardless of their calibre through various measures whose effectiveness is monitored on a regular basis.

## **Commodities Fund**

**Annual Report and Financial statements for the eleven (11) months ending 30 June 2015**

The Fund recognizes its human capital to be strategic to the achievement of its business objectives and has identified the HIV/AIDS pandemic as being a possible challenge to its human capital. In response, it has implemented as part of its policy, a comprehensive medical scheme for all its staff and dependents to provide quality healthcare for staff, incorporating medical assistance for all who may be infected or affected in any other way by the pandemic. The Fund also on a continuous regular basis updates its staff on all facets of the pandemic and provides to the National Aids Control Council (NACC) progress reports mention disability, drugs, integrity and corruption.

### **Corporate Social Sustainability**


The Fund has put in place a corporate social responsibility strategy to better address its corporate social sustainability initiatives. Consequently, it has adopted a structured approach to social sustainability issues as part of its corporate plan. The Fund's initiatives for the focal period are outlined in the corporate social responsibility statement.

### **Environmental Issues**

The Fund carefully considers and exercises diligence in its consideration of environmental issues and analyses the strategic impact as well as the economic questions they raise. Thus, the Fund, in its lending operations incorporates due diligence to ensure credit advanced is applied towards coffee husbandry based on green farming practices in line with its business planning and encourages dialogue on the same between itself and stakeholders.

### **Compliance**

The Board is satisfied that the Fund has, to the best of the Trustees' knowledge, complied with all relevant laws and conducted its business affairs in accordance with the law in particular to the State Corporations Act and the Coffee Act. Further disclosures on compliance are set out in the Trustees statement of responsibilities and notes to the financial statements..



**Mrs. Nancy Chelangat Cheruiyot**  
Interim Managing Trustee

## VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Commodities Fund recognizes that the institution's social, environmental and ethical conduct has an impact on our reputation. We therefore take our corporate social responsibilities seriously and are committed to advancing our policies and systems to ensure we address and monitor all aspects of Corporate Social Responsibility that are relevant to us. These include good ethical behaviour, concern for employees' health and safety and community involvement.

We strive to maintain a productive and open dialogue with all parties who may have an interest in our activities. We conduct regular customer satisfaction surveys, monitor supplier performance and actively encourage feedback from our employees using a variety of methods including employee surveys.

During the financial year under review, the Fund actively played its role as a corporate citizen by sponsoring its staff members to participate in Nairobi 2014 Stan Chart Marathon, an event that is meant to raise funds to support visually challenged children.

At the same time, on 16th October 2014, the Fund participated in a World Food Day Celebrations in Tharaka Nithi County through exhibiting. This is an event whose main sponsor was Food and Agriculture Organization (FAO) with the theme - "Family Farming: Feeding the World, caring for the earth". The UN General Assembly had designated 2014 the "International Year of Family Farming", The primary goal is ensuring family farming becomes a vital part of community to eradicate hunger and poverty, provide food security and nutrition, improving livelihoods, managing natural resources, protecting the environment and achieving sustainable development particularly in rural areas.

Meanwhile, the Fund sponsored its staff to take part during the 2015 Mater heart run on May 24, 2014, in support of children with heart ailments get necessary surgery. The Fund also sponsored its staff to the Standard Chartered Marathon on 26 October 2014. The Marathon is the flagship project for our 'Seeing is Believing' community initiative that aims to raise funds for the needy in the community.

The Fund shall continue to undertake these noble initiatives (and many more, within the capability of the Fund) in the subsequent financial years.

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON COMMODITIES FUND FOR THE ELEVEN (11) MONTHS PERIOD ENDING 30 JUNE 2015

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Commodities Fund set out on pages 1 to 21, which comprise the statement of financial position for the eleven (11) months period ended 30 June 2015, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the period 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.

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

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable presentation 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 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 and submit the audit report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluation the appropriateness of the

accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluation the overall presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## **Basis for Disclaimer of Opinion**

### **1. Loans and Advances from Exchange Transactions**

**1.1** As previously reported, and as disclosed under note 17 to the accounts, the financial statements position as at 30 June 2015 reflects loans and advances totaling Kshs.11,633,137,000 to the former Sugar Development Fund and Coffee Development Fund of Kshs.10,928,003,000 and 705,134,000 respectively. This figure however includes non-performing loans totalling Kshs.5,565,961,068 advanced to various companies some of which are under receivership with an accrued interest of Kshs.1,227,735,409. Although the management has made provisions of Kshs.3,228,018,813 and Kshs.1,212,766,179 for loans and accrued interest respectively totaling Kshs.4,440,784,992, any additional provision that would have been necessary in relation to this uncertainty has not been incorporated in this financial statement.

**1.2** The loans balance of Kshs.11,633,137.000 also includes amounts totaling Kshs.1,915,615,011 advance to five Sugar Companies in the period under review including one under receivership. Although the management has explained that the loans were processed and disbursed by AFA-Sugar Directorate, no evidence of minutes approving the loans were produced for audit verification. There were no alternative procedures to satisfy myself as to the fair statement of these loans.

### **2. Current Receivables from Exchange Transactions**

Similarly and as reported in the previous year, the receivables from exchange activities figure of Kshs.1,862,175,000 excludes an amount of Kshs.146,717,000 due from the former Sugar Development Fund relating to expenses incurred by the Fund on behalf of various Institutions, some of which are under receivership, Kshs.100,000 in respect prepayments and deposits, and Kshs.1,349,000 in respect of imprests from former employees. Management has not provided justification for this anomaly.

Under the circumstances, current receivables from exchange transactions balance of Kshs.1,862,175,000 as at 30 June 2015 could not be confirmed as accurate.

### **3. Investments-Short Term Deposits**

The investments figure of Kshs.150,000,000 as at 30 June 2015 as disclosed under note 16 to the accounts excludes an amount of Kshs.52,237,000 in respect of investments placed in Euro Bank and Eco Bank which were placed under receivership in the 1990s, by the former Sugar Development Fund. In addition the opening balances of Kshs.150,000,000 as reported differs with the actual audited opening balances of Kshs.4,203,000,000 as at 1 July

## VII. REPORT OF THE INTERIM MANAGEMENT COMMITTEE

The Interim Management Committee submits their report together with the audited financial statements for the eleven (11) Months ended June 30, 2015 which show the state of the *Fund's* affairs.

### Principal activities

The principal activities of the Fund are to provide sustainable, affordable credit and advances to farmers for farm development, farm inputs, farming operations and price stabilization.

### Results

The results of the Fund for the eleven (11) Months period ended June 30, 2015 are set out on page 1.

### Interim Management Committee

The members of the Interim Management Committee who served during the year are shown on page iv. In accordance with Crops Act 2013, the affairs of the Fund is supposed run by Board of Trustees appointed by the Authority with the Approval of the National Assembly.

### Auditors

The Auditor General is responsible for the statutory audit of the *Fund* in accordance with the Public Finance Management (PFM) Act, 2012.

By order of the Interim Management Committee



Legal Manager  
Nairobi

Date: 15/08/2016

## VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the *Fund's* financial statements, which give a true and fair view of the state of affairs of the *Fund* for and as at the end of the financial year (period) ended on July 31, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Fund*; (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 Directors accept responsibility for the *Fund's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the *Fund's* financial statements give a true and fair view of the state of *Fund's* transactions during the financial year ended June 30, 2015, and of the *Fund's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *Fund*, which have been relied upon in the preparation of the *Fund'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 *Fund* will not remain a going concern for at least the next twelve months from the date of this statement.



Signed by Interim Managing Trustee  
On Behalf of Interim Management Committee

2014 for the two institutions forming Commodities Fund. Management has not provided justification for this irregularity.

Under the circumstances, the completeness, validity and valuation of the investments balance of Kshs.150,000,000 as at 30 June 2015 as reflected in this financial statements could not be confirmed.

#### **4. Trade and Other Payables from Exchange Transactions**

The trade and other payables from exchange transactions total balances of Kshs.21,262,000 excludes amounts of Kshs.5,000,000 and Kshs.3,062,000 due to Boco-Tractor lease deposit and Fintech Kenya respectively which have been outstanding for a considerably long period. This has resulted in understatement of payables by the two amounts.

#### **5. Receivables from Non-Exchange Transactions**

The receivables from non-exchange transactions figure of Kshs.41,786,000 as at 30 June 2015 excludes amounts totaling Kshs.1,837,694,000 due from the former Sugar Development Fund. The management has not provided logical explanations for the omission.

Under the circumstances, receivables from exchange transactions balance of Kshs.41,786,000 as at 30 June 2015 could not be confirmed as accurate.

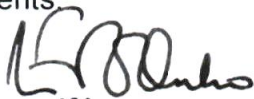
#### **6. The Current Receivables Loans and Advances from Exchange Transactions**

The current receivables from exchange transactions figure of Kshs.757,088,000 as disclosed under note 13(1) includes amounts totaling Kshs.10,361,040.60 described as amounts under reconciliation that have not been supported with information and adequate documentation.

Consequently, the validity of the amounts and accuracy of the Kshs.757,088,000 balance could not be confirmed.

#### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

**Nairobi**

**18 October 2016**

**X. STATEMENT OF FINANCIAL PERFORMANCE**  
**For the eleven (11) months ending 30 June 2015**

**PERFORMANCE STATEMENT**

	NOTES	2014/2015	2013/2014
		Kshs '000	Restated Kshs '000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Interest from loans and advances	3	465,405	285,881
Finance income - External investments	4	73,765	104,450
Finance income - outstanding receivables	5	17,529	15,083
Other income	6	8,043	5,560
<b>Total revenue</b>		<b>564,742</b>	<b>410,974</b>
<b>Expenses</b>			
Employee cost	7	48,115	57,554
Board Expenses	8	-	10,314
Depreciation and amortization expense	9	10,018	12,621
Repairs and maintenance	10	4,994	2,370
Operating / Administrative Expenses	11	120,187	276,386
<b>Total expenses</b>		<b>183,313</b>	<b>359,245</b>
<b>Surplus for the period</b>		<b>381,430</b>	<b>51,729</b>

The notes set out on pages 9 to 20 form an integral part of the Financial Statements

**XI. STATEMENT OF FINANCIAL POSITION**

	Notes	2014/2015	2013/2014
<b>Assets</b>		<b>Kshs '000</b>	<b>Restated Kshs '000</b>
<b>Current assets</b>			
Cash and cash equivalents	12	1,112,589	1,085,147
Current Receivables loans and advances from exchange transactions	13(i)	757,088	600,394
Current Receivables from exchange transactions	13(ii)	1,862,175	1,032,717
Receivables from non-exchange transactions	14	41,786	44,119
<b>Total Current Assets</b>		<b>3,773,639</b>	<b>2,762,377</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	39,739	35,500
Investments	16	150,000	150,000
Loans and Advances from exchange transactions	17	11,633,137	9,992,607
<b>Total non-current assets</b>		<b>11,822,875</b>	<b>10,178,107</b>
<b>Total assets</b>		<b>15,596,514</b>	<b>12,940,484</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions(Creditors and accruals)	18	21,262	8,427
Commissions payable from exchange transactions	19	76,728	76,728
<b>Total Liabilities</b>		<b>97,990</b>	<b>85,155</b>
<b>Net assets</b>		<b>15,498,524</b>	<b>12,855,329</b>
Reserves		14,817,201	12,554,472
Accumulated surplus		681,323	300,857
<b>Total net assets and liabilities</b>		<b>15,498,524</b>	<b>12,855,329</b>

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Interim Management Committee by:

Interim Managing Trustee



Date.....

Interim Finance Manager



Date.....

**XII. STATEMENT OF CHANGES IN NET ASSETS**

	<b>Not e</b>	<b>SDF Reserves</b>	<b>Coffee Reserves</b>	<b>Reval uation Reser ves</b>	<b>Revenue Reserves</b>	<b>Total</b>
			<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>
<b>Balance as at 30 JUNE 2013</b>		-	1,452,006	-	351,616	1,803,622
Surplus/(deficit) for the period		-	-	-	(819)	(819)
Transfers to/from accumulated surplus		-	-	3,421	(49,940)	(46,519)
Capital grant from government in the year		-	223,200			223,200
<b>Balance as at 31 JULY 2014</b>		-	<b>1,675,206</b>	<b>3,421</b>	<b>300,857</b>	<b>1,979,484</b>
<b>Reinstated balances as at 31.07.2014</b>		<b>10,875,328</b>	<b>1,675,206</b>	<b>3,421</b>	<b>300,857</b>	<b>12,855,328</b>
Prior year adjustments		-	-	-	(964)	(964)
Additional SDF reserves		<b>2,262,730</b>	-	-		2,262,730
Surplus for the period		-	-	-	381,430	381,430
<b>Balance as at 30 JUNE 2015</b>		<b>13,138,574</b>	<b>1,675,206</b>	<b>3,421</b>	<b>681,323</b>	<b>15,498,524</b>

XIII. STATEMENT OF CASHFLOWS

<b>Cash generated from operations</b>	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Kshs 000</b>	<b>Restated Kshs 000</b>
<b>Surplus for the year before tax</b>	<b>381,430</b>	<b>51,729</b>
Adjusted for:		
Depreciation	10,018	12,621
Non-cash adjustment to equity	2,204,216	10,429,810
Contributed assets		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions	57,551	178,162
Contribution to impairment allowance		
Finance income	(91,294)	(119,533)
Finance cost		
<b>Working capital adjustments:</b>		
Increase in loans and Advances	(1,797,224)	(10,522,092)
Decrease in receivables	(827,126)	(241,121)
Decrease in deferred income		(28,264)
Decrease in payables	(12,833)	(1,377)
Increase in payments received in advance		
<b>Net cash flows from operating activities</b>	<b>(49,596)</b>	<b>(240,065)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangible assets	(14,257)	(27,933)
Proceeds from sale of property, plant and equipment		
Inflows from investing activities	91,294	119,533
<b>Net cash flows used in investing activities</b>	<b>77,037</b>	<b>91,600</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings		-
Repayment of borrowings		-
Capital grants from government	-	223,200
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>223,200</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>27,442</b>	<b>74,735</b>
Cash and cash equivalents at 1 August 2014	1,085,147	1,010,412
<b>Cash and cash equivalents at 30 June</b>	<b>1,112,589</b>	<b>1,085,147</b>

**XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

		Original budget	Adjustments	Final budget	Actual on comparable basis	Performanc e difference
<b>S/N</b>	<b>ITEM DESCRIPTION</b>	<b>2014-2015</b>	<b>2014-2015</b>	<b>2014-2015</b>	<b>2014-2015</b>	<b>2014-2015</b>
<b>1.0</b>	<b>EXPECTED REVENUE</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>	<b>Kshs '000</b>
1.1	Internally Generated Funds	428,185	-	428,185	556,699	128,514
1.2	Government Grants- Recurrent	100,000	-	100,000	-	(100,000)
1.3	Other Income from Recurrent	6,900	-	6,900	8,043	1,143
1.4	Reserves	-	-	-	-	-
	<b>Total Revenue</b>	<b>535,085</b>	<b>-</b>	<b>538,085</b>	<b>564,742</b>	<b>29,657</b>
<b>2.0</b>	<b>PERSONNEL COSTS</b>					
2.1	Basic Pay	39,680	(1,500)	38,180	23,775	14,405
2.2	House Allowance	13,500	-	13,500	8,315	5,185
2.3	Commuter Allowance	3,178	-	3,178	2,186	992
2.4	Airtime Allowance	1,279	-	1,279	1,051	228
2.5	Entertainment Allowance	720	-	720	660	60
2.6	Extraneous Allowance	290	-	290	112	178
2.7	Leave Allowance	1,076	-	1,076	584	492
2.8	Pension/Gratuity	8,940	-	8,940	5,144	3,796
2.9	NSSF	499	-	499	71	428
3.0	Medical expenses	7,800	-	7,800	1,828	5,972
3.1	Acting Allowance	2,799		2,799	1,017	1,782
3.2	Transfer Allowance	-			120	(120)
3.3	Responsibility Allowance	1,250		1,250	6	1,244
3.4	Special Duty allowance	1,275		1,275		1,275
	<b>Sub Total</b>	<b>82,286</b>	<b>(1,500)</b>	<b>80,786</b>	<b>44,869</b>	<b>35,917</b>

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<b>3.0</b>	<b>BOARD EXPENSES</b>					
3.1	Sitting Allowance	4,650	-	4,650	-	4,650
3.2	Accommodation and Subsistence	1,079	-	1,079	-	1,079
3.3	Corporate Governance Trainings	1,700	-	1,700	-	1,700
3.4	Chairman's Honorarium	960	-	960	-	960
3.7	Millage	462	-	462	-	462
4.0	Lunch allowance	582	-	582	-	582
4.1	Board Medical Insurance	450	-	450	-	450
4.2	All Directors- Travel	2,985	-	2,985	-	2,985
	<b>Sub Total</b>	<b>12,868</b>	<b>-</b>	<b>12,868</b>		<b>12,867</b>
<b>4.0</b>	<b>OPERATING EXPENSES/ADMISTRATIVE EXPENSE</b>					
<b>4.4</b>	<b>Corporate Communication</b>					
	c) Shows , Exhibitions & trade fairs	3,800	1,500	5,300	4,071	1,229
	d) Corporate Social Responsibility	1,900	-	1,900	1,831	69
	<b>Sub Total</b>	<b>5,700</b>	<b>1,500</b>	<b>7,200</b>	<b>5,902</b>	<b>1,298</b>
<b>4.7</b>	<b>Human Resource Costs</b>					
	a) Staff Welfare	1,350	-	1,350	405	945
	c) Trainings, Seminar, Retreats and Workshops	11,472	-	11,472	10,234	1,238
	d) Consultancies	6,000	-	6,000	725	5,275
	e) Subscriptions to Professional Bodies	1,460	-	1,460	574	886
	f) Staff Uniforms	1,515	-	1,515	-	1,515
	g) Internships and attachment	960	1,500	2,460	3,246	(786)
	<b>Sub Total</b>	<b>22,757</b>	<b>1,500</b>	<b>24,257</b>	<b>15,185</b>	<b>9,072</b>
<b>4.7</b>	<b>Audit Expense</b>					
	a) Audit Fees	1,000	-	1,000	696	304
	<b>Sub Total</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>696</b>	<b>304</b>
<b>4.8</b>	<b>Legal Costs</b>					
	a) Legal Services	3,000		3,000		

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			-		46	2,954
	<b>Sub Total</b>	<b>3,000</b>	-	<b>3,000</b>	<b>46</b>	<b>2,954</b>
					<b>46</b>	<b>2,954</b>
<b>4.9</b>	<b>Finance &amp; Administration</b>					
	a) Office Expenses					
	i. common user items- Printing and Stationery	2,598	200	2,798	2,537	261
	ii. Communication Telephone and Postage	926	-	926	420	506
	iii. Email And Internet	2,512	-	2,512	494	2,018
	b) General Expenses	2,105	-	2,105	1181	924
	c) Vehicle Running Expenses	-	-	-	-	-
	i. Fuel	2,760	-	2,760	2,569	191
	ii. Others	-	-	-	-	-
	d) Insurance Expenses	5,664	-	5,664	2,533	3,131
	e) Local Travelling Expenses	16,992	-	16,992	14,423	2,569
	f) International travel	6,541	-	6,541	4,844	1,697
	h) Security	1,590	-	1,590	708	882
	i) Utilities- Electricity and water	-	-	-	871	(871)
	j) Rent and rates	9,168	-	9,168	5,258	3,910
	k) Retreats	-	-	-	-	-
	l) Computer Accessories	591	-	591	885	(294)
	n) Cleaning, Garbage & Sanitary	50	-	50	39	11
	o) Management Fees	1,906	-	1,906	1,234	672
	p) Newspapers, Periodicals, Journals and subscriptions	491	(200)	291	271	20
	r) Advertising and Publicity	7,000	(1,500)	5,500	5,363	137
	s) Bank Charges	700	-	700	422	278
	x) Provisions for bad and doubtful debts	211,166		211,166	57,551	153,615
	y) Intermediary commissions	36,211		36,211		36,211
	<b>Sub Total</b>	<b>308,971</b>	<b>(1,500)</b>	<b>307,471</b>	<b>101,603</b>	<b>205,868</b>

## Commodities Fund

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<b>5.0</b>	<b>REPAIRS AND MAINTAINANCE</b>					
	a) Automobiles	3,310	-	3,310	2,948	362
	b) Buildings	250	-	250	107	143
	c) Computers & Equipment	1,160	-	1,160	1,761	(601)
	d) Others-Furniture and Fittings	350	-	350	178	172
	<b>Sub Total</b>	<b>5,070</b>	<b>-</b>	<b>5,070</b>	<b>4,994</b>	<b>76</b>
	<b>TOTAL EXPENDITURE</b>	<b>441,652</b>	<b>-</b>	<b>441,652</b>	<b>173,295</b>	<b>268,357</b>
	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>93,433</b>	<b>-</b>	<b>93,433</b>	<b>391,447</b>	<b>298,014</b>
<b>7.0</b>	<b>DEPRECIATION AND AMORTIZAION</b>	<b>16,338</b>	<b>-</b>	<b>16,338</b>	<b>10,018</b>	<b>6,320</b>
	<b>SURPLUS/(DEFICIT)</b>	<b>77,095</b>	<b>-</b>	<b>77,095</b>	<b>381,429</b>	<b>304,334</b>
<b>8.0</b>	<b>CAPITAL EXPENDITURE</b>					
	d) Automobiles	12,600	-	12,600	10,589	2,011
	e) Computer and Electronic Equipment	10,000	-	10,000	2,080	7,920
	f) Office and Communication Equipment	400	-	400	-	400
	g) Furniture and Fittings	1,500	-	1,500	1,588	(88)
	<b>Total Capital Budget</b>	<b>24,500</b>	<b>-</b>	<b>24,500</b>	<b>14,257</b>	<b>10,243</b>
	<b>OVERALL SURPLUS/(DEFICIT)</b>	<b>52,575</b>	<b>-</b>	<b>52,575</b>	<b>367,173</b>	<b>314,578</b>

## **XV. NOTES TO THE FINANCIAL STATEMENTS**

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

The 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.

This is the second year of adoption of with International Public Sector Accounting Standards (IPSAS) accounting Standards by the Fund. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis. The Fund has also adopted the the Public Financial Management Act.

In the process of applying the Fund's accounting policies, the Fund's Trustees make certain judgments, estimates and assumptions that are continuously evaluated and assessed for adjustments based on prior experience and other determinants, including expectations of future events that are believed to be reasonable under the prevailing circumstances. Although these estimates are based on the Trustees' best knowledge of current events and actions, in practice actual results may differ from these estimates. Such estimates and assumptions 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 in these notes to the Financial Statements.

### **2. Summary of significant accounting policies**

#### **a) Revenue recognition**

##### **i) Revenue from exchange transactions**

#### ***Interest income***

Interest income is recognized on an accruals basis in the Statement of Comprehensive Income using the effective yield on the loan. When financial assets become impaired, any inherent income/revenue is thereafter recognized at rates used to discount future cash flows for the purpose of measuring the recoverable amount.

##### **i) Interest Income and Expense**

Interest income and expenses are recognized in the Statement of Comprehensive Income for all interest bearing Instrument on an accrual basis taking into account the effective yield on the assets.

##### **ii) Fees and Commission Income**

Fees and commission income is generally recognized on an accrual basis.

**iii) Interest Computation**

The Fund's loans are on lent to coffee farmers at a rate of 10% per annum .In addition, loans to sugar industry are lend at 5% per annum.

**b) 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 Fund. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Fund 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.

**c) 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 a straight-line basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates.

Motor Vehicles	-	25%
Office Equipment	-	20%
Computers, Copiers, Faxes	-	33 <sup>1</sup> / <sub>3</sub> %
Furniture and Fittings	-	12.5%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Property and equipment are periodically reviewed for impairment. Where the carrying amount of property and equipment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus.

#### **d) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### **Contingent liabilities**

From time to time, the Fund is involved in routine litigation that arises in the ordinary course of business. There are no pending significant legal proceedings to which the Fund is a party for which management believes the ultimate outcome would have a material adverse effect on the Fund's financial position.

#### **e) Originating loans and provision for loans impairment**

Loans are originated by the Fund by providing money to the coffee farmers and sugar companies/sugarcane outgrowers institutions and are categorized as loans originated by the Fund.

Specific provision is made against loans and advances considered to be doubtful of recovery. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows including amounts recoverable from guarantors and collateral, discounted at the effective interest rate of loans.

A general provision is maintained based on an evaluation of the portfolio of loans and advances in respects of loses, which, although not specifically identified, based on experience can be traced or are present in any such portfolio. This provision is based on the Trustee's assessment of the risk of non-recovery known to be present in the Fund's lending portfolio.

Where a loan or an advance is deemed irrecoverable, it is written off against the related provision for impairments. Subsequent recoveries of amount previously written off are credited to the Statement of Comprehensive Income in the year of recovery. Loans and advances are stated after deduction of specific and general provisions.

#### **f) Financial Risk Management Objectives and Policies**

The Fund's activities expose it to a variety of financial risks. Risk management is carried out by the finance function under policies approved by the Board of Trustees. The Finance function identifies, evaluates and hedges against the financial risk.

##### **i) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the Fund's management. It is unusual for a lending institution's maturities and interest rates of assets and liabilities to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturity of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities, as they mature are important factors in assessing the liquidity of the Fund and its exposure to interest rates. The Fund does not maintain cash resources to meet all liabilities as they fall due as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

##### **ii) Credit Risk**

Credit risk is the risk that a borrower will default on any type of debt by failing to make required payments. The risk is primarily that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. The loss may be complete or partial and can arise in a number of circumstances. The Fund has no significant concentrations on credit risk. The Fund has policies in place to ensure loans are given to farmers with an appropriate credit history. The credit department assesses the credit quality of each farmer, taking into account their financial position, past credit experience and other factors.

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

The Fund has created and maintained reserves in terms of specific requirements. For this purpose the Fund maintains capital reserves where all capital grants meant for loans disbursement are accumulated. In addition the Funds maintains revaluation reserves where appreciation in value of assets is credited. An accumulated surplus reserves is also maintained where the surpluses/deficits resulting from the performance are accumulated.

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

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

#### **h) Employee benefits**

The Fund changed its terms for all staff except the Managing Trustee from on-contract employment to permanent and pensionable terms on March 1, 2012. The Fund operates a gratuity scheme for the Managing Trustee which is fully funded. The Fund has sponsored the establishment of a defined contribution pension scheme funded partly by the employees and partly by the Fund that is currently administered as a guaranteed scheme by Jubilee Insurance Company Ltd. Where employees are entitled to annual leave and long service awards, these are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long service awards as a result of services rendered by the employees up to the balance sheet date.

The Fund also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF) a national retirement benefit scheme. It also contributes to a statutory defined health insurance scheme, the National Hospital Insurance Fund (NHIF). Both of these contributions are defined by local statutes.

The Fund's contributions to all the above schemes are charged to the Statement of Comprehensive Income in the year to which they relate.

#### **i) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

#### **j) Comparative figures**

Comparative figures represent figures for the (13) months period ended 31<sup>st</sup> July 2014 and were necessary restated to conform to the requirement of IPSAS.

#### **k) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2015.

	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
3. Interest income generated from loans		
Interest income from loans - Coffee portfolio	99,203	57,976
-Sugar portfolio	366,202	227,905
<b>Total revenues</b>	<b><u>465,405</u></b>	<b><u>285,881</u></b>

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The Fund loan portfolio is held by coffee and sugarcane farmers. Interest generated from the two portfolios is as broken above.

<b>4. Finance income – external investment</b>	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
Fixed deposits	<u>73,765</u>	<u>104,450</u>
<b>Total finance income – external investments</b>	<b><u>73,765</u></b>	<b><u>104,450</u></b>

Surplus funds of the Fund are invested in both government securities (Treasury Bonds) and Fixed deposits with the approved financial institutions. During the period the Fund was able to receive Kshs. 73,765 from the two. The average effective interest rates were 12% pa and 11.13% pa on both treasury bond fixed deposits respectively.

<b>5. Finance income – outstanding receivables</b>	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
Accrued interest	<u>17,529</u>	<u>15,083</u>
<b>Total receivables finance income – outstanding</b>	<b><u>17,529</u></b>	<b><u>15,083</u></b>

The accrued interest income earned on the above two instruments amounted to Kshs.19,615 in 2015 compared to Kshs.15,083 in 2014.

<b>6. Other income</b>	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
Loan processing fee	7,515	5,255
Others	<u>528</u>	<u>306</u>
<b>Total other income</b>	<b><u>8,043</u></b>	<b><u>5,561</u></b>

Loans and advances are processed at a fee (1.5%) and the total income generated from the activity in 2015 is Kshs.8,043 compared to Kshs.5,561 in 2014

<b>7. Employee costs</b>	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
Employee related costs – Salaries and wages	41,072	51,712
Employee related costs – NSSF & Pension contributions	4,742	5,842
Medical expenses	1,828	-
Staff gratuities	<u>474</u>	<u>-</u>
<b>Total</b>	<b><u>48,115</u></b>	<b><u>57,554</u></b>

## 8. Board expenses

	2014/2015 Ksh 000	2013/2014 Ksh 000
Sitting allowance	-	4,437
Accommodation and subsistence	-	1,442
Corporate governance trainings	-	1,284
Chairman's Honorarium	-	1,040
Directors travel	-	903
Board medical insurance/ GPA insurance expense	-	769
Telephone and postage	-	49
Others	-	<u>390</u>
<b>Total board expenses</b>	-	<b><u>10,314</u></b>

## 9. Depreciation and amortization expense

	2014/2015 Ksh 000	2013/2014 Ksh 000
Property, plant and equipment	<u>10,018</u>	<u>12,621</u>
<b>Total depreciation and amortization</b>	<b><u>10,018</u></b>	<b><u>12,621</u></b>

Depreciation breakdown is disclosed under note 15.

## 10. Repairs and maintenance

	2014/2015 Ksh 000	2013/2014 Ksh 000
Buildings	107	179
Automobiles	2,948	1,608
Computer and electronic equipment	1,710	504
Office and communication equipment	50	79
Furniture and fittings	<u>178</u>	-
<b>Total</b>	<b><u>4,994</u></b>	<b><u>2,370</u></b>

## 11. Operating/Administrative expenses

	2014/2015 Ksh 000	2013/2014 Ksh 000
Printing and stationery	2,537	679
Communication telephone and postage	914	1,372
Vehicle running expenses	2,569	1,631
Insurance expenses	2,533	20,215
Local travel expenses	14,423	12,953
International travel	4,844	-
Security	708	183
Electricity and water	871	355
Rent and rates	5,258	8,807
Computer accessories	885	612

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Cleaning, garbage & sanitary	39	-
Management fees	1,234	1,109
Newspapers, periodicals, journals and subscriptions	271	220
Advertising and publicity	5,363	2,566
Bank charges	422	580
Staff welfare	405	631
Trainings, seminar, retreats and workshops	10,234	5,480
Consultancies	725	1,793
Subscriptions to professional bodies	574	792
Audit fees	696	696
Legal services	46	331
Shows, exhibitions & trade fairs	4,071	2,902
Corporate social responsibility	1,831	554
Provision for bad debts	57,551	178,164
Office general expenses	1,181	1,874
Commissions to intermediaries	-	<u>31,887</u>
<b>Total general expenses</b>	<b><u>120,187</u></b>	<b><u>276,386</u></b>

**12. Cash and cash equivalents**

	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
Bank	50,149	56,894
Cash-on-hand	100	100
Short-term deposits	<u>1,062,340</u>	<u>1,028,153</u>
<b>Total cash and cash equivalents</b>	<b><u>1,112,589</u></b>	<b><u>1,085,147</u></b>

Cash and cash equivalent comprise of the bank balances, call deposits, cash balances and funds held in short term deposits.

**13. Receivables from exchange transactions**

**13. (i) current receivables loans and advances**

Loans and advances from exchange transactions - Coffee portfolio	270,188	137,780
- Sugar portfolio	<u>486,900</u>	<u>462,614</u>
	<b><u>757,088</u></b>	<b><u>600,394</u></b>

Loans and advances receivable within one year period amounts to Kshs.757,088 compared to Kshs.600,394 in 2014. The massive increase is caused by merger of the Sugar portfolio to that of Coffee that was done in June 2015.

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<b>13. (ii) current receivables</b>	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
Share of sugar levy receivable from sugar directorate	347,111	-
Loans repayments due from sugar directorate	140,001	-
Interest receivable from investments	17,529	15,083
Interest on loans and advances – coffee portfolio	129,799	65,277
- Sugar portfolio	<u>1,227,735</u>	<u>952,357</u>
<b>Total current receivables</b>	<b><u>1,862,175</u></b>	<b><u>1,032,717</u></b>

Current receivables consists of accrued loans interest income from Sugar loan portfolio amounting to Kshs.1,227,735(net of provisions) , Sugar development levy share for cane development and factory rehabilitation loan components Kshs. 347,111 and loan repayment Kshs.140,001that was received and still held by the Sugar directorate during the year. Commodities Fund is earmarked to received 29.11 % of sugar development levy to build up revolving fund for the sector.

**14. Receivables from non-exchange contracts**

<b>Current receivables</b>	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
Funds held by intermediaries	34,753	32,615
Prepayments	6,682	4,703
Staff debtors	316	1,276
Trade debtors	<u>36</u>	<u>5,525</u>
<b>Total current receivables</b>	<b><u>41,786</u></b>	<b><u>44,119</u></b>

The fund has since inception used intermediaries to disburse loans and advances to coffee farmers. The amounts held by the intermediaries that does not qualified as loans and advances at the end of year amounted to Kshs.34,753. The Fund is currently lending directly to coffee farmers and cooperative societies.

## 15. Property, plant and equipment

	Equipment	Motor vehicle	Furniture & Fittings	Computers & Accessories	Total
Cost	Ksh 000	Ksh 000	Ksh 000	Ksh 000	Ksh 000
At 1 July 2013	3,056	19,392	2,618	40,102	65,168
Additions	65	-	21,662	6,206	27,933
Disposals	-	-	-	-	-
Transfer/adjustment	(350)	2,178	177	1,416	3,421
<b>At 30 July 2014</b>	<b>2,771</b>	<b>21,570</b>	<b>24,457</b>	<b>47,724</b>	<b>96,522</b>
Additions	-	10,589	1,588	2,080	14,257
<b>At 31 June 2015</b>	<b>2,771</b>	<b>32,159</b>	<b>26,045</b>	<b>49,804</b>	<b>110,779</b>
<b>Depreciation</b>					
At 1 June 2013	(2,054)	(9,949)	(1,622)	(34,776)	(48,401)
Depreciation	(776)	(5,335)	(1,313)	(5,197)	(12,621)
Impairment	625	-	-	(625)	-
<b>At 31 July 2014</b>	<b>(2,205)</b>	<b>(15,284)</b>	<b>(2,935)</b>	<b>(40,598)</b>	<b>(61,022)</b>
Depreciation charge for the year	(396)	(3,172)	(2,850)	(3,599)	(10,018)
Disposal	-	-	-	-	-
<b>At 31 June 2015</b>	<b>(2,601)</b>	<b>(18,456)</b>	<b>(5,785)</b>	<b>(44,197)</b>	<b>(71,040)</b>
<b>Net book values</b>					
At 30 June 2015	170	13,703	20,260	5,607	39,739
At 31 July 2014	566	6,286	21,522	7,126	35,500

<b>16. Investment in government securities</b>	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
12 year GOK infrastructure bond	<u>150,000</u>	<u>150,000</u>
	<b><u>150,000</u></b>	<b><u>150,000</u></b>

The above 12 year bond held with the Government of Kenya earns interest at 12% pa paid semi-annually. The bond will mature in December 2021.

<b>17. Long term loans from exchange transactions</b>	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
Non-current receivable		
Loans and advances – Coffee portfolio	705,134	531,733
-Sugar portfolio	<u>10,928,003</u>	<u>9,460,874</u>
	<b><u>11,633,137</u></b>	<b><u>9,992,607</u></b>

Included in long term loans is Sugar Development Fund portfolio adopted from former Sugar Development Fund that ceased to exist upon operationalization of the Crops Act 2013 on 1<sup>st</sup> of August 2014. The portfolio was merged with that of former Coffee Development Fund to reach at the reported figure of Kshs.11,633,137 (net of provisions of Kshs. 3,228,019). The two Funds were run separately during the year but merged at as at 30<sup>th</sup> June 2015.

#### **18. Trade and other payables from exchange transactions**

	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
Trade Payables	4,761	5,611
Third party payable	2,801	2,816
Other payables	549	-
Sundry creditors	<u>13,151</u>	=
<b>Total trade and other payables</b>	<b><u>21,262</u></b>	<b><u>8,427</u></b>

Trade and other payables comprise of liabilities in relation to the day to day transactions of the Fund

<b>19. Commissions payables</b>	<b>2014/2015</b>	<b>2013/2014</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>
Commissions payables	<u>76,728</u>	<u>76,728</u>
<b>Total commissions payables</b>	<b><u>76,728</u></b>	<b><u>76,728</u></b>

The Fund till 2013/14 was partly disbursing loans and advances through intermediaries. Intermediaries' would be credited with 55% of loans interest they aided to collect and remitted to the Fund. The Fund has since moved away from this lending model to direct lending that does not attract commissions.

#### **20. Net Loans and Advances**

	<b>Sugar portfolio</b>	<b>Coffee portfolio</b>	<b>Total</b>
	<b>Ksh 000</b>	<b>Ksh 000</b>	<b>Ksh 000</b>
<b>Gross loans and Advances</b>	<b><u>14,642,992</u></b>	<b><u>1,033,814</u></b>	<b><u>15,676,736</u></b>
Provisions at the beginning of the year	3,175,638	53,321	3,228,959
Additional provisions raised	<u>52,381</u>	<u>5,170</u>	<u>57,551</u>
Balanced as at 30 June 2015	<u>3,228,019</u>	<u>58,491</u>	<u>3,286,510</u>
<b>Net Loans and Advances</b>	<b><u>11,414,903</u></b>	<b><u>975,323</u></b>	<b><u>12,390,226</u></b>

Cumulative provisions for loans and advances impairment amounts to Kshs.3,286,510. Loans are assessed for impairment at the end of the year in accordance with the credit policy.

## 21. Net Interest on Loan and Advances

	Sugar portfolio Ksh 000	Coffee portfolio Ksh 000	Total Ksh 000
Gross interest at as at 30.06.2015	2,440,502	129,798	2,570,300
Cumulative provisions	<u>1,212,766</u>	-	<u>1,212,766</u>
<b>Net Loans and Advances</b>	<b><u>1,227,735</u></b>	<b><u>129,798</u></b>	<b><u>1,357,534</u></b>

Cumulative provisions for Interest on sugar loans amounts to Kshs.1,212,766. Accrued Interest is assessed for impairment at the end of the year in accordance with the credit policy

## 22. Prior year adjustments

	2014/2015 Ksh 000	2013/2014 Ksh 000
Trade and other payables adjustments	( 4,561)	59,338
Trade and other receivables adjustment	<u>5,525</u>	<u>(109,278)</u>
Total adjustments	<b><u>(964)</u></b>	<b><u>(49,940)</u></b>

## 23. Notes explaining the variances between the budget and the actual amounts

- The internally generated exceeded the budget by **Kshs. 128.5million** mainly due to attractive interest rate offered by market on short term deposits. Secondly more loans was disbursed than budgeted leading to higher interest than budgeted.
- Recurrent grant of **Kshs.100million** expected from GoK was never received hence the negative variance on the budget line.
- Other incomes include loan processing fee and miscellaneous receipts. The Fund budgeted **Kshs. 6.9 million** but realized **Kshs 8.043million** resulting to positive variance of **Kshs.1.143million**. The variance is attributed to over performance in loan disbursement where the budgeted loan disbursement amounted to **Kshs.400million** but actual disbursement ended up being **Ksh503million** resulting to above variance.
- The Actual **personnel** expenditure was **Kshs. 44.8million** against budget of **Kshs.80.7million** resulting to positive variance of **Kshs. 35.920 million**. This variance is attributed to non-approval of anticipated salary adjustments and departure of staff during transition period. The resigned staffs were not replaced pending completion of the job evaluation being carried by AFFA that will determine the staff required by the Fund.
- The **Board expenses** whose budget was **Kshs.12.868million** did not incur any since the office was vacant in the year. The management committee that served as the Board was paid their meeting allowances mainly by AFFA.
- Corporate communications vote incurred **Kshs.5.902 million** against budget of **Kshs.7.200million** resulting to positive variance of **Kshs.1.298million**. The savings were mainly as results of sending fewer officers to the ASK shows and exhibitions.

- g. Human resource vote comprising of training, staff welfare and consultancies incurred a total of **Kshs.15.129million** against budget of **Kshs.24.257million** resulting to savings of **Kshs.9.128million**. The savings was mainly a result of unspent amount meant for customer satisfaction survey was done by AFFA. Again funds meant for implementation of ISO standards were not spend when it was clarified that the same would be implemented under AFFA.
- h. Audit Fees incurred was **Kshs.0.694million** against budget of **Kshs.1million** resulting to budget variance of **Kshs.0.304million**. The figure is basically provision based on previous fees .The variance may be attributed to over budgeting.
- i. Legal cost vote incurred **Kshs.0.046million** against budget of **Kshs.3million** resulting to savings of **Kshs.2.954million**. The savings are attributed to the fact the Fund did not any serious legal matter to warrant engagement of legal experts hence the savings.

#### 24. Events after the reporting period

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

### XVI. 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)
CDF/267/2 013/2014/	<b>Board Expenses</b> -Section 6(1) of the state corporations Act Cap 446,of the laws of Kenya states that 'Unless the written law by or under which a state corporation otherwise require, a board shall consist of a chairman, the Chief Executive, Permanent Secretary, of the parent Ministry, the Permanent Secretary to the Treasury and not more than seven other members not being employee of The state corporation appointed by the minister'. Section 10(1) of the Act, allows the chairman and the board members to paid sitting allowances out of the fund of the corporation on attendance of board/committee meetings. However, records examined indicated that the fund paid a total Kshs. 273,150 during the year under review as sitting allowance to non-directors in attendance in board/committee meetings. The Fund was therefore in breach of law.	It is acknowledged that a total of Kshs.273,150 was paid to representative of inspectorate of State corporation who represented the inspectorate in the board/committee meetings. Inspectorate of State Corporations is usually represented in all Boards of state corporations that led to general assumption that the representative was a director like others was entitled to sitting allowance. Further payments were stopped when circular Ref. No. OP/CAB.9/1A dated 8th	Managing Trustee	Further payment of sitting allowance to non-directors was stopped.	Resolved

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designatio n)	Status: (Resolved / Not Resolved)	Timefram e: (Put a date when you expect the issue to be resolved)
	<p>SDF</p> <p>1. As previously reported, the statement of financial position as at 31<sup>st</sup> July 2014 reflects under note 11, loans to companies amounting to Kshs.13,072826,000. The figure however include non-performing loans totalling to Kshs.5,565,961,068 granted to various companies and with accrued interest of Kshs. 1,364,602,370 as at 31<sup>st</sup> July 2014, some of which were under receivership. Although management has made a provision of Kshs.3,175,638,000 for Loans and a further Kshs.1,212,766,000 for the accrued interest in the financial statements, the provision appear to be inadequate considering the low rate of recovery of loans. Further, although the management had previously had indicated that it had communicated with ministry of Agriculture of possible inclusion of Fund's loan repayment as specific performance contract target no meaningful progress has ,has however been of the non-performance as at 31<sup>st</sup> July 2014</p>	<p>November, 2013 from the Head of Public Service advising against payment of sitting allowance to non-directors was received.</p> <p>Write off Historical sugar debt was approved by parliament in 2014. Formal communication on this is still being awaited though the approval is on record in the Hansard. Management has now revised its credit policy to clearly outline portfolio classification and rates applicable for provision. Implementation of the policy will ensure proper classification and adequate provisions on non-performing.</p>	Managing Trustee and Credit Manager	Not Resolved	30 <sup>th</sup> September, 2016

Managing Trustee

Date... 