

REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 22 MAR 2023	DAY: Wed
TABLED BY:	Deputy LOM
CLERK-AT THE-TABLE:	Modo

REPORT

OF

THE AUDITOR-GENERAL

ON

GOVERNMENT PRESS FUND

**FOR THE YEAR ENDED
30 JUNE, 2022**



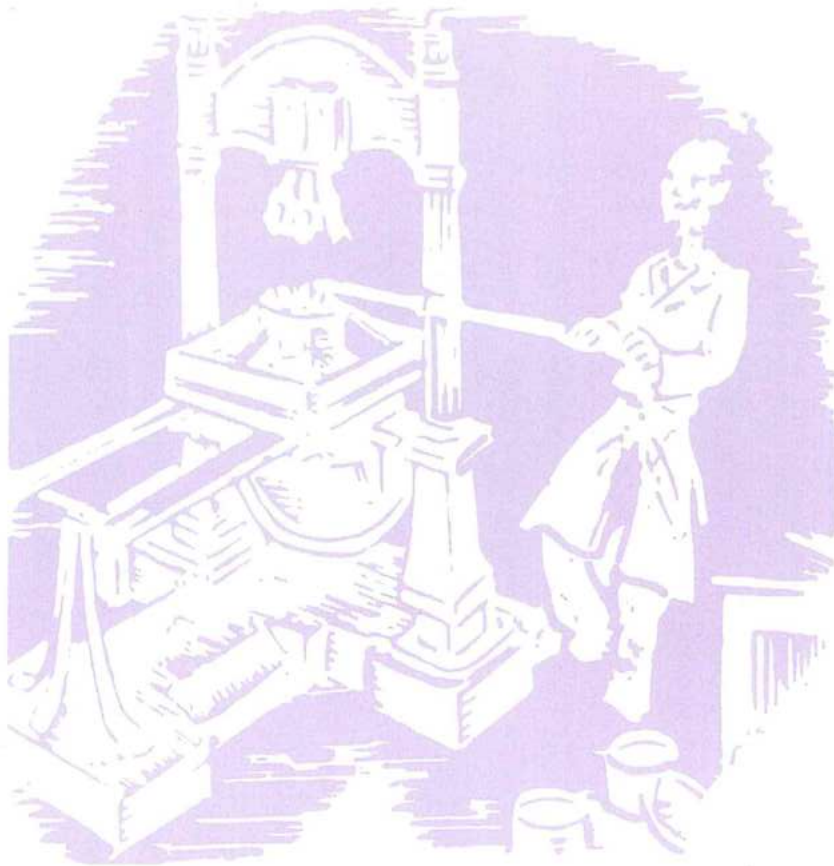
OFFICE OF THE PRESIDENT
MINISTRY OF INTERIOR AND CO-ORDINATION OF
NATIONAL GOVERNMENT

GOVERNMENT PRESS FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
30TH JUNE 2022

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

(Leave this page blank)



GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

TABLE OF CONTENTS	PAGE
1. KEY ENTITY INFORMATION AND MANAGEMENT.....v	v
2. MANAGEMENT TEAM..... vii	vii
3. REPORT OF THE GOVERNMENT PRINTER..... viii	viii
4. STATEMENT OF GOVERNMENT PRESS FUND PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022 ix	ix
5. CORPORATE GOVERNANCE STATEMENTx	x
6. MANAGEMENT DISCUSSION AND ANALYSIS.....x	x
7. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....x	x
8. REPORT OF THE MANAGEMENT xii	xii
9. STATEMENT OF GOVERNMENT PRESS FUNDS' MANAGEMENT RESPONSIBILITIES xiii	xiii
10. REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF GOVERNMENT PRESS FUND..... xiv	xiv
11. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2022 1	1
12. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022.....2	2
13. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022.3	3
14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022.....4	4
15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 20225	5
16. NOTES TO THE FINANCIAL STATEMENTS..... 6-19	6-19
17. AUDIT MATTERS20	20

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022



1. Key Entity Information and Management

(a) Background information

The Government Press was established in 1895 in Mombasa by then Colonial Government to provide essential printed materials, official rubber stamps and other necessary materials for the running of Government. Government Press moved to Nairobi in 1905 under the name of Kenya - Uganda Press as the colonial Kenya-Uganda railway line was getting to Nairobi. Later, the name of the institution was changed again to its present name—Government Press. In 1988 the Government Press Fund was established under the Exchequer and Audit (Government Press Fund) Regulations, 1988.

(b) Principal Activities

The principal activity of the Fund is to purchase consumables for publishing, printing and dissemination of literary, accountable and educational materials to facilitate running of Government (both National and County).

The Mission of the Government Press is to provide printing services to the Kenya Government (both at National and County levels) promptly and at the most economical costs, ensure adequate security and supply of all documents needed for the running of Ministries, Departments and State Corporations. These documents include (but not limited to); accountable documents for revenue collection, legal documents as well as secret and confidential documents.

(c) Key Management

The *Government press fund's* day-to-day management is under the following officers:

- Government Printer (Administrator)
- Senior management (Heads of sections)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

<i>No.</i>	<i>Designation</i>	<i>Name</i>
1.	Government Printer	Mwenda Njoka
2.	Senior Deputy Government Printer	Geoffrey Runoh
3.	Head of Finance	Lilian Mugambi
4.	Head of Procurement	John Munyua

(e) Fiduciary Oversight Arrangements

- Ministerial Audit Committee
- Internal Audit Unit

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

(f) Entity Headquarters

Government Press
Haile Selassie Avenue
P. O. Box 30128–00100
Nairobi, Kenya

(g) Entity Contacts

Telephone :(254)–020–2226596/7/8
E-mail: governmentprinter@interior.go.ke
Website: www.governmentpress.go.ke

(h) Entity Bankers

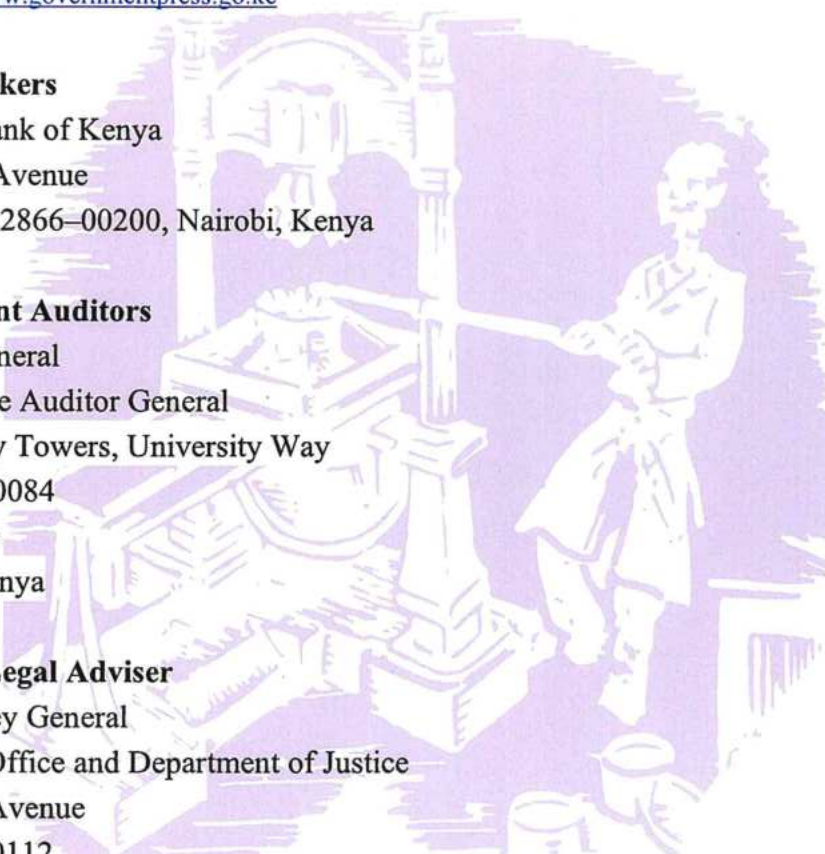
National Bank of Kenya
Harambee Avenue
P. O. Box 72866–00200, Nairobi, Kenya

(i) Independent Auditors

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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



2. Management Team

1. Mr MWENDA NJOKA (MBS)
GOVERNMENT PRINTER



A well-trained and experienced **Print Media Manager** with valuable managerial and technical knowledge of print industry having worked for several years at managerial levels with leading **Print Media Houses** in the country.

Joined Public Service in 2013 as a Communications Director/Communications Advisor to the Cabinet Secretary for Interior and Coordination of National Government. Appointed Government Printer in June 2019.

Also, an award-winning Investigative Journalist and Communications Specialist with over 25 years of progressive experience in Media and Communications field.

Among the professional awards won include CNN Africa Journalist of the Year (2004), Investigative Journalist of the Year (Kenya, 2003) and Best Script Writer for TV (*Kalasha Awards*, 2009).

Has attained numerous professional and academic qualifications from local and international colleges such as Marquette University, Wisconsin, USA and Kenya Institute of Mass Communications among others. Currently studying for an MA in Security, Politics and Intelligence Studies from the American Military University.

2. MR. GEOFFREY RUNOH
SENIOR DEPUTY GOVERNMENT
PRINTER



Mr. Geoffrey Runoh has over 20 years working experience in the Printing and Publishing Industry. He is an accomplished manager having worked at the helm of various organizations namely; KNEC as a Senior Examination Secretary and headed the Print and Publications function at the KICD.

He has an MBA degree specializing in Strategic Management and a Bachelor of Commerce degree (BCOM) specializing in Management Science, both from the University of Nairobi. He has also undertaken a Bachelor of Philosophy (BPhil) degree in Printing Technology from the Technical University of Kenya. He had previously pursued a Diploma and Higher National Diploma from the same institution.

He is currently completing a Master of Science (MSc) Degree specializing in Publishing Studies at Moi University.

3. REPORT OF THE GOVERNMENT PRINTER

We provide quality printing services to the Kenya Government promptly and at the most economical costs and to ensure adequate security and supply of all documents needed for the running of Ministries, Departments, Agencies, Private Sector and the General Public.

We constantly endeavour to improve capacity, ability and efficiency at the Government Press for effective and professional delivery of services.

My commitment as the Government Printer is to ensure that public services delivered by the Department are in accordance with the requirements of our Constitution and all applicable laws.

Another key responsibility I have as the Government Printer is work towards modernization of the Department and its equipment through introduction of modern technologies and innovative service delivery systems to improve speed, quality and quantity of service delivery.

Lastly but not least, as the Team Leader, I have the obligation to ensure that officers in the Department demonstrate professionalism, transparency and accountability in performing their duties and that they show courtesy, integrity and neutrality in provision of services at all times and too all our clients and stakeholders.

Name Mwendu Ng'otho Sign [Signature]
Date 12/9/2022

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

4. STATEMENT OF GOVERNMENT PRESS FUND PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

Government Press Fund has 3 strategic objectives within the draft Strategic Plan for the FY 2020/2021- FY 2024/25. These strategic issues are as follows:

Issues 1: To improve security and supply of printed official Government documents required for the smooth running of the Government through modernization and commercialization.

Issues 2: To promote efficient and economical quality printing services to the Government of Kenya through continuous improvement of automated production operations.

Issue 3: To attract and retain competent and highly motivated staff

Government Press Fund develops its annual work plans based on the above 3 Issues. Assessment of the management's performance against its annual work plan is done on a quarterly basis. The Government Press Fund achieved its performance targets set for the FY 2021/2022 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Issues	Objective	Key Performance Indicators	Activities	Achievements
Issue 1:	To improve security and supply of printed official Government documents	-More work produced. - secure/safety printed documents	Increase production capacity -Safety of Government documents	- production capacity from 41m to 42m Reduction of through put time by 20%
Issue 2:	To promote efficient and economical quality printing services	Less wastage of resources and time.	-Improve throughput time - improve machine maintenance to reduce machine downtime	-Efficient service delivery. -
Issue 3:	To attract and retain competent and highly motivated staff	Motivated staff	Competency development	-implement recommendations of institutional skillsgap analysis. -carry out training impact assessment survey -identify skills gaps and training needs through recruitment, capacity building, coaching and mentoring. -performance appraisal

5. CORPORATE GOVERNANCE STATEMENT

Government Press does not have a Board of Directors but derive its mandate as stipulated in The Exchequer and Audit (Government Press Fund) Regulations 1988 and Public Finance Management Act, 2012 on establishment of Public Funds.

6. MANAGEMENT DISCUSSION AND ANALYSIS

The Government Press Fund was established under the Exchequer and Audit Act, 1988 to undertake production of various printing and publishing works and issue free of charge accountables and other materials in aid of revenue collection and in predetermined quantities to departments and ministries. In the recent past, more so since the promulgation of the new Constitution in 2010 which came with the creation of additional tiers of Government (National and County) as well as more Legislative bodies (National Assembly and Senate)— the non-chargeable jobs have increased immensely without a commensurate increment in revenue allocation from National Treasury thereby constraining GP's finances. The Department's performance has also been affected by the migration of a significant number of Government services to online platforms thereby denying Government Press revenue.

7. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Government press Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The overall objective is 'to make the Government Press fund the preferred Printing Press of choice in Kenya and beyond offering quality, timely and cost effective printing services'

In giving effect to this objective, the Government Printer will make the press work better by linking it up with the private sector among other stakeholders; prioritize modernization of operations and pursuing the role of regulating the Printing industry. In addition, the Government Printer will initiate the culture of good corporate governance and team work.

Request customers, especially Government to plan and place orders on time to avoid interrupting scheduled work with urgent work.

Introduce a customer care desk and improve communication systems which will create a feedback mechanism, for example, a customer suggestion box and establish a complaint box and desk for external and internal customers

ii) Environmental performance

Safe work Environment for Government Press employees and its surroundings as a result there is reduced incidents of cases associated with occupational hazards.

The Department is in the process of drafting its own Environmental Policy which is aligned to the National Environmental Policy and provisions of the Factories and other Places of Work Act.

iii) Employee welfare

Government Press is a department in the State Department for Interior and Citizen Services. It is committed in staff training and development. During the year under review the department trained various members of staff on job skills, promotional and managerial courses. 2 officers attended SLDP, 2 officers attended a conference for their continuous professional development, 9 officers attended senior management course, 2 attended supervisory skills development and many others self-sponsored themselves for courses to build their careers.

It provides industrial placement for students from local colleges and universities. The department had a total of 28 attachees who went through our various sections namely Accounts, Human Resource, Engineering, ICT and procurement. In addition; it's a centre of excellence for printing and publishing industry hence used for benchmarking.

iv) Market place practices-

The following efforts have been put in place:

a) Responsible competition practice.

Government press fund as The Exchequer and Audit (Government Press Fund) Regulations, 1988 states that the purpose and objective of the fund is to procure supplies of raw materials for undertaking production of various printing and publishing works. We ensure responsible competition practices with issues like anti-corruption committees, responsible political involvement, fair competition and respect for competitors.

b) Responsible Supply chain and supplier relations

Government press fund maintains good business practices by adhering to procurement regulations as stipulated in The Public Procurement and Disposal Act, 2015. We treat our suppliers responsibly by honouring contracts and payments done promptly.

c) Responsible marketing and advertisement

Our services are mostly to MDAs which do not require marketing and advertising.

v) Corporate Social Responsibility / Community Engagements

Government press fund has no budget for CSR activities but employees organize themselves and do charities work. During the year under review they visited Destiny Children's Home and contributed clothes and foodstuff worth kshs 35,000/.

3. REPORT OF THE MANAGEMENT

The report together with the audited financial statements for the year ended 30th June, 2022 which show the state of the Government Press Funds' affairs.

i) Principal activities

The principal activities of the Government Press are to publish, print and disseminate literary, accountable and educational materials.

ii) Results

The results of the entity for the year ended 30th June, 2022 are set out on page 1 of this report.

iii) Surplus remission

In accordance with section 219 (2) of the Public Finance Management Act Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Government Press Fund does not fall on this category but it's a public fund under the Ministry of Interior and Co-ordination of National Government, The Audit and Exchequer (Government Press Fund) 1988 states that the surplus shall be retained for the purpose for which the Fund was established.

iv) Auditors

The Auditor General is responsible for the statutory audit of the Government Press Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Accounting Officer

Name; Mwenda Njoka (MBS)

Signature



Date

12/9/2022

Government Printer

9. STATEMENT OF GOVERNMENT PRESS FUNDS' MANAGEMENT RESPONSIBILITIES

Section 84 of the Public Finance Management Act, 2012 and the Exchequer and Audit (Government Press Fund) Regulations, 1988 requires the Accounting Officer to prepare financial statements in respect of Government Press Fund, which give a true and fair view of the state of affairs of the Government Press Fund, at the end of the financial year and the operating results of the Government Press Fund, for that year. The Accounting Officer is also required to ensure that the Government Press Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Government Press Fund. The Accounting Officer is also responsible for safeguarding the assets of the Government Press Fund.

The Accounting Officer is responsible for the preparation and presentation of the Government Press Fund's financial statements, which give a true and fair view of the state of affairs of the Government Press Fund for and as at the end of the financial year ended on June 30, 2022. 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 Government Press Fund, (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting officer accept responsibility for the Government Press Fund'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 Public Finance Management Act, 2012. The management are of the opinion that the Government Press Fund's financial statements give a true and fair view of the state of Government Press Fund's transactions during the financial year ended 30th June, 2022, and of the Government Press Fund's financial position as at that date. The Management further confirm the completeness of the accounting records maintained for the Government Press Fund, which have been relied upon in the preparation of the Government Press Fund's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Accounting Officer to indicate that the Government Press Fund will not remain a going concern for at least the next twelve months from the date of this statement.

APPROVAL OF THE FINANCIAL STATEMENTS

The Government Press Fund's financial statements were approved by the Government Printer and signed on its behalf by:

Signature.....

Name: **Mwenda Njoka, MBS**
CBS

Government Printer

Signature.....

Name: **Dr. (Eng.) Karanja Kibicho,**

Accounting Officer

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 GOVERNMENT PRESS FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Government Press Fund set out on pages 1 to 20, which comprise the statement of financial position as at 30 June, 2022,

and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect 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 Government Press Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Debtors

As disclosed in Note 10 to the financial statements, the statement of financial position reflects receivables from exchange transactions balance of Kshs.189,683,941 which includes long outstanding debts amounting to Kshs.68,764,954 that have been outstanding since the year 2017 and whose recovery is doubtful. However, no provision for bad and doubtful debts has been made in the financial statements for the long outstanding debts.

In the circumstances, the recoverability and fair presentation of the receivables from exchange transactions balance of Kshs.68,764,954 could not be confirmed.

2. Inaccuracies in Cash and Cash Equivalents

As disclosed in Note 8 to the financial statements, the statement of financial position reflects cash and cash equivalents balance of Kshs. 325,145,992 which includes postal money orders amounting to Kshs.12,456,139 owed by Postal Corporation of Kenya. The amount related to payments made for services rendered by the Fund for the period between 1 July, 2019 and 30 June, 2022 which had not been cashed. However, confirmation from records held by Postal Corporation of Kenya indicated that an amount of Kshs.11,802,499 was owing to the Fund as at 30 June, 2022 hence a variance of Kshs.653,640. Although Management explained they had engaged Postal Corporation of Kenya for recovery of the uncleared amount, no evidence was provided to support the explanation.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.325,145,992 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Government Press Fund 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 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.

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 matters 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 overall governance were not effective.

Basis for Conclusion

1. Use of Aged Equipment and Low Performance Output of Key Machines

As reported in the previous year, most of the Fund's printing equipment are old and obsolete with some dating back to the year 1930. The equipment experiences frequent breakdowns and hence incurs high maintenance costs. Further, the sourcing for spare parts for maintenance of the equipment/machines has been very difficult. In addition, review of machine performance analysis indicates a reduction in production output per hour over the years as detailed below;

Machine Name	Production Speed at Installation (Pages per Hour)	Current Production Speed (Pages Per Hour)
Wanup Timson no.27	12,000	5,000
Rotary 1	12,000	3,000
Platen no.6	8,000	1,300
City line express	35,000	22,000

In the circumstances, the use of aged equipment has increased the production cost and hence reduced the Fund's competitiveness in the industry.

2. Lack of an Integrated Print Production Management System

Review of the Government Press Fund production department revealed various production phases involving other departments such as handling customer orders, planning, production, and engineering. However, the Government Press Fund did not have an integrated management system to manage the print production which includes estimating and quoting, scheduling, order entry and job tracking, raw material inventory and shop floor data collection. As a result, it is not possible to have real time tracking of the customer orders in the chain of production to enhance efficiency in the production process and decision making.

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 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 controls 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish the Fund 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 Fund's financial reporting process, reviewing the effectiveness of how Management 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls.
- 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 Fund'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 Fund to cease 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 Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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

08 December, 2022

11. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021-2022	2020-2021
		KSh.	KSh.
Revenue from exchange transactions			
Rendering of services	6	482,230,744	222,251,651
Total revenue		482,230,744	222,251,651
Expenses			
General expenses	7	410,168,730	288,679,344
Total expenses		410,168,730	288,679,344
Deficit/Surplus for the year		72,062,014	(66,427,693)

The notes set out on pages 6 to 19 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Government Press Fund by:

Accounting Officer

Head of Finance

Government Printer

Name: **Dr. (Eng.) Karanja Kibicho, CBS**

Name Lilian Mugambi

Name: Mwenda Njoka (MBS)

Icpak M/no: 10361

Signature.....

Signature.....

Signature.....

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

12. Statement of Financial Position as at 30 June 2022

	Notes	2021-2022	2020-2021
		KSh.	KSh.
Assets			
Current assets			
Cash and cash equivalents	8	325,145,992	228,172,661
Receivables from exchange transactions	10	189,683,941	219,220,649
Inventories	11	786,165,027	781,539,636
Total assets		1,300,994,960	1,228,932,946
Reserves			
Accumulated surplus		1,270,994,960	1,198,932,946
Capital Fund		30,000,000	30,000,000
Net Position		1,300,994,960	1,228,932,946

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Government press fund by:

Accounting Officer

Name: **Dr. (Eng.) Karanja Kibicho, CBS**

Head of Finance

Name **Lilian Mugambi**

Icpak M/no: 10361

Government Printer

Name: **Mwenda Njoka(MBS)**

Signature.....

Signature.....

Signature.....

Date

Date **12/9/2022**

Date **12/9/2022**

GOVERNMENT PRESS FUND**Annual Report and Financial Statements For the year ended June 30, 2022****13. Statement of Changes in Net Assets for the year ended 30 June 2022**

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2020				1,265,360,639	0	30,000,000	1,295,360,639
Surplus/ deficit for the year				(66,427,693)	0	-	(66,427,693)
As at June 30, 2021				1,198,932,946	0	30,000,000	1,228,932,946
As at July 1, 2021				1,198,932,946	0	30,000,000	1,228,932,946
Surplus for the year				72,062,014	0	-	72,062,014
As at June 30, 2022				1,270,994,960		30,000,000	1,300,994,960

1. Capital Reserve Fund

This relates to the initial funds received from the Government of Kenya upon the establishment of the fund in the Exchequer and Audit Act of 1988 Regulations.

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

14. Statement of Cash Flows for the year ended 30 June 2022

		2021-2022	2020-2021
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Rendering of services		482,230,744	222,251,651
Total receipts		482,230,744	222,251,651
Payments			
Use of goods and services		410,168,730	288,679,344
Total payments		410,168,730	288,679,344
Net Cash flows from operating activities		72,062,014	(66,427,693)
Decrease in current receivables		29,536,708	16,250,019
Increase in inventories		(4,625,391)	(6,905,801)
Net cash flows from/(used in) operating activities	12	96,973,331	(57,083,475)
Net cash flows from/(used in) investing activities		0	0
Net cash flows from financing Activities		0	0
Net increase in cash & Cash equivalents		96,973,331	(57,083,475)
Cash and cash equivalents at 1 July	8	228,172,661	285,256,136
Cash and cash equivalents at 30 June	8	325,145,992	228,172,661

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Government Press Fund by:

Accounting Officer

Name: **Dr. (Eng.) Karanja Kibicho, CBS**

Signature.....

Date

Head of Finance

Name **Lilian Mugambi**

Icpak M/no:10361

Signature 

Date **12/9/2022**

Government Printer

Name: **Mwenda Njoka (MBS)**

Signature.....

Date **12/9/2022**

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

15. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Rendering of Services	400,000,000	0	400,000,000	482,230,744	82,230,744	120.5%
Total Income	400,000,000	0	400,000,000	482,230,744	82,230,744	
Expenses						
Use of Goods and Services	400,000,000	0	400,000,000	410,168,730	10,168,730	102.5%
Total Expenditure	400,000,000	0	400,000,000	410,168,730	10,168,730	
Surplus for the period				72,062,014		

Budget notes

1. The 20.5% over collection of revenue was as result of Ministry of Lands paying a long outstanding debt.
- 2 The Government Press Fund has no approved budget; however Government Press has an estimate figure to realize. This figure is factored by the performance contract and the annual procurement plan.

16. Notes to the Financial Statements

(1) General Information

Government Press Fund is established by and derives its authority and accountability from the Exchequer and Audit (Government Press Fund) Regulations, 1988. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to publish, print and disseminate literary, accountable and educational materials.

(2) Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. 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 Government Press Fund's accounting policies.

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

The financial statements have been prepared in accordance with the Public Finance Management Act, 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. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <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

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

Standard	Effective date and impact:
	<p>objective for which the asset is held;</p> <ul style="list-style-type: none">▪ 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. <p>Standard is not relevant to Government Press fund.</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <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> <ul style="list-style-type: none">(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. <p>Standard is not relevant to Government Press fund.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none">a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Standard is not relevant to Government Press fund.</p>

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

Standard	Effective date and impact:
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none">▪ <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none">▪ <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none">▪ IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>Standard is not relevant to Government Press fund.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>Standard is not relevant to Government Press fund.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>Standard is not relevant to Government Press fund.</p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2021/2022.

(4) Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable. The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

ii) 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.

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.

b) Budget information

The Government Press Fund 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,

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

The Government Press Fund has no approved budget; however we have an estimate figure to realize. This figure is factored by the performance contract and the annual procurement plan.

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 Statement of comparison of estimate and actual amounts of these financial statements.

c) Taxes

No taxation is provided for in the financial statements.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

a) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

b) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

c) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

e) Nature and purpose of reserves

This fund was created to procure supplies of raw materials for undertaking production of various printing and publishing works obtainable from Government press and sale thereof to government ministries and departments, state corporations or the general public. There are also supplies issued free of charge and in predetermined quantities to such departments and ministries as the officer administering the Fund may determine for the express and immediate use.

f) 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.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the National Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include money orders which were not honoured at the end of the financial year.

h) Comparative figures

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

i) 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, 2022.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

(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. State all judgements, estimates and assumptions made:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

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

Provisions

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The management have no provisions for either bad debts or obsolete stocks however for obsolete stocks they have to adhere to the Public Procurement and Assets Disposal Act.

There was no revenue realised on this item.

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

Notes to the Financial Statements (Continued)

(6) Sale of Goods

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of goods		
Sale of publications	482,230,744	222,251,651
Total revenue from the sale of goods	482,230,744	222,251,651

(Provide brief explanation for this revenue)

(7) Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumables	410,168,730	288,679,344
Total Expenses	410,168,730	288,679,344

(8) Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	312,689,853	218,352,009
Money orders	12,456,139	9,820,952
Total Cash And Cash Equivalents	325,145,992	228,172,661

(9) Detailed Analysis of the Cash and Cash Equivalents

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
National Bank of Kenya	01001000903100	407,906,980	241,556,013
Grand Total		407,906,980	241,556,013

GOVERNMENT PRESS FUND**Annual Report and Financial Statements For the year ended June 30, 2022****(10) Receivables from Exchange Transactions (Current)**

	2021-2022	2020-2021
Description	Kshs	Kshs
Receivables		
Exchange Debtors	189,683,941	219,220,649
Total Current Receivables	189,683,941	219,220,649

(11) Inventories

	2021-2022	2020-2021
Description	Kshs	Kshs
Publications	105,154,226	157,482,185
Bookshop	3,005,156	1,736,482
Dispatch	8,017,905	6,698,933
CRB Stores	77,002,371	94,872,302
Paper Store	288,197,118	164,161,735
Work-in-progress	304,788,251	349,682,258
Total inventories at the lower of cost and net realizable value	786,165,027	781,539,636

(12) Cash Generated from Operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/Deficit for the year before tax	72,062,014	(66,427,693)
Adjusted for:		
Working capital adjustments		
Increase in inventory	(4,625,391)	(6,905,801)
Decrease in receivables	29,536,708	16,250,019
Net cash flow from operating activities	96,973,331	57,083,475

(13) 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 Entity'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 Entity 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, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Government Press Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Receivables from exchange transactions	189,683,941			
Total	189,683,941			
As at 30 June 2021	219,220,649			
Receivables from exchange transactions	219,220,649			
Total	219,220,649			

i) Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Government press fund has significant concentration of credit risk on amounts due from Ministry of Lands.

The management sets the Government press fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Financial Risk Management

iii) Market risk

The Government press fund 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 The Government press fund'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 Entity'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 Government press fund has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Government press fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect The Government press fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Government press fund considers relevant and observable market prices in its valuations where possible.

iv) Capital Risk Management

The objective of The Government press fund's capital risk management is to safeguard The Government press fund's ability to continue as a going concern. The Government press fund capital structure comprises of the following funds:

	2021-2022	2020-2021
	Kshs	Kshs
Retained Earnings	1,270,994,960	1,198,932,946
Capital Reserve	30,000,000	30,000,000
Total Funds	1,300,994,960	1,228,932,946
Total Borrowings	0	0
Less: Cash And Bank Balances	(325,145,992)	(228,176,661)
Net Debt/(Excess Cash And Cash Equivalents)	975,848,968	1,000,760,285
Gearing	75%	81%

(14) Related Party Disclosures

Nature of related party relationships

Entities and other parties related to The Government press fund 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.

Government of Kenya

The Government of Kenya is the principal shareholder of The Government press fund, holding 100% of The Government press fund's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The ministry of Interior and Co-ordination of National Government.
- ii) Government Printer.
- iii) Key management

(15) Surplus Remission

In accordance with section 219 (2) of the Public Finance Management Act Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Government Press Fund does not fall on this category but it's a public fund under the Ministry of Interior and Coordination of National Government, The Audit and Exchequer (Government Press Fund) 1988 states that the surplus shall be retained for the purpose for which the Fund was established.

(16) Voted Provision

Voted Funds from State Department of Interior and Citizen Services

The Exchequer and Audit (Government Press Fund) Regulations, 1988 states that the purpose and objective of the fund is to procure supplies of raw materials for undertaking production of various printing and publishing works. The component cost of labour, printing workshop overheads and capital outlay on procurement or replacements, additional machines, equipment, shall not be charged to the Fund but shall form a charge against the respective vote of the ministry. Therefore, the voted provision is purely for running the Department's operations as it is stated in the regulations. The voted provision is recognized and accounted for in the financial accounts of the Ministry of Interior and Coordination of National Government.

GOVERNMENT PRESS FUND

Annual Report and Financial Statements For the year ended June 30, 2022

Summary of the voted funds

Description	Approved Budget Ksh '000'	Actual Ksh '000'	Pending Bills Ksh '000'
Personal Emoluments	508,502	503,278	0
Use of Goods/services	215,897	91,507	94,350
Development	50,000	45,300	0
Total	774,399	640,085	94,350

17. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

18. Ultimate and Holding Entity

The Government Press Fund is a Public Fund under the State Department of Interior in The Ministry of Interior and Co-ordination of national Government. Its ultimate parent is the Government of Kenya.

19. Currency

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

20. Audit matters

All Audit matters raised were satisfactorily resolved.

GOVERNMENT PRINTER

Signature.....

Date 12/9/2022.....

