REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID
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REPORT

OF

THE AUDITOR-GENERAL

ON

IMARISHA NAIVASHA TRUST

FOR THE YEAR ENDED
30 JUNE, 2018

IMARISHA NAIVASHA TRUST

FINANCIAL STATEMENTS

FOR YEAR ENDED 30TH JUNE 2018

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

WHO WE ARE

The Imarisha Naivasha Trust is Public Private Partnership initiative of the Government of Kenya under the Ministry of Environment and Natural Resources, State Department of Environment. It was established in 2011 vide Kenya Gazette No: 5368, on 20th May, 2011, with the sole mandate of the restoration of Lake Naivasha and its catchment to ensure sustainable development and natural sources management within the basin.

Vision: "To be the acknowledged authority and resource on restoration, wise use, and sustainable management of the Lake Naivasha Basin"

Mission: To effectively monitor and coordinate restoration activities within the Lake Naivasha Basin by ensuring enforcement of and compliance to regulations, and institutional strengthening

CORE VALUES

We shall be guided by the following core values, which provide an integrated focus towards enhancing provision of acceptable quality service. They are summarised in an acronym DEPITS.

- Diligence
- Equity
- Professionalism
- Integrity
- Teamwork
- Commitment to sustainability

i) Strategic Objectives

The key strategic objective as outlined in the Imarisha Naivasha Sustainable Development Action Plan (SDAP) is to restore the ecosystem functions, biodiversity and natural attractions of the Lake Naivasha Basin as the foundation for sustainable development and adaptation to climate change.

ii) Key Management

The day-to-day management of Imarisha Naivasha Trust is entrusted to the Chief Executive Officer who is the Secretary to the Board. The Chief Executive Officer is assisted by a management team of three Managers.

iii) Fiduciary Management

Imarisha Naivasha is run by a sixteen (16) member Board of Directors and the Chief Executive Officer of the Trust who is the Secretary to the Board.

iv) Fiduciary Oversight Arrangements

BOARD OF DIRECTORs

1. Mr. Cyrus Karingithi –representing the Naivasha Industries and Business Community (Chairman)
2. Ms.Zilpha Ntemel Ncharo –representing the Civil Society Organisations
3. Mr. Paul Ruoya –representing the Catchment Water Resource Users' Associations
4. Mr. Richard Bell –representing the Lake Naivasha Riparian Association
5. Mr. Joseph Kariuki –representing the Lake Naivasha Growers Group
6. Ms. Anne Wanyoike –representing the Community Forest Association
7. Mr. Raphael Ikiba –representing the fisheries' sector
8. Mr. James Mwangi –representing the tourism industries
9. Mr. Enock Kiminta –representing pastoralists
10. the Principal Secretary, State Department of Environment and Natural Resources
11. the Chief Executive Officer of Kenya Water Towers Agency
12. the Member of the County Executive Committee responsible for the environment in the County Government of Nakuru
13. the Member of the County Executive Committee responsible for the environment in the County Government of Narok
14. the Member of the County Executive Committee responsible for the environment in the County Government of Nyandarua
15. a representative of the Kenya Wildlife Services; and
16. a representative of the Ewaso Ng'iro South Development Authority.

The Board of Directors is responsible for formulating the Trust's vision, realisation of its mission and achievement of strategic objectives in an effective manner as well as providing strategic oversight.

Board Committees

The Board has Three (3) Committees with specific delegated authorities. These are the Finance, Technical and Audit Committees. The respective Chairpersons present their reports to the Board at each scheduled meeting. The composition of each committee is set out below;

FINANCE COMMITTEE

1. Mr. Joseph Kariuki (chairperson)
2. Ms. Anne Wanyoike
3. Mr. Richard Rop
4. Mr. Richard Bell
5. Ms. Grace Wagiru

The main function of the Finance Committee is policy oversight and effective management of Finance, Human Resource and administrative functions.

TECHNICAL COMMITTEE

1. Ms. Zilpha Ntemel Ncharo
2. Mr. James Mwangi
3. Mr. Paul Ruoya
4. Ms Rebecca Seenoi
5. Mr. David Rono
6. Dr. Erustus Kanga
7. 8. Mr. Raphael Ikiba

The technical, planning and development committee is responsible for ensuring; policy oversight, operational and legal compliance, advising the board on proposed subsidiary legislation, effective management of Lake Naivasha Catchment, effective organisational structures for Imarisha Naivasha Trust as well as approvals of technical policies, strategies and systems.

Audit Committee

1. Mr. Enoock Kiminta (chairperson)
2. Ms. Susan Boit
3. Mr. Peter Bwogero

The Audit committee is responsible of providing independent assurance and advice in the risk management; internal control; financial statements; compliance requirements; and internal audit;

v) Headquarters

Post Office Box 2122 – 20117,
Maryland Complex, 1st floor,
Mbaria Kaniu Road,
Naivasha - Kenya.

vi) Contacts

Telephone: (254) (0) 746 26 42 61

E-mail: imarishanaivasha
@gmail.com

vii) Principal Bankers

CFC Stanbic Bank
CFC Heritage House, Moi Rd
P.O. Box 1053-20117,
Tel: 020 -3268000

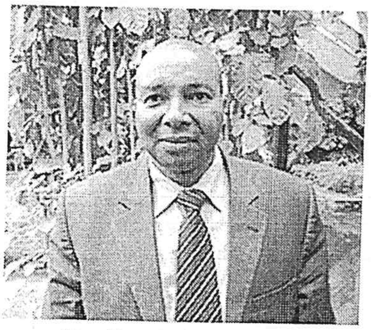
viii) Independent Auditors

Auditor General
Anniversary Towers, University Way
P.O. Box 30084 – 00100,
GPO, Nairobi.
Tel:+254-20-2227383,
Fax: +254-20-311482
E-mail: cag@kenao.go.ke,
Website: www.kenao.go.ke

xi) Principal Legal Adviser

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

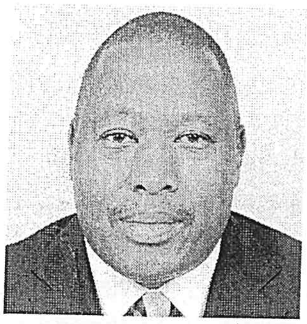
II. THE BOARD OF DIRECTORS



Mr. Cyrus Karingithi
Chairman of the Board

Cyrus Karingithi is the Acting Manager, Infrastructure and Resource Development at Kenya Electricity Generating Company Ltd; (KenGen). He has a MSc (Geology) degree from University of Iceland – Iceland, BSc (Chemistry) from University –Kenya, Post Graduate Diploma in Geothermal Technology from University of Auckland –New Zealand and is a United Nations University – Geothermal Training Programme Fellow (2000).

He works at the Olkaria Geothermal field, Africa's first & largest geothermal project. He has extensive experience in geothermal systems having worked in Olkaria for twenty eight (28) years rising through the ranks from Graduate Geochemist to Ag. Manager Infrastructure and Resource Development. He has contributed immensely to the growth of geothermal power in Kenya.

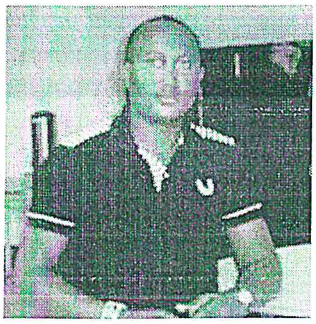


Mr. Kamau Mbogo
Ag Chief Executive Officer/
Secretary to the board

Kamau Mbogo is the currently the acting Chief Executive officer of Imarisha Naivasha. He is a trained aquatic biologist with vast experience in integrated watershed management striding over 20 years. He has over the years served in diverse positions both in ecosystems research and management. He holds a MSc (hydrobiology) and BSc (Botany and Zoology) degrees from the University of Nairobi.

Mr. Anne Wanyoike

Anne Wanyoike represents the Lake Naivasha Basin Community Forest associations (CFAs) in the Imarisha Board. She is a business woman with great passion for community development and extensive exposure in administration having worked as part of school management for over 10years. She is currently involved in community development and holds several community service positions within the basin. She is the chair person of the Aberdare Kiburu CFA, treasurer Nyandarua County Umbrella Community Forest Association, Treasure of the Green Belt/ Auterbach Foundation Njabini rehabilitation project and treasure of the Pilot Payment of Environment Services (PES) project under the Kenya Agricultural Productivity and Sustainable Land Management Project (KAPSLMP) involving communities living within the catchment serving the Sasumua Dam Water Treatment Plant that is supported by Government of Kenya and the World Bank through the Global Environment Facility (GEF) grant



Ms. Enock Sentu Ole Kiminta

Mr. Enock Kiminta is a specialist in Integrated Water Resources Management with 8 years experience in natural resources management. Kiminta has been working with the Lake Naivasha Basin with the Water Resources Users' Associations in partnership with Water Resources Management Authority, WWF, NBSI and other numerous partners. He is also a trained expert in Monitoring & Evaluation from the Centre for Development & Innovation Wahenigen NL. He has great motivation and drive in environmental management and social development of the local communities. Enock Kiminta also has special interests in the promotion of modern farming and agricultural entrepreneurship

Mr, Paul Ruoya

Mr. Paul Ruoya is a trained educationist with over 24 years experience in the teaching profession. He has vast experience in Management having served as a schools inspector, quality assurance officer and as education officer. He has also been involved in many other public service position including, Supervision of voter's registration and population census, Training on forest extension, soil/water conservation trainings (Nyandarua District), Chairman constituency AIDS control council, Member of land dispute tribunal, Chairman Engineer Water project, Chairman water resource users association (Lake Naivasha Basin). He is a farmer and has great passion and keen interest in the growth and productivity towards achievement of institutional targets.

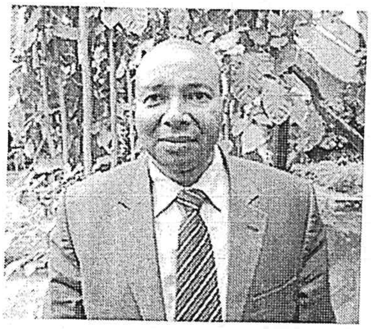
Ms. Susan Boit

Ms Susan Boit represents the Kenya water Towers Agency in the Imarisha Naivasha Board. She is an experienced Administrator and Operations Manager with over 20 years of experience in both Private and Public Sector. A well-rounded and commercially astute professional with a unique combination of strategic, operational and general management experience focused on building & delivering compelling value propositions and developing strategic plans. She has strong leadership skills with excellent networking skills.

Hon. Rebecca Seenoi Nkowua

Hon. Rebecca Seenoi Nkowua is the County Executive In- charge of the County Department Of Water, Environment and Natural Resources, County Government of Narok. She represents County Govemment of Narok in the Imarisha Naivasha Board Environment

II. THE BOARD OF DIRECTORS



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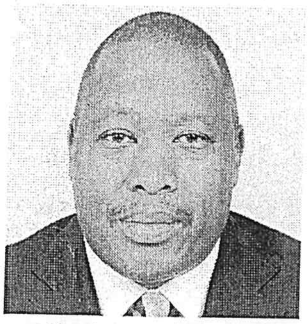

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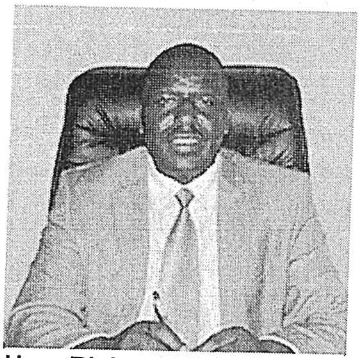
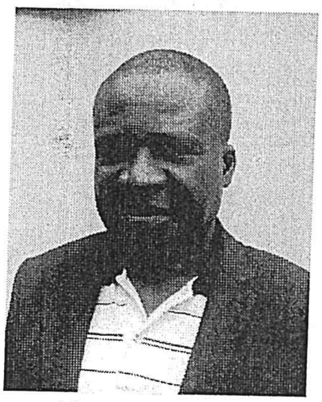
Hon Grace Wagiru is the County Executive In- Charge (CEC) of the County Department of Water, Energy and Natural Resources, County Government of Nyandarua. She represents County Government of Nyandarua in the Imarisha Naivasha Board Environment



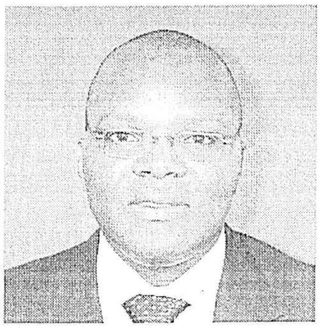
Hon. Richard Kispsang Rop

Hon. Richard Kipsang Rop is the County Executive in-Charge of the department of Environment, Water, Natural Resources and Energy, County Government of Nakuru. He represents the Nakuru Government in the Imarisha Board.



Mr. David Rono

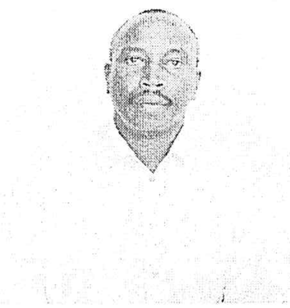
MR. David K Rono is the alternate to the Principal Secretary, Ministry of Environment and Natural Resources in the Imarisha Lake Naivasha Board. He is a trained scientist in Rural Land Ecology Survey and Disaster Management and Sustainable Development. He has a wealth of knowledge in Environmental Management, Remote Sensing and GIS.He has been a career civil servant having worked in various senior positions within the Government including ; Ministry of Environment as an ecologist, National Environment management Authority as a Senior Coordinator, Environment Education, Information and Public Participation, Principal Environmental Research Officer in the Ministry of Environment and Natural resources and also as a Deputy Director, Policy Formulation, Interpretation and Implementation. Mr. Rono will be a great asset to Imarisha in assisting the Board in matters relating to environmental policy legislation.



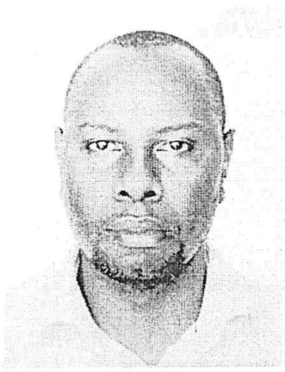
Dr. **Erustua Kanga** is the representative of Kenya Wildlife Service in the Imarisha Naivasha Board. **Dr. Kanga** is the Senior Assistant Director for Biodiversity Research & Monitoring at Kenya Wildlife Service. He has over 10 years experience in biodiversity conservation, bio-enterprises practices, linkages between ecosystem services and human well-being including livelihood support, and climate change vulnerability assessment and mapping.

Dr. Erustua Kanga

Mr. James Mwangi is a trained Industrial Engineer and holds an MBA degree. He started his career in the electronics contract manufacturing industry before moving to the banking sector where he served in various senior management roles. He later tried his hand in business in the telecommunications, retail and hospitality sectors.
The father of two is active in community service and volunteers his time in the boards of various charitable organizations. In January 2016 he summited Mount Kilimanjaro to raise funds for his local Rotary Club's Community Projects.
He enjoys sports and is active with Naivasha Touch Rugby. He is a Life Member of Nondescripts Rugby Football Club and a Corporate Member, Kenya Chamber of Commerce and Industry.



Mr. James Mwangi



Mr. Joseph Kariuki is a trained Natural Resource manager and an accomplished development worker with excess of nine years demonstrated success in organizational management, resource mobilization, project management, and monitoring and evaluation

Mr. Joseph Kariuki

implementing Natural Resource Management Programmes, Integrated Water Resources Management and Development Projects.

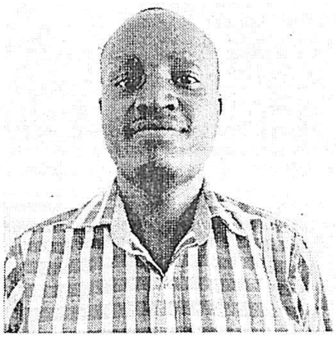

Mr. Raphael Ikiba

Mr. Raphael Ikiba sat for his for the Kenya Junior Secondary Examination {K.J.S.E} 1973 at Miathene Secondary School in Meru and sat and later in 1975 he enlisted in the National Youth services (N.Y.S) as a serviceman and trained as a plumber graduating in 1977 with trade test grade 3.In 1979 he was discharged from the N.Y.S and was employed by the Ministry of Housing and Public Works as a Plumber. In 1981 He moved to the office of the Controller and Auditor General where he worked as a Junior Clerical Officer up to 1987 when I resigned from Public Service to venture in private businesses

1. THE KEY MANAGEMENT TEAM

Mr. amau Mbogo
Chief Executive
Officer/Sectretary to the Board

Mr. Kamau Mbogo is the currently the acting Chief Executive officer of Imarisha Naivasha. He is a trained aquatic biologist with vast experience in integrated watershed management striding over 20 years. He has over the years served in diverse positions both in ecosystems research and management. He holds a MSc (hydrobiology) and BSc (Botany and Zoology) degrees from the University of Nairobi.



Mr. Eddy Ngeta

Mr. Eddy Ngeta is a communications professional with vast experience in both media and communications. A journalist of long standing at Nation Media Group, he was previously Communications Officer within the department of Marketing and Product Development at the African Banking Corporation in Nairobi

Mr. Vitalis Ochieng

Mr. Vitalis Ochieng is the Accountant and office Administrator of Imarisha Naivasha. He is a trained accountant with experience spanning over twenty eight years. He has exposure in Human Resource Management, general Administration and Accounting both at Supervisory and Middle Management level from the private sector.

III. CHAIRMAN'S STATEMENT

During the Financial year 2017/2018, we received Kshs 16 million, mainly from Government of Kenya.

We could not undertake any major project due to low and late disbursement from the GoK, we were only able to run administrative operation.

The financial statement is the reflection of the financial status of Imarisha Naivasha.

-- 22/5/2019

Cyrus W. Karingithi
Chairman, Board of Directors

Date

IV. REPORT OF THE CHIEF EXECUTIVE DIRECTOR

I am pleased to announce the financial results of the Trust for the financial period ended on 30th June 2018.

During this period, the Trust received Kshs 16 million from the Government of Kenya, Other donars did not contribute toward the program.

Overall, the performance of the Trust was in line with our strategic focus of the institution as outlined in the Sustainable Development Action Plan 2012-2017

22/05/19

Kamau Mbogo
Chief Executive Officer

Date

V. CORPORATE GOVERNANCE STATEMENT

We believe in good corporate governance as an organisation. The Board provides leadership through oversight, review and guidance whilst setting the strategic direction.

The Board is the primary decision-making body for all matters considered as material to the Trust. The Board has the appropriate mix of skills, knowledge and experience to perform its role effectively.
Board meetings are held quarterly. The Board has a formal schedule of matters specifically reserved for deliberation. The Trust ensures that it provides the necessary resources and expertise to the Board of directors to assist them in their decision-making and as such, they are regularly consulted on key policy matters.

General Responsibilities

The Board has a duty to the people of Kenya to ensure that Imarisha Naivasha Trust achieves its objectives efficiently and effectively and in compliance with the Legal Notice No 1559. Statutory powers of the Imarisha Naivasha Board include:

1. Develop a programme ('Imarisha Naivasha Programme') to co-ordinate the activities of various players engaged in the conservation of the Lake and its catchment, and for that purpose to review and approve projects;
2. Monitor compliance with the laws and regulations governing the environment of the lake and its catchment in collaboration with relevant Ministries;
3. Develop and enforce codes of conduct to be observed by the players in order to improve the environment and establish sustainability of the lake and its catchment in partnership with the relevant stakeholders;
4. Develop, adopt and execute a Trust or other instrument to receive financial resources from within or outside Kenya to finance the implementation of programmes, for which the board shall be fully accountable for proper and prudent management and for the loss of which it shall be liable'
5. Collaborate with all the stakeholders, including research institutions and promote their active participation in the Imarisha Naivasha Programme within the lake and its catchment.

In working to meet its obligations, the Board shall focus on matters of corporate governance, ensure that personal and private interest are put aside for the good of the Trust, and delegate matters of management to staff.

Specific Responsibilities

Given the powers afforded above and taking into consideration matters of corporate governance, the Imarisha Naivasha Board will execute the following specific responsibilities;

- Determine a clear statement of Trust's vision, mission, purpose and values.
- Make recommendations for appointment of the Chief Executive Officer
- Monitor and appraise the performance of the Chief Executive Officer
- Appoint and appraise other senior managers
- Ensure accountability through quality management systems
- Ensure adequate strategic planning
- Ensure adequate operational planning
- Ensure Trust has adequate financial resources
- Ensure adequate financial reporting
- Ensure adequate standards of internal controls
- Approve staff employment policies and practices
- Assess corporate performance through external evaluations
- Manage, protect and enhance Trust's reputation
- Ensure an efficient and effective functioning Board

Except for direction and guidance on general policy, the Board has delegated the authority for the conduct of day-to-day business to the Chief Executive Officer and the Management.

Directors' remuneration

The remuneration of all directors is subject to regular review to ensure that levels of remuneration and compensation are appropriate as provided for by law. The directors are paid a sitting allowance for meetings attended.

Internal Controls

The Trust has in place a system of internal controls with defined procedures, financial and operational controls to ensure that resources are safeguarded; transactions authorised, validated and reported in line with International Financial Reporting Standards.

Board Committees

The Board has three Committees with specific delegated authorities. These are the Board Finance; Audit and the Technical committee. The respective Chairpersons present their reports to the Board at each scheduled meeting. All directors are subject to a three year term renewable once (for independent members appointed by name) in accordance with the Legal Notice. On first appointment, the directors go through an induction program covering the organisation's operations and an appreciation of the key risk areas. The directors are advised of the legal, regulatory and other obligations of a director of a listed company on an ongoing basis.

Conflicts of interest

The directors are under a duty to avoid conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the Trust's business. The Trust has established a robust process requiring directors to disclose outside business interests before they are entered into. Any potential or actual conflicts of interest are reported to the Chief Executive officer.

Compliance

The Board confirms that it is satisfied that the Trust has adequate resources to continue in operating for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements. The Board is satisfied that the Trust has to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the law in particular to the State Corporations Act and the Gazette Notice no: 1559. Further disclosures on compliance are set out in the Directors statement of responsibilities and notes to the financial statements.

Chair, Board of Directors

Ag **Chief Executive Officer**

VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Imarisha Naivasha Trust is a Public Private Partnership that epitomizes the aspirations of Kenyans in environmental conservation and Lake Naivasha management. The Trust recognizes its obligations to act professionally, ethically, and with integrity in its dealings with stakeholders including staff, neighbours, customers and the environment at large.

VII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Imarisha Naivasha Trust affairs.

Principal activities

The principal activities of the trust as outlined in the sustainable development action Plan continue to be;

1. Ensuring the Lake Naivasha and its Riparian Zone (as legally defined) are protected and managed according to "wise use" principles
2. Ensuring Land use and management in the Basin contribute to sustainable development
3. Ensuring Water resource institutions, mechanisms and facilities across the Basin function to regulate water use sustainability
4. Ensuring Imarisha Naivasha is recognized and functioning effectively as a coordinating institution

Results

The results of the trust for the year ended June 30, 2018 are set out on page 1 to 5.

Directors

The term of the board of Directors expired on 2nd March 2018 apart from two who were appointed for a term of three years with effect from 14th august 2017. These are Mr. Richard Bell and Ms. Zilpha Ntemel Ncharo.

Auditors

The Auditor General is responsible for the statutory audit of the Imarisha Naivasha Trust in accordance with section 81 of the Public Finance Management (PFM) Act, 2012, and section 69 of the Public Audit Act which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

VII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The Directors accept responsibility for the Trust's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Trust's financial statements give a true and fair view of the state of Trust's transactions during the financial year ended June 30, 2017, and of the Trust's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Trust, which have been relied upon in the preparation of the Trust's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Trust 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 Imarisha Naivasha Trust financial statements were approved by the Board on ___________________ and signed on its behalf by:

Chairperson, Board of Directors

Ag. Chief Executive Officer

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON IMARISHA NAIVASHA TRUST FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Imarisha Naivasha Trust set out on pages 1 to 17, which comprise the statement of financial position as at 30 June, 2018, 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 the Imarisha Naivasha Trust as at 30 June, 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Gazette Notice No.5368 of May, 2011.

Basis for Qualified Opinion

Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance totalling Kshs.15,047,527 as at 30 June, 2018 which in turn includes assets with a net book value of Kshs.5,000,000. The assets were donated to the Trust by the defunct Office of the Prime Minister in 2011/2012 financial year but records on their costs were reportedly not provided to the Trust by the Office.

The mode of valuation of the assets for their inclusion in the books of the Trust was not explained.

The fixed assets records provided for audit further indicated that the Trust owned two motor vehicles as at 30 June, 2018 which, however, carried private registration numbers and were fully depreciated though still in use. No explanation was provided for the failure to revalue the assets for inclusion in the financial accounts.

In view of these issues, the valuation and ownership by the Trust of the property, plant and equipment balance totalling Kshs.460,449 as at 30 June, 2018, could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Imarisha Naivasha Trust 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 the audit evidence 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. I have determined that there are no key audit matters to report in the year under review.

Other Matter

1.0 Uncertainty on the Status of the Trust

The statement of financial performance indicates that in the year under review, the National Government disbursed funds totalling Kshs.16,000,000 to the Trust. However, as previously reported, Gazette Notice No.5368 of May, 2011, which established the Trust, assigned it its own Board of Directors. However, in records maintained by The National Treasury, the Trust is denoted as a project under the Ministry of Environment and Forestry is therefore not recognized as an autonomous body that qualifies for separate budgetary funding.

Lack of clarity on the status of the Board may prevent the Trust from receiving budgetary allocations that match its mandate and raise doubts on sustainability of its operations.

2.0 Budgetary Control and Performance

During the year under review, the revenue received by the Trust totalled Kshs.16,000,000 against the approved budget totalling to Kshs.70,000,000 resulting to a shortfall of Kshs.54,000,000. In the circumstances, the Trust was not sufficiently funded to implement programmers and activities planned for the year.

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, except for the matters described in the Basis for Effectiveness and Lawfulness in Use of Public Resources section of my report, 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

1.0 Undocumented Salary Structure

Examination of personnel costs records indicated that during the year under review, the Trust spent Kshs.9,079,375 on compensation of employees. However, the salary structure was not laid out in a policy document. In the circumstance, the validity and fairness of the expenditure could not be confirmed. Further, the Trust did not have sufficient technical staff required to execute its operations.

2.0 Improper Organization of the Board

During the year under review, the Board operated without a substantive work plan contrary to Governance Parameter 1.9 of the Mwongozo Code for State Corporations which requires the Board to develop and align its activities to an annual work plan. Further, the Board held three meetings only in the year and was therefore one short of the minimum four prescribed in the Code.

In addition, the Board had sixteen (16) members against the maximum of nine provided for in the Code. The large size of the Board compared oddly with its small staff establishment of only eight (8) employees. Further, contrary to the requirement set in the Code, none of the Board members was a financial expert to provide advice and insight on financial matters.

In view of these shortcomings, the Board may not provide effective leadership to the Trust.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Weak Internal Control

Review of the staff establishment indicated that the Trust had a very lean staff of eight (8) which comprised of the Chief Executive Officer, the Accountant, three Project Officers, an Office Assistant and two Drivers. The Accountant performed all the administration work, including procurement, financial recording and authorization. The Chairman of the Trust was also involved in operations as one of the bank signatories.

In the circumstances, internal check and other controls as well as the technical operations of the Trust were not properly established. As a result, the risk of irregular and ineffective use of resources was high.

Management blamed the shortcoming on lack of sufficient resources to recruit and retain sufficient numbers of qualified staff.

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.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the ability of the Trust to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to dissolve the Trust, 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 Director is responsible for overseeing the Trust's financial reporting process, reviewing the effectiveness of how the entity 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.

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 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 ability of the Trust 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 Trust to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Trust to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 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

13 January, 2022

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2018

INCOME

	Note	2017 / 2018 Kshs	2016 / 2017 Kshs
Revenue from non-exchange transactions			
Funds from Government of Kenya	3a	16,000,000	7,000,000
Funds from other Donors	3b	0	10,991,223
		16.000,000	**17,991,223**
Finance Income -Interest received	4	0	(153,216)
Total Revenue		**16,000,000**	**17,838,007**
EXPENSES			
Compensation of Employees	5	9,079,375	6,177,387
Administration expenses	6	1,379,938	639,692
Board expenses	7	1,134,000	1,945,500
Operation & Maintenance	8	1,325,904	3,111,436
Projects expenses	9	150,000	11,991,320
Depreciation	11	505,286	624,639
Total		**13,574,503**	**24,489,974**
Surplus / (Deficit) for the year		**2,425,497**	**(6,651,967)**
Surplus / (Deficit) brought forward		**1,048,024**	**7,699,991**
Surplus / (Deficit) carried forward		**3,473,521**	**1,048,024**

The notes set out on pages 6 to 17 form an integral part of the Financial Statements

Chairman, Board of Directors
Date.......................................

Ag Chief Executive Officer
Date...22/05/19

XII. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2018

	Note	2017 / 2018 Kshs	2016 / 2017 Kshs
Current Assets			
Prepayment		99,000	0.00
Cash & cash equivalent	10	2,914,072	82,290
		3,013,072	**82,290**
Non-Current Assets			
Property, Plant & Equipment	11	460,449	965,734
Total Assets		**3,473,521**	**1,048,024**
Current liabilities		0	0
Accumulated surplus / (Deficit)		3,473,521	1,048,024
Total net Assets and Liabilities		**3,473,521**	**1,048,024**

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

Chairman, Board of Directors

Date 22/5/2019

Ag Chief Executive Officer

Date 22/05/19

Accountant

Date 22/05/2019

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2018

	Capital Reserves	Revenue Reserves	Total
Balance b/f as at 1st July 2016	0	7,699,991	7,699,991
Surplus (deficit) for the Year	0	(6,651,967)	(6,651,967)
Balance c/f as at 30th June 2017	0	1,048,024	1,048,024

	Capital Reserves	Revenue Reserves	Total
Balance b/f as at 1st July 2017	0	**1,048,024**	**1,048,024**
Surplus (deficit) for the Year	0	2,425,497	2,325,997
Balance c/f as at 30th June 2018	**0**	**3,473,521**	**3,374,021**

STATEMENT OF CASH FLOWS THE YEAR ENDED 30TH JUNE 2018

		2017/2018 Kshs	2016/2017 Kshs
Cash flow from operating activities			
Receipts:			
Funds from Government of Kenya	3a	16,000,000	7,000,000
Funds from other donors	3b	0	10,991,223
Finance Income –Interest received	4	0	(153,216)
		16,000,000	**17,838,007**
Payments			
Employee Cost		(9,079,375)	(6,177,387)
Office rent / Utilities		(1,374,048)	(610,058)
Finance cost		(5,890)	(32,542)
Other payments		(2,708,905)	(17,045,348)
		(13,168,218)	**(23,865,335)**
Net cash flow from operating activities		**2,831,783**	**(6,027,328)**
Cash flow from investing activities			
Purchase of property, Plants and equipment and intangible assets		0	(310,094)
Proceeds from sale of Property, plants and equipment		0	0
Decrease in non current receivable		0	0
Increase in investments		0	0
Net cash flow from investing activities		**0**	**(310,094)**
Cash flow from financing activities			
Proceeds from borrowing		0	0
Repayment of borrowing		0	0
Increase in deposits		0	0
Net cash flow from financing activities		**0**	**0**
Net increase/decrease in cash and cash equivalent		**2,914,072**	**82,290**
Cash and cash equivalent as at 30th June 2017		**82,290**	**6,419,712**
Cash and cash equivalent at the end of the period		**2,914,072**	**82,290**

STATEMENT OF COMPARISON OF ACTUAL AND BUDGET AS AT 30TH JUNE 2018

FINAL	ACTUAL ON	PERFORMANCE

	BUDGET	COMPARABLE BASIS	DIFFERENCE
REVENUE			
Funds from Government of Kenya	70,000,000	16,000,000	(54,000,000)
Funds from other donors	0	0	0
Finance income	0	0	0
Total income	**70,000,000**	**16,000,000**	**(54,000,000)**
EXPENSES			
Compensation to employees	10,234,860	9,079,375	(1,155,485)
Administration expenses	1,099,643	1,374,048	274,405
Finance cost	32,542	5,890	(26,652)
Board expenses	1,460,000	1,134,000	(326,000)
Operation & Maintenance	3,667,669	1,325,904	(2,341,765)
Project expenses	53,000,000	150,000	(52,850,000)
Depreciation	505,286	505,286	0
Total expenditure	**70,000,000**	**13,574,503**	**(56,425,497)**
Surplus / (deficit) for the year	0	2,425,492	110,425,497

NOTES TO THE FINANCIAL STATEMENTS

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

1. Statement of compliance and basis of preparation

The financial statements are prepared in accordance with & comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Trust and all values are rounded to the nearest shilling (Kshs). The accounting policies have been consistently applied to all the years presented. The cash flow statement is prepared using the indirect method. The financial statements have been prepared on the basis of historical cost basis of measurement as modified by fair value adjustments where necessary.

2. Summary of significant accounting policies

The Trust is a going concern with there being no intention to liquidate or curtail its operations materially. The preparation of these financial statements conforms to Generally Accepted Accounting Principles (GAAP) which requires the use of estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenues and expenses during the reporting period.

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Trust recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Trust and the fair value of the asset can be measured reliably.

Revenue is recognised when it is probable that future economic benefits will flow to the Trust and the amount of revenue can be measured reliably. Interest income is recognized on an accruals basis in the Statement of Comprehensive Income. When financial assets become impaired, any inherent income/revenue is thereafter recognized at rates used to discount future cash flows for the purpose of measuring the recoverable amount. Fees income is generally recognized on an accrual basis.

ii) Revenue from exchange transactions

Rendering of services

The Trust 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.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

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

c) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to acquisition of the assets. Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under revaluation surplus.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of property and equipment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the surplus. Tools and other minor office equipments are fully (100%) depreciated in the year of acquisition.

Depreciation is calculated on a pro-rata straight-line basis to the date of acquisition to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates.

Motor Vehicles	25%
Furniture & Fittings	12.5%
Computers & related accessories	33.3%

d) Cash and cash equivalents

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

e) Comparative figures

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

f) Significant judgments and sources of estimation uncertainty

The preparation of the Trust's financial statements in conformity with IPSAS requires, its Directors to make certain 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, that are continuously evaluated and assessed for adjustments based on prior experience and other determinants, including expectations of future events that are believed to be reasonable under the prevailing circumstances. Although these estimates are based on the Directors' best knowledge of current events and actions, in practice actual results may differ from these estimates. Such estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made and are described in these notes to the Financial Statements.

Estimates and assumptions

The Trust is a going concern with there being no intention to liquidate or curtail its operations materially. The preparation of these financial statements conforms to Generally Accepted Accounting Principles (GAAP) which requires the use of estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenues and expenses during the reporting period.

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 Trust 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 Service. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

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

Provisions

Provisions are recognized when the Trust 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 Trust 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.

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22. 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 estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

g) NEW AND REVISED STANDARDS

(i) Adoption of new and revised standards

The following new and revised standards have been adopted for the first time in the financial year and have been adopted by the Trust where relevant to its operations;

Standard	***Title***
IPSAS 1	Presentation of Financial Statements
IPSAS 2	Cash Flow Statements
IPSAS 3	Net Surplus or Deficit for the Period - Fundamental Errors and Changing in Accounting Policies
IPSAS 4	The Effects of changes in Foreign Exchange Rates
IPSAS 9	Revenue from Exchange Transactions
IPSAS 10	Financial Reporting in Hyperinflationary Economies
IPSAS 12	Inventories
IPSAS 14	Events after the Reporting Date
IPSAS 15	Financial Instruments: Disclosure and Presentation
IPSAS 16	Investment Property
IPSAS 17	Property, Plant and Equipment
IPSAS 18	Segment Reporting
IPSAS 19	Provisions, Contingent Liabilities, Contingent Assets
IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non-cash-generating Assets
IPSAS 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
IPSAS 24	Presentation of Budget Information in Financial Statements

IPSAS 25	Employee Benefits
IPSAS 26	Impairment of Cash-Generating Assets
IPSAS 27	Agriculture
IPSAS 28	Financial Instruments: Presentation.
IPSAS 29	Financial Instruments: Recognition and Measurement
IPSAS 26	Impairment of Cash-Generating Assets
IPSAS 30	Financial Instruments: Disclosures.
IPSAS 31	Intangible Assets.

- **IPSAS 1, Presentation of Financial Statements**, sets out the overall considerations for the presentation of financial statements, guidance for the structure of those statements and minimum requirements for their content under the accrual basis of accounting.
- **IPSAS 2, Cash Flow Statements**, requires the provision of information about the changes in cash and cash equivalents during the period from operating, investing and financing activities.
- **IPSAS 3, Net Surplus or Deficit for the Period, Fundamental Errors and Changes in Accounting Policies**, specifies the accounting treatment for changes in accounting estimates, changes in accounting policies and the correction of fundamental errors, defines extraordinary items and requires the separate disclosure of certain items in the financial statements.
- **IPSAS 4, The Effects of Changes in Foreign Exchange Rates**, deals with accounting for foreign currency transactions and foreign operations. It sets out the requirements for determining which exchange rate to use for the recognition of certain transactions and balances and how to recognise in the financial statements the financial effect of changes in exchange rates.
- **IPSAS 9, Revenue from Exchange Transactions**, establishes requirements for the accounting treatment of revenue from exchange transactions. Non-exchange revenue, such as taxation, is not addressed in this standard.
- **IPSAS 10, Financial Reporting in Hyperinflationary Economies**, describes characteristics of an economy that indicate whether it is experiencing a period of hyperinflation and provides guidance on restating the financial statements in a hyperinflationary environment to ensure useful information is provided.
- **IPSAS 12, Inventories**, establishes the accounting treatment of inventories held by public sector entities and deals with inventories held for sale in an exchange transaction and certain inventories held for distribution at no or nominal charge. The IPSAS excludes from its scope work-in progress of services to be provided at no or nominal charge from recipients because they are not dealt with by IAS 2 Inventories and because they involve public sector specific issues which require further consideration.
- **IPSAS 14, Events After the Reporting Date.** The IPSAS is based on IAS 10, Events after the Balance Sheet Date (revised 1999) but has been amended where necessary to reflect the public sector operating environment. The Standard establishes criteria for deciding whether the financial statements should be adjusted for an event occurring after the reporting date. It distinguishes between adjustable events (those that provide evidence of conditions that existed at the reporting date)

and non-adjustable events (those that are indicative of conditions that arose after the reporting date.

- **IPSAS 15, Financial Instruments: Disclosure and Presentation.** The IPSAS is based on IAS 32 *Financial Instruments: Disclosure and Presentation* (Revised 1998). The Standard includes requirements for disclosures about both on-balance sheet and off-balance sheet (statement of financial position) instruments, and the classification of financial instruments as financial assets, liabilities or equity.
- **IPSAS 16, Investment Property.** Based on IAS 40 *Investment Property* (issued 2000) and provides guidance on identifying investment properties in the public sector. The Standard:
  - requires that investment property initially be recognised at cost and explains that where an asset is acquired at no or nominal cost, its cost is its fair value as at the date it is first recognised in the financial statements;
  - requires that subsequent to initial recognition investment property be measured consistent with either the fair value model or the cost model; and
  - Includes transitional provisions for the initial adoption of the IPSAS.
- **IPSAS 17, Property, Plant and Equipment.** Establishes the accounting treatment for property, plant and equipment, including the basis and timing of their initial recognition, and the determination of their ongoing carrying amounts and related depreciation. It does not require or prohibit the recognition of heritage assets.
- **IPSAS 18, Segment Reporting.** Establishes principles for reporting financial information about distinguishable activities of a government or other public sector entity appropriate for evaluating the entity's past performance in achieving its objectives and for making decisions about the future allocation of resources.
- **IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets.** This Standard defines provisions, contingent liabilities and contingent assets; and identifies the circumstances in which provisions should be recognised, how they should be measured and the disclosures that should be made about them. The Standard also requires that certain information be disclosed about contingent liabilities and contingent assets in the notes to the financial statements to enable users to understand their nature, timing, and amount.
- **IPSAS 20, Related Party Disclosures.** Requires disclosure of the existence of related party relationships where control exists and the disclosure of information about transactions between the entity and its related parties in certain circumstances. This information is required for accountability purposes and to facilitate a better understanding of the financial position and performance of the reporting entity.
- **IPSAS 21, Impairment of Non-Cash-Generating Assets.** Prescribes the procedures that an entity applies to determine whether a non-cash-generating asset is impaired and to ensure that impairment losses are recognised. The standard also specifies when an entity would reverse an impairment loss and prescribes disclosures.
- **IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers).** Addresses:
  - Recognition and measurement of revenue from taxes

- Recognition of revenue from transfers, which include grants from other governments and international organisations, gifts and donations
- How conditions and restrictions on the use of transferred resources are to be reflected in the financial statements.

- **IPSAS 24, Presentation of Budget Information in Financial Statements**. Applies to entities that adopt the accrual basis of financial reporting. It identifies disclosures to be made by public sector entities that make their approved budgets publicly available. Also, it requires public sector entities to include a comparison of budget and actual amounts in the financial reports and an explanation of any material differences between budget and actual amounts.
- **IPSAS 25 Employee Benefits**. Sets out the reporting requirements for the four categories of employee benefits. These are short-term employee benefits, such as wages and social security contributions; post-employment benefits, including pensions and other retirement benefits; other long-term employee benefits; and termination benefits. It also deals with specific issues for the public sector, including the discount rate related to post-employment benefits, treatment of post-employment benefits provided through composite social security programs, and long-term disability benefits.
- **IPSAS 26 Impairment of Cash-Generating Assets**. Some public sector entities (other than government business enterprises, which would already be using full IFRSs) may operate assets with the main purpose of generating a commercial return (rather than providing a public service). It sets out the procedures for a public sector entity to determine whether a cash-generating asset has lost future economic benefit or service potential and to ensure that impairment losses are recognised in its financial reports. Non cash-generating assets, those used primarily for service delivery, are addressed separately in IPSAS 21 Impairment of Non-Cash-Generating Assets.
- **IPSAS 27 Agriculture**. Prescribes the accounting treatment and disclosures related to agricultural activity, a matter not covered in other standards. Agricultural activity is the management by an entity of the biological transformation of living animals or plants (biological assets) for sale, or for distribution at no charge or for a nominal charge or for conversion into agricultural produce or into additional biological assets. It addresses biological assets held for transfer or distribution at no charge or for a nominal charge to other public sector bodies or to not-for-profit organisations. It also includes disclosure requirements that are aimed at enhancing consistency with the statistical basis of accounting that governs the Government Finance Statistics Manual.
- **IPSAS 28 Financial Instruments: Presentation**. It establishes principles for presenting financial instruments as liabilities or equity, and for offsetting financial assets and financial liabilities.
- **IPSAS 29 Financial Instruments: Recognition and Measurement**. It establishes principles for recognising and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items.
- **IPSAS 30 Financial Instruments: Disclosures**. Requires disclosures for the types of loans described in IPSAS 29. It enables users to evaluate: the significance of the financial instruments in the entity's financial position and performance; the nature

and extent of risks arising from financial instruments to which the entity is exposed; and how those risks are managed.

- **IPSAS 31 Intangible Assets**. Covers the accounting for and disclosure of intangible assets. It also adds application guidance and illustrations that have not yet been incorporated into the relevant IAS. At this point, IPSAS 31 does not deal with uniquely public sector issues, such as powers and rights conferred by legislation, a constitution, or by equivalent means; the IPSASB will reconsider the applicability of the standard to these powers and rights in the context of its conceptual framework project, which is currently in progress.

There are other amendments and interpretations to standards which became mandatory for years beginning on or after 1st July 2014 but had no significant effect on the Agency's financial statements.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective or have not been adopted

Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is the list of standards that are likely to be relevant to the Agency for the year beginning 1st July 2014.

Standard Title

- IPSAS 5, Borrowing Costs,
- IPSAS 6, Consolidated Financial Statements and Accounting for Controlled Entities
- IPSAS 7, Accounting for Investments in Associates,
- IPSAS 8, Financial Reporting of Interests in Joint Ventures
- IPSAS 11, Construction Contracts
- IPSAS 13, Leases
- IPSAS 22, Disclosure of Financial Information about the General Government Sector.
- IPSAS 32 Service Concession Arrangements: Grantor

- **IPSAS 5, Borrowing Costs**, prescribes the accounting treatment for borrowing costs and requires either the immediate expensing of borrowing costs or, as an allowed alternative treatment, the capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.
- **IPSAS 6, Consolidated Financial Statements and Accounting for Controlled Entities**, requires all controlling entities to prepare consolidated financial statements which consolidate all controlled entities on a line by line basis. The Standard also contains a detailed discussion of the concept of control as it applies in the public sector and guidance on determining whether control exists for financial reporting purposes.
- **IPSAS 7, Accounting for Investments in Associates**, requires all investments in associate to be accounted for in the consolidated financial statements using the equity method of accounting, except when the investment is acquired and held

exclusively with a view to its disposal in the near future in which case the cost method is required.

- **IPSAS 8, Financial Reporting of Interests in Joint Ventures**, requires proportionate consolidation to be adopted as the benchmark treatment for accounting for such joint ventures entered into by public sector entities. However, IPSAS 8 also permits - as an allowed alternative - joint ventures to be accounted for using the equity method of accounting.
- **IPSAS 11, Construction Contracts**, deals with both commercial and non-commercial contracts and provides guidance on the allocation of contract costs and, where applicable, contract revenue to the reporting periods in which construction work is performed.
- **IPSAS 13, Leases.** The IPSAS establishes requirements for financial reporting of leases and sale and leaseback transactions by public sector entities, whether as lessee or lessor.
- **IPSAS 22, Disclosure of Financial Information about the General Government Sector.** Establishes requirements for governments that choose to disclose information about the general government sector and that prepare their financial statements under the accrual basis of accounting.
- **IPSAS 32 Service Concession Arrangements: Grantor**. Provides for the recognition, measurement, and disclosure of service concession assets and related liabilities, revenues, and expenses by the grantor. The criteria for determining whether the operator controlled the asset used in a service concession arrangement are also used in IPSAS 32 to assess whether the grantor controlled the asset.

None of the existing standards above have been adopted in preparing these financial statements. There are no other IPSAS's or interpretations that are not yet effective that would be expected to have a material impact on the Agency.

The Board of Directors has assessed the potential impact of the above and expects that they will not have a significant impact on the financial statements for the year ending 30th June 2018 of the Trust.

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 30th June 2018.

3. Public Contributions and other Donations

These are funds received by the Agency from Treasury through the Ministry of Environment and Forestry. In the financial year under consideration the Trust received a total of Ksh 16,000,000/= from GoK for recurrent expenditure.

3a Funds from Government of Kenya	2017/2018	2016/2017
Disbursement from GoK	16,000,000	7,000,000
3b Funds from other donors		
Funds from UK Retailers	0	0

Funds from WWF –IWRAP program	0	10,991,223
Total funds from other donors	**0**	**17,991,223**

4 Interest /Ex-change gain(loss) earned		
Interest earned from fixed deposit &sale of tender documents	0	0
Ex-change loss	0	(153,216)

5 Compensation to Employees	**2017/2018**	**2016/2017**
Net pay	6,542,926	4,570,248
PAYE deducted	2,071,734	1,377,201
NHIF deducted	109,800	53,620
NSSF deducted	220,128	117,142
NITA	10,995	5,200
HELB	123,792	53,976
Total employees compensation	**9,079,375**	**6,177,387**

6 Administrative expenses		
Rent	396,000	396,000
Bank charges	5,890	32,542
Others –running costs	978,049	211,150
Total Administrative expenses	**1,379,939**	**639,692**

7 Board expenses		
Sitting allowance	420,000	1,025,850
Honoraria	336,000	336,000
PAYE	378,000	583,650
Catering services	0	0
Total board expenses	**1,134,000**	**1,945,500**

8 Operation and Maintenance		
Stationery and consumables	102,289	90,228
Communication	88,666	573,321
Travel and representation	1,137,857	2,447,887
ICT and Computers	0	0
Total operation and maintenance costs	**1,325,904**	**3,111,436**

9 Projects		
Specialized studies	150,000	0
Grant support	0	791,223
IWRAP Program	0	11,200,097

GIZ Partnership	0	0
Total community projects costs	**150,000**	**11,991,320**

10 Cash and Cash Equivalent

Cash in hand	0	523
Cash at bank	2,914,072	81,767
Prepayment -Rent	99,000	0
Total Cash and cash equivalent	**3,013,072**	**82,290**

11. Property, Plants and Equipments

	Motor vehicle Kshs 25%	Furniture & fittings Kshs 12.50%	Computers and related accessories Kshs 33.30%	Total Kshs
Cost				
1st July 2017	**9,243,033**	**2,853,942**	**2,950,552**	**15,047,527**
Adjustments:				-
Additions	-	-	-	-
30th June 2018	**9,243,033**	**2,853,942**	**2,950,552**	**15,047,527**
Accumulated depreciation				
1st July 2017	(9,243,033)	(2,140,457)	(2,698,303)	(14,081,793)
Adjustments:				-
Charge for the year	0	(356,743)	(148,543)	(505,286)
30th June 2018	**(9,243,033)**	**(2,497,199)**	**(2,846,846)**	**(14,587,078)**

NET BOOK VALUE

30TH JUNE 2018	**0**	**356,743**	**103,706**	**460,449**
30TH JUNE 2017	0	713,486	252,249	965,734