

AGRICULTURAL SOCIETY OF KENYA (A.S.K)
ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

AUDITORS

Ernest & Martin Associates

**Certified Public Accountants (Kenya)
Haven Court Block B5, Floor No. 2
Slip Road off-Waiyaki Way, Westlands Nairobi
P.O Box 21180 -00505,
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SOCIETY INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Jamhuri Park
P.O. Box 30176-00100, G.P.O.
Nairobi

BANKERS

- | | |
|---|---|
| a) Kenya Commercial Bank Limited
P.O. Box 48400-00100
Nairobi | b) National Bank of Kenya Ltd
P.O. Box 1774
Meru |
| c) Co-operative Bank of Kenya Ltd
Dagoretti Corner Branch
P. O Box 38665-00100
Nairobi | d) Kenya Women Microfinance Bank Ltd
P.O Box 4179-00506
Nairobi |
| e) Equity Bank Ltd
P.O Box 75104-00200
Nairobi | |

INDEPENDENT AUDITORS

Ernest & Martin Associates
Certified Public Accountants (Kenya)
P.O. Box 21180-00505
Nairobi

LAWYERS

- | | |
|--|---|
| a) Lilian & Koech Associates Advocates
5 th Avenue Office Suites, 5 th Ngong Avenue,
P.O Box 9766-00100
Nairobi | b) George Kithi and Company Advocates
Maendeleo House, 4 th Floor.
P.O Box 2676-00100
Nairobi |
| c) Milimo, Muthomi & Company Advocates
Agip House, 4 th Floor, Haile Salassie Avenue
P.O Box 8154-00200
Nairobi | |

INSURANCE BROKERS

Losagi Insurance Brokers Ltd
Protection House, 2nd Floor, Parliament Road,
P.O Box 48505-00100
Nairobi

STATEMENT OF CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

The Agricultural Society of Kenya resumed her physical operations effective March 2022 after a two-year suspension of all business operations due to the Covid-19 Pandemic.

Upon resumption, the Society was able to successfully stage eight Shows and Trade Fairs within the year.

The Society's Governance Initiatives during the period under review:

Adoption of a New Show Theme

After running with the Show theme – 'Promoting Innovation and Technology in Agriculture and Trade' for the past six years, the Society, effective January 2023, adopted a new Show theme "Promoting Climate Smart Agriculture and Trade Initiatives for Sustainable Economic Growth". The theme is timely and aligns with the National Government Agenda on agriculture and trade development, environment, and climate change adaptation, as well as job creation and inclusive growth.

Customer Survey Analysis

The Society successfully conducted both Exhibitor and Customer Satisfaction Surveys for the Shows and Trade Fairs conducted within the year, with concerns ranging from infrastructural upgrade to water reticulation, among others. As a Society, we commit to address all Stakeholders concerns.

Review of the 2021-2022 Strategic Plan

The Society is currently reviewing her (2018-2022) Strategic Plan with a view to inform the development of the Year (2023 – 2028) Strategic Plan. Key objectives of the review include but are not limited to; assessing the implementation matrix of the (2018 – 2022) Strategic Plan, outlining the challenges encountered during the implementation of the Strategy, as well as proposals and recommendations.

Integrated Mixed Land Use Masterplan

The Society successfully completed phase one of the Jamhuri Park Integrated Land Use Masterplan which entails the Jamhuri Park Exposition and Conference Centre. The Centre was effectively utilized during the 2022 Nairobi International Trade Fair. The Centre boasts of having an open clear span area of 3,456m² and auxiliary facilities that include five (5) meeting rooms and three (3) conferencing halls, as well as, foyers, kitchen facilities and several breakout rooms.

The Society will embrace the public private partnerships in implementation of the Mixed Land Use Developments that include **retail, office space, light inoffensive industries, serviced apartments, as well as, hospitality, educational, among others.**

Marketing Policy

The Society's marketing initiatives are guided by a robust Marketing Policy which encompasses various marketing strategies that have enabled our Shows and Trade Fairs to attract more new exhibitors and show visitors while also retaining the existing exhibitor database.

Membership

The Integrated Membership Management Programme which was adopted in line with the Society’s Strategic Plan has enabled us to grow the current membership base by 35 percent.

Corporate Governance

The Society recognizes the importance of good Corporate Governance which ensures long term Stakeholder value. We remain guided by the existing rules, practices and processes that promote business integrity, as well as financial viability while also building trust with our Internal and External Stakeholders.

Corporate Social Responsibility

The Society gives prominence to her social corporate responsibility programmes that are strongly anchored to the existing service charter that is aligned to maintaining great community relations. The Society will therefore make deliberate efforts to enhance investment on CSR activities that include specific focus areas, program design, promotion, and communication approaches.

Society Policy Frameworks

The Society in the period under review continued to embrace and implement at all levels of her operations policy frameworks as part of integrated, diagnostic, guidance and benchmarking tools towards efficient and effective service delivery.

.....
Mrs. Annabella Kiriinya, EBS
National Chairman.

Dated 31st March 2023

REPORT OF THE COUNCIL

The Council submits their report and the audited financial statements for the year ended 31st December 2022, which disclose the state of affairs of the Society.

1. PRINCIPAL ACTIVITIES

The Society has sixteen branches countrywide and its principal activities are to encourage and assist the agricultural industry including promotion of research and extension services and to hold competitive shows and exhibitions of livestock, agricultural and horticultural products.

2. RESULT FOR THE YEAR

The results for the year are shown on page 14.

3. ACCUMULATED FUND

The accumulated fund accounts are shown on page 16.

4. PATRONS

The honorary patrons are:

Patron	H.E. Hon. William Samoei Ruto, PhD., CGH The President of The Republic of Kenya and Commander In Chief Of The Kenya Defense Forces
Deputy Patron	H.E Hon. Rigathi Gachagua, E.G.H The Deputy President of The Republic of Kenya
First Vice Patron	HON. Mithika Linturi, Cabinet Secretary, Agriculture And Livestock Development
County Patrons County Governors	Nairobi, Mombasa, Nakuru, Kisumu, Eldoret, Nyeri, Kitale, Meru, Nanyuki, Kisii, Machakos, Embu, Kakamega, Kabarnet, Garissa, Migori
Vice Patrons	Mr. Maina Wanjigi Mr. E.N. Kihara Mr. R.W. Walukano, MBS OGW, Hon. Maj. (RTD) M.H. Madoka, EGH Mrs. Anne Wambaa, MBS Mr. Duncan Mwangi Ms. Shuweka Rashid Mr. Eric Baliat, HSC Mr. Omurembe Iyadi Mr. Mohammed Jaffer, Mr. Ali Islam Ali, Mr. J. Kiangoi, OGW Eng. David Stower Ms. Zipporah Kittony Mr. G.K. Nzuva, SS, MBS Gen. (Rtd) Augustine Cheruiyot

5. TRUSTEES

Mr. James R. Njenga
Hon. Senator Justice Stewart Madzayo
Mrs. Hellen Kombo
Mrs. Alice C. Kalya, OGW
Mr. Benson Kaaria
Mr. Achiya Echakara
Mrs. Rhoda Ahonobadha
Gen. Jeremiah Kianga

6. COUNCIL MEMBERS

The serving Council members for the period ended 31st December 2022:

(i) National Officials

Society Chairman	Mrs. Annabella Kiriinya
Chief Executive	Mr. Batram M. Muthoka
Legal Advisor	Mr. Benson Millimo
Financial Advisor	CPA. Jones Kimeu, FCCA

(ii) Branch Officials

Nairobi Branch:	Mr. Joseph Mugo (Chairman)
	Mr. Levi Mukhweso
	Mr. Teurie Van Helden
	Emily B.M Ouya
	Mr. David Lewa
	Naima Amir
	Priscila Ndinda Muia
	Benedict Kijuu
	Florence Nasila

Coast Branch;	Ms. Anisa Abdalla (Chairman)
	Mr. Henry Nyaga
	Ms. Agnes Mwangwabi
	Mr. Samuel Mweu
	Mr. Jeffar Kiti
	Mr. Salim Suleiman
	Mr. Kauli Mwembe
	Mr. Ibrahim Washenga

Nakuru Branch;	Dr. P. K Migwi (Chairman)
	Mr. Peter Muiruri
	Margaret Anami
	Mr. Johnson Oguda
	Mr. John Karanja
	Mr. Joseph Maina Miugo
	Philisters Kutwa

Branch Officials (Continued)

Nyanza Branch;	Mr. George Ong’udi (Chairman) Rose O. Omondi Clint Caleb Oguya Mr. Morris Roche Mr. Elijah Omollo Jesca Ouko Oredo Metabel Opiyo
Eldoret Branch;	Mrs. Susan Seron (Chairman) Mr. Silas K. Maiyo Mr. Ratcliffe Nangalama Ms. Beatrice Kiptalam Mr. Ben K. Too Mr. Enock Kimutai Too Mr. George Okeyo
Central Kenya;	Mr. Patrick Karinga Munuhe (Chairman) Mr. Job Mwangi Kanyi Mr. John Kibira Mr. Francis N. Waithaka Mrs. Margaret W. Macharia Mr. Francis Gituanja
North Rift Kenya;	Mr. Fredrick Kipkemboi Tarus (Chairman) Mr. Sammy K. Chepsiror Tabitha Toroitich Mr. Shem. K.S.Amai Dr. Wilson Tonui
Northern Kenya;	Mr. Stanley Mukaria Maingi (Chairman) Mr. Stanley N’gentu Mwithimbu Mr. Francis Nkanata Mrs. Judith Gichuru
Southern Eastern Kenya;	Mr. John Nzala (Chairman) Mrs. Lucy Muteti Mr. Lawrence Matolo, Mr. Abubakar Mutunga
Mt. Kenya;	Mr. Francis Gitonga(Chairman) Mr. Newton Kabuthia Catherine W. Gitonga Mr. Justus M. Maragara

Agricultural Society of Kenya (A.S.K)
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Branch Officials (Continued)

Southern Kenya;	Mr. Kefa Onduso (Chairman) Mrs. Rose N. Mbaya Mr. Julius Bosire, Mr. Peter Onsomu
Western Kenya;	Mr. Ludovicus Okitoi (Chairman) Purity Anyanje Kassim K. Ndeche
Eastern Kenya;	Mr. John Mukundi (Chairman) Mr. Martin Mutwiri Mr. Joseph Njeru Elizabeth Njoki
Kabarnet Branch;	Mr. Isaac Chemngorem (Chairman) Mary Chepkonga, Mr. Silverno Cheptarus
South Western Kenya	Mr. George Omune (Chairman) Mr. Joseph Odera Mr. Daniel Kenyatta
North Eastern Kenya	Ambassador Mohamud Ali Saleh (Chairman) Mr. Omar Bedhe Mr. Abdulahi Jellow

Chairmen Of Affiliate Units

Kenya Ploughing Organization	Mr. Richard Aiyabei
Kenya Farmer Editorial Board	Mr. Joseph Mugo
Young Farmers Clubs of Kenya	Mr. Peter Mutuuri Maumbwa
Kenya Livestock Breeders Association	Mr. Geoffrey Gicharu

Ex-Official Council Members

The Principal Secretary- State department of Crop Development
The Principal Secretary- State Department of Livestock
The Principal Secretary- State Department of Agriculture Research
The Principal Secretary- State Department of Cooperatives
The Principal Secretary- State Department of Fisheries
The Agriculture Secretary
The Director of Veterinary Services
The Director of Livestock Production
The Chairman, KENFAP
The Managing Director, Kenya Railways
The Lands Secretary
The Chairman, Kenya Livestock Breeders Association

Ex-Official Council Members (Continued)

The Chairman, Cups and Classes

The Chairman, Life Governors

Deputy National Chairmen

Marketing/Advertising/Publicity/Membership

Capital Development/Strategic Plan/Operations (Gates/Trade/Exhibitions), Kenfap

Protocol, Micro, Small & Medium Enterprises, Livestock/ Farm & Dairy

Chairmen and Deputy Chairmen of Sub-Committees

Chairman of Trustees

Life Governors

Cups and Classes

Mr. G.K Nzuva

Mr. Morris Roche

Independent Auditor

The Company auditor, Ernest and Martin Associates has expressed its willingness to continue in office in accordance with the Kenyan Companies Act,2015.

Statement as to Disclosure to Auditors

With respect of each of the persons who was a Council at the time this report was approved—

- (a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and
- (b) the person has taken all the steps that the person ought to have taken as a Council so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By Order of the Council

Sign

Batram M. Muthoka, EBS.

Chief Executive Officer/ Secretary

Date 31st March 2023

STATEMENT OF COUNCIL'S RESPONSIBILITIES

Society's Act and the ASK Constitution and Rules requires the Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Society as at the end of the financial year. It also requires the Council to ensure the Society keep proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Society. They are also responsible for safeguarding the assets of the Society.

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards for small and medium sized entities and in the manner required by the Society's Act. The council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Society.

The Council further accepts the responsibility for maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

This statement is approved by the Council and is signed on its behalf by:

.....
Mrs. Annabella Kiriinya, EBS
NATIONAL CHAIRMAN

.....
Mr. Batram M. Muthoka, EBS.
CHIEF EXECUTIVE OFFICER/ SECRETARY

Dated 31st March 2023

BINDEPENDENT AUDITOR'S REPORT

To the Shareholders/ Members of Agricultural Society of Kenya (A.S.K)

Opinion

We have audited the accompanying financial statements of Agricultural Society of Kenya (A.S.K) set out on pages 8 to 22 which comprise the Statement of Financial Position as at 31st December 2022 and the Income Statement, Statement Of Changes In Fund Balances and Statement of Cash Flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Agricultural Society of Kenya (A.S.K) as at 31st December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the requirements of the Kenyan Societies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We have obtained all the information and explanations that, to the best of our knowledge and belief, are necessary for the purposes of the audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Council are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the councils for the financial statements

The council are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the requirements of the Kenyan Societies Act, 2015 and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement 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 in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We 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 our 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Agricultural Society of Kenya (A.S.K)
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Independent Auditor's Report (continued)

In our opinion the information given in the report of the Council on page 4 is consistent with the financial statements.

- The Society has kept adequate accounting records.
- The financial statements agree with the company's accounting records.
- The Council do not have any benefits from the company.

The engagement partner responsible for the audit resulting in this independent auditor's report was

CPA Ernest Muguku Muriu, Practicing Certificate No. 1584

Ernest & Martin Associates

Certified Public Accountants (Kenya)

Nairobi

31st March 2023

INCOME STATEMENT

	NOTES	2022 Kshs. '000'	2021 Kshs. '000'
INCOME			
Show activities revenue	4(a)	278,649	93,197
Head office general	5	27,474	266,898
Related units	6(a)	5,530	2,321
		<u>311,653</u>	<u>362,416</u>
EXPENSES			
Show activities expenses	4(b)	119,501	2,265
Related units costs	6(b)	1,360	1,879
Administrative expenses	8	109,104	100,704
Staff expenses	9	85,009	116,997
Promotional expenses	10	3,690	1,575
		<u>318,664</u>	<u>223,420</u>
Operating (Deficit)/ Surplus		(7,010)	138,996
Surplus from KLBO		-	(733)
Total (Deficit)/surplus for the year		<u>(7,010)</u>	<u>138,263</u>
Tax Income Expenses		(4,245)	(4,136)
(Deficit)/Net Surplus for the Year		<u>(11,256)</u>	<u>134,127</u>

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	NOTES	2022 Kshs `000`	2021 Kshs `000`
NON-CURRENT ASSETS			
Property, plant, and equipment	12	27,752,364	27,777,507
Show Ground Development	11	754,935	582,593
Intangible Assets	13	543	1,544
Quoted Investments	14	456	434
		<u>28,508,298</u>	<u>28,362,077</u>
CURRENT ASSETS			
Inventories	15	807	799
Trade and Other Receivables	16	87,871	62,543
Cash and Cash Equivalents	17	129,485	327,095
Withholding Tax		4,322	1,337
		<u>222,485</u>	<u>391,774</u>
TOTAL ASSETS		<u>28,730,783</u>	<u>28,753,852</u>
ACCUMULATED FUNDS AND LIABILITIES			
ACCUMULATED FUNDS			
Life Governor Fund		2,618	2,369
Retained Surplus		998,317	1,021,964
Revaluation Reserves		27,708,641	27,708,641
		<u>28,709,576</u>	<u>28,732,974</u>
CURRENT LIABILITIES			
Trade and Other Payables	18	16,963	16,742
Tax Payables		4,245	4,136
		<u>21,208</u>	<u>20,878</u>
TOTAL ACCUMULATED FUNDS AND LIABILITIES		<u>28,730,783</u>	<u>28,753,852</u>

The Council Approved the financial statements on 30th March 2023 and were signed on its behalf by:

Sign

**Mrs. Annabella Kiriinya, EBS
National Chairman**

Sign

Council Member

STATEMENT OF CHANGES IN FUND BALANCES

	Life Governor	Retained Surplus	Revaluation Reserve	Total Fund
	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs.'000'
2022				
At 1 st January 2022	2,369	1,021,964	27,708,641	28,732,974
Life Governor	249	-	-	249
Prior Year Adjustments		(12,391)		(12,391)
Deficit for the year		(11,256)	-	(11,256)
At 31st December 2022	2,618	998,317	27,708,641	28,709,576
2021				
At 1 st January 2021	2,369	679,508	27,708,641	28,390,518
Prior Year Adjustments	-	208,330	-	208,330
Surplus for the year	-	134,126	-	134,126
At 31st December 2021	2,369	1,021,964	27,708,641	28,732,974

Prior Year Adjustment: This amount of Kshs 12,391 relates to Kenya livestock Breeders association prior years receivables and Payables balances being adjusted from the Society financials after their expression not to be included in consolidated financials of the Society in financial year then ended 31 December 2022.

STATEMENT OF CASH FLOWS

	2022 Kshs. '000'	2021 Kshs. '000'
Cash Flow From Operating Activities		
(Deficit)/Surplus for the year	(11,256)	138,264
Adjustment for:		
Prior Year Adjustments	(12,392)	208,330
Depreciation & Amortization	34,597	39,822
Unrealised loss on shares valuation	(22)	(24)
Surplus before working capital changes	10,927	386,392
Changes In Working Capital:		
(Increase) in trade and other receivables	(19,746)	2,076
(Increase)/decrease in inventories	(8)	359
(Decrease) in trade and other payables	(3,915)	(211,388)
	(23,669)	(208,953)
Withholding Tax	(4,322)	(1,044)
Cash generated from operations	(17,064)	176,395
Cash Flow From Investing Activities		
Intangible Assets acquisition	-	(814)
Show ground redevelopment	(172,342)	(101,505)
Purchase of assets	(8,453)	(464)
Net cash used in investing activities	(180,795)	(102,783)
Cash Flow From Financing Activities		
Movement in Life Governors Fund	249	-
	249	-
Movement In Cash & Cash Equivalents		
Net increase in cash and cash equivalent	(197,610)	73,610
Cash and cash equivalent at beginning of year	327,095	253,485
Cash and cash equivalent at end of year	129,485	327,095

ACCOUNTING POLICIES

1. The principal accounting policies adopted in the preparation of the financial statements are as follows:

(a) Basis of Preparation and Accounting Policies

The accounts are prepared on a going concern basis using the historical cost convention and in compliance with International Financial Reporting Standards (SME) issued by the International Accounting Standards Board.

The preparation of financial statements in conformity with IFRS (SME) requires the use of estimates and assumptions. It also requires management to exercise its judgements in the process of applying the society's accounting policies. The areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant are disclosed in the financial statements.

(b) Revenue Recognition

Revenue is recognised in the period in which it is earned. This comprises of show activities, membership subscriptions, concession fees, interest income and sundry income. Government grants and compensation funds for expenses incurred and for immediate support for lost revenues are credited to the income and expenditure account when received.

(c) Receivables

Receivables are recognised initially at fair values transacted after full provision for impairment. Trade receivables are made on the basis of normal credit terms and do not bear interest.

Full provision is made for all known bad and doubtful debts which are not collectible. In arriving at the provision all the receivables are aged in accordance with the year in which they arose and the estimated future cash flows discounted at the effective rate of interest. Bad debts are written off when all reasonable steps to recover them have been taken without success.

(d) Inventories

Consumable stocks are valued at the lower of cost and net realizable value. Cost comprises purchase price and incidental costs. Net realizable value is the estimated selling price in the ordinary course of business. Full write off is made for obsolete, slow moving or otherwise defective stocks.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment is initially recorded at cost and thereafter stated at historical cost or valuation less accumulated depreciation and impairment if any.

Land, buildings and improvements are subsequently shown at market value, based on valuations carried out by external independent valuers, less subsequent accumulated depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve in accumulated funds. Decreases that offset previous increases of the same asset are charged against the revaluation reserve.

At the end of each financial year, the Society reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Society estimates the recoverable amount of the cash generating unit to which the asset belongs.

Accounting Policies (Continued)

Property, Plant and Equipment and Depreciation (continued)

Provision for depreciation on assets of head office and branches is made after year of acquisition or valuation on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following rates:

(i) Assets of Head office and branches	Rate – per annum
Leasehold land	Nil
Buildings & Improvements	amortized over the remaining duration of lease
Tractor, motor vehicles & bicycles	25%
Plant & machinery 3	31.33%
Office furniture, fitting & equipment	12.5%
E-ticketing equipment's & software	33.33%

The cost of E-ticketing equipment and software is amortized over the estimated useful life of three years.

Amortization of buildings and improvements has been provided as follows:

Where a lease or grant exist, the cost is divided by the unexpired period of the lease.

Where no grant or lease exists, expenditure is provided in full in the year after acquisition.

Where an extension of the lease exists, the value following the date of extension plus additional costs divided by the un-expired period of the extended lease.

(ii) Amortization of leasehold land

The Council is of the opinion that the initial cost of acquisition of leasehold land if any included in buildings and improvements is immaterial to require separate amortization and disclosure as prepaid operating lease rentals in the financial statements.

(f) Investments

Quoted investments are stated at fair values using the prevailing market prices while unquoted investments are stated at estimated open market values. The difference between the fair values and their carrying amounts is charged or credited to the income and expenditure account. Provision for impairment of unquoted investments is only made, where in the opinion of the Council there is a permanent diminution in value.

(g) Retirement Benefit Obligations

The Society operates a defined contribution staff retirement benefit scheme for its employees. The assets of the scheme are held in a separate trustee administered fund. The scheme is funded by contributions from both the Society and the employees.

The Society's contributions to the defined contribution retirement benefit scheme are charged to the income and expenditure account in the year to which they relate. The Society also contributes to the National Social Security Fund (NSSF) as determined by the local statute.

(h) Employee Entitlements – Post Employment Obligations

The estimated monetary liability for employees' accrued annual entitlements at the balance sheet date is recognized as an accrued expense. These comprise of gratuity payments due but outstanding at the balance sheet date and provisions for trade union employees' entitlements for completed years of service. The policy of the Society is that leave has to be taken or forfeited where employees opt otherwise. Leave travel allowance is only recognized when incurred.

Accounting Policies (Continued)

(i) Cash and Cash Equivalents

For the purposes of the cash flow statement cash and cash equivalents comprise of cash in hand, fixed or call deposits and current balances held with banks.

(j) Foreign Currencies

Where applicable, assets and liabilities denominated in foreign currency are translated into Kenya Shillings at the rate of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling on the transaction dates. Differences on exchange are dealt with in the income and expenditure account.

(k) Taxation

Tax expense represents the aggregate amount included in profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income tax payable or refundable in respect of the taxable profit or loss for the current and prior periods, determined in accordance with the Kenyan Income Tax Act.

A deferred tax asset or liability is recognized for tax recoverable or payable as a result of past transactions or events. Deferred tax arises from differences (known as temporary differences) between the carrying amounts of assets and liabilities in the balance sheet and their corresponding tax bases, and the carry forward of unused tax losses. The tax bases of assets are determined by the consequences of sale of the assets.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the Council expect the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

At each reporting date, deferred tax assets are reviewed and adjusted, if necessary, by a valuation allowance, so that the net carrying amount equals the highest amount that is more likely than not to be recovered, based on current or estimated future taxable profit. Any changes to the valuation allowance are recognized in 'tax expense'

(l) Payables

Payables are initially recognized at transaction price less transaction costs. Trade payables are obligations on the basis of normal credit terms and do not bear any interest.

Full provision for write back of creditors no longer payable or statute barred are directly credited to the Accumulated Fund as prior year items. In arriving at the provision all the creditors are aged in accordance with the year in which they arose and specific provision for write back is made for all creditors affected. The other payables unaffected are stated at fair values.

(m) Finance Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Society as the lessee. Fixed assets acquired on hire purchase terms are capitalized in the accounts and the finance interest charges element transferred to the income and expenditure account.

2. Comparatives

Where necessary, the comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Judgments and Key Sources of Estimation Uncertainty

No significant judgements have had to be made by the Council in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

	2022	2021
	Kshs. '000'	Kshs. '000'
4(a) Show Activities Income		
Branch Income	8,410	2,694
Rental Income	88,774	90,478
Show Income	181,464	25
	278,649	93,197
4(b) Show Activities Expenses		
Show Expenses	(119,501)	(2,265)
	(119,501)	(2,265)
5. Head Office General Income		
Membership fees	10,149	415
Sundry Income	475	210
Interest income	16,409	16,249
Forex Gain	417	-
Life Governors income	2	-
Fair value loss/gain	22	24
Govt Grant	-	250,000
	27,474	266,898
Related Units		
6(a) Income:		
Kenya Farmer Journal	4,640	1,085
Young Farmers Clubs of Kenya	138	1,233
Kenya Ploughing Organization	753	3
	5,530	2,321
6(b) Expenses:		
Kenya Farmer Journal	(463)	(139)
Young Farmers Clubs of Kenya	(71)	(1,512)
Kenya Ploughing Organization	(825)	(229)
	(1,360)	(1,879)
Surplus	4,170	442
7. Kenya Livestock Breeders Organization (Klbo)		
Income		2,310
Expenses		(3,043)
Deficit	-	(733)
Surplus For The Year		
This is stated after charging: -		
Depreciation	34,597	39,822
Bad debts expense	-	1,989
Council expenses	9,032	4,209
Auditors fees	865	865
	44,494	46,885
And after crediting:		
Interest income	(12,087)	(16,249)
Unrealised loss on quoted shares	(22)	(24)
	(12,109)	(16,273)

Agricultural Society of Kenya (A.S.K)
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Notes to the Financial Statements (Continued)

	2022	2021
	Kshs.'000'	Kshs.'000'
8. Administrative Expenses		
Audit fees	865	865
Bad debts expense	-	1,989
Bank charges	368	376
Council expenses	9,032	4,209
Depreciation expense	34,597	39,822
Electricity & water	3,088	3,199
Insurance	6,625	8,802
Local & overseas travel	8,264	2,387
Meals & Entertainment	1,870	1,138
Legal & professional fees	8,470	10,195
Land rates	566	566
Printing & stationery	1,943	931
Telephone & postages	4,202	2,855
Repairs & maintenance	4,894	3,643
Vehicle Running Expenses	5,254	2,482
Office expenses	2,966	1,806
Sundry & Security services	14,005	13,991
Subscriptions & donations	287	330
Software Licences costs	1,657	1,118
Strategic plan costs	151	-
	109,104	100,704
9. Staff Expenses		
Salaries and related costs	72,684	73,559
Redundancy costs	-	28,957
Provident fund contributions	5,411	5,649
Medical expenses	4,315	5,962
Welfare expenses	2,599	2,870
	85,009	116,997
10. Promotional Expenses		
Membership badges & recruitment	1,122	811
Advertising	1,929	416
Young Farmers Clubs of Kenya activities	58	5
Ploughing competition	384	-
Corporate social responsibility	197	343
	3,690	1,575
11. Show Ground Redevelopment		
Jamhuri Park Show ground redevelopment	748,656	576,314
Nakuru Master Plan	2,231	2,231
Kisumu Master Plan	1,800	1,800
Mombasa Master Plan	1,600	1,600
Embu Macademia Project	648	648
	754,935	582,593

Kisumu Show Ground Development

During the year the Society through Kisumu branch, received grant in kind from the county Government of Kisumu through the construction of a stadium, an exhibition center, and roads improvements to access these new developments. These capital expenditures (and the corresponding grant in kind income) were not capitalized in the year 2022, as the right of use are yet to be transferred to the Society.

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Notes to the Financial Statements (Continued)

12. Property, Plant & Equipment

	Leasehold Land Kshs. '000'	Buildings & Improvements Kshs. '000'	Mv, Tractors & Bicycles Kshs. '000'	Equipment & Machinery Kshs. '000'	Office Furniture & Fittings Kshs. '000'	Totals Kshs. '000'
COST AND VALUATION						
As at 1/1/2022	26,527,377	1,391,261	26,325	66,510	51,451	28,062,923
Additions	-	5,605	-	2,708	140	8,453
As at 31/12/2022	26,527,377	1,396,866	26,325	69,218	51,591	28,071,376
DEPRECIATION						
As at 1/1/2022	-	168,366	22,607	56,660	37,784	285,417
Charge for the year	-	27,895	1,160	1,339	3,202	33,596
As at 31/12/2022	-	196,261	23,767	57,999	40,986	319,012
NET BOOK VALUE						
AS AT 31/12/2022	26,527,377	1,200,606	2,558	11,219	10,605	27,752,364
AS AT 31/12/2021	26,527,377	1,222,895	3,717	9,850	13,667	27,777,507
	2022	2021				
13. Intangible Asset	kshs.	kshs.				
ERP Software	8,860	8,046				
Additions	-	814				
	8,860	8,860				
Amortization						
As at 1/1/2022	7,316	4,634				
Charge for the year	1,001	2,682				
As at 31/12/2022	8,317	7,316				
NBV as at 31/12/2022	543	1,544				
14. Quoted Investments						
Quoted Shares at 1.1.2022	434	410				
Fair value loss	22	24				
Quoted Shares at 31.12.2022	456	434				

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Notes to the Financial Statements (Continued)

	2022	2021
	Kshs. '000'	Kshs. '000'
15. Inventories		
Consumable stores	807	783
K.L.B.O stores	-	15
	<u>807</u>	<u>799</u>
16. Trade And Other Receivables		
Trade debtors	109,918	172,709
Provision for bad Debts (BS)	(52,287)	(141,741)
Staff loans/advances	704	1,139
Sundry deposits	15,197	15,197
VAT Claimable	13,892	12,779
Minimum Tax	-	215
Interest receivable	447	2,243
	<u>87,871</u>	<u>62,542</u>
17. Cash And Cash Equivalent		
Bank current accounts	36,624	45,568
Fixed deposit accounts	80,990	270,156
Mpesa account	4,303	4,087
USD account	1,250	1,209
GBP account	5,636	5,338
Euro account	168	219
Cash in hand	514	518
	<u>129,485</u>	<u>327,095</u>
18. Trade And Other Payables		
Trade creditors	5,723	6,530
Tenants deposits	8,184	6,494
Advance payments	3,056	3,719
	<u>16,963</u>	<u>16,743</u>

TAX COMPUTATION

Year of income - 2022	2022	2021
	Kshs. '000'	Kshs. '000'
Total (Loss)/profit as per income statement	(7,010)	138,263
Add: Disallowable expenses		
Government Grant	-	(250,000)
Depreciation as per books	34,597	39,822
Council & Employment expenses	10,792	2,461
Bad Debts	-	1,989
Fair value loss	22	24
Rental Expenditure	30,457	105,296
Less:		
Wear and tear Allowance (Note 1)	(11,582)	(14,863)
Rental Income	(88,774)	(90,478)
Interest income	(16,409)	(16,249)
Tax loss for the year	(47,907)	(83,735)
Loss brought forward	(229,007)	(145,272)
Net Loss for the year	(276,914)	(229,007)
RENTAL INCOME		
Rent Income before tax	88,774	90,478
Rental Expenditure	(30,457)	(105,296)
Wear & tear Allowance	(113,253)	(132,170)
Loss b/f	(213,256)	(66,268)
Net Rent Deficit for the year	(268,191)	(213,256)
INTEREST INCOME		
Interest Income before tax	16,409	16,249
Expenses	(2,258)	(2,461)
	14,151	13,788
Corporation tax @30%	4,245	4,136
Tax Payable	4,245	4,136
Minimum Tax	-	(215)
Less Withholding	(4,322)	(1,337)
Tax Credit/Payable	(77)	2,584
Total Tax Credit/ Payable	(77)	2,584

WEAR AND TEAR COMPUTATION

	Class II	Class IV	Buildings & Improve ments	TOTAL
	MV, Tractors & bicycles 25% KSHS. '000'	Equipment, Furniture & Machinery 10% KSHS. '000'	10% KSHS. '000'	KSHS. '000'
2022				
W.D.V. b/fwd 01.01.2022	6,783	96,014	1,126,921	1,229,718
Additions	-	2,848	5,605	8,453
	6,783	98,862	1,132,527	1,238,171
Less: Wear and tear allowance	(1,696)	(9,886)	(113,253)	(124,835)
W.D.V. c/fwd 31.12.2022	5,087	88,975	1,019,274	1,113,336

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Tax Computation (Continued)-Withholding Taxes

No.	Withholders Pin	Witholdee Pin	Withholders Name	Amount Withheld (Kshs)
1	P051227584N	P000607108Q	THE CO-OPERATIVE BANK OF KENYA LIMITED	223,990
2	P051542997U	P000607108Q	KCB Bank Kenya Limited	185,117
3	P051542997U	P000607108Q	KCB Bank Kenya Limited	245,327
4	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	181,150
5	P051227584N	P000607108Q	THE CO-OPERATIVE BANK OF KENYA LIMITED	220,069
6	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	102,880
7	P051156751C	P000607108Q	Pharmacy And Poisons Board	1,860
8	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	102,880
9	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	166,688
10	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	105,295
11	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	98,174
12	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	96,803
13	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	95,414
14	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	88,768
15	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	189,370
16	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	107,965
17	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	179,786
18	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	171,543
19	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	101,515
20	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	97,530
21	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	96,825
22	P051228214T	P000607108Q	KENYA WOMEN MICROFINANCE BANK LIMITED	93,022
23	P051227584N	P000607108Q	THE CO-OPERATIVE BANK OF KENYA LIMITED	314,384
24	P051542997U	P000607108Q	KCB Bank Kenya Limited	314,384
25	P051227584N	P000607108Q	The CO-OPERATIVE BANK OF KENYA LIMITED	392,980
26	P051542997U	P000607108Q	KCB Bank Kenya Limited	348,165
TOTALS				4,321,884