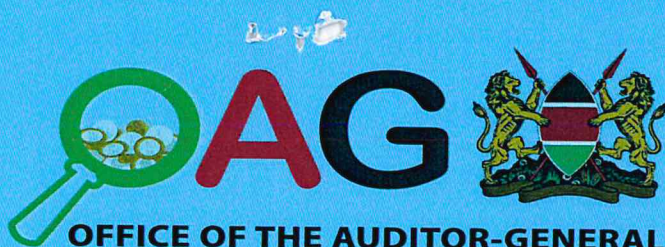



REPUBLIC OF KENYA



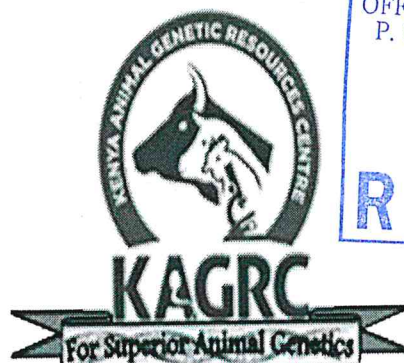
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THE AUDITOR-GENERAL

ON

**KENYA ANIMAL GENETIC
RESOURCES CENTRE**

**FOR THE YEAR ENDED
30 JUNE, 2019**



KENYA ANIMAL GENETIC RESOURCES CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2019**

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

KENYA ANIMAL GENETIC RESOURCES CENTRE
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For the year ended June 30, 2019

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I. KEY ENTITY INFORMATION AND MANAGEMENT

The Kenya Animal Genetic Resources Centre (KAGRC) formally, CAIS was established in 1946 through a Gazette Notice No. 557 as a semen production and distribution Centre. The Centre has been given full autonomy as a State Corporation, through a Gazette Notice No. L.N. 110 of 5th September 2011. The new mandate of the Centre includes production, preservation, distribution and conservation of animal genetic material as well as rearing of breeding sires for provision of high quality disease free semen to meet National demand and for export. KAGRC is situated 15 km from City Centre (West of the Nairobi City), and has its Headquarters in Lower Kabete in Nairobi and has land capacity of about 358 Acres, 125 bulls in the stud, Two administration Blocks, A Laboratory, Reticulated water system, Electrical installations, and other infrastructure.

The Centre works in close collaboration with other breeding organizations such as Kenya Stud Book, Dairy Recording Services of Kenya and Livestock Recording Centre, Research Organizations, Universities, community Based Organizations (CBOs) and individual farmers. Together, we implement the Contract Mating Program through which breeding sires are recruited to the Centre for semen production and Progeny Testing Program (PTP). The PTP provides a basis against which the estimated breeding value of the bulls at the Centre is calculated. In addition to this, the Centre has entered into a memorandum of understanding with American Holstein Friesian Association to undertake GENOMIC evaluation of our Bull Dams, the Bulls themselves and their heifers for efficient performance of the Centre. Four (4) dairy breed are kept in the Centre, namely Friesian, Ayrshire, Jersey and Guernsey and 1 beef breeds of bovine species namely Boran and Sahiwal, a dual purpose breed

(a) Principal Activities

The Centre's principal activity is the production and distribution of bull semen. The other mandates as stated in the legal notice 110 of September 2011 include the following;

1. Establish a national livestock resources gene bank for conservation of livestock tissues, DNA, semen and embryos of all livestock and emerging livestock species for posterity in Kenya.
2. Conserve for posterity and avail livestock tissues, DNA, semen and embryos of all livestock and emerging livestock species in Kenya for both research and Breeding

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3. Engage in strategic semen production
4. Serve as a reference laboratory for certification, testing of semen, embryos and related livestock productive materials for purpose of import and export
5. Either alone or in collaboration with other institutions, provide information on the suitability and effectiveness of animal breeding products
6. Either alone or in collaboration with other institutions, develop and produce chemicals and laboratory products for use in the production of semen.
7. Provide training in animal resource conservation procedures, semen, in-vitro and in-vivo embryo production and transfer and related technology transfer.

(b) Key Management

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

- Board of Directors
- The Managing Director
- Management

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

Name:		Designation:
Dr. David Kios	–	Managing Director
Dr. Paul Egesa	-	Director Research & Technical Services
Ms. Faith Aciita	-	Director, Corporate Services
Dr. Roseline Wambugu	–	Director, Extension Services
Dr. Herbert Atsiaya	-	Director, Strategy & Planning
Dr. James Mbuchu	-	Manager, Germplasm Production and Quality Assurance
Ms. Lucia Koskey	-	Manager, Human Resource & Administration
Ms. Esther Gacheru	-	Manager, Internal Audit
Ms. Naomi Jeptoo	-	Head of Supply Chain Management

(d) Fiduciary Oversight Arrangements

The Board of Directors meets on quarterly basis to monitor the implementation of the Centre's planned strategy, review it in conjunction with its financial and budgetary performance and approve issues of strategic nature. Specific reviews are also undertaken on operational issues and future planning. The Board held various meetings during the period under review, approved the Strategic Plan and revised Human Resource tools.

The Board has constituted committees which meet regularly namely Audit Committee, Human Resource and Finance Committee and the Technical committee. The terms of reference for each committee are well set by the board so as to ensure that the board plays the oversight role.

BOARD COMMITTEES

The Board has constituted committees which meet regularly namely Audit Committee, Human Resource and Finance Committee and the Technical committee. The terms of reference for each committee are well set by the board.

(a) Audit Committee

The Committee comprises of atleast 3 non-executive members of the Board who are independent of the day-to-day management of the Company's operations. The Head of Internal Audit is the secretary to the committee.

The Committee's responsibilities include:

- a) Considers the appropriateness of the Center's accounting policies and procedures.
- b) Monitors and assess the role and effectiveness of the internal audit function.
- c) Deals with matters relating to appointment, remuneration and resignation or dismissal of head of internal audit.

(b) Human Resource and Finance Committee

The Committee comprises of at least 3 non-executive members of the Board who are independent of the day-to-day management of the Centre's operations.

The main responsibilities of the committee are;

- a) Review and approve the Centre's budget
- b) Reviews and monitors the integrity of the Centre's annual and interim financial statements

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- c) Deals with matters relating to appointment, remuneration and resignation or dismissal of staff.

(c) Technical Committee

The Committee comprises of at least 3 non-executive members of the Board who are independent of the day-to-day management of the Centre's operations.

The main responsibilities of the committee are;

- a) Advising the board on all technical issues affecting the Centre
- b) Providing policy direction of Genomic Advisory Committee, laboratory processes and quality control.
- c) Deals with policy direction of research on emerging technologies and best practices,

(e) Entity

Headquarters
P.O Box 23070
Lower Kabete
Nairobi

(f) Entity Contacts

Telephone: 020-2064018, 4181325/6 DL: 020-2064027, Cell Phone:
0728899767/0737540670
E-mail: info@kagrc.co.ke
Website: [www.kenya](http://www.kenyaanimalgeneticresourcescentre.org) animal genetic resources centre

(g) Entity Bankers

Barclays Bank of
Kenya Westlands
Branch P.O. Box
14403-00800
Nairobi, Kenya

(h) Independent Auditor



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

(i) Principal Legal Advisor



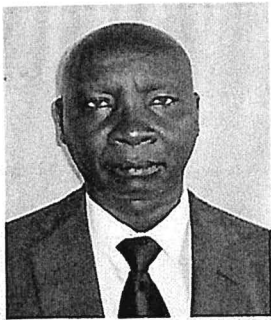

The Attorney General State
Law Office Harambee
Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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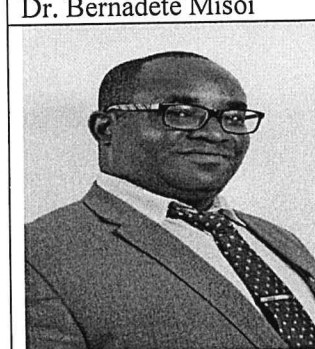
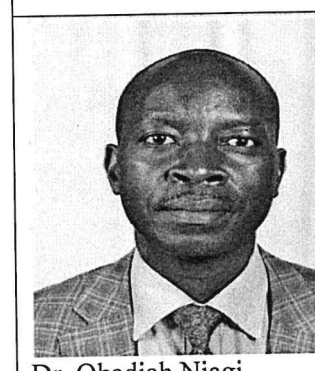
I KEY ENTITY INFORMATION
(j) Board Members

	<p>Dr. Geoffrey Kamau is the chairman of the Kenya Animal Genetic Resources Centre having been appointed to the office in April 2015. He oversees the development and promotion of optimum productivity of the national animal population through provision of high quality disease free animal germplasm and related breeding services. Dr. Kamau has wealth of experience in veterinary extension services acquired through working with farmers at various capacities in Kenya. In addition, he has wide experience in leadership, partnerships and mobilization of teams and is also an entrepreneur in hospitality services. He is a graduate of Bachelor of Veterinary Medicine from the university of Nairobi.</p>
	<p>Dr. Walter Juma Ongeti is an accomplished academican, strategic thinker, trainer, manager and a resourceful person with demonstrable leadership and management capacity including knowledge of strategic management, training, corporate governance and research. He earned a Doctor of Philosophy (PhD) degree in Business Administration majoring in Strategic Management and Corporate Governance from the University of Nairobi's School of Business in 2014; A Master of Business Administration (MBA) degree majoring in Strategic and Change Management (2009) from the University of Nairobi; A Bachelor of Education (B. Ed) degree majoring in Economics and Business studies (2003) from the same university. Dr. Ongeti has taught and supervised students at undergraduate masters and currently PhD levels. He has over 9 years' extensive experience in Research, Training and management consultancy in both the Private and Public sector in Kenya. Beyond the illustrious career, Dr. Ongeti is a distinguished member of the society and a great contributor to community service through various activities. He is Presidential Appointee as a chairman of Jaramogi Oginga Odinga University of Science and Technology, a director, Kenya Animal Genetics Resources Centre and also a director at, Naivasha Water, Sewerage and Sanitation Company. He is also an accomplished motivational speaker and hasso far delivered life changing talks to over 25 high schools, several institutions of learning as well as corporate entities. He remains focused on providing strategic leadership in academia, training, consulting, and research as wellas corporate governance.</p>

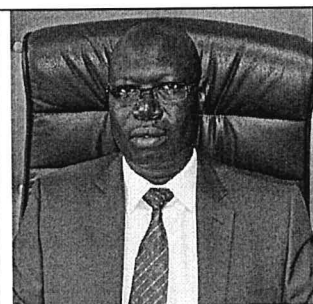
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	<p>Mrs. Charity Bokindo is a Representative of the Principal Secretary, Agriculture Research to the Board. She is a member of the Finance, Human Resource and Administration Committee and the Audit Committee of the Board.</p> <p>Mrs. Bokindo is currently the Director of Administration at State Department of Agriculture Research. She has previously worked as a District Officer, District Commissioner and County Commissioner in various parts of Kenya. She is currently charged with deputizing the Principal Secretary State Department of Agricultural Research especially in areas which call for administration.</p>
	<p>John is an independent director of the Board. John is currently Director - Milk Procurement and Manufacturing - Brookside Africa Ltd. He is an Agricultural Economics graduate of University of London. He has been in farming and the agribusiness industry for almost 30 years and has held several agribusiness responsibilities spanning dairy, seed, horticulture, coffee and tea. John has also been involved in several National dairy task forces set up to tackle key issues within the industry.</p>
	<p>Mr. Martin Ngomat is an Agricultural Economist and a Board member of KAGRC. He holds a Bachelor of Science Degree in Agriculture and a Master's Degree of Science in Agriculture and Rural Development from Kenya Methodist University.</p>
	<p>Ms. Zena Challa is an Agricultural Economist. She holds a BSc in Agricultural Economics (1992) Department of Agricultural Economics and Agribusiness studies Egerton University Kenya. Dissertation – The Role of Women in food production and an MSc in Development Projects: management and implementation (2003) International, Rural Development Department, Reading University in the United Kingdom. (Thesis – Project Evaluation and Utilization of findings: theory and practice.)</p>

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	<p>Dr. Joseph Gichane Mureithi is currently the Deputy Director General for Livestock Research, Kenya Agricultural Research and Livestock Institute, a position he has held since July 2006. Prior to this, he served as the coordinator of the Legume Research Network Project (LRNP), the Soil Management Project, and Farmer Field School Project funded by the Rockefeller Foundation between 1997 and 2006. Dr. Joseph Mureithi is a forage agronomist who has extensive experience in green manure cover crops (GM/CCs) research and development work. As the coordinator of the LRNP he spearheaded the development of the GM/CCs systems for various agro-ecologies in Kenya and also characterized their potential niches. He is trained in participatory research methods and was involved in the training of five dairy research/extension clusters in Kenya in those methods. Dr Mureithi is a member of the Technical Committee of the Board.</p>
	<p>Dr. Bernadette Misoi is a member of the board and Chairperson of the Board Technical Committee. She has wealth of experience in livestock disease control, disease surveillance, veterinary public health, Artificial insemination services, veterinary extension services, hides skins and leather development, Livestock yards, training, inspectorate and the administrative work. She holds a Bachelor's Degree in Veterinary Medicine and an MBA in Strategic Management.</p>
	<p>Mr. Gatonga is a representative of the Principal Secretary of the National Treasury to the board. He is a member of the Finance Human Resource and Administration and the Audit Committee of the Board. Mr. Robert Wanyondu Gatonga is currently a Resource Mobilization Officer at the National Treasury. He has previously worked with the State Department of Statistics and Planning as a District Development Officer. He is currently charged with mobilizing domestic and external resources for financing national and county budgetary requirements and undertake bilateral and multilateral negotiations relating to grants and loans. He has vast experience in formulation of development plans and financial budgets. He is also an ICT expert especially in software and database management systems.</p>
	<p>Dr. Njagi is the Director of Veterinary Services and a member of the board representing the Principal Secretary, State Department of Livestock. Dr. Njagi has wide experience in leaderships and collaborations in the field veterinary services. Dr Njagi is a graduate of Bachelor of Veterinary Medicine Degree and Master of Science Degree in Veterinary Clinical Studies from the University of Nairobi. He represents Kenya in the O.I.E</p>

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Dr. David Kios

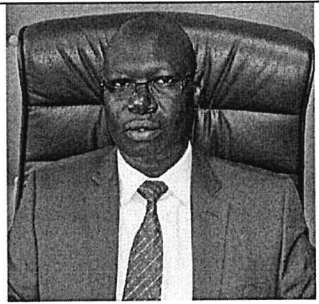
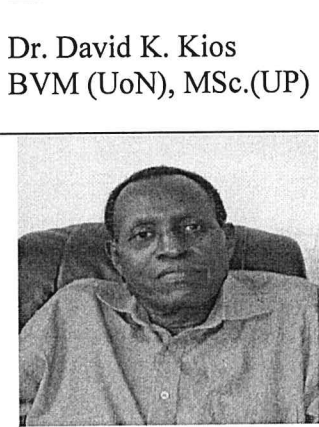
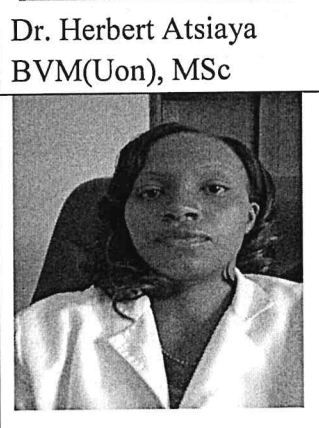
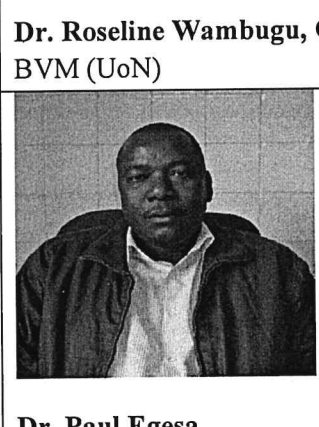
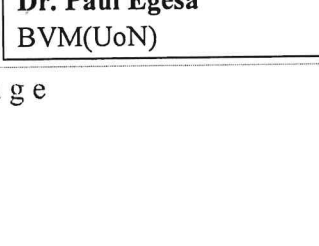
Dr. David K. Kios – Managing Director Kenya Animal Genetic Resources Centre is a holder of Bachelor of Veterinary Medicine from University of Nairobi and Master of Science in Animal Breeding from the University of Pretoria, Republic of South Africa. Currently, he is in his final stage of PhD Thesis in Theriogenology (Animal Production) at the University of Nairobi and research on improving efficiency of embryo transfer technology for improvement of animal breeding in Kenya. He is in charge of day to day running of the Centre's activities and Secretary to the Board. He also serves as a Director at Action Aid and a member of the board of management of Kipture High School. He has extensive knowledge in research and development gained at the University of Eldoret.

k) Board Committees

Name of the Committee	Members
Finance & Human Resource	<ol style="list-style-type: none"> 1. Dr. Walter Ongeti - Chairperson 2. Mr. Robert Gatonga 3. Mr. John Gethi 4. Mr. Martin Ngomat 5. Ms. Charity Bokindo
Technical Committee	<ol style="list-style-type: none"> 1. Dr. Bernadette Misoi - Chairperson 2. Mr. John Gethi 3. Dr. Obadiah Njagi 4. Dr. Joseph Mureithi
Audit Committee	<ol style="list-style-type: none"> 1. Ms. Zena Challa. - Chairperson 2. Dr. Bernadette Misoi 3. Mr. Robert Gatonga 4. Ms. Charity Bokindo

III. MANAGEMENT TEAM

(a) Key Management

		<p>Dr.Kios is the Managing Director. He is in charge of day to day running of the Centre's activities and Secretary to the Board.</p>
		<p>Dr. David K. Kios BVM (UoN), MSc.(UP)</p>
		<p>Dr. Herbert Atsiaya is the Director, Strategy & Planning</p> <p>He's responsible for initiating the development and review of the strategic plan, carrying out internal research and managing performance within KAGRC.</p>
		<p>Dr. Herbert Atsiaya BVM(Uon), MSc</p>
		<p>Dr. Wambugu is the Director, Extension Services. She's responsible for marketing KAGRC products & services, corporate communication & branding and extension services.</p>
		<p>Dr. Roseline Wambugu, OGW BVM (UoN)</p>
		<p>Dr. Egesa is the Director Research & Technical Services. His duties involve coordinating the design and management of current and upcoming breeding technologies, semen production and quality control</p>
		<p>Dr. Paul Egesa BVM(UoN)</p>

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 <p>Ms. Faith K. Aciita CPA(K), BCom (Fin), MBA Strategic Management</p>	<p>Ms. Aciita is the Ag. Director, Corporate Services. She's responsible for Finance& Accounts, human resource & administration.</p>
 <p>Dr. James Mbuchu BVM (UoN)</p>	<p>Dr. Mbuchu is the Manager, Germplasm and Quality Assurance. This function entails semen collection, evaluation, processing, packaging and certifying germplasm.</p>
 <p>Ms. Esther Gacheru BCom(Finance), CPA(K)</p>	<p>Ms. Gacheru is the Manager Internal Audit. She is responsible for reviewing the internal control systems, verifying operations and activities on the utilization of centre's resources. Preparation of audit reports and follow up on the implementation of audit recommendations.</p>
 <p>Mrs. Lucia Koskey MBA (Human Resource)</p>	<p>Ms. Koskei is the Manager, Human Resource and Administration. She is responsible for effective organization and administration of the human resource management, development of appropriate human resource policies for effective performance and productivity, human resource planning, advising on proper deployment and succession management.</p>

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Ms. Naomi Jeptoo
Bachelor of Purchasing & Supply
Management, MSc. Procurement &
Logistics.

Ms. Naomi Jeptoo is in charge of the Supply Chain function in the Centre, handling the day to day procurement and issue of goods in the Centre.

II. CHAIRMAN'S STATEMENT

During the FY 2018 / 2019, the Board set out to leverage on the 4 strategic objectives as outlined in the KAGRC Strategic plan 2018 / 2022 i.e.

1. Increase capacity for Germplasm production,
2. Strengthen institutional capacity, infrastructure development and legal framework,
3. Expand market share of KAGRC products and strengthen financial base, and
4. Strengthen Research Innovation and development in animal genetic resources.

So far, I would say that KAGRC accomplished remarkable progress in the first 3 strategic objectives and in line with big 4 agenda. For instances, KAGRC was able to maintain semen production and processing at about 700,000 straws even though this figure could have been exceeded if the storage tanks which had been ordered and paid for had been delivered on time to create semen storage space. The Goat A.I. launch at AHITI Ndomba by the Cabinet Secretary for Agriculture Hon. Kiunjuri early in the year signified our commitment to diversity genetic base and increase capacity for production. Under strategic objective number 2, KAGRC was able to devolve its functions by enabling the satellite centres of Ndomba, Eldoret and Sotik to function as distribution centers for KAGRC products and services. In line with this strategy, the centre hopes to put up a satellite herd in Nyahururu, embryo transfer lab in Meru, and other Liquid nitrogen distribution and production centres in Voi and Kakamega, in the near future. Under strategic objective number 3, KAGRC was able to sign MOUs with several county governments and recruit more agents to expand its market share and increase its financial base. This was reflected in better sales compared to the previous year. The KAGRC bill to give legal status to KAGRC is at an advanced stage. The government also stepped in and assisted in funding the goat A.I. station currently under construction in AHITI Ndomba in Kirinyaga County. Little however, was accomplished under strategic objective No.4 since this will require improving on current staff strength to hire more researchers and attract funding for research and innovation, something the board has committed to achieving in the near future.

Despite the achievement highlighted above, the Centre had some challenges during the year that included; in adequate financial resources to carry out all projected activities, low staffing levels and the freeze on employment by the government and lack of land titles for lands currently occupied by KAGRC and whose titles have not been transferred to KAGRC. The Centre is poised for greater achievements despite the challenges above. In line with our strategic plan 2018 – 2022, KAGRC will leverage on its gains to continue increasing market share through spreading to other area of the country to market its good and services. The organization will also diversity to offer genetics in other

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animal species e.g. goats, poultry, pigs, camels etc in line with its mandate. KAGRC will also strengthen research in collaboration with other research institutions to improve on its breeding technologies and extension outreach. Conservation, particularly cryo-conservation is a very important aspect of KAGRC mandate. The organization will seek to engage other stakeholders to start ground work in this critical area with a view to starting off with a few species and later expanding to other animal species.

All the above outlined activities will require huge financing. This may not be available at once, but the organization will continue to engage with the government and other stakeholders to lobby for funding in order to finance its operations and meet its objectives. It is also critical to note that almost all of KAGRC's functions are aligned to the Presidents big 4 since they support the entire Big 4 agenda i.e improved nutrition, health, manufacturing and wealth creation leading to improved affordable housing. The collateral also involves youth employment and in this aspect, KAGRC was involved in the distribution of over 1,000 A.I. kits to enable over 1,000 youths throughout the country to engage in self-employment while offering critical A.I services to farmers at affordable rates.

The future outlook for KAGRC is great and it is my hope that all will support the board to carry out its mandate to realize the organizations mandate.

Signed.....

Dr. Geoffrey Kamau

Chairman Board of Directors

Date.....25-9-19.....

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Kenya Animal Genetic Resources Centre (KAGRC) set out in its FY 2018 / 2019 plan to consolidate the gains attained in previous years since its inception in 2011 and also transform itself into a more efficient and effective State Corporation as envisioned in its strategic plan. Part of the strategy involved the review of its old strategic plan to get a new plan covering the period 2018 – 2022. The new plan aligned itself to the Big Four agenda, medium Term plan III, Kenya Vision 2030, Agricultural Sector Development Strategy and other government policies. Four strategy objectives were identified on which the FY 2018 / 2019 plan was based, namely;

Increase capacity for germplasm production and preservation,

KAGRC set out to put up modern laboratories, equip them, construct bull housing, recruit breeding bulls, undertake genomic evaluation amongst others. All these activities were to be implemented during the 5 year phase. For the activities planned for FY 2018 / 2019, KAGRC managed to process about 700,000 straws of bull semen against a target of 1.1 Million. The shortfall was due to lack of storage place despite the supplier being paid in advance. New government regulations on imports were blamed for the delay. 9 bulls were genetically evaluated against a target of 5, nine (9) bulls recruited for semen production against a target of twelve (12), genetic diversity was maintained, and a new goat A.I. station was launched in Kirinyaga Ndomba to offer diversity in species germplasm. This was a landmark achievement and KAGRC will leverage on this to increase its capacity to promote farmers with germplasm for other animal species. In addition, KAGRC will lobby for more funding to initiate its capacity in Cryo – preservation of germplasm as per its mandate. At present, the organization has increased its strategic semen reserve from 200,000 straws to 269,000 straws, thus exceeding its target for the year by about 7,000 straws.

To strengthen institution capacity infrastructure development and legal frame work,

KAGRC has devolved its functions to offer products and services at its satellite centres in Ndomba, Eldoret, and Sotik. New vehicles and farm machinery (where necessary) were purchased during the FY 2018 / 2019 to facilitate operations in these areas. Farmers are now able to get products and services more efficiently. In addition, KAGRC maintained collaborations with 23 county governments and 63 agents for the purpose of distribution of its products. 3 new agents were recruited and 44 farmers' field days held to educate farmers against a target of 17 field days. All this was achieved due to improved funding from the exchequer and improvement in sales of KAGRC products and services. I am extremely grateful for the government support. KAGRC was established under a legal notice which has an expiry date. During the financial year 2018 / 2019, a team was put

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in place to come up with KAGRC bill which is ready for tabling in Parliament to give KAGRC its reserved Legal status,

Expand market share of KAGRC products and strengthen financial base,

KAGRC was able to expand its market share by selling 660,624 straws of bull semen for use by inseminators compared to 616,000 straws the previous year thus availing more funds to facilitate its operations. In addition, KAGRC lobbied and attracted some funding from the government to a tune of 200,000 million to start the Goat A.I. in Ndomba and purchase farm machinery and equip the labs. This is compared to less than 40M the previous year.

Strengthen Research, Innovation Development in animal Genetic Resources

KAGRC accomplished little during the year as this will require hiring of more staff and funding to carry out Research in collaboration with other institutions as per its mandate. Cryo – preservation is particularly important and efforts are being put in place to explore ways in which to attract donors to help fund this critical aspect of KAGRC mandate.

Low funding and lack of adequate staffing levels in critical areas continue to harbor KAGRC's ability to realize its mandate goals. It is hoped that this area will be given the necessary attention in order to properly align KAGRC operations with its mandate and objectives as outlined in its strategic plan 2018 – 2022.

Some of the areas that need urgent funding include:-

1. Construction and equipping of modern laboratories.
2. Construction of the bull housing.
3. Improvement on infrastructure including fencing as per quarantine requirements stipulated in OIE regulations.
4. Establishment of nuclear herds for embryo transfer technology.
5. Acquisition of semen sexing facilities and staff capacity building on the same.
6. Recruiting of researchers.
7. Staff housing as per OIE regulations.
8. Construction of an embryo transfer laboratory.
9. Increase capacity for Cryo – preservation and train staff in conservation.

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It is hoped that KAGRC will achieve all the above in line with its revised Strategic plan 2018 – 2020 which is ambitious, achievable and necessary for the development of the Livestock sector in the Country.

Signed.....

Dr. David K. Kios HSC

Managing Director

Date.....25/09/2019

III. CORPORATE GOVERNANCE STATEMENT

At the Centre we are committed to the highest level of corporate governance which is critical to our business philosophy and to maintaining stakeholders trust. Our corporate governance policy functions as an inbuilt self-regulating mechanism, which provides the framework to monitor and ensure statutory compliance, foster a culture that values rewards the highest level of ethical standards and personal integrity. The Centre strives to ensure that the Board, management and staff act with integrity, honesty and professionalism at all times.

The Board is comprised of six independent members and two representatives of the permanent secretary ministry of Agriculture Livestock and Fisheries and the Permanent Secretary National Treasury respectively. The board comprise of representatives of various organisations who contribute expertise and judgement, based on their professional qualifications and business expertise. The Board reflects a diversity of background and experience.

The responsibility on government agencies is to promote high standards of integrity, demonstrate leadership through their own actions and through documented policies and procedures, and identify and address unacceptable practices. This involves actions by both the organisation and individuals. The Centre ensures strict adherence to the code of ethics and other internal policies and procedures without deviation. The Centre has set out an ethical culture and values at the organisation level, and implements those values through policies and codes of practice.

The heads of departments are required to demonstrate those values through leadership, to positively reinforce the values and also to ensure compliance with, and enforcement of, the values. KAGRC staffs are conscious at all times of the need to uphold the highest standards of conduct in their dealings with the public, which includes acting with integrity and avoiding conflicts of interest.

Conduct of Business Operations, Performance

The Centre's operations are carried out within an established framework of processes, procedures, systems and in line with the strategic plan. The Centre practises equal opportunity recruitment of qualified persons but ensures compliance in its hiring practises with policies guided by the constitution of Kenya (2010) in recognising regional and ethnic balance, gender balance and affirmative action to persons with disabilities where possible. The Centre recognises it human capital as strategic to the achievement of its strategic goals and objectives. To ensure that staff wellbeing is taken care of, the centre has undertaken a comprehensive medical scheme for all its staff and dependants.

Risk Management and Internal Controls

The Board has the overall responsibility for the establishment and oversight of the centre's risk management frameworks. Risk management policies are established to identify and analyse risks and set mitigation mechanisms to reduce occurrence. This is achieved through in-house risk review enhanced by internal and external audits.

ISO 9001:2008 Certification

The centre has a functioning and continuously monitored Quality Management System (QMS). The QMS is monitored through quarterly management review meetings, internal and external audits aimed at ensuring that it satisfies all customer requirements.

Compliance

The board is satisfied that the Centre has to the best of its knowledge complied with all the relevant laws and conducted its affairs in accordance with law in particular the State Corporation Act and the Legal Notice No.110. Further disclosures on compliance are set out in the statement of the board of director's responsibilities and notes to the financial statements.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

The Centre's operations are carried out within an established framework of processes, procedures, systems and in line with the strategic plan. Projects and activities are linked to the budgeting cycle and annual performance contracts. The Centre keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The statements have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Public Sector Accounting Standards (IPSAS), the Public Financial Management Act and Treasury circulars released from time to time.

This requirement entails compliance with, and enforcement of the Constitution. The Centre has implemented elements of the Constitution that are relevant to KAGRC's mandate. In addition, the Centre has conformed to all laws and regulations and circulars related to KAGRC. This includes Public Procurement and Disposal Act, regulations and rules - this entails development and adherence to the procurement plan, submitting the plan to PPOA by 31st August and quarterly procurement plan implementation reports to the Authority in the format provided. Remittance of Statutory Deductions

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which include, repayment of Higher Education Loans Board dues by beneficiary employees, Statutory Taxes, NHIF, NSSF, PAYE.

In the current financial year, the Centre developed new human resource tools, a strategic plan and finance manual with assistance of an external consultant. The Centre had targeted to distribute 750,000 straws of semen and 0.31 million litres of liquid nitrogen for Artificial insemination in the country. These targets were not met due to a number of challenges key among them being influx of cheap imported semen, the prolonged drought and the prolonged electioneering period. We were able to set targets with our agents which helped monitor progress.

We intend to upscale our sales through use of media, establishment of a reward system for our agents, continuous engagement with our stakeholders, and training of AI providers and acquisition of distribution vans.

The Centre is also targeting to save on the cost of procuring hay through expansion of own hay fields in Ngong Ahiti Ndomba and Kabete farms respectively. This is expected to have a spill over effect in the next financial years. The Centre has developed three proposals to mobilize external resources from East and Central Africa Agricultural Transformation Project (ECAATP), Climate Smart Project and the Small Holder Dairy Commercialization Project (SDCP). These projects will be implemented in the next financial year once the Centre resources are made available.

V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Centre recognises that the institution's social, environmental and ethical conduct has an impact on its reputation. The Centre's relationship with its stakeholders is guided by its commitment to integrity, professionalism and inclusiveness. Accordingly, we are committed to ensuring that each person and entity collaborating with the Centre is treated with dignity and respect, and is given an opportunity to contribute to the Centre's success. 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 suppliers and customers performance and actively encourage feedback from our employees using a variety of methods including employee satisfaction survey.

Diversity in our workforce and supply base helps foster the kind of innovation, sensitivity and vitality that enables us to effectively deliver our services. We embrace diversity across all levels of our collaborations and act on any feedback that improves our service delivery. During the financial year

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under review, the Centre recognized the responsibility to act responsibly and constructively as a member of the surrounding communities, through donations to the nearby Nairobi Children's Home, and distributed Artificial Insemination Kits to youths to help them start up small and medium enterprises. The Centre created awareness on drug and substance abuse to staff, and undertook HIV/AIDS sensitization, testing and counselling. To conserve the environment and improve food nutrition and security, the Centre started an avocado seedling project with a target of 100,000 seedlings. The Centre also has a comprehensive medical cover that includes health talks to our staff.

To fulfil the government's Access to Government Procurement Opportunities pledge, the Centre has committed in its Performance Contract to ensure Women, Youth and Persons with disabilities get their share of procurement opportunities by committing 30% of all its procurement budget to AGPO group.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Centre's affairs.

Principal activities

The principal activities of the Centre are contained in page two.

Results

The results of the entity for the year ended June 30th, 2019 are set out on pages 1 to 6

Directors

The members of the Board of Directors who served during the year are shown on page five.

Auditors

The Auditor General is responsible for the statutory audit of the Centre in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Centre's financial statements for year ended 30th June 2019 were audited by the office of the Auditor General.

VI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 (3) of the State Corporations Act, require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the entity.

The Directors are responsible for the preparation and presentation of the Centre's financial statements, which give a true and fair view of the state of affairs of the Centre for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Centre; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

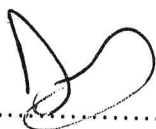
The Directors accept responsibility for the Centre's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012, and the State Corporations Act Cap 446. The Directors are of the opinion that the Centre's financial statements give a true and fair view of the state of Centre's transactions during the financial year ended June 30, 2018, and of the Centre's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Centre, which have been relied upon in the preparation of the Centre'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 Centre will not remain a going concern for at least the next twelve months from the date of this statement.

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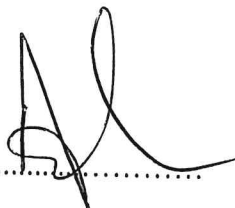
Approval of the financial statements

The Centre's financial statements were approved by the Board on 19th September 2019 and signed on its behalf by:



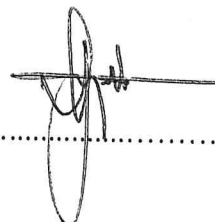
Dr. David Kios, HSC
Managing Director

Date. 25/9/2019



Dr. Geoffrey Kamau
Chairman Board of Directors

Date. 25/9/19

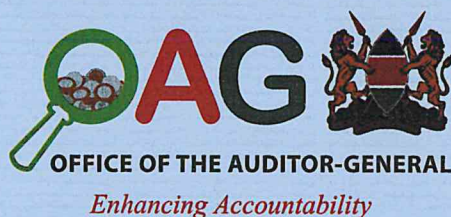


Mr. John Gethi
Chairman, Finance & HR Committee

Date. 25/9/19

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ANIMAL GENETIC RESOURCES CENTRE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Animal Genetic Resources Centre set out on pages 24 to 46, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 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 the Kenya Animal Genetic Resources Centre as at 30 June, 2019, 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.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment

As disclosed under Note 18 to the financial statements, the statement of financial position reflects the property, plant and equipment balance of Kshs.383,714,932. However, as reported in the previous year, the balance excludes undetermined value of seven (7) parcels of land measuring 168.082 hectares which the Centre had not obtained ownership documents.

Consequently, completeness of the property, plant and equipment balance of Kshs.383,714,932 reflected in the statement of financial position as at 30 June, 2019 could not be confirmed.

2. Inaccuracy in Biological Assets

As disclosed in Note 19 to the financial statements, the statement of financial position reflects biological assets balance of Kshs.10,493,501. However, the balance did not

include an amount of Kshs.1,058,000 disclosed in the assets register as biological assets in respect of the value of trees on the land belonging to the Centre. No satisfactory reason was given for failure by the Management to include the amount of Kshs.1,058,000 in the statement of financial position.

As a result, the accuracy and completeness of the balance of Kshs.10,493,501 cannot be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Animal Genetic Resources Centre Management in accordance with ISSAI 130 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Outstanding Receivables from Exchange Transactions

As disclosed in Note 16 to the financial statements, the statement of financial position reflects receivables from exchange transactions net balance of Kshs.44,621,229. The receivables from exchange transactions gross balance of Kshs.49,125,336 which relates to receivables from KAGRC Agents who had exceeded their credit limits by Kshs.37,425,416 against refundable deposits of Kshs.11,699,920.00 for such agents. The balance of Kshs.49,125,336 includes an amount of Kshs.28,592,793 relating to debts which were outstanding for over one hundred and twenty (120) days.

In the circumstances, I am unable to confirm whether Management has in place effective credit policy in the management of its debtors.

2. Long Outstanding Payables

As disclosed in Note 20 to the financial statements, the statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.142,099,248. The balance includes an amount of Kshs.37,573,707 described as trade payables which further includes Kshs.9,877,529 that has been outstanding for over two (2) years. No satisfactory reason has been given for failure by the Centre to settle the long outstanding amount.

In the circumstances, I am unable to confirm whether Management has in place effective internal control mechanism or policy in the discharge of its current obligations.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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 maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Centre's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to liquidate the Centre or to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Centre monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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.
- 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 applicable 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 Centre's ability to continue 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 Centre to cease to continue to sustain 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 Centre 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 August, 2021

KENYA ANIMAL GENETIC RESOURCES CENTRE
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VII. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments – government grants	6	263,198,650	34,762,850
Revenue from exchange transactions			
Sale of goods and services	7	208,728,589	232,766,294
Other income	8	12,778,625	8,370,076
Total Revenue from exchange transactions		221,507,214	241,136,370
Total revenue		484,705,864	275,899,220
Expenses:			
Employee costs	9	131,350,706	112,004,098
Remuneration of directors	10	13,153,493	5,937,080
Depreciation and amortization expense	11	47,807,643	45,726,233
Repairs and maintenance	12	16,255,598	4,356,306
4, General expenses	13	114,058,050	107,993,014
Total expenses		322,625,491	276,016,730
Other gains/(losses)			
Surplus/(deficit) for the period		162,080,373	(117,510)

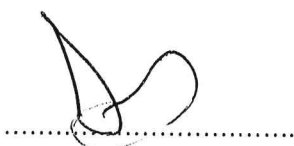
The notes set out on pages 1 to 21 form an integral part of these Financial Statements

KENYA ANIMAL GENETIC RESOURCES CENTRE
Reports and Financial Statements
for the year ended June 30, 2018


XII. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		2018-2019	2017-2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	136,228,020	3,663,523
Receivables from exchange transactions	16	44,621,229	39,612,847
Inventories	17	284,367,900	262,738,200
		465,217,149	306,014,570
Non-current assets			
Property, plant and equipment	18	383,714,932	391,757,448
Biological Assets	19	10,493,501	9,785,351
		394,208,433	401,542,799
Total assets		859,425,582	707,557,369
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	142,099,248	152,911,409
Refundable deposits from customers	21	11,699,920	11,099,920
		153,799,168	164,011,329
Non-current liabilities			
Total liabilities		153,799,168	164,011,329
Net assets			
Capital Reserves		185,872,025	185,872,025
Revenue Reserves		500,845,889	338,765,515
Donations		18,908,500	18,908,500
Total net assets and liabilities		859,425,582	707,557,369

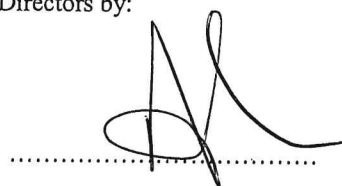
The Financial Statements set out on pages 1 to 21 were signed on behalf of the Board of Directors by:



Managing Director
Dr. David K.Kios HSC



Chief Accountant
Silas W. Osundwa
ICPAK Member Number: 9601



Chairman of the Board
Dr. Geoffrey Kamau

Date: 25/09/2019

Date: 25.09.19

Date: 25/9/19

KENYA ANIMAL GENETIC RESOURCES CENTRE
Reports and Financial Statements
For the year ended June 30, 2018

XIII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to the owners of the controlling entity			
	Reserves			
	Capital Reserve	Revenue Reserve	EAAPP Donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2017	185,872,025	338,883,025	18,908,500	543,663,550
Surplus/(deficit) for the period	-	(117,510)	-	(117,510)
Transfers to/from accumulated surplus	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-
Grants received during the year				-
Revaluation gain			-	-
Balance as at 30 June 2018	185,872,025	338,765,515	18,908,500	543,546,040
Balance as at 1 July 2018	185,872,025	338,765,515	18,908,500	543,546,040
Surplus for the period	-	162,080,373	-	162,080,373
Transfers to/from accumulated surplus	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-
Grants received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	185,872,025	500,845,889	18,908,500	705,626,413

KENYA ANIMAL GENETIC RESOURCES CENTRE
Reports and Financial Statements
For the year ended June 30, 2019

XIV. STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2019

		30th June 2019	30th June 2018
		Kshs	Kshs
Cash flows from operating activities		162,080,373	(117,510)
Adjustments:			
Annual Depreciation	18	47,807,643	45,726,233
			-
Surplus Before working capital changes		209,888,016	45,608,723
			-
Changes in working capital			
(Increase)/Decrease in inventory/stocks	17	(21,629,700)	(40,952,400)
(Increase)/Decrease in Receivables	16	(5,008,382)	(10,604,948)
Increase/ (Decrease) in Payables	20	(10,212,161)	7,999,103
			-
Net Cash flows from Operating activities		173,037,774	2,050,478
Cash flows from Investing activities			
Acquisition of Property Plant and Equipment	18	(39,765,126)	(2,123,249)
Net Acquisition of biological asset	19	(708,150)	(41,000)
			-
Net cash flows from investing activities		(40,473,276)	(2,164,249)
Cash flows from financing activities			
Net cash flows used in financing activities		132,564,499	(113,771)
Net increase/(decrease) in cash and cash equivalents		132,564,499	(113,771)
Cash and cash equivalents at 1 July		3,663,522	3,777,293
Cash and cash equivalents at 30 June	14	136,228,021	3,663,522

Kenya Animal Genetic Resources Centre
Reports and Financial Statements
For the year ended June 30, 2019

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants and subsidies	279,700,000	(74,114,000)	205,586,000	263,198,650	57,612,650
Sale of Goods and services	263,000,000	(38,580,000)	224,420,000	210,234,589	(14,185,411)
Other Incomes	9,000,000		9,000,000	12,778,625	3,778,625
Total income	551,700,000	(112,694,000)	439,006,000	486,211,864	47,205,864
Expenses					
Compensation to Employees	132,088,000	(4,228,000)	127,860,000	131,350,706	(3,490,706)
Remuneration of Directors	13,800,000	(4,300,000)	9,500,000	13,073,493	(3,573,493)
Repairs and Maintenance	7,100,000	(4,600,000)	2,500,000	16,255,598	(13,755,598)
Depreciation and Amortization				47,807,643	(47,807,643)
General Expenses					
Travelling and Subsistence	12,000,000	1,000,000	13,000,000	19,970,504	(6,970,504)
Telephone and Postage	2,900,000		2,900,000	2,332,263	567,737
Electricity and Water	34,000,000		34,000,000	26,934,295	7,065,705
Printing Stationery and Computer Expenses	8,600,000	(2,000,000)	6,600,000	4,485,993	2,114,007
Training and ISO	3,500,000	1,000,000	4,500,000	3,063,732	1,436,268
Uniforms and Protective clothing	1,500,000		1,500,000	551,936	948,064
Bank Charges	800,000		800,000	732,473	67,527
Provision of Doubtful Debts				4,912,534	(4,912,534)
Subscriptions	200,000		200,000	118,260	81,740
Catering Services	1,000,000		1,000,000	2,383,140	(1,383,140)

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Motor Vehicle Insurance	2,000,000		2,000,000	871,127	1,128,873
Transport Operating Expenses	7,500,000		7,500,000	6,510,479	989,521
Bull Recruitment and Maintenance	25,600,000	4,400,000	30,000,000	13,229,432	16,770,568
Marketing and Advertisement	15,500,000		15,500,000	9,035,446	6,464,554
Rehabilitation of Motor Vehicles	2,500,000	186,000	2,686,000	2,658,669	(27,331)
Miscellaneous and other Charges	35,052,000	(24,252,000)	10,800,000	15,767,767	(4,967,767)
Audit fees	1,160,000		1,160,000	580,000	580,000
Capital Expenditure	244,900,000		165,000,000	40,723,276	(124,276,724)
Total Expenditure	551,700,000	(32,794,000)	439,006,000	363,348,765	(172,896,214)
Surplus for the Period		(79,900,000)		122,863,099	220,102,078

Budget notes

- i) Included in the recurrent grant is Kshs. 56 million meant for staff gratuity
- ii) Included in other income is a sum of Kshs. 4,361,591 being compensation for a deceased member of staff. The same was paid out under staff costs to appointed beneficiaries hence the over expenditure in that vote.
- iii) There was a higher expenditure on board expenditure because a new board was appointed which required training, induction and more meetings to familiarise with the Centre.
- iv) Miscellaneous expenses includes expenses for Liquid Nitrogen Containers and A.I equipment.
- v) Repairs & Maintenance includes: a contract of Kshs. 6 million for maintenance of liquid nitrogen plant sand material for fencing the Kirinyaga sub station – Kshs 3 million.
- vi) Less money was spend on Uniform & protective clothing, stationery & office expenses, bull maintenance because of applying a competitive mechanism during procurement.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

KAGRC is established by and derives its authority and accountability from Gazette Notice No.110 of 5th Sept 2011. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Centre's principal activity is the production and sale of bull semen.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the KAGRC's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the KAGRC.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act treasury circulars and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. The entity did not adopt this standard

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2022 <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p>

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Standard	Effective date and impact:
	(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a). Revenue recognition

i). Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. The Centre revenues mainly come from sale of deep-frozen semen and Liquid Nitrogen which is used to preserve the semen.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Budget information

The original budget for FY 2018-2019 was approved by the board in July 2018. No Subsequent revisions or additional appropriations were made to the approved budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section six (6) of these financial statements.

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.

The Centre makes estimates in determining depreciation rates of property plant and equipment. The rates used are set out in the accounting policy for depreciation. Depreciation is calculated on reducing balance with a full year's charge on acquisition and none on disposal. The annual depreciation rates used are:

Buildings	2%
Farm Machinery	12.5%
Computers	33%
Plant and Equipment	12.5%
Motor Vehicles	25%
Loose Tools	33%

Furniture and Fittings

12.5%

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

f) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

g) Changes in accounting policies and estimates

The Entity 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

Retirement benefit plans

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

i) Related parties

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

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised staff which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Reserves

The Centre creates and maintains reserves in terms of capital reserves, revenue reserves and donations received from development partners in form of asset donations.

m) Biological Assets

Estimates and judgements are continually evaluated on the basis of historical experience and other factors including future events that are believed to be reasonable under the circumstances. The carrying value of biological assets disclosed in the financial statements is at cost.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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. IPSAS 1.140

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, 2019.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from other governments

Description	2018-2019	2017-2018
	KShs	KShs
Unconditional grants		
Operational grant	261,586,000	31,000,000
Other-SDCP	1,612,650	3,762,850
	263,198,650	34,762,850
Conditional grants		
Total government grants and subsidies	263,198,650	34,762,850

6b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2018-2019
			KShs	KShs	KShs
Ministry of Agriculture Livestock and Fisheries	263,198,650	-	263,198,650	263,198,650	34,762,850
Total	263,198,650	-	263,198,650	263,198,650	34,762,850

7. Sale of goods

Description	2018-2019	2017-2018
	KShs	KShs
Sale of goods		
Sale of Deep-Frozen Semen	139,867,400	135,318,350
Sale of Liquid Nitrogen	61,270,910	48,414,295
Other- Production Income	7,590,279	49,033,649
Total revenue from the sale of goods	208,728,589	232,766,294

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Other income

Description	2018-2019	2017-2018
	KShs	KShs
Liquid Nitrogen Containers	4,224,600	3,269,600
Artificial Insemination Equipment	2,513,749	2,073,574
Miscellaneous Income eg disposal of bulls, fees	5,221,126	2,196,952
Rental Income	819,150	829,950
Total other income	12,778,625	8,370,076

9. Employee costs

	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	103,905,330	92,190,085
Employee related costs – contributions to medical aids	13,441,867	12,239,563
Employee related costs – contributions to pensions and gratuity	9,641,918	7,574,450
Work Injury Benefit	4,361,591	
Employee costs	131,350,706	112,004,098

10. Remuneration of directors

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	960,000	880,000
Directors emoluments	12,193,493	5,057,080
Total director emoluments	13,153,493	5,937,080

11. Depreciation and amortization expense

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	47,807,643	45,726,233
Total depreciation and amortization	47,807,643	45,726,233

12. Repairs and maintenance

Description	2018-2019	2017-2018
	KShs	KShs
Equipment and machinery	16,255,598	4,360,256
Total repairs and maintenance	16,255,598	4,356,306

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. General expenses

Description	2018-2019	2017-2018
	KShs	KShs
Travelling and Subsistence	19,970,504	17,132,772
Telephone and Postage	2,332,263	2,534,270
Electricity and Water	30,555,871	35,573,513
Printing, Stationery and Computer Expenses	4,485,993	2,501,874
Training and ISO	3,063,732	1,102,690
Uniforms and Protective Clothing	551,936	910,167
Bank Charges	732,473	545,423
Provision for Bad Debts	1,210,958	3,701,576
Subscriptions	118,260	115,440
Catering Services	2,383,140	1,196,880
Motor Vehicle Insurance	871,127	482,340
Transport Operating Expense	6,510,479	4,786,401
Motor Vehicle Servicing	2,658,669	1,812,979
Miscellaneous Charges	15,767,767	17,879,282
Audit Fees	580,000	580,000
Bull Recruitment and Maintenance	13,229,432	11,430,512
Marketing and Advertisement	9,035,446	5,706,895
Total general expenses	114,058,050	107,993,014

14. Cash and cash equivalents

Description	2018-2019	2017-2018
	KShs	KShs
Current account	136,196,110	3,633,004
Cash in Hand	31,910	30,519
Total cash and cash equivalents	136,228,020	3,663,523

15. Detailed analysis of the cash and cash equivalents

		2018-2019	2017-2018
Financial institution	Account number	Kshs.	Kshs.
a) Current account			
Barclays Bank of Kenya	0731056080	57,053,159	1,186
Barclays Bank of Kenya	0731082901	1,653,595	450,280
Barclays Bank of Kenya	0731082928	77,489,357	3,181,538
Sub- total		136,196,110	3,633,004
b) Others (specify)			
Cash in hand		31,910	30,519
Sub- total		31,910	30,519
Grand total		136,228,020	3,663,523

16. Receivables from exchange transactions

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
KAGRC Agents	49,125,336	37,015,756
Provision for doubtful debts@10%	4,912,534	3,701,576
Net Debts	44,212,802	33,314,181
Staff Debtors	408,427	98,450
Other exchange debtors-medical cover	-	6,200,217
Total current receivables	44,621,229	39,612,847
Non-current receivables		
Total non-current receivables		
Total receivables	44,621,229	39,612,847

17. Inventories

Description	2018-2019	2017-2018
	KShs	KShs
Semen Stocks	284,367,900	262,738,200
Total inventories at the lower of cost and net realizable value	284,367,900	262,738,200

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Property, Plant and Equipment

Cost	Land and Buildings	Motor vehicles	Farm Machinery	Computers	Loose Tools	Plant and equipment	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2017	127,720,633	46,584,227	4,718,153	39,616,375	866,240	457,594,293	677,099,921
Additions	351,000	-	90,000	537,500	351,530	793,219	2,123,249
Disposals							
Transfers/adjustments	-	-	-	-	-	-	-
At 30 th June 2018	128,071,633	46,584,227	4,808,153	40,153,875	1,217,770	458,387,512	679,223,170
Additions	-	20,205,200	8,080,200	2,228,689	23,646	9,227,391	39,765,126
Disposals	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-
At 30 th June 2019	128,071,633	66,789,427	12,888,353	42,382,564	1,241,416	467,614,903	718,988,296
Depreciation and impairment							
At 1 July 2017	9,339,973	34,261,883	2,951,577	31,736,784	717,490	162,731,782	241,739,489
Depreciation	2,327,141	3,080,586	371,315	2,777,640	165,092	36,956,966	45,726,233
Impairment	-	-	-	-	-	-	-
At 30 June 2018	11,714,606	37,342,469	3,322,892	34,514,424	882,583	199,688,748	287,465,722
Depreciation	2,327,141	7,361,740	1,913,092	2,596,486	118,415	33,490,769	47,807,643
Disposals							
Impairment							
Transfer/adjustment							
At 30 th June 2019	14,041,747	44,704,209	5,235,984	37,110,910	1,000,998	233,179,517	335,273,365
Net book values							
At 30 th June 2019	114,029,886	22,085,219	7,652,369	5,271,654	240,418	234,435,385	383,714,932
At 30 th June 2018	116,357,027	9,241,758	1,485,261	5,639,451	335,188	258,698,764	391,757,449

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Investment In Biological Assets

Description	2018-2019	2017-2018
	KShs	KShs
At beginning of the year	9,785,351	9,744,351
Additions	958,150	513,000
Disposal	(250,000)	(540,000)
At end of the year	10,493,501	9,785,351

20. Trade and other payables from exchange transactions

Description	2018-2019	2017-2018
	KShs	KShs
Trade payables	37,573,707	77,137,287
Payments received in advance	47,134,604	14,799,528
Employee Gratuity	56,230,937	59,234,594
Third-party payments	1,160,000	1,740,000
Total trade and other payables	142,099,248	152,911,409

21. Refundable deposits from customers

Description	2018-2019	2016-2017
	KShs	KShs
Customer deposits balance brought forward	11,099,920	11,099,920
Recruitment during the year	600,000	
Total deposits	11,699,920	11,099,920

22. Related Party Balances

a) Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The entity is related to

- i) The National Government;
- ii) Ministry of Agriculture Livestock and Fisheries
- iii) The National Treasury;
- iv) The general public;
- v) Livestock Producers;
- vi) Key management;
- vii) Board of directors;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Related Party Balances (continued)

c) Key management remuneration

	2018/2019	2017/2018
Directors	13,073,493	5,937,080
Key management compensation	<u>35,204,159</u>	<u>31,036,763</u>
	48,277,652	36,973,843
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, as well as trade and other receivables. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The amounts presented in the statement of financial position are net of general provisions for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. For the case of the centre, the exposure is minimal since the purchases are very few.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The centre does not have such risk at the moment since it does not hold any deposits in fixed deposit accounts.

24. Currency

The financial statements are presented in Kenya Shillings (Kshs).

XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal 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)
Ref. KAGRC/2017/2018 (3)	The Centre lacks land ownership documents for the parcels of land it currently occupies	The Centre has written the parent ministry requesting for the parcels of land it occupies to be transferred in the name of KAGRC.	Dr. David Kios, HSC Managing Director	Not resolved	Not resolved
	The Centre has debts aged over 120days amounting to 8,175,188, with 7,383,657 outstanding over a year.. Some agents had exceeded credit limit	The facility was extended to customers beyond the stipulated limit due to tough economic times our customers were facing.		Not Resolved	Not resolved
	Payables amounting to 9,877,529 has been outstanding for over a year	The Centre did not meet its revenue target due to the long electioneering period and the harsh weather conditions that affected the cyclic activities of cows resulting to low uptake of semen. In addition, the Centre's development was cut reduced by 75%		Partly resolved	Partly resolved

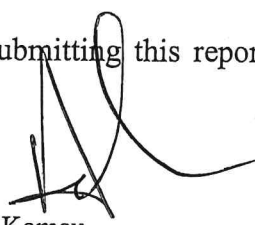
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		late in the financial year after procurement commitments affected our ability to settle our bills			
	Failure to include trees in biological assets	Due to the lack of land ownership documents for lands KAGRC occupies, it was difficult to include trees as assets in the all the previous year's financial statements.		Not Resolved	Not 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.


Dr. David K. Kios, HSC
Managing Director


Dr. Geoffrey Kamau
Chairman of the Board

Date... 25/9/2019

Date... 25/9/19

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Appendix 2: INTER-ENTITY TRANSFERS

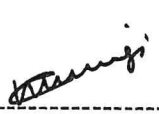
	ENTITY NAME:			
	Break down of Transfers from the State Department of Livestock			
	FY 18/19			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		22/08/2018	1,425,000	2018/2019
		17/10/2018	1,425,000	2018/2019
		05/02/2019	1,339,500	2018/2019
		17/05/2019	1,396,500	2018/2019
		24/06/2019	56,000,000	2018/2019
		Total	61,586,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		23/10/2018	100,000,000	2018/2019
		18/04/2019	100,000,000	2018/2019
		Total	200,000,000	

The above amounts have been communicated to and reconciled with the parent Ministry

Chief Accountant
KAGRC

Head of Accounting Unit
Ministry

Sign 
25.9.19

Sign 

PRINCIPAL SECRETARY,
STATE DEPARTMENT FOR
AGRICULTURAL RESEARCH
P. O. Box 34188 - 00100, NAIROBI

