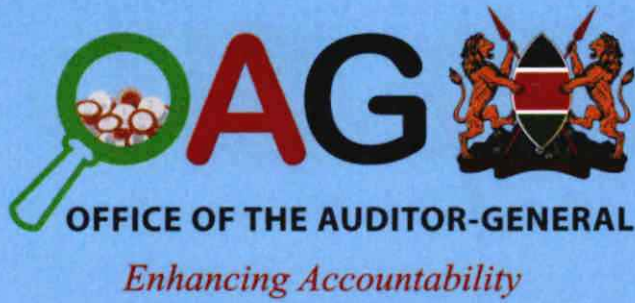


REPUBLIC OF KENYA



# REPORT

PARLIAMENT  
OF KENYA  
LIBRARY


OF

THE AUDITOR-GENERAL

ON

KAGURU AGRICULTURAL  
TRAINING CENTRE

FOR THE YEAR ENDED  
30 JUNE, 2024

|  |   |
|--|---|
| <br>THE NATIONAL ASSEMBLY<br>MEMBERS LAID |   |
| DATE:  | 14 MAR 2025                                   |
|  | DAY:<br>FRIDAY                                |
| TABLED BY:   | DEPUTY MAJORITY LEADER<br>CHON. OWEN BAYA, MP |
| CLERK-AT THE-TABLE:  | IRENE NDUKI                                   |



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*MERU COUNTY KAGURU ATC.*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2024**

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

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**Meru County Kaguru ATC**  
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**1. Acronyms and Definition of Key Terms**

|       |  |
|-------|--|
| BOM   | Board of Management                                |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards   |
| PFM   | Public Finance Management                          |
| PSASB | Public Sector Accounting Standards Board           |
| ATC   | Agricultural Training Centre                       |

## **2.Key Entity Information And Management**

### **a) Background information**

The Centre was incorporated/ established under the **Kaguru Agricultural Training Centre Act, 2019**. The Fund is wholly owned by the County Government of Meru Department of Agriculture, Livestock and Fisheries and is domiciled in Kenya.

#### **Principal Activities**

- i)** to provide agricultural training, extension services, research, marketing support and promotion of modern methods of farming and/or production to local farmers;
- ii)** to prepare an integrated plan for training programs in agriculture, livestock and fisheries;
- iii)** to participate in the discovery, transmission and preservation of knowledge in agriculture and any other related field;
- iv)** to promote the use of technology and mechanization in agriculture;
- v)** to offer capacity development assistance on agricultural mechanization through practical training, technical assistance, technology transfer and human resource development;
- vi)** to provide specialized farm and business advisory services to farmers for the purpose of generating income for the Centre, and to enter into suitable agreements with any person or organization to this end;
- vii)** to formulate and issue guidelines in planning, implementing, monitoring and evaluating agriculture and fisheries extension programs;
- viii)** to establish model commercial farms as demonstration plots for hands-on learning on farming technologies and agricultural research;
- ix)** to establish and maintain a production unit for raising livestock;

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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- x) to provide facilities educational training conferences, workshops, seminars, meetings, exhibitions, show tours and such other educational and training activities as the Board may determine;
- xi) Subject to this Act, to co-operate with the Government, the private sector and non-governmental organizations in development of agricultural training and research.
- xii) To carry out such other functions as may be necessary or incidental to the implementation of the objects and purposes of this Act and performance of such other functions as may from time to time be assigned by the Governor.

**b) Key Management**

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

- i. Board of Management
- ii. Accounting Officer/ Principal/Director.
- iii. The Centre Procurement unit
- iv. The Centre Accounts unit
- v. The Centre Agricultural Mechanization Unit
- vi. The Centre Farm unit

**c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2024 and had direct fiduciary responsibility were:

| SN | Name                    | Position       |
|----|-------------------------|----------------|
| 1. | Kaburu M'Ribu           | Board Chairman |
| 2. | Lawrence Gitonga Kirima | Board Member   |
| 3. | Fridah Ntinyari         | Board Member   |
| 4. | Elizabeth Kanini        | Board Member   |
| 5. | Mumakhola Wanjala       | Principal      |

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**d) Fiduciary Oversight Arrangements**

During the year under review, the board agreed and formed the following committees and membership to oversight on the operations of the Centre:

| <b>S/No.</b> | <b>Committee</b>                   | <b>Membership</b>   |
|--------------|------------------------------------|---|
| 1.           | Finance & Administration Committee | <ul style="list-style-type: none"> <li>• Chief Officer Finance</li> <li>• Chief Officer Agriculture</li> <li>• Elizabeth Kanini</li> <li>• Fridah Ntinyari Mugambi</li> </ul> |
| 2.           | Technical Committee                | <ul style="list-style-type: none"> <li>• Chief Officer Agriculture</li> <li>• Elizabeth Kanini</li> <li>• Lawrence Gitonga Kirima</li> </ul>                                  |
| 3.           | Audit Committee                    | <ul style="list-style-type: none"> <li>• Chief Officer Finance</li> <li>• Lawrence Gitonga Kirima</li> <li>• Fridah Ntinyari Mugambi</li> </ul>                               |

**e) Registered Offices**

Kaguru Agricultural Training Centre  
P.O. Box 476\_60202  
**NKUBU,**  
Meru, KENYA

**f) Fund Contacts**

P.O. Box 476\_60202  
**NKUBU,**  
Meru, KENYA

Telephone: (254)  
E-mail: kaguruatc@yahoo.com  
Website:

**g) Fund Bankers**

Kenya Commercial Bank  
Nkubu Branch  
P.O. Box 437-60202  
**NKUBU**

**h) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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P.O. Box 30084  
GOP 00100  
Nairobi, Kenya


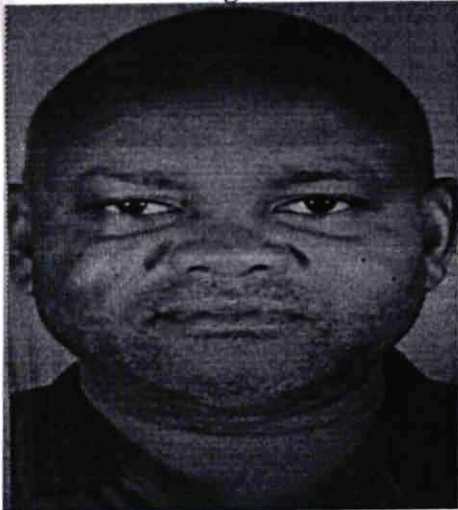

**i) County Attorney**

Department of Legal Affairs, Public Service & Administration  
P.O BOX 120-60200  
**MERU**




**j) Principal Legal Adviser**

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

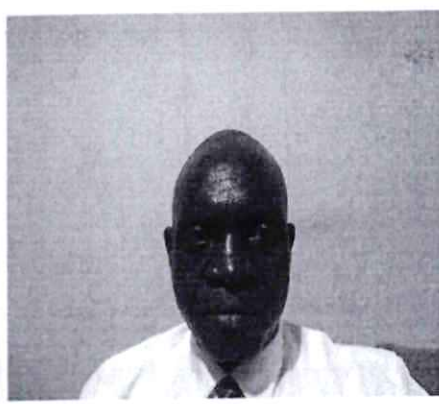

3.The Board of Management.

| Name  | Details of qualifications and experience   |
|---|--|
|  <p>Prof. Kaburu M'Ribu.</p>     | <p><b>CHAIRMAN:</b><br/> <b>Qualifications.</b><br/>                     PhD in plants genetics.<br/> <b>Experience.</b><br/>                     Lecturer Egerton university,<br/>                     KeMU university, coffee research foundation board.<br/> <b>Chairman Kaguru ATC Board</b><br/>                     Chair KENAFF</p> <p><b>DOB:</b></p>  |
| <p>Lawrence Gitonga Kirima</p>  | <p><b>BOARD MEMBER.</b><br/> <b>Qualifications.</b><br/>                     Holds a bachelor's degree in business administration.<br/> <b>Experience.</b><br/>                     Regional Manager Mastermind Tobacco Ltd, 1997 – 2007.<br/>                     Kenwood Matches, Cut Tobacco Ltd and Africa Spirits Ltd. 2008 – 2010.<br/>                     Kenwood Matches, Cut Tobacco Ltd and Africa Spirits Ltd.<br/>                     He is individual businesses including Wow beverages distributor in Rift Valley, Western ,Nyanza and Mt.Kenya Regions.<br/>                     Board member Bishop Lawi Imathiu Sec.Sch.<br/> <b>DOB: 01/01/1970</b></p> |
|  <p>Fridah K Mugambi.</p>      | <p><b>BOARD MEMBER</b><br/> <b>Experience.</b></p> <p>A prominent business lady and farmer. She has served as a champion for community development crusading for food, nutrition and income security.</p>  |



**Meru County Kaguru ATC  
Annual Report and Financial Statements for the year ended 30th June 2024**

|   |  |
|---|--|
|  <p><b>Elizabeth Kanini.</b></p> | <p><b>BOARD MEMBER.</b><br/><b>Experience.</b><br/>Worked as clerk meru north farmers<br/>A prominent farmer in Igembe Central Sub county.<br/>She has served as a nominated member of County Assembly (MCA) in the County Assembly of Meru.<br/>She has served as member on several boards among them but not limited to Schools and Hospitals.</p>   |
| <p><b>Charles Mwenda.</b></p>   | <p><b>BOARD MEMBER</b><br/><b>Qualifications.</b><br/>Finance administration &amp; Human Resource (Member)<br/>MBA – Finance BBA – Accounts CPA(K) Member – ICPAK –<br/>Chief Officer Finance, Economic planning and ICT County Government of Meru.<br/>Mr. Mwenda has a vast experience Finance and accounting in Public Sector having worked at the County Treasury for 11 years.<b>in</b><br/><b>DOB: 10/05/1982.</b></p> |
| <p><b>James Mutia.</b></p>     | <p><b>BOARD MEMBER</b><br/><b>Qualifications.</b><br/>Masters in Business Administration<br/>Bachelor of Education in Economics<br/>SLDP KSG of 2014.<br/>Chief Officer Agriculture, Livestock And Fisheries County Government of Meru.<br/><b>Experience.</b><br/>Lecturer Chuka University Agriculture Department. 2017 – 2022.<br/>Management of Devolved Government Systems in Beijing 2015</p>                          |

**Meru County Kaguru ATC  
Annual Report and Financial Statements for the year ended 30th June 2024**

|   |  |
|---|--|
|  <p><b>Mr. Alex Wanjala.</b></p>   | <p><b>Principal.</b><br/><b>Qualifications.</b><br/>2019 – 2023 Principal Kaguru ATC<br/><b>EDUCATION BACKGROUND</b><br/>Bsc. Agriculture 1994_University of Nairobi<br/>Senior Management Course 2008_GTI Embu<br/>Sub County Agricultural Officer 2014-2019_Igembe Central<br/>District Extension &amp; Training officer 2011-2013_Igembe North<br/>District Crops Officer 2008-2011_Igembe South<br/>District Crops Officer 2006-2008_Meru North<br/>District Crops Officer 2003-2005_Isiolo<br/>Divisional Agricultural Extension Officer 1997-2003_Isiolo<br/>(Kinna, Merti, Oldonyiro, Central)<br/><b>DOB: 03/01/1970</b></p> |
| <p><b>Mr. John Kinyajui.</b></p>  | <p><b>Manager AMS.</b><br/><b>Qualifications.</b><br/>Diploma in Agriculture Engineering<br/><b>Experience.</b><br/>Agriculture Mechanization Extension Officer 1989 – 1992.<br/>Soil and Water Conservation Officer 1993 - 2006<br/>Agriculture Mechanization Extension Officer 2007 – 2015.<br/>AMS Field Supervisor 2016 – 2018.<br/>AMS Workshop Manager 2019 – 2020.<br/>AMS Station Manager 2021 - to date.<br/><b>DOB: 14/07/1964</b></p>   |

4. Key Management Team

| Name   | Details of qualifications and experience   |
|--|--|
| <p><b>Mr. Alex Wanjala</b></p>     | <p><b>Principal.</b></p> <p><b><u>Qualifications.</u></b><br/> <b>EDUCATION BACKGROUND</b><br/>                     Bsc. Agriculture 1994_University of Nairobi.<br/>                     Senior Management Course 2008_GTI Embu.</p> <p><b><u>Experience.</u></b></p> <p>Divisional Agricultural Extension Officer 1997-2003_Isiolo(Kinna Merti, Oldonyiro, Central)<br/>                     District Crops Officer 2003-2005_Isiolo.<br/>                     District Crops Officer 2006-2008_Meru North<br/>                     District Crops Officer 2008-2011_Igembe South.<br/>                     District Extension &amp; Training officer 2011-2013_Igembe North.<br/>                     Sub County Agricultural Officer 2014-2019_Igembe Central.<br/>                     Principal Kaguru ATC 2019 – to date.</p> <p><b>DOB: 01/01/1970</b></p> |
| <p><b>Dr. David Mugambi.</b></p>  | <p><b>Director Livestock.</b></p> <p><b><u>Qualifications.</u></b></p> <p>Phd Agricultural Economics.<br/>                     MBA Strategic Management.<br/>                     Bachelor animal production.<br/>                     SLDP and SMC KSG .</p> <p><b><u>Experience.</u></b></p> <p>27 Years Livestock industry ranging from district livestock officer to chief officer livestock and fisheries.</p> <p><b>DOB: 08/08/1970.</b></p>   |

**Mr. John Kinyajui.**



**Manager AMS.**

**Qualifications.**

Diploma in Agriculture Engineering

**Experience.**

Agriculture Mechanization Extension Officer 1989 – 1992.

Soil and Water Conservation Officer 1993 - 2006

Agriculture Mechanization Extension Officer 2007 – 2015.

AMS Field Supervisor 2016 – 2018.

AMS Workshop Manager 2019 – 2020.

AMS Station Manager 2021 - to date.

***DOB: 14/07/1964***

**Mr. Justine Miriti.**



**Training Coordinator.**

**Qualifications.**

Masters in Education (Planning and Economics).

Bachelors in Agricultural Education and Extension.

Cert. in computer studies.

Senior Management Course 2023 KSG Embu.

**Experience.**


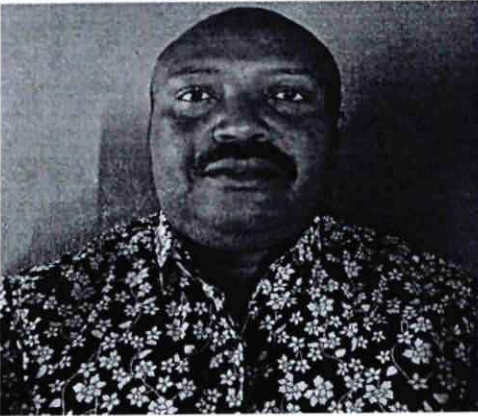
High School Teacher 2003-2011

University Assistant Lecturer 2012-2018

Kaguru ATC Training Coordinator 2019 to date

***DOB: 26/02/1977***

**Meru County Kaguru ATC  
Annual Report and Financial Statements for the year ended 30th June 2024**

|  |  |
|--|--|
| <p><b>Zipporah Nkatha.</b></p>  | <p><b>Supply Chain Officer.</b><br/> <b>Qualifications.</b><br/>           Bachelor of Commerce (Marketing).<br/>           Dip. Purchasing &amp; Supplies Management.<br/>           Certificate in Business Management.<br/>           Senior Management Course 2023 KSG Embu.<br/> <b>Experience.</b><br/>           Ministry of Interior.<br/>           Procurement Assistant 2008 - 2013.<br/>           Meru county Government<br/>           Senior SCM Officer 2013 - 2021<br/>           Kaguru ATC<br/>           Senior SCM Officer 2021 - Date.<br/> <b>DOB: 08/11/1982</b></p> |
| <p><b>Joel Kimathi</b></p>     | <p><b>Accountant.</b><br/> <b>Qualifications.</b><br/>           Bachelor of Business Administration (Accounting).<br/>           Dip. Management Information Systems<br/>           CPA VI.<br/>           Senior Management Course 2019 KSG Embu.<br/> <b>Experience.</b><br/>           Nyambene County council<br/>           Revenue Officer 2010 - 2013<br/>           Meru county Accountant 2013 - 2021.<br/>           Kaguru ATC Accountant 2021 – to Date.<br/> <b>DOB: 06/12/1975.</b></p>   |

**5.Board Chairperson’s Statement**

On behalf of the Board of Kaguru Agricultural Training Centre, I take this opportunity to present to you the 12 months ended 30 June 2024 report and financial statements pursuant to section 22 (1) of the Kaguru ATC Act, 2019 which states that, within a period of three months after the end of each financial year, the Board shall submit to the Auditor-General, the accounts of the Board together with:

- a) A statement of financial position at the thirtieth day of June;
- b) A statement of comprehensive income;
- c) A statement of cash flow for the year ended;
- d) A summary of significant accounting policies and other explanatory information.

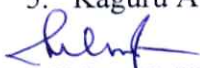
The Board confirms that the institution remains focused on its mandate and continues setting up structures that will facilitate efficient performance of the Board.

Functions of the board:

1. The Board shall, under the direction of the Executive Member for the time being responsible for matters relating to agriculture, be responsible for the administration, management and development of Kaguru ATC (hereinafter referred to as “the Centre”).
2. The Board shall be the successor of the County Government of Meru in respect of all rights, duties, obligations, assets and liabilities concerning the Centre and the Agricultural Mechanization Unit.
3. The Board shall have powers to:
  - Give policy directions and guidance to the Director of the Centre;
  - Control, supervise and administer the assets and liabilities of the Centre.
  - Promote infrastructural development of the Centre;
  - Receive any grants, gifts, donations and endowments and to make legitimate disbursements therefrom.
  - promote the general welfare of the staff of the Centre;
  - Enter into association with other agricultural institutions, institutions of higher learning and research organizations within or outside Kenya as the Board may consider desirable or appropriate.
  - Make guidelines for the proper and efficient management of the Centre which guidelines shall be issued by the Director on behalf of the Board.
  - Determine the provision to be made for capital and recurrent expenditure and for reserves for the Centre.

During the year under review the centre managed to undertake the following activities:

1. Fencing of the AMS farm\_ Stone pitching
2. Rehabilitated and stocked the ATC fishpond
3. Kaguru ATC strategic plan 2023-2027
4. Developed the Kaguru ATC Business plan
5. Kaguru ATC performance management Policy

  
Prof. Kaburu M'Ribu

Board Chairman

**KAGURU ATC**

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**6. Report of the Principal.**

The Kaguru ATC Act 2019 requires Kaguru ATC to prepare financial statements at the end of each financial year.

The budget for the year under review amounted to Kshs.35.8 M, of which has been implemented in phases by the County Treasury. However, the budget for operations was not adequate for the Kaguru ATC.

We have appealed to the County Treasury for more funding to enable the Kaguru ATC carry out its mandate.

On behalf of the Kaguru ATC Board, staff and other stakeholders, I take this opportunity to thank the Meru County Government for the continued support to the centre.

I am pleased to present the financial statements of Kaguru ATC for the period ended 30th June 2024.



Mumakhola Wanjala.

Principal

**KAGURU ATC**

7.Statement of Performance against the Predetermined Objectives

Kaguru ATC has 5 strategic pillars within current Strategic Plan for the 2023/2024FY-2027/2028FY. These strategic pillars, and the performance targets and the achievements set for the FY 2023/2024 period are as indicated below:

| Strategic Pillar   | Objective   | Key Performance Indicators  | Activities   | Achievements   |
|--|---|---|--|--|
| 1. Training & Administration                               | Provide agricultural training, research, marketing support and promotion of modern methods of farming and/or production to farmers<br>To provide specialized farm and business advisory services to farmers   | Enhanced learning experience<br>Increased revenue<br>Enhanced knowledge and skills management   | <ul style="list-style-type: none"> <li>Establish partnerships to support training</li> <li>Development of relevant training courses</li> <li>Promote modern methods of farming through training</li> </ul>   |  |
| 2. Agricultural Production, Research and Advisory Services | <ul style="list-style-type: none"> <li>To increase agricultural productivity by promoting the use of modern technologies and best practices in crop and livestock production and agribusiness management</li> <li>To establish model commercial farms as</li> </ul> | <ul style="list-style-type: none"> <li>Improved access to</li> <li>agricultural crop and livestock production inputs</li> <li>Improved livestock breeds</li> <li>Improved aquaculture productivity</li> </ul> | <ul style="list-style-type: none"> <li>Enhance access to affordable and quality inputs including bulking certified planting materials</li> <li>Improve livestock breeds breeding and production units</li> <li>Aquaculture development and transfer of technology and innovations</li> <li>Enhanced food safety</li> </ul> | <p>Cassava, Sweet Potato, Napier Grass</p> <p>Jersey, Ayrshire, Friesian</p> <p>Liner Pond, Raised Pond</p> <p>Safe &amp; Effective use of pesticides Conservation Agriculture</p> <p>Silage</p> |

**Meru County Kaguru ATC**

**Annual Report and Financial Statements for the year ended 30th June 2024**

|   |  |  |   |   |  |
|---|--|--|---|---|--|
|   |  | demonstration plots for hands-on learning on farming technologies and agricultural research.   |   | <ul style="list-style-type: none"> <li>Promote Climate Smart Agriculture (CSA)</li> <li>Promote fodder production, storage and conservation technologies</li> </ul> |  |
| 3. Agricultural Mechanization Services    | <ul style="list-style-type: none"> <li>To enhance the efficiency and productivity of farming operations through increased adoption and utilization of appropriate farm machinery and equipment</li> <li>Sustainable use of natural resource</li> </ul> | <ul style="list-style-type: none"> <li>Increased sustainable land and environmental management practices</li> <li>Increased agricultural productivity and production.</li> </ul> | <ul style="list-style-type: none"> <li>Promote climate smart mechanized technologies</li> <li>Promote soil and water management and conservation</li> </ul>   | Ripping, Chisel Plough<br><br>Covercrops, Agroforestry nursery  |  |
| 4. Conferencing, Hospitality and Catering | <ul style="list-style-type: none"> <li>To Provide modern hospitality facilities and services</li> <li>To provide modern conferencing facilities and services</li> </ul>  | <ul style="list-style-type: none"> <li>Improved customer satisfaction</li> <li>Increased revenue</li> </ul>  | <ul style="list-style-type: none"> <li>Develop a comprehensive hospitality and catering plan</li> <li>Create linkage with other hospitality service providers</li> <li>Digitization of conferencing services</li> </ul> |   |  |

|                                     |   |   |  |   |
|-------------------------------------|---|---|--|---|
| <p>5. Leadership and Governance</p> | <ul style="list-style-type: none"> <li>To enhance leadership and integrity</li> </ul> | <ul style="list-style-type: none"> <li>Improved governance</li> <li>Enhanced Accountability</li> <li>Improved partnerships</li> <li>Increased stakeholder trust and confidence</li> <li>Efficient and effective service delivery<br/>100% corruption prevented</li> </ul> | <ul style="list-style-type: none"> <li>Signing of MOUs</li> <li>Corruption prevention</li> </ul> | <p>2023/2024 FY Performance Contract Casual labour payment through bank, Payment for services via Paybill</p> |
|-------------------------------------|---|---|--|---|

## **8. Corporate Governance Statement**

The practice of good corporate governance ensures the delivery of sustainable value for our Centre as well as meeting the needs of our stakeholders. Good Corporate Governance practices involve the adoption of ethically driven business policies, procedures and processes. Kaguru ATC is committed to ensuring that the needs of our clients and the expectations of our stakeholders are met while safeguarding the centre assets. We believe that our business affairs should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financials and performance as well as provide the leadership and effective governance for the centre.

This report highlights the main corporate governance structures and practices that guide the centre.

### **Governance Principles and Guidelines**

The Board of Directors is at the core of the centre governance practice for protection of long-term interests of all stakeholders. Guided by the principles of best practices in governance, the Board performs its duties in the interest of the centre to improve stakeholder's value and for continued sustainability of the centre. The Board provides oversight to Management and ensures the staff operate within the Code of Conduct and Ethics and Public Officers and Ethics Act; and the Code for County Corporations.

### **Responsibilities of the Board.**

The primary responsibility of the Board is to provide leadership and strategic direction to the centre. Board members are expected to exercise the highest degree of care, skill and diligence in discharging their duties. The responsibilities of the Board include:

- establishing short and long-term goals of the centre, develop strategies to achieve these goals and monitor the centres' performance against these set goals;
- spearheading preparation of financial statements and reports;
- approving and reviewing annual budgets;
- overseeing business affairs of the centre in light of emerging risks and opportunities; and
- ensuring that the centre has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity. The centre director provides oversight to the Board's management. Director is also empowered to seek independent professional advice on centre business at its expense where necessary.

### **Capacity Building for the Board.**

Regular training and development programs will be developed to equip the Board with necessary skills for effective discharge of their mandate. Newly appointed Directors will undergo a detailed induction training to enhance their understanding of and the nature of our Board's performance and strategy. Each year the Centre will be prepare a training calendar where specific training needs are identified and scheduled.

### **Conflict of Interest**

During this financial year, there were no cases of conflict of interest reported.

### **Appointment and Removal of Board Members.**

All the members of the board were appointed by the Governor and vetted by the County Assembly of Meru for a three years term. Removal of a Board Member may occur when one; Becomes bankrupt, is convicted of an offence involving dishonesty or fraud, becomes of unsound mind, or resigns from office by notice in writing to the Board.

### **Composition of the Board**

The current Board headed by the Chairman is composed of four members appointed by the governor and vetted by county assembly of meru. Other board member are cof and coa plus centre director and ams manager. The constitution of the Board takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the centre. The principal role of the Chairperson is to provide leadership to the Board as well as ensure that the Board is supplied with timely and sufficient information to enable it to discharge its duties effectively. The Director is responsible for the day to day management of the centre.

### **Accountability and audit**

In line with the Kaguru ATC Act, 2019, The Board is required to prepare annual financial statements for the centre in each Accounting period. The statements should reflect a true and fair view of the financial position of the centre as at the end of each financial year and should include annual financial statements; the boards' report; and the auditor's report on the financial statements. The board should ensure that the centre' financial statements are audited each financial year. They are responsible for ensuring that suitable accounting policies are consistently applied supported by reasonable and prudent judgments, and estimates. They also ensure that applicable accounting standards are followed as well as the duty to exercise care, skill and diligence. In addition, the Board is responsible for ensuring that the centre keeps reasonable and accurate accounting records showing and explaining the transactions and financial position of the centre in compliance with prescribed accounting standards.

### **Internal Controls**

Internal control systems are designed to meet particular needs of the centre and mitigate the risks, with attendant procedures intended to provide effective internal financial control. The centre is obligated to maintain a sound system of internal controls to safeguard public finances. These include taking reasonable steps to ensure that the control and regulatory systems are continuously maintained and monitored. The systems in place are intended to provide reasonable controls.

## **9. Management Discussion and Analysis.**

### **Directors' Remuneration**

During every Board meeting, present members are entitled to a sitting allowance; The Chairperson receives a monthly honorarium.

### **Board Meetings**

During this financial year, the board held 4 (four) meetings, which were attended by all members.

### **Other Key Milestones during the Financial Year.**

- a) The centre adopted mobile banking to minimize cash handling risks.
- b) The centre received its budgetary allocation through phased disbursements.
- c) Fencing of the Kaguru ATC Farm.
- d) Fencing of the AMS farm.
- e) Rehabilitated and stocked the ATC fishpond.
- f) Rehabilitation of the ATC Water supply intake.
- g) Development of the Kaguru ATC strategic plan 2023-2027.
- h) Developed the Kaguru ATC Business plan.
- i) Kaguru ATC performance management Policy.

### **Challenges**

The Kaguru Agricultural Training Centre has faced the following challenges in an effort to contribute to the County's and consequently national development agenda. These challenges include:

1. The Centre struggles to fully leverage its existing partnerships with the private and public sectors due to a weak public-private partnership framework. This has affected the institutions ability to access resources and connect with farmers and other stakeholders
2. Kaguru ATC has limited system for incubating and commercializing agricultural enterprises, which is further complicated by inadequate funding and limited access to market information and dissemination.
3. Kaguru ATC faces significant challenges related to scaling up their existing agricultural products and services, including lack of investment for value proposition (showcasing and validation to consumers), inadequate budgetary allocation for institutional operations and implementing strategic targets, and inadequate personnel.

4. Despite producing high-quality agricultural products, Kaguru ATC struggles to sell their produce due to a lack of a produce one-stop outlet. Additionally, the Centre faces underutilization of the available resources in terms of marketing.
5. Lack of critical components necessary for effective agribusiness, including an agribusiness unit, specialist for entrepreneurship training, and well-equipped agro-processing unit. The underdeveloped basic infrastructure hampers their ability to engage in revenue-generating activities effectively.
6. Kaguru ATC lacks proper equipment/facility for value addition training and the AMS unit suffers from aging machinery that frequently breaks down. It is worth noting that the high demand for mechanization services also outweighs the number of tractors available.
7. Kaguru ATC lacks digital presence on social media platforms such as Facebook and Twitter, resulting in low visibility among potential customers and strategic partners.

#### **Way forward/Recommendations**

- i. Partnerships are critical for success: The Centre cannot achieve its goals alone. Collaborating with stakeholders such as universities, research institutions, and government agencies has been key to achieving success in various projects.
- ii. Sustainable resource management is essential: The centre has learned that resources need to be managed sustainably to ensure long-term productivity. Adopting sustainable practices such as conservation agriculture, agroforestry, and efficient use of water resources has been beneficial.
- iii. Market research and information is crucial: Conducting market research is important to understand consumer needs and preferences. This has helped in the development of market-driven products and services that are relevant to the target market.
- iv. Strategic planning is necessary: Having a strategic plan is essential in achieving its goals. A strategic plan helps in guiding the organization towards a shared vision, and enables the allocation of resources to the most important priorities.
- v. Investment in technology and infrastructure is critical: Investment in technology and infrastructure is necessary to improve efficiency and productivity. The acquisition of modern machinery and equipment has enabled the centre to increase its capacity and improve its service delivery.
- vi. Monitoring and evaluation is important: It is critical in measuring progress and identifying areas that need improvement. Regular.

## **Meru County Kaguru ATC**

### **Annual Report and Financial Statements for the year ended 30th June 2024**

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- vii. The importance of financial sustainability: Financial sustainability is key to its long-term success, and that it must develop and implement sound financial management practices to ensure its continued viability.
- viii. Monitoring and evaluation is important: It is critical in measuring progress and identifying areas that need improvement. Regular monitoring and evaluation has enabled the centre to make data-driven decisions and adjust its strategies as necessary.
- vii. The value of strong partnerships: Forging strong partnerships with key stakeholders, including government agencies, industry associations, and academic institutions, can help to increase its impact and reach.
- viii. The importance of financial sustainability: Financial sustainability is key to its long-term success, and that it must develop and implement sound financial management practices to ensure its continued viability.
- ix. The role of effective marketing and branding: Effective marketing and branding can help it

## **10. Environmental and Sustainability Reporting**

Environmental scan involves gathering, analysing and interpreting information about the external and internal factors and trends that affect or impact Kaguru ATC. This enables identification of potential opportunities, threats, and challenges that an organization may face in the future. This involves the SWOT, PESTEL and stakeholder analysis. Successful strategic plans capture the trends, both internal and external, that must be accurately understood and exploited. The ability of the Centre to forecast the likely future from current trends and those in the horizon is critical in determining its plans and accompanying actions. The trends discussed here below are significant for Kaguru ATC future.

Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis of factors that affect the performance of the Kaguru ATC mandates and the realization of its strategies and objectives, from both internal and external perspectives. It evaluates the competencies within the organization with a view to establishing whether it has the requisite capability to achieve its objectives and realize its mission and vision. The analysis has focused on the existing production value chains, technical capacity, human and financial resource capacity as well as other pertinent factors within the existing setup of the Centre.

## **11. Report of the Trustees.**

The Board submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the centre affairs.

### **Principal activities**

The principle activities of the centre are:

- ❖ Provide agricultural training, extension services, research, marketing support and promotion of modern methods of farming and/or production to local farmers.
- ❖ Prepare an integrated plan for training programs in agriculture, livestock and fisheries.
- ❖ Participate in the discovery, transmission and preservation of knowledge in agriculture and any other related field.
- ❖ Promote the use of technology and mechanization in agriculture.
- ❖ Offer capacity development assistance on agricultural mechanization through practical training, technical assistance, technology transfer and human resource development.
- ❖ Provide specialized farm and business advisory services to farmers for the purpose of generating income to the Centre, and to enter into suitable agreements with any person or organization to this end.
- ❖ Formulate and issue guidelines in planning, implementing, monitoring and evaluating agriculture and fisheries extension programs.
- ❖ Establish model commercial farms as demonstration plots for hands-on learning on farming technologies and agricultural research.
- ❖ Establish and maintain a production unit for raising livestock.
- ❖ Provide facilities, educational training conferences, workshops, seminars, meetings, exhibitions, show tours and such other educational and training activities as the Board may determine.
- ❖ Co-operate with the government, the private sector and non-governmental organizations in development of agricultural training and research.
- ❖ Carry out such other functions as may be necessary or the Governor may from time to time assign incidental to the implementation of the objectives and purposes of the Act and performance of such other functions.

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**Board of Directors**

The members of the Board who served during the year are shown on page vii

**Auditors**

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

By Order of the Board

  
.....

Secretary of the Board

**Date:** 07/11/2024

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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**12. Statement of Management's Responsibilities.**

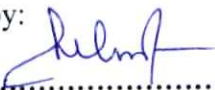
Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Kaguru ATC Act 2019* shall prepare financial statements for the Board in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board. The Principal is responsible for the preparation and presentation of the Centre financial statements, which give a true and fair view of the state of affairs of Kaguru ATC for and as at the end of the financial year ended on June 30, 2024. 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 Board;
- (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 Board; by selecting and applying appropriate accounting policies; and
- (v) Making accounting estimates that are reasonable in the circumstances.

The Principal accepts responsibility for the Centre financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Kaguru ATC Act 2019*. The Principal is of the opinion that Kaguru ATC financial statements give a true and fair view of the state of Kaguru ATC transactions during the financial year ended June 30, 2024, and of the Kaguru ATC financial position as at that date. The Principal further confirm the completeness of the accounting records maintained for the Kaguru ATC, which have been relied upon in the preparation of the Kaguru ATC financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Principal has assessed the centre ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Principal to indicate that Kaguru ATC will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

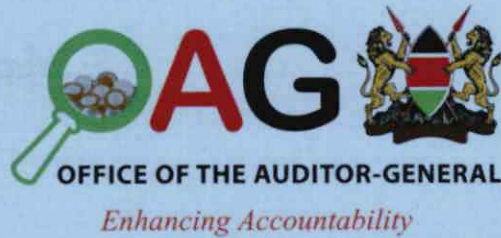
The Board's financial statements were approved by the Board on 25/11/ 2024 and signed on its behalf by:

.....  
  
**Kaburu M'ribu.**

.....  
  
**Alex Wanjala.**

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON KAGURU AGRICULTURAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the Kaguru Agricultural Training Centre for the year ended 30 June, 2024 set out on pages 1 to 30, which comprise of the

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*Report of the Auditor-General on Kaguru Agricultural Training Centre for the year ended 30 June, 2024*

statement of financial position as at 30 June, 2024, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kaguru Agricultural Training Centre as at 30 June, 2024, 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 Kaguru Agricultural Training Centre Bill, 2019 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Incomplete and Undisclosed Assets**

The statement of financial position reflects property, plant and equipment balance of Kshs.30,905,582 as disclosed in Note 15 to the financial statements. However, no valuation report was provided to support the stated value of the assets. In addition, physical inspection conducted in the Centre revealed that the Centre owns biological assets including cows, pigs, goats, rabbits, trees and chicken, whose value was not disclosed in the financial statements, resulting in incomplete reporting of the Centre's assets.

In the circumstances, the accuracy, completeness and value of property, plant and equipment balance of Kshs.30,905,581 as well as nil biological assets could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kaguru Agricultural Training Centre Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budgets and actual amounts reflects the final revenue budget and actual on a comparable basis totalling Kshs.44,567,685 and Kshs.28,688,532.25, respectively, resulting in underperformance of Kshs.15,879,152.75 or 36% of the budget. Similarly, the Company spent Kshs.31,422,919.35 against actual

receipts of Kshs.28,688,532.25, resulting in overutilization of Kshs.2,734,387, or 10% of the actual receipts.

The under-performance and over utilization affected the planned activities and impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion Section of my report, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

Review of the progress on follow up on prior year auditor's recommendations reveals that, several issues were raised under the Report on Financial Statements and Effectiveness of Internal Controls, Risk Management and Governance which remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

### **Other Information**

Management is responsible for the Other Information set out on page i to xxvi which comprise of Centre Information and Overall Performance, Statement of Performance against Centre's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Centre's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Internal Audit Function and Audit Committee**

During the year under review, the Centre had not constituted an audit committee and an internal audit unit as required by Regulations 155(2) of the Public Financial Management (County Government) Regulations, 2015 which stipulate that an Accounting Officer shall ensure that an internal audit is facilitated with sufficient authority to promote independence and ensure broad internal coverage, and adequate considerations of audit.

In the circumstances, the Centre did not benefit from the oversight role and advice from the audit committee and the internal audit function.

#### **2. Failure to Appoint Director for Kaguru Agricultural Training Centre**

During the year under the review, the Centre was managed by a Principal who ensured day-to-day management of the Centre, monitoring expenses and suggesting cost-effective measures, implementing effective policies and ensuring prompt ordering and stocking of agricultural and office supplies; ensuring maintenance of organized records

overseeing training and induction of new employees; and supervising and evaluating all staff contrary to the Act which stipulates that there shall be a Director for the Centre to handle executive functions.

In the circumstances, implementing effective policies could not be confirmed.

### **3. Failure to Operationalize Board Committee**

During the year under review the Board Audit Committee was not operationalized. Without a functioning Board audit committee, the organization risks inadequate oversight of critical areas such as finance, risk management, and compliance. This can lead to uninformed decision-making and weak governance.

In the circumstances, the effectiveness of Internal Controls, Risk Management and Governance could not be confirmed.

### **4. Failure to Provide Board Documents**

Management did not provide appointment letters for the Board Members, work plans, evaluation of Board performance for audit review. In addition, Management of the Centre did not keep personal files for the Board Members. contrary to the Guideline in Mwongozo, 2015-chapter1 paragraph 1.12.

In the circumstances, the competence of the Board Members could not be confirmed.

### **5. Weak Information Communication Technology (ICT)**

Review of the Centre's ICT environment identified several critical gaps and areas of concern that could significantly affect operational efficiency and data security. The Centre did not have an approved ICT policy, which is essential for guiding the use, management, and security of ICT resources. Additionally, the absence of an ICT Strategic Committee further exacerbates the lack of direction and oversight in ICT governance. There was also no IT continuity plan or disaster recovery plan in place, exposing the Centre to significant risks in the event of a system failure or disaster. Compounding these issues is the absence of verification processes reports to ensure that data backups are successful, potentially leading to data loss. There are also no procedures to regularly review user access rights to the system, creating vulnerabilities where access privileges may not align with users' responsibilities.

In the circumstances, the continuity of the Centre in case of data loss could not be confirmed.

### **6. Lack of Risk Management Policy Framework**

During the year under review, the Kaguru ATC operated without a documented risk management policy framework contrary to the requirements of Treasury Circular No.3/2009 of 23 February, 2009 which requires all heads of public institutions to develop and implement a risk management frame work as a fundamental step towards

establishing an accountable and innovative public service. In addition, there was no effective reporting system that includes hotlines, report centres and whistle blower policy.

In the circumstances, Management did not comply with the law.

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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Board of Management**

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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Centre'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 Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund'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 Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015. Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

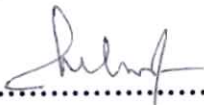
Nairobi

23 December, 2024

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

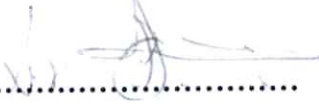
**. Statement of Financial Performance for The Period Ended June 30<sup>th</sup> 2024.**

|   |   |                      |                      |
|---|---|----------------------|----------------------|
| <b>Revenue From Non-Exchange Transactions</b>       |   |                      |                      |
| Public Contributions and Donations                  |   | -                    | -                    |
| Transfers From the County Government                | 1 | 35,811,716           | 50,148,384           |
| Fines, Penalties and Other Levies                   |   | -                    | -                    |
| <b>Total Revenue from Non-Exchange Transactions</b> |   | <b>35,811,716</b>    | <b>50,148,384</b>    |
| <b>Revenue From Exchange Transactions</b>           |   |                      |                      |
| Interest Income                                     |   | -                    | -                    |
| Other Income-Own source revenue                     | 2 | 8,755,969            | -                    |
| <b>Total Revenue from Exchange transactions</b>     |   | <b>8,755,969</b>     | <b>-</b>             |
| <b>Total Revenue</b>                                |   | <b>44,567,685</b>    | <b>50,148,384.00</b> |
| <b>Expenses</b>                                     |   |                      |                      |
| Employee Costs                                      | 3 | 2,312,908.10         | 3,313,833.00         |
| Use of goods and services                           | 4 | 11,692,058.95        | 16,494,665.00        |
| Board Cost.   | 5 | 1,537,000.00         | 1,931,600.00         |
| Transfer to CRF                                     | 6 | 8,548,044.00         | -                    |
| Depreciation and Amortization Expense               | 7 | 1,003,258.45         | 904,071.00           |
| Finance Costs                                       | 8 | 19,576.25            | 20,348.00            |
| <b>Total Expenses</b>                               |   | <b>25,112,845.75</b> | <b>22,664,517.00</b> |
| <b>Other Gains/Losses</b>                           |   |                      |                      |
| Gain/Loss on Disposal of Assets                     |   | -                    | -                    |
| Gain /Loss on fair value of investments             |   | -                    | -                    |
| <b>Surplus/(Deficit) For the Period</b>             |   | <b>19,454,839.25</b> | <b>27,483,867.00</b> |

  
 .....

**Prof. Kaburu M'Ribu.**  
**Chairman of Board**

**Date 25/11/2024**

  
 .....

Mwenda Machoki.  
 ICPAK N/0: 19584  
 Accountant.

**Date 25/11/2024**

  
 .....

Alex Wanjala.  
 Principal.

**Date 25/11/2024**

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

**15.Statement of Financial Position as at June. 30<sup>th</sup> 2024**

|  |     |                      |                      |
|--|-----|----------------------|----------------------|
|  |     |                      |                      |
| <b>Assets</b>  |     |                      |                      |
| <b>Current Assets</b>  |     |                      |                      |
| Cash and Cash Equivalents  | 9   | 154,871.15           | 2,046,847.00         |
| Current Portion of Long- Term Receivables from Exchange Transactions | 13b | 200,000              | -                    |
| Prepayments  |     | -                    | -                    |
| Inventories  | 10  | 769,929.60           | -                    |
| Investments in Financial Assets                                      |     | -                    | -                    |
| <b>Total Current Assets</b>  |     | <b>1,124,800.75</b>  | <b>2,046,847.00</b>  |
| <b>Non-Current Assets</b>  |     |                      |                      |
| Property, Plant and Equipment  | 15  | 30,905,581.70        | 25,598,767.00        |
| Intangible Assets  |     | -                    | -                    |
| Long Term Receivables from Exchange Transactions                     | 13  | 15,879,152.75        | -                    |
| Investment Property  |     | -                    | -                    |
| <b>Total Non-Current Assets</b>                                      |     | <b>46,784,734.45</b> | <b>25,598,767.00</b> |
| <b>Total Assets</b>  |     | <b>47,909,535.20</b> | <b>27,645,614.00</b> |
| <b>Liabilities</b>   |     |                      |                      |
| <b>Current Liabilities</b>   |     |                      |                      |
| Non- Exchange Transactions   |     | -                    | -                    |
| Payables from Exchange.  | 11  | 970,828.95           | 161,747.00           |
| Employee Benefit Obligations   |     | -                    | -                    |
| Social Benefits  |     | -                    | -                    |
| <b>Total Current Liabilities</b>                                     |     | <b>970,828.95</b>    | <b>161,747</b>       |
| <b>Non-Current Liabilities</b>                                       |     |                      |                      |
| Non-Current Employee Benefit Obligation                              |     | -                    | -                    |
| <b>Total non- current liabilities</b>                                |     | <b>-</b>             | <b>-</b>             |
| <b>Total Liabilities</b>   |     | <b>970,828.95</b>    | <b>161,747.00</b>    |
| <b>Net Assets</b>  |     | <b>46,938,706.25</b> | <b>27,483,867.00</b> |
| Capital Funds.   |     | -                    | -                    |
| Accumulated Surplus  |     | 46,938,706.25        | 27,483,867.00        |
| <b>Total.</b>  |     | <b>46,938,706.25</b> | <b>27,645,614.00</b> |

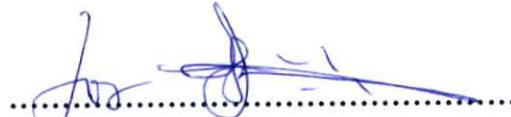
**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the year ended 30th June 2024**

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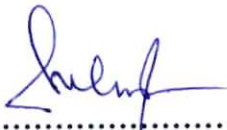
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 25/11/2024 and signed by:



.....  
**Alex Wanjala.**  
**Principal.**



.....  
**Mwenda Machoki.**  
**ICPAK N/0: 19584**



.....  
**Prof. Kaburu M'Ribu.**  
**Chairman of the Board**

**16.Statement of Changes in Net Assets for the period ended June 30<sup>th</sup> 2024.**

|  |   |   |                      |                      |
|--|---|---|----------------------|----------------------|
|  |   |   |                      |                      |
| <b>Balance as at 1<sup>st</sup> July,2022</b>  | - | - | <b>27,483,867.00</b> | <b>27,483,867.00</b> |
| Surplus/(Deficit) For the Period               | - | - | -                    | -                    |
| Funds Received During the Period               | - | - | -                    | -                    |
| Transfers                                      | - | - | -                    | -                    |
| Revaluation Gain                               | - | - | -                    | -                    |
| <b>Balance as at 30<sup>th</sup> June,2023</b> | - | - | <b>27,483,867.00</b> | <b>27,483,867.00</b> |
|  | - |   |                      |                      |
| <b>Balance as at 1<sup>st</sup> July,2023</b>  | - | - | <b>27,483,867.00</b> | <b>27,483,867.00</b> |
| Surplus/(Deficit) For the Period               | - | - | 19,454,839.25        | 19,454,839.25        |
| Funds Received During the period               | - | - | -                    | -                    |
| Transfers                                      | - | - | -                    | -                    |
| Revaluation Gain                               | - | - | -                    | -                    |
| <b>Balance as at 30<sup>th</sup> June,2024</b> | - | - | <b>46,938,706.25</b> | <b>46,938,706.25</b> |

**Meru County Kaguru ATC**  
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**17. Statement of Cash Flows for the period ended June 2024**

|  |          |                       |                        |
|--|----------|-----------------------|------------------------|
| <b>Cash flows from operating activities</b>                          |          |                       |                        |
| <b>Receipts</b>  |          |                       |                        |
| Public contributions and donations                                   |          | -                     | -                      |
| Transfers from the county government                                 | 13       | 19,932,563.25         | 50,148,383.00          |
| Interest received  |          | -                     | -                      |
| Receipts from other operating activities                             | 2b       | 8,55,969-             | -                      |
| <b>Total receipts</b>  |          | <b>28,488,532.25</b>  | <b>50,148,383.00</b>   |
| <b>Payments</b>  |          |                       |                        |
| Employee Cost.   | 3        | 2,312,908.10          | 3,313,833.00           |
| Use of goods and service   | 4b       | 11,652,906.05         | 16,494,665.00          |
| Board expenses   | 7        | 1,537,000.00          | 1,931,600.00           |
| Finance cost.  | 8        | 19,576.25             | 20,348.00              |
| Other payments. Transfer to CRF                                      | 6        | 8,548,044.00 -        | -                      |
| <b>Total payments</b>  |          | <b>24,070,434.40</b>  | <b>21,760,446.00</b>   |
| <b>Net cash flows from operating activities</b>                      |          | <b>4,418,097.85</b>   | <b>28,387,938.00</b>   |
| <b>Cash flows from investing activities</b>                          |          |                       |                        |
| Purchase of property, plant, equipment and Intangible assets         | 15       | (6,310,073.70)        | (26,341,091.00)        |
| Loan disbursements paid out  |          |                       |                        |
| <b>Net cash flows used in investing activities</b>                   |          | <b>(6,310,073.70)</b> | <b>(26,341,091.00)</b> |
| <b>Cash flows from financing activities</b>                          |          |                       |                        |
| Proceeds from revolving fund receipts                                |          | -                     | -                      |
| Additional borrowings  |          | -                     | -                      |
| <b>Net cash flows used in financing activities</b>                   |          | <b>-</b>              | <b>-</b>               |
| <b>Net increase/(decrease) in cash &amp; cash Equivalents/stocks</b> |          | <b>(1,891,975.85)</b> | <b>2,046,847.00</b>    |
| <b>Cash &amp; Cash equivalents at the beginning (1st July)</b>       |          | <b>2,046,847.00</b>   | <b>-</b>               |
| <b>Cash and cash equivalents at 30<sup>th</sup> June 2024.</b>       | <b>9</b> | <b>154,871.15</b>     | <b>2,046,847.00</b>    |

| Description                                  | Original budget      | Adjustments | Final budget         | Actual on comparable basis | Performance difference | % Utilisation |
|--|----------------------|-------------|----------------------|----------------------------|------------------------|---------------|
|  | Kshs                 | Kshs        | Kshs                 | Kshs                       | Kshs                   |               |
|  | a                    | b           | c=(a+b)              | d                          | e=(c-d)                | f=d/c*100     |
| <b>Revenue</b>                               |                      |             |                      |                            |                        |               |
| Public Contributions and Donations           | -                    | (-)         | -                    | -                          | (-)                    |               |
| Transfers From County Govt.                  | 35,811,716.00        |             | 35,811,716.00        | 19,932,563.25              | 16,167,436.75          | 55.6          |
| Interest Income                              | -                    | -           | -                    | -                          | (-)                    |               |
| Other Income                                 | -                    | -           | 8,755,969.00         | 9,000,000.00               | -                      | 97.3          |
| <b>Total Income</b>                          | <b>35,811,716.00</b> | <b>(-)</b>  | <b>44,567,685.00</b> | <b>28,688,532.25</b>       | <b>15,879,152.75</b>   | <b>55.6</b>   |
| <b>Expenses</b>                              |                      |             |                      |                            |                        |               |
| Fund Administration Expenses                 | -                    | -           | -                    | -                          | (-)                    | -             |
| Use of goods and service and transfer to CRF | 25,093,269.50        | (-)         | 25,093,269.50        | 25,093,269.50              | (-)                    | 96.70         |
| Finance Cost                                 | 19,099.00            | (-)         | 25,000.00            | 19,576.25                  | 5,423.75               | 78.30         |
| <b>Total Expenditure</b>                     | <b>13,000,00.00</b>  | <b>(-)</b>  | <b>25,118,269.50</b> | <b>25,112,845.75</b>       | <b>5,423.75</b>        | <b>98</b>     |
| <b>Surplus For the Period</b>                | <b>-</b>             | <b>-</b>    | <b>19,241,490</b>    | <b>3,367,761.50</b>        | <b>15,873,728.50</b>   | <b>82</b>     |
| <b>Capital expenditure</b>                   | <b>15,000,000.00</b> | <b>-</b>    | <b>20,000,000.00</b> | <b>6,310,073.60</b>        | <b>-</b>               | <b>31.55</b>  |

**Budget notes**

- i. *There were under -performance in revenue to failure for county government to transfer money as budgeted*
- ii. Under utilization in capital expenditure were due non transfer of committed funds from county Government

### **13. Notes to the Financial Statements**

#### **1. General Information**

Kaguru Agricultural Training Centre is established by and derives its authority and accountability from The Kaguru Agricultural Training Centre Act 2019. The entity is wholly owned by the Meru County Government and is domiciled in Kenya. The entity's principal activity is training.

#### **2. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and 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 Fund. The accounting policies have been consistently applied to all the periods presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

#### **3. Significant Accounting Policies**

##### **a) Revenue recognition**

##### **i. Revenue from non-exchange transactions**

Transfers from other government entities

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

##### **ii. Revenue from exchange transactions**

##### ***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.

**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for FY 2023-2024 was approved by the County Assembly on April 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. No appropriations are added to the original budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**Summary of Significant Accounting Policies (Continued)**

**e) Investment Property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

**f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Summary of Significant Accounting Policies (Continued)**

***Financial assets***

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

***Summary of Significant Accounting Policies (Continued)***

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

***Financial liabilities***

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**Summary of Significant Accounting Policies (Continued)**

**g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

**h) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

**Summary of Significant Accounting Policies (Continued)**

***Contingent assets***

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

**i) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**j) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

**k) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**Meru County Kaguru ATC**  
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**Summary of Significant Accounting Policies (Continued)**

**l) Related parties**

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

**Summary of Significant Accounting Policies (Continued)**

**m) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial period.

**n) Comparative figures**

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

**o) Events after the reporting period**

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

**p) Ultimate and Holding Entity**

The entity is a County Public Fund established by the kaguru agricultural training centre act 2019 under the Department of agriculture, County Government of Meru.

**q) Currency**

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

### **5. Significant judgments and sources of estimation uncertainty**

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

State all judgements, estimates and assumptions made e.g.

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

#### **b) 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 employed by the Entity.
- 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.

#### **c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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.

**Meru County Kaguru ATC****Annual Report and Financial Statements for the period ended June 30<sup>th</sup> 2024.****6. Notes to The Financial Statements****1. Transfers from County Government**

| Description                                | 2023/2024            | 2022/2023            |
|--|----------------------|----------------------|
|  | Kshs                 | Kshs                 |
| Allocation from County Govt. –Operations   | 35,811,716.00        | 50,148,383.00        |
| Payments By County on Behalf of The Entity | -                    | -                    |
| <b>Total</b>                               | <b>35,811,716.00</b> | <b>50,148,383.00</b> |

**Notes to the financial statements (continued)****2. Revenue from own sources.**

| Description     | 2023/2024           | 2022/2023 |
|-----------------|---------------------|-----------|
|                 | Kshs                | Kshs      |
| Catering        | 6,137,640.00        | -         |
| Hall            | 657,000.00          | -         |
| Accommodation   | 425,200.00          | -         |
| Mitunguu        | 350,500.00          | -         |
| Farm Income(2b) | 1,118,254.00        | -         |
| P.A             | 12,700.00           | -         |
| OTHERS          | 54,675.00           | -         |
| <b>Total</b>    | <b>8,755,969.00</b> | <b>-</b>  |

*2b Farm income*

|                     |                  |          |
|---------------------|------------------|----------|
| Cash received       | 918,254          |          |
| Receivable          | 200,000          | -        |
| <b>Total income</b> | <b>1,118,254</b> | <b>-</b> |

*Note: revenue from our own sources has no comparative figures because it was not disclosed last financial but included under county revenue board and receivable of khs .200,000 was still outstanding from farm income (2b)at the year.*

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the period ended June 30<sup>th</sup> 2024.**

**3. Employee Costs.**

| Description        | 2023/2024<br>Kshs   | 2022/2023<br>Kshs   |
|--------------------|---------------------|---------------------|
| Salaries And Wages | 2,312,908.10        | 3,313,833.00        |
| Staff Gratuity     | -                   | -                   |
| <b>Total.</b>      | <b>2,312,908.10</b> | <b>3,313,833.00</b> |

**4. Use of Goods and Services.**

| Description                          | 2023/2024<br>Kshs.   | 2022/2023<br>Kshs.   |
|--------------------------------------|----------------------|----------------------|
| General Office Expenses              | 1,438,310.00         | 898,000.00           |
| Administration Fees                  | 3,144,503.30         | 5,090,223.00         |
| Electricity And Water Expenses       | 769,602.00           | 533,596.00           |
| Fuel And Oil Costs                   | 800,000.00           | 781,123.00           |
| Printing And Stationery              | 208,000.00           | 624,000.00           |
| Security Costs                       | 405,000.00           | 312,000.00           |
| Telephone And Communication Expenses | 418,000.00           | 166,000.00           |
| Bank Charges                         |                      | 20,348.00            |
| Other (Catering)                     | 4,508,643.65         | 8,177,203.00         |
| <b>Total</b>                         | <b>11,692,058.95</b> | <b>16,436,495.00</b> |

**4b.**

|   |               |  |
|---|---------------|--|
| Use of Goods and services                   | 11,692,058.95 |  |
| Changes in account payables & other payable | 7,307,761     |  |
| Changes in inventories                      | (769,928)     |  |
| Cash paid                                   | 11,652,906.05 |  |

**5. Board Cost.**

| Description                    | 2023/2024<br>Kshs.  | 2022/2023<br>Kshs.  |
|--------------------------------|---------------------|---------------------|
| Honararia.                     | 200,000.00          | 240,000.00          |
| Sitting Allowance.             | 123,200.00          | 280,000.00          |
| Planning (Policy & Strategic.) | 1,213,800.00        | 1,411,600.00        |
| <b>Total</b>                   | <b>1,537,000.00</b> | <b>1,931,600.00</b> |

**Meru County Kaguru ATC**  
**Annual Report and Financial Statements for the period ended June 30<sup>th</sup> 2024.**

**6. Transfer to County Revenue Fund**

| Description     | 2023/2024           | 2022/2023 |
|-----------------|---------------------|-----------|
|                 | Kshs                | Kshs      |
| Transfer to CRF | 8,548,044.          | -         |
| <b>Total</b>    | <b>8,548,044.00</b> | <b>-</b>  |

**7. Depreciation and Amortization Expense.**

| Description            | 2023/2024           | 2022/2023         |
|------------------------|---------------------|-------------------|
|                        | Kshs.               | Kshs.             |
| Buildings.             | 750,011.60          | 607,446.00        |
| Furniture & Equipment. | 228,046.85          | 260,625.00        |
| Computer & Equipment.  | 25,200.00           | 360,000.00        |
| <b>Total</b>           | <b>1,003,258.45</b> | <b>904,071.00</b> |

**8. Finance costs.**

| Description  | 2023/2024        | 2022/2023        |
|--------------|------------------|------------------|
|              | Kshs             | Kshs             |
| 1293077143   | 7,582.50         | 15,632.00        |
| 1293077216   | 11,993.75        | 4,716.00         |
| <b>Total</b> | <b>19,576.25</b> | <b>20,348.00</b> |

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**Notes to the Financial Statements Continued**

**9. Cash and cash equivalents.**

Detailed analysis of the cash and cash equivalents are as follows:

| Financial Institution            | Account number | 2023/2024         | 2022/2023           |
|----------------------------------|----------------|-------------------|---------------------|
|                                  |                | Kshs              | Kshs                |
| <b>a) Fixed Deposits Account</b> |                |                   |                     |
| Kenya Commercial Bank            |                | -                 | -                   |
| Equity Bank, Etc.                |                | -                 | -                   |
| <b>Sub- Total</b>                |                | -                 | -                   |
| <b>b) Revenue account</b>        |                |                   |                     |
| Kenya Commercial Bank            | 1293077178     | 7,925.00          | -                   |
| Equity Bank - Etc.               |                | -                 | -                   |
| <b>Sub- Total</b>                |                | <b>7,925.00</b>   | -                   |
| <b>c) Current Account</b>        |                |                   |                     |
| Kenya Commercial Bank.           | 1293077143     | 30,719.70         | 1,838,230.00        |
| Kenya Commercial Bank.           | 1293077216     | 116,226.45        | 208,617.00          |
| <b>Sub- Total</b>                |                | <b>154,871.15</b> | <b>2,046,847.00</b> |

**Meru County Kaguru ATC**  
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**Notes to the Financial Statements Continued**

**10. Inventory**

| Description   | 2023/2024         | 2022/2023 |
|---------------|-------------------|-----------|
|               | Kshs              | Kshs      |
| Catering.     | 769,929.60        | -         |
| <b>Total.</b> | <b>769,929.60</b> | <b>-</b>  |

**11. Payables.**

| Description   | 2023/2024         | 2022/2023         |
|---------------|-------------------|-------------------|
|               | Kshs              | Kshs              |
| Catering.     | 970,828.95        | 161,747.00        |
| <b>Total.</b> | <b>970,828.95</b> | <b>161,747.00</b> |

**12. Investment Property.**

| Description  | 2023/2024            | 2022/2023            |
|--|----------------------|----------------------|
|  | Kshs                 | Kshs                 |
| <b>At beginning of the year</b>                      | 25,598,767.00        | -                    |
| Additions  | (6,310,073.60)       | 26,502,837.00        |
| Disposal during the year                             | (-)                  | (-)                  |
| Depreciation   | (1,003,258.45)       | (904,071.00)         |
| Impairment   | (-)                  | (-)                  |
| Gain/(loss) in fair value (if fair value is elected) | -                    | -                    |
| <b>At end of the period</b>                          | <b>30,905,581.70</b> | <b>25,598,767.00</b> |

**Meru County Kaguru ATC**  
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**13. Receivables from non-exchange transactions.**

| <b>Description</b>                          | <b>2023/2024</b> | <b>2022/2023</b> |
|---|------------------|------------------|
|   | <b>Kshs</b>      | <b>Kshs</b>      |
| Budgeted Figure 2023/24.                    | 35,811,716.00    |                  |
| Transfers as at 30 <sup>th</sup> June 2024. | (19,932,563.00)  | -                |
| Due From County Government.                 | 15,879,153.00    | -                |
|   |                  | -                |

**13b. Receivables from exchange transactions.**

| <b>Description</b> | <b>2023/2024</b> | <b>2022/2023</b> |
|--------------------|------------------|------------------|
|                    | <b>Kshs</b>      | <b>Kshs</b>      |
| Farm Income        | 200,000          |                  |

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**14. Property, Plant and Equipment**

| Cost                                | Land | Buildings(2.5%) | Motor vehicles | Furniture and fittings(12.5%) | Computers(30%) | Other Assets (specify) | Capital Work in progress | Total         |
|-------------------------------------|------|-----------------|----------------|-------------------------------|----------------|------------------------|--------------------------|---------------|
|                                     | Kshs | Kshs            | Kshs           | Kshs                          | Kshs           | Kshs                   | Kshs                     | Kshs          |
| <b>At 1 July 2022</b>               | -    | -               | -              | -                             | -              | -                      | -                        | -             |
| Additions                           | -    | 24,297,837      | -              | 2,085,000                     | 120,000        | -                      | -                        | 26,502,837    |
| Disposals                           | -    | -               | -              | -                             | -              | -                      | -                        | -             |
| Transfers/Adjustments               | -    | -               | -              | -                             | -              | -                      | -                        | -             |
| <b>At 30<sup>th</sup> June 2023</b> | --   | 24,297,837      | -              | 2,085,000                     | 120,000        | -                      | -                        | 26,502,837    |
| Additions                           | -    | 6,310,073       | -              | -                             | -              | -                      | -                        | -             |
| Disposals                           | (-)  | (-)             | (-)            | (-)                           | (-)            | -                      | (-)                      | (-)           |
| Transfer/Adjustments                | (-)  | (-)             | (-)            | (-)                           | (-)            | (-)                    | -                        | (-)           |
| <b>At 30<sup>th</sup> June 2024</b> | -    | 30,607,910      | -              | 2,085,000                     | 120,000        | (-)                    | -                        | 32,812,910-   |
|                                     |      |                 |                |                               |                | xxx                    |                          |               |
| <b>Depreciation And Impairment</b>  |      |                 |                |                               |                |                        |                          |               |
| <b>At 1 July ,2022</b>              | -    | (-)             | (-)            | (-)                           | (-)            | (-)                    | (-)                      | (-)           |
| Depreciation                        | -    | 607,446         | (-)            | 260,625                       | 36000          | (-)                    | -                        | 904,071       |
| Disposals                           | -    | -               | -              | -                             | -              | (-)                    | -                        | -             |
| Impairment                          | -    | -               | -              | -                             | (-)            | (-)                    | -                        | (-)           |
| <b>At 30 Jun 2023</b>               |      | 607,446         | -              | 260,625                       | 36000          | (-)                    | -                        | 904,071       |
| Depreciation                        | -    | 750,011.60      | (-)            | 228,046                       | 25,200         | (-)                    | -                        | 1003,258.45   |
| Disposals                           | -    | -               | -              | -                             | -              | -                      | -                        | -             |
| Impairment                          | -    | (-)             | -              | -                             | (-)            | (-)                    | -                        | (-)           |
| Transfer/Adjustment                 | -    | (-)             | (-)            | -                             | (-)            | (-)                    | (-)                      | -             |
| <b>At 30<sup>th</sup> Jun 2024</b>  | -    | 1,357,458       | -              | 1488,671                      | 61,200         | -                      | -                        | 1,907,329     |
| <b>Net Book Values</b>              |      |                 |                |                               |                |                        |                          |               |
| <b>At 30<sup>th</sup> Jun 2023</b>  | -    | 23,690,392      | -              | 1,824,375                     | 84,000         | -                      | -                        | 25,598,837    |
| <b>At 30<sup>th</sup> Jun 2024</b>  | -    | 29,250,453.55   | -              | 1,596,328.15                  | 58,800.00      | -                      | -                        | 30,905,581.70 |

**Meru County Kguru ATC**  
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**Notes To the Financial Statements (Continued)**

**15. Investment Property**

| Description  | 2023/2024            | 2022/2023            |
|--|----------------------|----------------------|
|  | Kshs                 | Kshs                 |
| <b>At beginning of the year</b>                      | 25,598,767.00        |                      |
| Additions  | (6,310,073.60)       | 26,502,837.00        |
| Disposal during the year                             | (-)                  | (-)                  |
| Depreciation   | (1,003,258.45)       | (904,071.00)         |
| Impairment   | (-)                  | (-)                  |
| Gain/(loss) in fair value (if fair value is elected) | -                    | -                    |
| <b>At end of the period</b>                          | <b>30,905,581.70</b> | <b>25,598,767.00</b> |

**16.Currency**

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

**17.Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

**Meru County Kguru ATC****Annual Report and Financial Statements for the period ended June 30<sup>th</sup> 2024.****b) Related party transactions**

| Description                     | 2023/2024     | 2022/2023     |
|---------------------------------|---------------|---------------|
|                                 | Kshs          | Kshs          |
| Transfers From Related Parties' | 35,811,716.00 | 50,148,383.10 |
| Transfers To Related Parties    | 8,548,044.00  | -             |

**c) Key management remuneration**

| Description        | 2023/2024         | 2022/2023         |
|--------------------|-------------------|-------------------|
|                    | Kshs              | Kshs              |
| Honararia.         | 200,000.00        | 240,000.00        |
| Sitting Allowance. | 123,200.00        | 280,000.00        |
| <b>Total</b>       | <b>323,200.00</b> | <b>520,000.00</b> |

**d) Due from related parties**

| Description                | 2023/2024            | 2022/2023 |
|----------------------------|----------------------|-----------|
|                            | Kshs                 | Kshs      |
| Due From Parent Ministry   | -                    | -         |
| Due From County Government | 15,879,152.75        | -         |
| <b>Total</b>               | <b>15,879,152.75</b> | <b>-</b>  |

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**18 Annexes.**

**Annex 1: Statement of Financial Performance Per Quarter**

| Description                                   |                       |                       |                        |                        | 2023/2024            | 2022/2023              |
|---|-----------------------|-----------------------|------------------------|------------------------|----------------------|------------------------|
|   | Quarter 1             | Quarter 2             | Quarter 3              | Quarter 4              |                      |                        |
|   | Kshs.                 | Kshs.                 | Kshs.                  | Kshs.                  | Kshs.                |                        |
| <b>Revenue from non-exchange transactions</b> |                       |                       |                        |                        |                      |                        |
| Public Contributions and Donations            | -                     | -                     | -                      | -                      | -                    | -                      |
| Transfers from County Government              | 6,534,916             | 10,032,563.25         | 17,432,563.25          | 19,932,563.25          | 19,932,563.25        | 50,148,383.00          |
| Fines, Penalties and Other Levies             | -                     | -                     | -                      | -                      | -                    | -                      |
|   | <b>6,534,916.00</b>   | <b>10,032,563.25</b>  | <b>17,432,563.25</b>   | <b>19,932,563.25</b>   | <b>19,932,563.25</b> | <b>50,148,383.00</b>   |
| <b>Revenue from exchange transactions</b>     |                       |                       |                        |                        |                      |                        |
| Other Income                                  | -                     | -                     | -                      | -                      | 8,548,044.00 -       | -                      |
| <b>Total revenue</b>                          | <b>6,534,916.00</b>   | <b>10,032,563.25</b>  | <b>17,432,563.25</b>   | <b>19,932,563.25</b>   | <b>28,480,607.25</b> | <b>50,148,383.00</b>   |
| <b>Expenses</b>                               |                       |                       |                        |                        |                      |                        |
| Employee costs                                | 411,082               | 1,179,051.50          | 1,843,965.90           | 2,312,908.10           | 2,312,908.10         | 3,313,833.00           |
| Use of goods and services                     | 3,486,384.60          | 3,492,296.60          | 10,803,870.23          | 11,692,058.95          | 12,643,311.65        | 16,494,665.00          |
| Dep. and amortization expense                 | 234,619.60            | 465,914.50            | 537,344.55             | 1,003,258.45           | 1,003,258.45         | 904,071.00             |
| Transfer to CRF                               |                       |                       |                        |                        | 8,548,044.00 -       |                        |
| Finance costs                                 | 5,912.00              | 10,253.75             | 18,748.25              | 19,099.00              | 19,576.25            | 20,348.00              |
| Others (Board)                                | 600,000.00            | 936,000.00            | 1,230,000.00           | 1,537,000.00           | 1,537,000.00         | 1,931,600.00           |
| <b>Total expenses</b>                         | <b>(4,137,998.20)</b> | <b>(4,916,221.45)</b> | <b>(12,898,120.73)</b> | <b>(16,536,630.70)</b> | <b>17,516,054.45</b> | <b>(22,664,517.00)</b> |
| <b>Other gains/losses</b>                     |                       |                       |                        |                        |                      |                        |
| Gain/loss on disposal of assets               | -                     | -                     | -                      | -                      | -                    | -                      |

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| Description       |              |              |              |              | 2023/2024     | 2022/2023     |
|-------------------|--------------|--------------|--------------|--------------|---------------|---------------|
|                   | Quarter 1    | Quarter 2    | Quarter 3    | Quarter 4    |               |               |
| Surplus/(deficit) | 1,269,917.95 | 1,896,917.80 | 2,096,917.80 | 3,395,932.55 | 10,964,552.80 | 27,483,866.00 |

**Annex 2: Trade Payables.**

| Description                   | Less than 1 month | Between 1-3 months | Over 5 months | Total             |
|-------------------------------|-------------------|--------------------|---------------|-------------------|
|                               | Kshs              | Kshs               | Kshs          | Kshs              |
| <b>At 30 June ,2024</b>       |                   |                    |               |                   |
| Trade Payables                | -                 | 970,828.95         | -             | <b>970,828.95</b> |
| Current Portion Of Borrowings | -                 | -                  | -             | -                 |
| Provisions                    | -                 | -                  | -             | -                 |
| Employee Benefit Obligation   | -                 | -                  | -             | -                 |
| <b>Total</b>                  | -                 | <b>970,828.95</b>  | -             | <b>970,828.95</b> |
| <b>At 30 June ,2023</b>       |                   |                    |               |                   |
| Trade Payables                | -                 | 161,746.00         | -             | 161,746.00        |
| Current Portion Of Borrowings | -                 | -                  | -             | -                 |
| Provisions                    | -                 | -                  | -             | -                 |
| Employee Benefit Obligation   | -                 | -                  | -             | -                 |
| <b>Total</b>                  | -                 | <b>161,746.00</b>  | -             | <b>161,746.00</b> |

**Meru County Kguru ATC**  
**Annual Report and Financial Statements for the period ended June 30<sup>th</sup> 2024.**

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**Appendix 3: Implementation Status of Auditor-General Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

| Reference No. on the external audit Report | Issue / Observations from Auditor                  | Management comments | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--|--|---------------------|--------------------------------------|---|
| 1  | Unsupported Plant, Property and Equipment Balance. | unresolved          | Ongoing.                             | (12 month)<br>As the the end of 2024/2025 F/Y                       |
| 2  | Annual Evaluation of the board performance.        | resolved            | Awaiting Report.                     | December.<br>2024/2025 F/Y  |
| 2  | Failure to carry Internal Audit.                   | resolved            | Awaiting Report.                     | December.<br>2024/2025 F/Y  |

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

**Meru County Kiguru ATC**  
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(iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



.....

Alex Wanjala.  
Principal.  
Kaguru ATC

**Date 25/11/2024**

