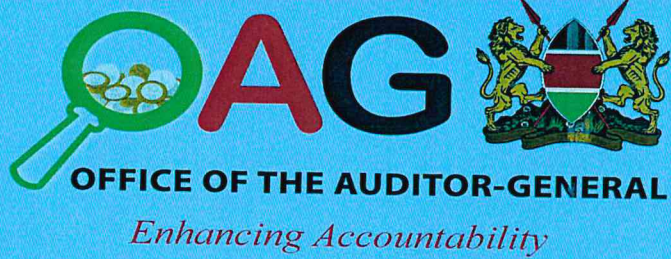


REPUBLIC OF KENYA



REPORT

OF

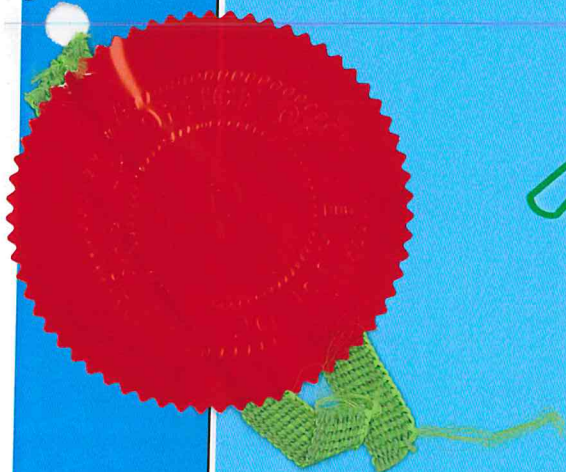
THE AUDITOR-GENERAL

ON

**AGRI AND CO-OPERATIVE
TRAINING AND CONSULTANCY
SERVICES LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2020**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 02 FEB 2022	DAY: Wed
TABLED BY: LOM	
CLERK-AT THE-TABLE: Repehwal Karany	





AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2020.

**Prepared in accordance with the Accrual Basis of Accounting Method under the
International Financial Reporting Standards (IFRS)**

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KEY ATC INFORMATION

Background information

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

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

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

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

Principal Activities

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

Vision

To be a globally competitive solution provider for entrepreneurial development

Mission

To provide innovative and competitive trainings, consultancy and applied research and develop commercial enterprises to meet the commercial expectations of the CUK, cooperatives, agribusiness and the associated economies

VALUES

- Integrity
- Equity
- Quality
- Teamwork
- Innovation

Directors

The Directors who served the ATC during the year/period were as follows:

1.	Prof. Kamau Ngamau (PhD)	The Co-operative University of Kenya – Vice Chancellor and Board Chairperson
2.	Prof. Esther Njoki Gicheru (Mrs.) HSC	The Co-operative University of Kenya
3.	Prof. Isaac Nyamongo	The Co-operative University of Kenya
4.	Mr. David Otiende	The Co-operative University of Kenya
5.	Mr. Stanley Miringu	The Co-operative University of Kenya
6.	Mr. Timothy Mutwiri	We Effect – Representative
7.	Mr. Daniel Marube	Co-operative Alliance of Kenya – CEO
8.	Dr. Hellen Ethangatta	Chief Executive Officer and Secretary



Registered Officer

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

Corporate Headquarters

Co-operative University of Kenya
Ushirika Road Karen
P O Box 465 -00502
KAREN – NAIROBI

Corporate Contacts

Telephone: (254) 0735 866
E-mail: info@atc.co.ke
Website: www.atc.co.ke

Corporate Bankers



Kenya Commercial Bank
Karen Branch
P O Box 4042 - 00502
KAREN – NAIROBI


Co-operative Bank Of Kenya
Karen Branch
KAREN – NAIROBI

Independent Auditors

Auditor - General
P.O. Box 30084 - 00100
NAIROBI, - KENYA



THE BOARD OF DIRECTORS

Name	Profile & Work Experience
 <p> Prof. Kamau Ngamau DOB 1966 <ul style="list-style-type: none"> • Vice Chancellor – The Co-operative University of Kenya. • Board Chairperson ATC </p>	<ul style="list-style-type: none"> • Full Professor, Horticulture – The Jomo Kenyatta University of Agriculture and Technology. • Doctor of Philosophy, Horticultural Sciences – The University of Hanover, Germany. • Master of Science, Horticulture – The University of Nairobi. • Master’s degree, Organizational Development – United States International University, Kenya • Bachelor of Science, Agriculture – The University of Nairobi.
 <p> Prof. Esther N. Gicheru (Mrs) OGW DOB; 1952 <ul style="list-style-type: none"> • Deputy Vice Chancellor (Finance and Planning)– The Co-operative University of Kenya. • ATC Board Member and Chair HR and Finance Committee. </p>	<ul style="list-style-type: none"> • Associate Professor in Cooperative Management and Organization Development • Doctor of Philosophy, Organization Development and Transformation – Cebu Doctors’ University, the Philippines. • Master’s Degree, Co-operative Management and Organization Development – Leicester University, United Kingdom. • Bachelor of Science, Agriculture – The University of Nairobi. • Diploma in Counselling Psychology – Tangaza University College.

 <p> Prof. Isaac K. Nyamongo DOB; 1963 </p> <ul style="list-style-type: none"> • Deputy Vice Chancellor (Cooperative Development, Research and Innovation) – The Co-operative University of Kenya. • ATC Board Member 	<ul style="list-style-type: none"> • Full Professor, Anthropology – University of Nairobi. • Doctor of Philosophy, Anthropology – University of Florida, USA. • Master of Science, Anthropology – Punjab University, India. • Bachelor of Science, Anthropology – Punjab University, India.
 <p> Mr. David Otiende DOB; 1963 </p> <ul style="list-style-type: none"> • Registrar Academic Affairs – The Co-operative University of Kenya. • ATC Board Member 	<ul style="list-style-type: none"> • Business and Promotion Committee member. • PhD Student – The Catholic University of Eastern Africa. • Master of Education, Administration – Kenyatta University. • Bachelor of Education, Arts – Kenyatta University.
 <p> Mr. Stanley Miringu. DOB: </p> <ul style="list-style-type: none"> • Tutorial Fellow - The Co-operative 	<ul style="list-style-type: none"> • ATC Board Member • Business and Promotion Committee member. • Audit and Risk Committee Member • MSc. in Entrepreneurship at the JKUAT. • Bachelor's Degree in Agricultural Business Management. -Penn State University, USA • Tutorial Fellow at Co-operative University.

<p>University of Kenya.</p> <ul style="list-style-type: none"> • ATC Board Member 	<ul style="list-style-type: none"> • Chairman, Management Committee Shirika Housing Co-operative Society
 <p>Mr. Timothy Mutwiri DOB: 1975 Regional Financial Manager-We Effect. ATC Board Member</p>	<ul style="list-style-type: none"> • We Effect – Representative • ATC Board Member. • Business and Promotion Committee. • Audit and Risk Committee Chairman. • Master of Business Administration in Finance (University of Nairobi) • Bachelor of Commerce in Accounting (UON) • CPA -K
 <p>Mr. Daniel Marube DOB: Executive Director of the CAK council. ATC Board Member</p>	<ul style="list-style-type: none"> • Co-operative Alliance of Kenya – CEO • Executive Director of the CAK council • ATC Board member • Member of HR and Finance Committee.
 <p>Dr. Hellen Ethangatta DOB:1961 Chief Executive Officer-ATC</p>	<ul style="list-style-type: none"> • Secretary to the Board • Chief Executive Officer-ATC • Doctor of Project Management, Swiss Management Centre, Switzerland. • MBA Marketing-UON. • BSc (Hons) Financial Services-UMIST • Associate of Chartered Institute of Bankers (ACIB), IFS, School of Finance, UK

MANAGEMENT TEAM

Staff Profile	Profile & Responsibilities
 <p> Dr. Hellen Ethangatta DOB:1961 Chief Executive Officer-ATC </p>	<ul style="list-style-type: none"> • Secretary to the Board • Chief Executive Officer-ATC • Doctor of Project Management, Swiss Management Centre, Switzerland. • MBA Marketing-UON. • BSc (Hons) Financial Services-UMIST • Associate of Chartered Institute of Bankers (ACIB), IFS, School of Finance, UK
 <p> Collince Obiero DOB: 1981 </p>	<ul style="list-style-type: none"> • Business Development Officer • MArts (PPM) BArts (Economics) • CPAK • Associateship in Banking professional qualifications.
 <p> Stanley Kibet Ngeno DOB:1979 Finance Officer </p>	<ul style="list-style-type: none"> • Finance Officer-ATC • Bachelor of Business Management (Maasai Mara University. • Diploma In Co-operative Banking –Co-operative College Of Kenya • CPA K

CHAIRMAN'S STATEMENT

Introduction

The Board of Directors is pleased to present the Annual Report and Financial Statements for the 2019/2020 Financial Year.

The Financial Year 2019/2020

The performance of the Financial Year 2019/2020 indicates a decline in performance as the company managed to generate an income of Ksh 7,613,450 during the Financial Year compared to Ksh 17,871,302 in the Financial Year 2018/2019. In the same period (2019/2020), the company made a loss of Ksh 5,847,793 compared to the surplus of Ksh 830,331 in the Financial Year 2018/2019. The envisaged turnaround of the company during this period was hard to come by because of effect of COVID-19 during early start of the year which totally affected our flagship products such training and consultancy services.

Outlook for 2019/2020 financial year

Despite the challenges of COVID-19 the Company's economic outlook is very promising in that the board has recommended the revival of original target markets as well as venturing into new ones. This includes renewing ATCs Development Partners some of whom were instrumental in the formation of ATC as an autonomous arm of the Co-operative University of Kenya and embracing ICT in training and consultancy. Some of the critical strategies recommended are the reorganization of the business model and revamping of the trainers and consultant pool by enlisting specialists in various economic sectors of interest. With such changes, the company is expected to make a profit of at least Ksh 5,000,000 by the end of the financial year (30th June, 2021).

Conclusion

Finally, I would like to thank the Board, ATC staff and all the Stakeholders for supporting the company to remain profitable in the back drop of hard economic times.



.....
Prof. Kamau Ngamau (PhD)

Board Chairperson



REPORT OF THE CHIEF EXECUTIVE OFFICER

The Financial Year 2019/2020 was a year when the company experienced challenges due COVID-19 effects during early start of the year. Consequently the organizations business projections were thrown out of focus since from the month of March to June I which always high pick seasons for training by ATC. However, with the renewed drive and a strategy to revamp the target market, including renewal of the company's founding development partners, vibrant growth is anticipated. During the Financial Year 2019/2020, income decreased to Ksh 7,613,450 compared to income of Ksh 17,871,302 in the Financial Year 2018/2019. However, the challenges notwithstanding, income decreased marginally, by negative 57% compared to the previous year.

To protect the company from going back to losses, am happy to report that the Board of Directors has come up with strategies to revamp the performance of ATC. Some of the critical strategies are the reorganization of the business model for more income generation, strict control of expenses and revamping of trainer/consultants in various expertise within the target market. With such changes, the company is expected to make a profit of at least Ksh 5,000,000 by the end of the financial year (30th June, 2021).

Lastly, I would like to thank The Co-operative University of Kenya's Governing Council, Board of Directors and Staff for their continued support to the company.

.....
Dr. Moses Gweyi (PhD).

Ag. Chief Executive Officer

CORPORATE GOVERNANCE & QUALITY STATEMENT

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

The Board of Directors

The Board is made up of seven directors who include the Co-operative University of Kenya Vice Chancellor as the chairperson of the Board, four members from the Co-operative University of Kenya Management, one member from one of the ATC's Development Partners, one member from the Co-operative Sector and the ATC Chief Executive Officer as the secretary to the Board. The composition of the Board is guided by the provisions of the Company's Articles and Memorandum of Association.

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

Quality Management

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

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



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

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the ATC's affairs.

Principal activities

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

Results

The results of the ATC for the year ended June 30, 2020 are set out on page 1. Below is a summary of the profit / loss made during the year.

Dividends

Since ATC is formed through Guarantee, it does not declare dividends.

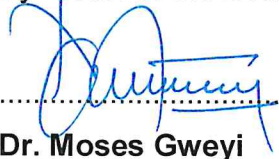
Directors

Members of the Board of Directors who served during the year are shown on page vii In accordance with Regulation of the ATC's Articles of Association.

Auditors

The Auditor - General is responsible for the statutory audit of ATC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board.


.....

Dr. Moses Gweyi

A.g Chief Executive Officer

Nairobi

Date: ...16/10/2020.....



STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

Approval of the financial statements

The ATC financial statements were approved by the Board on 16th October 2020 and signed on its behalf by:

.....
Prof. Kamau Ngamau (PhD)
Director

.....
Dr. Moses Gweyi (PhD)
Ag.CEO

 AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
Annual Reports and Financial Statements for the year ended 30 June, 2020

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Agri and Co-operative Training and Consultancy Services Limited set out on pages 1 to 16, which comprise of the statement of the financial position as at 30 June, 2020, statement of profit and loss and other comprehensive income, statement of changes in equity, 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 matters 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 Agri and Co-operative Training and Consultancy Services Limited as at 30 June, 2020, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Undisclosed Material Uncertainty on Going Concern

The statement of profit and loss and other comprehensive income reflects a net loss of Kshs.5,847,794 compared to a net profit of Kshs.830,331 in the financial year 2018/2019. Further, the statement of financial position reflects current liabilities balance of Kshs.10,034,262 against current assets balance of Kshs.2,837,707 resulting to a negative working capital of Kshs.7,196,555. However, the financial statements have been prepared on the going concern assumption. The Company's continued existence as a going concern is dependent on financial support from the Cooperative University of Kenya and creditors.

In the circumstances, the Company is technically insolvent and may not meet its obligations as and when they fall due.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Agri and Co-operative Training and

Consultancy Services Limited 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, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1.0 Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.22,839,000 and Kshs.7,648,450 respectively resulting to an under-collection of Kshs.15,190,550 or 67% of the budget. Similarly, the Company expended Kshs.13,496,243 against an approved budget of Kshs.22,839,000 resulting to an under-expenditure of Kshs.9,342,757 or 40.9% of the budget. The management attributed the poor performance to the Covid-19 pandemic. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2.0 Late Submission of the 2019/2020 Financial Statements

The financial statements of Agri and Co-operative Training and Consultancy Services Limited were submitted to the Auditor-General on 19 October, 2020. This contravened section 47.1 of Public Audit Act, 2015 which states that the financial statements shall be submitted to the Auditor-General within three (3) months after the end of the financial year to which accounts relate.

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, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section, of my report, I confirm that, nothing else 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

Non-Compliance with Law on Ethnic Composition

Review of the Company's staff data as at 30 June, 2020 revealed that the dominant community accounted for 43% of the Board Members and 40% of the members of staff. This was contrary to Paragraph 7(2) of the National Cohesion and Integration Act, 2008 which provides that all public offices shall seek to represent the diversity of the people of

Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

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

Basis for Conclusion

Overdue Trade and other Receivables

As disclosed under Note 11 of the financial statements, the statement of financial position reflects trade and other receivables of Kshs.2,544,934. This amount includes trade receivables totaling to Kshs.2,512,711 which have been outstanding for more than one year. Similarly, the trade and other receivables includes Kshs.18,085 under staff debtors in respect of un-surrendered imprest issued to a staff who left the organization in 2015. Management has not demonstrated measures taken to ensure collection of receivables when due.

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 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, except for matters reported in the Basis for Qualified Opinion, I report based on the audit, that: -

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Company so far as appears from the examination of those records; and,

- iii. The Company's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability in continuing to as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or 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.

The Board of Directors is responsible for overseeing the financial Company's financial reporting process, reviewing the effectiveness of how the Company 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 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 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. 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 Company to cease to continue as a going concern.
- 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 Company 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2021



AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES LTD
Annual Reports and Financial Statements for the year ended 30 June, 2020
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	Kshs	
		2019 – 2020	2018 – 2019
INCOMES			
Seminar	2	7,613,450	17,871,302
Other	3	35,000	51,532
Total Income		7,648,450	17,922,834
Gross Income		7,648,450	17,922,834
EXPENSES			
Operating Expenses	4	6,643,392	11,197,025
Staff Cost	5	6,229,050	5,284,069
Board Expenses	6	146,800	215,000
AGM Expenses	7	104,750	-
Depreciation charge for the year	8(a)	116,586	122,194
Provisions for Audit Fees	9	208,800	208,800
Financial costs	10	46,866	65,415
Total expenses		13,496,243	17,092,503
PROFIT / LOSS		-5,847,793	830,331

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

		Ksh	
ASSETS		2019 - 2020	2018 - 2019
NON-CURRENT ASSETS			
Property Plant & Equipment's	8(a)	530,858	573,943
		<u>530,858</u>	<u>573,943</u>
CURRENT ASSETS			
Trade & other receivables	11	2,544,934	8,800,458
Cash & Bank Balances	12	289,054	57,204
		<u>2,833,988</u>	<u>8,857,662</u>
TOTAL ASSETS		<u>3,364,846</u>	<u>9,431,605</u>
EQUITY & LIABILITIES			
FUND BALANCES			
General Reserve	13	-10,925,982	-5,078,189
Co-operative University of Kenya Control Account	14	2,870,870	2,870,870
Development Partners Fund Account	15	745,400	745,400
Revaluation Reserve	16	644,015	644,015
		<u>-6,665,697</u>	<u>-817,904</u>
CURRENT LIABILITIES			
Trade & Other Payables	17	10,030,543	10,249,509
		<u>10,030,543</u>	<u>10,249,509</u>
TOTAL EQUITY & LIABILITIES		<u>3,364,846</u>	<u>9,431,605</u>

The financial statements were approved by the Board of Directors on 16th October 2020 and signed on their behalf by:-

Dr. Moses Gweyi (PhD)

Ag. Chief Executive Officer

Prof. Kamau Ngamau (PhD)

Board Chairperson



AGRI AND CO-OPERATIVE TRAINING AND CONSULTANCY SERVICES
Annual Reports and Financial Statements for the year ended 30 June, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE :

	Ksh	Ksh	Ksh	Ksh
	General Reserve	CUK	Development Partners Fund Account	Revaluation Reserve
2019-2020				
Balance as at 01/07/2019	(5,078,189)	2,870,870	745,400	644,015
Profit / (Loss) for the year	(5,847,793)	-	-	-
Balance as at 30/06/2020	(10,925,982)	2,870,870	745,400	644,015
2018-2019				
Balance as at 01/07/2018	(5,908,520)	2,870,870	745,400	644,015
Profit / (Loss) for the year	830,331	-	-	-
Balance as at 30/06/2019	(5,078,189)	2,870,870	745,400	644,015

STATEMENT CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020			
		Kshs	Kshs
CASHFLOW FROM OPERATING ACTIVITIES	Notes	2019- 2020	2018 - 2019
Profit after tax		-5,847,793	830,331
Adjustment for			
Depreciation	8a	116,586	122,194
Working capital adjustments			
Decrease /(Increase) in account receivables	11	6,255,524	-250,218
Increase / (Decrease)in account payables	19	-218,967	-1,150,138
Net Cash from Operating Activities		305,350	-447,831
CASH FLOW FROM INVESTING ACTIVITIES			
Increase in capital assets		-73,500	-5,553
Dividend paid		-	-
NET CASH GENERATED / USED IN INVESTING ACTIVITIES		-73,500	-5,553
CASH FLOW FROM FINANCING ACTIVITIES			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT		231,850	-453,384
Opening cash and cash equivalent		57,204	510,588
Closing Cash And Cash Equivalent		289,054	57,204

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2020

	Original budget	Adjustments	Total budget	Actual on comparable basis	Performance difference	%Difference	Explanation for difference amounts (10% over/ under)
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020		
INCOME	Kshs	Kshs	Kshs	Kshs	Kshs		
Seminar	35,537,967	12,898,967	22,639,000	7,613,450	-15,025,550	-66%	No activity undertaken in Q3&Q4 due Covid-19
Other income	320,000	120,000	200,000	35,000	-165,000	-83%	No activity undertaken in Q3&Q4 due Covid-19
Total income	35,857,967	13,018,967	22,839,000	7,648,450	-15,190,550	-67%	No activity undertaken in Q3&Q4 due Covid-19
Expenditure					0		
Operation cost	21,718,691	8,859,092	12,859,599	6,643,392	-6,216,207	-48%	No activity undertaken in Q3&Q4 due Covid-19
Staff Cost	9,583,200	2,091,892	7,491,308	6,229,050	-1,262,258	-17%	Exit of BDO not replaced replace them
Board Expenses	450,000	150,000	300,000	146,800	-153,200	-51%	Not all board activities were implemented Covid-19
AGM Expenses	400,000	50,000	350,000	104,750	-245,250	-70%	Attendance to AGM was low
Depreciation	150,000	26,795	123,205	116,586	-6,619	-5%	Some of budget assets were not bought due to financial position.
Audit Fees	208,800	0	208,800	208,800	0	0%	
Financial costs	150,000	20,000	130,000	46,866	-83,134	-64%	Few transactions due Covid-19
Total expenses	32,660,691	11,197,779	21,462,912	13,496,243	-7,966,669	-37%	Expenditure Activities affected by Covid-19
Surplus	3,197,276	1,821,188	1,376,088	-5,847,793	-7,223,881	-525%	Income generated business affected by Covid-19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. GENERAL INFORMATION

ATC is established and derives its authority and accountability from company Act. The ATC is wholly owned by the Co-operative University of Kenya and is domiciled in Kenya. Its principal activity is Training, Consultancy and Research.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

1.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. 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, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the ATC's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the ATC.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

b. Property Plant & Equipment

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

○ Motor Vehicles	25%
○ Furniture & Fittings	12.5%
○ Computers & Office Machines	33.3%
○ Loose Tools	33.3%

c. Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

d. Revenue Recognition

Revenue is recognized on accrual basis in accordance with international financial reporting standards. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the ATC's activities, net of value-added tax (VAT), where applicable. Grants received from: Sacco Society Regulatory Authority for support of launching Sacco Trainings, ACDI/VOCA for support of Co-operative Information Resource Centre and support from CUK for 6 months' rent are all recognized as income since they are not of capital nature.

e. Cash & Cash Equivalent

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

f. Comparatives

Where applicable comparative figures have been provided

g. Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date. Current income tax

relating to items recognized directly in equity is recognized in equity and not in the income statement.

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

h. Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the ATC or not, less any payments made to the suppliers.

i. Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the ATC operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss

j. 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, 2020.

k. Going Concern

The accompanying financial statements have been prepared based on the principals of a going concern. As of 30 June 2020, the Company had an accumulated deficit of Kshs (10,925,982) arising from periods of successive losses and negative working capital of Kshs. 6,154,134. The performance was attributed by effects of Covid-19 effects which affected ATC business operations.

In order to improve the future outlook, the company will undertake the following strategies:

- I. Revamping online trainings of all flag-ship products
- II. Reorganization of the business model for more income generation on both training and Consultancy
- III. Achieving cost leadership through business efficiency.
- IV. Revamping of training and consultancies through concerted marketing initiatives.
- V. Collaborative and partnership initiatives with former Partners like GIZ and USAID
- VI. Creating synergies and leveraging on the existing partnership/MOU's created by the Co-operative University.

2. Seminar Income

Details	2019- 2020	2018- 2019
Training Income	7,613,450	9,650,220
Consultancy Income	-	8,221,082
TOTAL	7,613,450	17,871,302

3. Other Income

INCOMES	2019 - 2020	2018-2019
Experts Subscription Fee Income	35,000	40,000
Foreign Exchange Gain	0	11,532
	35,000	51,532

4. Operating Expenses

EXPENSES	2019 - 2020	2018 - 2019
Direct Expenses - Seminar Expenses	4,875,794	8,609,265
Motor Vehicle Running Cost	70,335	109,862
Office Administration Expenses	324,953	984,997
Marketing and Promotions	164,310	266,470
General Repairs & Maintenance	8,000	26,431
Rent & Water	1,200,000	1,200,000
Total Expenses	6,643,392	11,197,025

5. Staff Cost

DETAILS	2019 - 2020	2018 - 2019
Salaries and Wages	5,679,702	4,609,257
Gratuity	549,348	508,476
Leave Allowance provision	-	130,048
Recruitment and Hiring Cost	-	36,288
Total	6,229,050	5,284,069

The staff cost increased from 5,284,069 to 6,229,050 due to recruitment of CEO who join the company on 1st March 2019.

6. Board Expenses

Details	2019- 2020	2018- 2019
Sitting Allowance	125,000.00	215,000
Travelling Allowance	3,000	-
Others (Tea & Snacks, Lunch, Stationeries and secretariat)	18,800	-
Total	146,800	215,000

7. AGM Expenses

Details	2019 – 2020	2018 – 2019
Share holder allowances	80,000	
Transport Allowance	13,150	
Others (Tea & Snacks, Lunch, Stationeries and secretariat)	11,600	-
	104,750	-

8a. Property Plant and Equipment

DETAILS	MOTOR VEHICLES	EQUIPMENTS	COMPUTER & OFFICE ELECTRONICS	FURNITURE & FITTINGS	LOOSE TOOLS	TOTAL
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
COST / VALUATION	25.00%	12.50%	33.30%	12.50%	33.30%	
As at 01/07/2019	980,700	603,080	2,009,000	845,635	142,120	4,580,535
Addition 1/10/2019			73,500			73,500
VALUATION	-	-	-	-	-	-
DISPOSAL	-	-	-	-	-	-
As at 30/06/2020	980,700	603,080	2,082,500	845,635	142,120	4,654,035
DEPRECIATION						
As at 01/07/2019	840,097	415,527	1,973,042	642,688	135,237	4,006,591
Charge for the year	35151	23444	30,331	25,368	2,292	116,586
Disposal	-	-	-	-	-	-
As at 30/06/2020	875,248	438,971	2,003,373	668,056	137,529	4,123,177
NET BOOK VALUE						
As at 30/06/2020	105,452	164,109	79,127	177,579	4,591	530,858
As at 01/07/2019	140,603	187,553	35,958	202,947	6,883	573,943

8b. Property Plant and Equipment

DETAILS	MOTOR VEHICLES	EQUIPMENTS	COMPUTER & OFFICE ELECTRONICS	FURNITURE & FITTINGS	LOOSE TOOLS	TOTAL
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
COST / VALUATION	25.00%	12.50%	33.30%	12.50%	33.30%	
As at 01/07/2018	980,700	603,080	2,009,000	845,635	136,567	4,574,982
ADDITIONS-March 2019					5,553	5,553
As at 30/06/2019	980,700	603,080	2,009,000	845,635	142,120	4,580,535
DEPRECIATION						
As at 01/07/2018	793,229	388,735	1,955,090	613,696	133,648	3,729,778
Charge for the year	46,868	26,793	17,952	28,992	1,588	122,194
As at 30/06/2019	840,097	415,527	1,973,042	642,688	135,237	4,006,592
NET BOOK VALUE						
As at 30/06/2019	140,603	187,553	35,958	202,947	6,883	573,943
As at 01/07/2018	187,471	214,346	53,910	231,939	2,919	690,586

9. Provision for Audit Fee

DETAILS	2019 – 2020	2018 - 2019
Provision for Audit Fee (VAT exclusive)	208,800	208,800
TOTAL	208,800	208,800

As an expense provision for audit fee has been provided for as Ksh 208,800 inclusive of VAT.

10. Financial Costs

DETAILS	2019 – 2020	2018 - 2019
Bank charges and interests	46,866	65,415

11. Trade & Other Receivables

DETAILS	2019 – 2020	2018 – 2019
Seminar Receivables	2,897,203	7,114,305
Provision for Bad Debts	(384,492)	(384,492)
Deposits paid	14,138	14,138
Staff Debtors	18,085	18,085
Corporate Tax paid in advance	-	2,038,422
Total	2,544,934	8,800,458

12. Cash & Cash Equivalent

DETAILS	2019 – 2020	2018 - 2019
Cash at Bank		
Kenya Commercial Bank Account	280,637	29,272
Kenya Commercial Bank Privilege Account	(3,719)	15,426
Co-operative Bank Of Kenya (USD 114.77 @ ksh 105.5775)	12,117	8,268
Cash at Hand Office	19	4,238
TOTAL	289,054	57,204

13. General Reserve

DETAILS	2019 – 2020	2018 - 2019
Balance B / Forward	(5,078,189)	(5,908,520)
Adjustments		
Profit / (Loss) for the year	(5,847,793)	830,331
Balance C / Forward	(10,925,982)	(5,078,189)

14. Co-operative University of Kenya Control Account

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

DETAILS	2019- 2020	2018- 2019
Balance C/F	2,870,870	2,870,870
TOTAL	2,870,870	2,870,870

15. Development Partners Fund Account

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

DETAILS	2019 – 2020	2018 – 2019
Balance C/F	745,400	745,400
TOTAL	745,400	745,400

16. Revaluation Reserve

DETAILS	2019-2020	2018-2019
Revaluation A/c	644,015	644,015

17. Trade & Other Payables

DETAILS	2019-2020	2018-2019
Trade Payables	3,403,885	4,635,013
Other Payables		
Payments Received in Advance / Refundable Deposit Received	31,755	12,485
Provisions	5,641,828	4,723,160
Withholding Tax Liability	315,048	374,262
Paymaster General	638,027	473,589
TOTAL	10,030,543	10,218,509