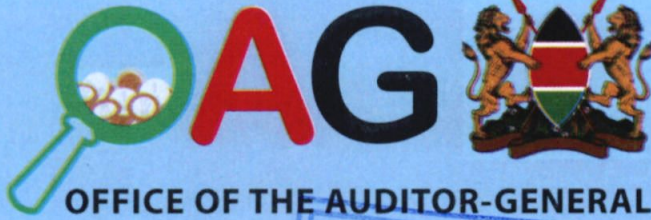


REPUBLIC OF KENYA



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REPORT

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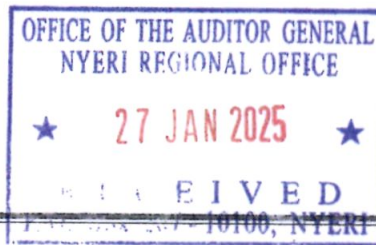
OF

THE AUDITOR-GENERAL

ON

KAGUMO TEACHERS' TRAINING COLLEGE

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



Kagumo Teachers Training College

Annual Report and Financial Statements

**For the Year Ended
30th June 2022**

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

KAGUMO TEACHERS' TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

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1. ACRONYMS & GLOSSARY OF 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
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the College

2. KEY COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

Kagumo Teachers' Training College was established under the Basic Education Act on 19th January 2006. The College is domiciled in Kenya and is located in Nyeri County. The institute is under the Ministry of Education.

(b) Principal Activities

As an institution responsible for teacher training in the country, the college is obliged to ground its operations on certain principles and values. These principles are projected through the college objectives drawn from the relevant provisions by the Ministry of Education (MoE). Implementation of the college mandate is guided by the pillars expressed through the Kagumo TTC vision statement, mission statement, core values and strategic objectives.

Vision: A Centre for Globally Competitive Teacher Education and Training

Mission: To Provide Quality Teacher Education and Training that Produces Patriotic, Competent, Innovative and Self-Directing professionals.

(c) Key Management

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

- 1) Board of Management
- 2) Chief Principal/ Accounting officer
- 3) Deputy Principal Administration
- 4) Deputy Principal Academics
- 5) Registrar
- 6) Dean of students
- 7) Finance Officer
- 8) Procurement Officer
- 9) Human Resource Officer

(d) Fiduciary Management

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

No.	Designation	Name
1.	Chief Principal	- Francis Mwangi Gitau
2.	Deputy Principal Administration	- Sylvia Kiko Mutunga
3.	Deputy Principal Academics	- Bakari Juma Wasilwa
4.	Registrar	- Stephen Kaburi Karimi
5.	Dean of students	- Susan Njiru Obimbo
6.	Finance Officer	- Caroline Wanjiru Githinji
7.	Procurement Officer	- Steven Ochieng
8.	Human Resource Officer	- Margaret Njeri Mbugua

(e) Fiduciary Oversight Arrangements

Functions of the Committees of Boards of Management of Basic Institutions – Under Sec.61 (1)

i) Finance, Procurement and General Purposes Committee

The function of this subcommittee shall be:

- a) To ensure that all expenditures are in line with the approved budget of the institution.
- b) To supervise preparation of the college budget.
- c) To monitor from time to time how funds are utilized in the college.
- d) To monitor closely all procurements and due process is followed.
- e) To ensure that all suppliers strictly follow their quotation prices without varying the prices.
- f) To ensure that all books of accounts are written and are up to date.
- g) To physically check all bank slips, withdrawals against the bank statements.
- h) To handle all other matters of employment and termination of employment of all college workers.
- i) To handle all matters relating to supervising maintaining of stores records.
- j) To handle all matters relating to hiring and maintenance of the college vehicle (s).
- k) Any other case which may be delegated to them by the Board of Management.

ii) Discipline, Ethics and Integrity Committee

The function of this committee shall be:

- a) To deal with all matters relating to discipline of students and pupils.
- b) To work closely with the guidance and counseling committee in improving discipline in college.
- c) To handle all integrity cases involving teaching and non-teaching staff.
- d) To promote ethics & integrity in the college.
- e) To carry out any other assignment which may be referred to them by the Board of Management.

iii) Human Rights and Student Welfare Committee

The Functions of the human rights and student welfare committee shall be:

- a) To receive and discuss all cases of admissions, transfers, suspensions, repetitions and replacements at the college level.
- b) To recommend to the Board of Management all cases of admissions, transfers, repetitions and replacements from the college level.
- c) To receive from students/Teacher Trainees or student leaders all cases relating to human rights abuse and their welfare in general.
- d) To carry out student census in the college or any other institution of basic education and submit a report to the Board of Management.

iv) Academic Standards Quality and Environment Committee

The function of this committee shall be:

- a) To handle all academic matters in the college.
- b) To device ways and means of improving academic standards.
- c) To analyze national examination results against the FACE exams
- d) To ensure that all text books purchased through the government grants are received in the college and given to each deserving student.
- e) To ensure that each child has enough textbooks and other learning materials.
- f) To ensure that all students and pupils are learning in safe class rooms, the toilets are safe, the eating place is clean and safe and the water in the college is clean and safe.
- g) To ensure that all college buildings are safe and secure.
- h) To ensure that the college compound is safe to carry out any other assignment which may be delegated to them by the Board of Management.

v) Audit Committee

The functions of this committee shall be:

- a) To examine in depth all payment vouchers and receipts and report to the board any disparity.
- b) To examine all used receipt books, cheque books delivery notes, invoices and payment vouchers.
- c) To examine in depth all enrollment registers for the previous year.
- d) To examine all movable and immovable assets for the previous year.
- e) To examine all cheque book counterfoils for the previous year.
- f) To examine all tender records for the previous year.
- g) To examine all procurement records for the previous year.
- h) To verify all projects records for the previous year.
- i) To verify the audit and inspection reports for the previous year.
- j) To respond to audit queries after scrutinizing the report on audited accounts.

KAGUMO TEACHERS' TRAINING COLLEGE
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KEY COLLEGE INFORMATION AND MANAGEMENT (Continued)

- (f) **College Headquarters**
Kagumo Teachers' Training College,
P.O. Box 18-10100,
NYERI – NAIROBI HIGHWAY
NYERI, KENYA
- (g) **College Contacts**
Telephone: (254) 701 972 912(calls only)
 : (254) 796 632 055
E-mail: info@kagumocollege.ac.ke
Website: www.kagumocollege.ac.ke
- (h) **College Bankers**

Kenya commercial bank
Nyeri Branch




Equity Bank Limited
Nyeri Branch
- (i) **Independent Auditors**





Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**





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






ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

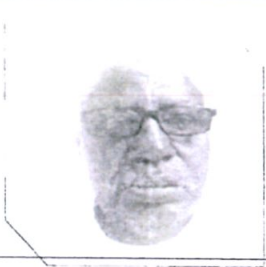
3. THE BOARD OF MANAGEMENT

No.	Member/ Director	Name	Date of Birth	Qualifications	Work Experience	Independent/ Executive member	Sub Committee
1.		James Ngunjiri Karegi	1952	B.Sc.	Retired Teacher	Independent	Chairperson BOM
2.		Francis Mwangi	1962	Msc	Teacher	Chief Principal-Kagumo Teachers' Training College	Chief Principal/Secretary BOM
3.		Ngumi Mwaniki	1950	B.Ed	Retired Teacher	Independent	Audit Sub. Committee



4.		Dr. Christine Waithira Njiru	1966	PHD	Teacher	Representative of Teaching Staff	Audit Sub. Committee
5.		Eng. Ndirangu Wangai	1973	Msc.	Principal Engineer	Independent	Audit Sub. Committee
6.		Henry G. Kinyua		Msc.	Agriculture Specialist	Independent	Academic Standards, Quality & Environment
7.		Pro. Richard M. S. Mulwa	1967	PHD	Director Crop Management Research Training (CMRT)	Independent	Academic Standards, Quality & Environment




8.		Jaqueline Onyango	1968	MED. Curriculum Studies	Ag. Director KICD	SNR KICD	Academic Standards, Quality & Environment
9.		Prof. Beatrice Njeru Warue		PHD	Banking Finance	Independent	Finance, Procurement & General Purpose
10.		Adv. Kimamo Kurua	1959	BED	Lawyer	Independent	Finance, Procurement & General Purpose
11.		Arch. Thomas Mundia	1961	B. Arch.	Architecture	Independent	Finance, Procurement & General Purpose




12.		Rev. Fr. Paul Kimani	1983	Degree in Theology	Catholic Priest	Independent	Human Rights & Student Welfare
13.		Mary Kimamo		BEd	Director of Tourist & Culture (Nyeri County)	Independent	Human Rights & Student Welfare
14.		Dr. Njuguna Paul Samuel	1973	MMEd	Gynaecology	Independent	Human Rights & Student Welfare
15.		Antonina Lentoijoni	1973	BEd, MBA	Teacher Management	TSC	Discipline, Ethics & Integrity
16.		Anthony Muriithi Njeru		BEd	Analyst – Quality Assurance	PWDs	Discipline, Ethics & Integrity

17.		Ibrahim Mohamud Sheik	1957	BED, MED	Teacher	KNEC – DP Director	Discipline, Ethics & Integrity
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4. KEY MANAGEMENT TEAM

No.	Member/ Director	Name	Key academic qualifications	Main area of responsibility
1.		Francis Mwangi	MSc Education	Chief principal
2.		Sylvia Kiko Mutunga	MSc Education	Deputy Principal Administration

3.		Juma Bakari Wasilwa	MSc Education	Deputy Principal Academics
4.		Stephen Kaburi	BSc	Registrar
5.		Susan Obimbo	BSc	Dean of Students

6.		Margret Njeri	BSc. HRM	Human Resource Officer
7.		Caroline Wanjiru Githinji	BSc Finance	Finance officer
8.		Stephen Ochieng	BSc. Purchase and supplies	Procurement Officer

KAGUMO TEACHERS' TRAINING COLLEGE
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5. CHAIRMAN'S STATEMENT



James Ngunjiri Karegi –Board of Management chairperson

On behalf of BoM, Management, staff and students of Kagumo Teachers' Training College, I would like to thank the government through the Cabinet Secretary Ministry of Education for giving me the opportunity to serve in this great institution.

In the FY 2021/2022, the College had various successes in its operations with various activities and projects being accomplished. However, it also faced a few challenges which had been unprecedented.

College enrolment: The College had an improved enrolment of students from the previous year. As at June 2022 total students' enrolment was 890.

Academic performance: The College has had continued positive improvement in performance over the years. In the DTE 2021 results a mean of 5.51 was achieved which was an improvement of +0.31 from the previous year's performance of 5.79.

Co-curricular activities: The College was able to resume co-curricular activities which had been halted due to the covid-19 pandemic. The College hosted and participated in the Regional and National ball game championships. In addition, the College participated in the Regional and National Athletics held in Muranga TTC and Kigari TTC respectively in May 2022.

College infrastructural projects: Five projects were undertaken to 100% completion. These were:

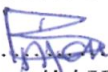
- a) Construction of Perimeter wall 225km
- b) Improving walkways in the men's hostel by putting cabros
- c) Removal of asbestos from 4 men hostels and replacement with iron sheets
- d) Cleaning the roofing tiles of male hostels
- e) Refurbishment of administration block offices

Income generating activities: The College was involved in income generating activities like Coffee farming, dairy farming, vegetable & banana farming and pig farming.

Challenges:

Within the financial year, the College faced challenges.

- a) The disposal of grounded motor vehicles was not achieved. This has been awaiting approval from the Ministry of Education
- b) Reduction in number of teaching and non-teaching staff through retirement, resignation and death.
- c) Tuition block and hostel which had stalled some years back and had been hoped to be completed with assistance from the Presidents Delivery unit did not materialize.
- d) Covid-19 pandemic that saw staff and students infected and affected.
- e) Reduction in allocation grant from the Ministry of Education.



James Ngunjiri Karegi
Chairperson
Board of Management

6. REPORT OF THE PRINCIPAL



Francis Gitau Mwangi – Chief Principal

Academic performance: The College has had continued positive improvement in performance over the years. In the DTE 2021 results a mean of 5.51 was achieved which was an improvement was of +0.31 from the previous year's performance of 5.79.

College enrolment: The College offers 3 year diploma course in Teacher education. The college was able to admit 386 first year students and was able to oversee 370 third year students posted to various secondary schools for their teaching practice which is mandatory for the teacher trainees.

Human Resource

The college saw retirement of 9 non-teaching staff members and 7 teaching staff members. The college also lost one member of non-teaching staff and one teaching staff member through death.

The college also received 2 deputy principals 1 deputy principal administration and deputy principal academics

Infrastructural projects

The college received Ksh12, 500,000.00 from Ministry of Education for development purposes in the financial year which facilitated undertaking of 5 projects:-

- a) Construction of Perimeter wall 225km
- b) Improving walkways in the men's hostel by putting cabros
- c) Removal of asbestos from 4 men hostels and replacement with iron sheets
- d) Cleaning the roofing tiles of male hostels
- e) Refurbishment of administration block offices

The projects have been done to completion and handed back to the college from the contractors

Co-curricular activities: The College was able to resume co-curricular activities which had been halted due to the covid-19 pandemic.

Ball games: -

The College emerged position 2 in the regional ball games held in the college.

National ball game championships were also held in the college and central region emerged position 5 out of 7.

Athletics:-

Regionals were held in Muranga TTC where Kagumo TTC emerged position 1 out of the 4 which participated.

National Athletics were held in Kigari TTC where central region emerged position 6 out of 7.

College finances

The college generates its income from 3 main sources:

1. Students fees
 2. Grant from Ministry of Education
 3. College income generating activities (farm, rental income and college hire of facilities)
- Details of income generated from the above sources are as captured in the financial reporting.

Challenges

1. The college had budgeted with Ksh 85,000,000.00 as recurrent grant from the Ministry of Education. However, the college received Ksh 72, 200,000.00. This resulted to difficulties in the college implementing its annual budget.
2. Co- curricular activities were suspended as a result of covid -19 restrictions.



Francis Mwangi
Chief Principal/Secretary Board of Management



7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government College's performance against predetermined objectives.

Kagumo Teachers' Training College has 1 strategic pillar and objectives within current Strategic Plan 2018 -2023. This strategic pillar is as follows:

1. To Train a Competent Professional Diploma Teacher

Kagumo Teachers' Training College develops its annual work plans based on the above 1 pillar. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *College* achieved its performance targets set for the FY 2021/22 period for its 1 strategic pillar, as indicated in the diagram below:

Strategic Pillar	Strategic Objective	Activities	Performance Indicator	Achievements
To Train a Competent Professional Diploma Teacher	(1) To Train a Competent Professional Diploma Teacher to Meet the 21st Century Demands	<ul style="list-style-type: none"> • Write teaching materials for secondary schools • Create models and teaching aid materials for Teaching • Pack relevant teaching kits for secondary schools • To acquire through procurement, reference materials for the library • To improve status of the laboratories 	<ul style="list-style-type: none"> • Professional documentation • Analysed internal exams • Increased reference materials • Lab. Record inventories • Improved mean index Resource materials • Models, • Teaching aids, teaching kits • Reference materials on shelves • Increased equipment in the labs • Increased student involvement in the laboratories 	<ul style="list-style-type: none"> -Schemes of work, Course outlines, Records of work covered and timetables. -DTE mean improved from 5.79 to 5.51 an improvement index of +0.31
	(2) To Enhance the Motivation and Capacity of the Human Resource for Effective and Efficient Management	<ul style="list-style-type: none"> • Communicate effectively by informing members via SMS to achieve 100 % attendance • Drawing up a programme for co-curricular activities • Capacity builds the SRC/Class representatives on leadership skills • Enhance security within the college. 	<ul style="list-style-type: none"> • Minutes of meetings • Records showing initial communication and reminders • Records of sent emails and acknowledgement • Programme for Co-curricular activities • Approved budget for training 	<ul style="list-style-type: none"> -Communication effectively done using SMS and Email -Co-curricular programmed: College participated in Regional ball games on 3rd to 4th March 2022 in Kagumo TTC, College participated in National Ball games held on 10th to 11th March 2022

				<p>in Kagumo TTC</p> <ul style="list-style-type: none"> -Capacity building for SRC and class representatives was not done. It Had been halted due to covid 19.
		<ul style="list-style-type: none"> • Provide all non-teaching staff with WIBA facility • Initiate an award scheme • Prompt payment of service gratuity and salaries. • Benchmarking activities • Invite motivational speakers • Initiate activities that enhance team spirit e.g. setting departmental and college targets, talks and trips 	<ul style="list-style-type: none"> • Letters received by members signed delivery book • Finance records • Minutes of meetings 	<ul style="list-style-type: none"> -AP Police and security firm police engaged to provide security -College employees provided with WIBA -Outstanding employees were awarded during end of year party -Section targets were set weekly

To Train a Competent Professional Diploma Teacher	(3) To maintain, develop and expand college infrastructure and housing for improved service delivery	<u>College Buildings</u> <ul style="list-style-type: none"> • Assessment of damage/Repair works • Prepare BQs • Budget for repairs • Procurement process • Repair and maintain all the college buildings 	<ul style="list-style-type: none"> • Request letters • BoM minutes • BQs and minutes from Public Works • Adverts • Quotations • Minutes from tender committees 	Maintenance and repair works were done. Asbestos was removed from 7 men hostels and 7 staff houses
		<u>Roads, Paths and Pavements</u> <ul style="list-style-type: none"> • Prepare BQs • Budget for repairs • Source for funding • Procurement process • Re-carpet all roads, paths and widen pavements in the college 	<ul style="list-style-type: none"> • Request letters • BoM minutes • BQs and minutes from Public Works • Adverts • Quotations • Minutes from tender committees 	-Cabro pavements were done on paths within the male hostels - Construction work of college internal roads by KERRA started.
		<u>Repaint College Buildings and Houses</u> <ul style="list-style-type: none"> • Prepare BQs • Budget for repairs • Source for funding • Procurement process • Repaint all college buildings and houses 	<ul style="list-style-type: none"> • Request Letters • BoM Minutes • BQs and Minutes from Public Works • Adverts • Quotations • Minutes from tender committees 	-Two Deputy Principal residential houses were painted. Renovation of Deputy Principal Academic office was done
		<u>Drainage in the Hostel Area</u> <ul style="list-style-type: none"> • Prepare BQs • Budget for repairs • Source for funding • Procurement process • Construct proper drainage in the hostel area 	<ul style="list-style-type: none"> • Request Letters • BoM Minutes • BQs and Minutes from Public Works • Adverts • Quotations • Minutes from tender committees 	Not done

		<p><u>Men's Hostel</u></p> <ul style="list-style-type: none"> • Prepare BQs • Budget for Repairs • Source for Funding • Procurement process • Complete the ongoing men's hostel • Procure Furniture 	<ul style="list-style-type: none"> • Request Letters • BoM Minutes • BQs and Minutes from Public Works • Adverts • Quotations • Minutes from tender committees 	7 Men hostels were renovated – asbestos were removed and iron sheet reroofing was done.
		<p><u>MPH Phase II</u></p> <ul style="list-style-type: none"> • Prepare BQs • Budget for repairs • Source for funding • Procurement • Process • Complete construction of MPH Phase II • Procure Furniture 	<ul style="list-style-type: none"> • Request Letters • BoM Minutes • BQs and Minutes from Public Works • Adverts • Quotations • Minutes From tender committees 	Construction of MPH phase II was not done
		<p><u>Dining Hall</u></p> <ul style="list-style-type: none"> • Prepare BQs • Source for funding • Procurement process • Re-paint, tile and expand the D/H Capacity • Procure Furniture 	<ul style="list-style-type: none"> • Request Letters • BoM Minutes • BQs and minutes from Public Works • Adverts • Quotations • Minutes from tender committees 	-Expansion of dining hall done to mitigate congestion during covid 19
		<p><u>Games Facilities</u></p> <ul style="list-style-type: none"> • Prepare BQs • Budget for construction • Source for funding • Procurement process • Construct, maintain and modernize the games facilities e.g. Swimming pool, • basketball courts 	<ul style="list-style-type: none"> • Request Letters • BoM Minutes • BQs and Minutes from Public Works • Adverts • Quotations • Minutes from tender committees 	Games pavilion in the main field was renovated.

		<u>Harvesting Rain Water</u> <ul style="list-style-type: none"> • Identify intake areas • Budgeting • Procurement Process 	<ul style="list-style-type: none"> • Request letters • Budget • BoM Minutes 	Harvesting of rain water done : 2 tanks at ladies hostels capacity 16,000l andn 10,000L. 2 tanks at men hostels of capacity 16,000L and 10,000L
		<u>Firewood Shed</u> <ul style="list-style-type: none"> • Prepare BQs • Budget for construction • Source for funding • Procurement • Process • Construct a general store, • Food store, • DH Canopy& firewood Shed 	<ul style="list-style-type: none"> • Request letters • BoM minutes • BQs and minutes from public works • Adverts • Quotations • Minutes from tender committees 	Firewood shed was not constructed
		<u>Motor Vehicles</u> <ul style="list-style-type: none"> • Budget for procurement • Source for funding 	<ul style="list-style-type: none"> • Request letters • BoM minutes • Adverts • Tender documents • Minutes from tender process committces 	Not done

		<p>Other Projects</p> <ul style="list-style-type: none"> • Construct an ablution block for the staff • Procure a chopper for the farm • Construct a Welding shade • Construct a canopy at the housekeeping department • Construct outside benches for discussion • Procure Micro-teaching digital recorder • Subscribe to Online library Services • Procure digital Interactive boards • Construct a modern toilet at the gate 	<ul style="list-style-type: none"> • Request Letters • BoM Minutes • Specification • Quotations • Minutes from tender committees 	Not done
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Strategic Pillar	Strategic Objective	Activities	Performance Indicator	Achievements
To Train a Competent Professional Diploma Teacher	(4) To strengthen the college financial management to achieve its financial obligations	<ul style="list-style-type: none"> • Enroll more students • Ensure 100% fee collection • Seek more grants • Popularize the college • Renovate college facilities • Make use of unutilized land • Place adverts in time • conduct market surveys • Place requisition in time • Make prompt payments • Dispose idle assets annually • Reserve some categories for the special group 	<ul style="list-style-type: none"> • Increased student population • Increased fee collection • Bank statements • Receipts • Farm ledger • Request letters • Work plan for disposal of items • Adverts • Tender documents <p>Certificates of the PWDs.</p>	Special groups reservations done for goods and services under AGPO category

Strategic Pillar	Strategic Objective	Activities	Performance Indicator	Achievements
To Train a Competent Professional Diploma Teacher	(5) To enhance conducive environment for working and learning to enable the human resource fulfill the college mandate	<ul style="list-style-type: none"> • Provide adequate resources and broaden the use and integration of technology within the college • enhance security in the college (burglar proofing doors, security lights, perimeter fence) • Provide working gear. • Cleaning of offices and maintenance of lawns and hedges • Enhance college aesthetics (planting of flowers, construction of modern gate, painting and signage, adding seating benches around Fanaka fountain) • Provide basic necessities like clean water and sanitation, access to good food, security etc • Management of e-waste • Segregation of waste by using different coloured bins • Extension of internet to cover the whole college. • Installing an interactive website. • Purchase of computers and their software. • Fix projectors in the tuition rooms • Expand the intercom to all offices • Improve information sharing for example by enhancing the management information system (MIS) and local area network (LAN). • Acquire security devices e.g mirror/metal detectors, 	<ul style="list-style-type: none"> • Documentation on provision of working gear • Reports of assessment of facilities by the relevant stakeholders • Bins for separating waste • Sensitization on waste segregation programme • Issue of computers and projectors to users after process of procurement and evidence for their use 	<ul style="list-style-type: none"> - 225m of perimeter fence constructed - Bins for waste procured - Security: AP and security firm were used to provide security

		<p>CCTV</p> <ul style="list-style-type: none">• Enhance security personnel• Insure college facilities against fire, burglary and theft• Initiate a biometric system• Purchase a vegetable and meat chopper• Decongest the staff offices• Insure on public indemnity		
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8. CORPORATE GOVERNANCE STATEMENT

In the FY2021/2022 the Board of Management held 3 meetings whose attendance is as below

S/No.	Name	Date of Meeting		
		19 th Nov. 2021	27 th May 2022	30 th June 2022
1.	James Karegi	√	√	√
2.	Francis Mwangi	√	√	√
3.	Rev. Fr. Paul Kimani	√	√	√
4.	Prof. Beatrice Warue	√	√	√
5.	Mary Kimamo	√	√	√
6.	Thomas Mundia	√	√	√
7.	Henry Kinyua	√	√	√
8.	Ngumi Mwaniki	√	√	√
9.	Dr. Paul S. Njuguna	√	√	√
10.	Dr. Christine Njiru	√	√	√
11.	Anthony Muriithi	√	√	X
12.	Mohamed Ibrahim	X	√	X
13.	Juliet Kariuki	X	√	X
14.	Muriuki Harrison	√	X	X
15.	Prof. Richard Mulwa	√	X	X
16.	Anyasi Sylvanos	√	X	X
17.	Stanley Wakibia	√	√	√
18.	Philip Mathenge	√	√	√

Key

Absent – X

Present - √

Process of appointment and removal of Board members

The College Board of Management members are appointed/removed from the Board as guided by the Basic Education Act, 2013.

Roles and functions of the Board

The College Board of Management functions through 5 subcommittees: -

- (i) Finance, procurement and General purposes
- (ii) Academic Standards Quality and Environment Committee
- (iii) Discipline, Ethics and Integrity Committee
- (iv) Academic Standards Quality and Environment Committee
- (v) Audit subcommittee

Functions of the above-mentioned subcommittees are as indicated on page iii.

Board remuneration

The Board members are given a sitting allowance of Ksh8, 000/- per member per sitting while the chairperson receives Ksh10, 000.0

9. MANAGEMENT DISCUSSION AND ANALYSIS

Budget Estimates for the past 5 years

Year	Budget Estimates (Kcs)
2018/2019	164,801,081.00
2019/2020	181,433,200.00
2020/2021	151,291,276.00
2021/2022	120,029,821.00
2022/2023	114,380,170.00

Student Enrolment in the past 5 Years

YEAR	MALE	FEMALE	TOTAL
2018	559	455	1014
2019	675	459	1134
2020	405	322	727
2021	398	419	817
2022	430	460	890

Non-Teaching Staff number for the past 5 Years

YEAR	MALE	FEMALE	TOTAL
2018	65	32	97
2019	67	27	94
2020	61	26	87
2021	63	28	91
2022	56	24	80

Teaching Staff Enrolment for the past 5 Years

YEAR	MALE	FEMALE	TOTAL
2018	52	57	109
2019	50	45	95
2020	47	44	91
2021	38	40	78
2022	43	30	73

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Disposal of Wastes

The College strives to promote and maintain a healthy environment by ensuring that all waste materials known to have negative impact on the environment are properly segregated and disposed.

Environmental Policy

The college commits itself to and endorses the need to protect the environment.

The college acknowledges and accepts its responsibility to conduct its business in compliance with applicable environmental laws and regulations.

Environmental Statement

Kagumo Teachers Training College has a vital interest in ensuring a clean and healthy environment.

The college also relies on a healthy environment so that you, the customer, can enjoy the standard of living and healthy lifestyle that mean so much to us today.

Shortcomings of waste management

- Soil Contamination. Ideally, we would like our plastic, glass, metal and paper waste to end up at a recycling facility.
- Water Contamination.
- Extreme Weather Caused By Climate Change.
- Air Contamination.
- Human Damage.

Successes of waste management

- Reduces the amount of waste sent to landfills.
- Conserves natural resources such as timber, water and minerals.
- Increases economic security by tapping a domestic source of materials.
- Prevents pollution by reducing the need to collect new raw materials.
- Saves energy.

EMPLOYEE WELFARE

Recruitment Guiding Principles

The following guides recruitment within Kagumo Teachers Training College

- a) Recruitment shall be done against approved establishment. Recruitment and selection on all arising vacancies shall be filled competitively. This applies to both internal and external recruitment. In all cases, the focus of this process shall be to ensure that the college is staffed with the best skills and competencies available both internally and the labour market. The Board of Management is responsible for recruitment of staff in all positions. Consideration for appointment shall be based on relevant qualifications, experience, merit, competency and attitude desired to perform in the roles effectively;
- b) Any additional position required outside the approved structure and establishment is submitted to the Board of Management for consideration and approval before implementation and structure amended accordingly;
- c) The Board of Management provides Job Descriptions and person specifications.
- d) Recruitment is based on approved Job Descriptions. All employees and their supervisors' ascent to a current Job Description, a copy which is kept by the Human Resource Department.
- e) All potential employees are interviewed by relevant organs.

- f) Recruitment of staff is guided by the approved staff projection.

Market place practices-

The college exercises the following in its day-to-day procurement

1. Responsible competition practice; the college ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

i. Anti-corruption

The college ensures fair competition on this aspect by first having yearly tendering where bidders are given fair chance to bid for supply of various items fairly.

Tenders are opened in the presence of the supplier representatives and evaluation done fairly by the requisite number of committee members and according to the guiding procurement laws.

The college has also an anti-corruption committee in its Performance Contracting structure that ensures fairness, declaration of conflict of interest and receiving complains of corruption and solving the disputes arising, continued sensitization of staff and even students on matters anti-corruption to create more awareness and how to handle such in case any arises. Reports are submitted per quarter to ethics and anticorruption commission (EACC) to ensure compliance.

ii. Political involvement

The college encourages democracy and free elections for student representative body. Interested candidates declare are allowed to hold campaigns within the college and voting is done using the secret ballot method. Handing over is done from the exiting officers to the incoming officers.

This results in fairness as people selected in various positions are endorsed by members, thus promoting responsible competition resulting in peaceful co-existence and unity for students.

iii. Fair competition and respect for competitors

The college places its tender/job advertisements in its website www.kagumocollege.ac.ke which is accessible worldwide. Additionally, the college ensures that the advert is placed on the existing college social media platforms as well as placing notices on all the college noticeboards.

This ensures that information on the tendering processes is widely broadcasted to ensure fair competition.

There is always democracy thus anyone has the freedom to compete for any position and also all views are considered.

All information from competitors, suppliers, students, staff are all kept confidential thus ensuring respect for all and ensures fairness so as not to use one's information to benefit another competitor and to disadvantage the opponent.

2. Responsible supply chain and supplier relations; how the organization maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

3. Good business practices

The organization believes in acquiring genuine goods at acceptable market rates from authentic suppliers who are duly registered.

The college ensures that it engages on genuine business with legally allowed documents for purchase and contracts thus resulting in lasting supplier relationships as this contributes to nice reputation for the college hence attracting more suppliers willing to engage in business with the college.

The college has a 14-day policy within which once items /works are procured goods supplied in good quantity and quality the payments are done according to the LPO/LSO value without any deduction apart from where applicable the mandatory deductions like VAT and withholding tax are done. This increases supplier confidence for more contracts and readiness to supply on credit due to good reputation of honouring contracts promptly.

To ensure this is achieved the college ensures every beginning of the financial year they undertake a supplier / stakeholder meeting to brief them on what to expect from the college as well as what the college expects from them. (FY 2021-2022, On 15th June 2021).

Corporate Social Responsibility / Community Engagements

The college in FY2018/2019 through IFAD sunk a borehole for the college. The college was initially drawing its water from the nearby Kagumo River. This used to drain the amount of water flowing downstream and as a result affecting the community living there.

It is from this initiative that the college has saved the river water for domestic use and other uses by the immediate community.

During the covid -19 pandemic the college would invite the local dispensary to the college to offer the covid -19 vaccines to the teaching staff, non-teaching staff students and the immediate community.

The college's student religious societies attend local churches for missionary work and visits to children's homes.

The college offers casual labour to interested members of the immediate community.

11. REPORT OF THE BOARD OF MANAGEMENT

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of Kagumo Teachers' Training college affairs.

Principal activities

The principal activity of Kagumo Teachers' Training College is to Train a Competent Professional Diploma Teacher.

Results

The results of the College for the year ended June 30 are set out on page 1-6

BOARD OF MANAGEMENT

The members of the Board who served during the year are shown on page vi- x.

Auditors

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

12. STATEMENT OF BOARD OF MANAGEMENT MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 requires the Board members to prepare financial statements in respect of the college which give a true and fair view of the state of affairs of the college at the end of the financial year/period and the operating results of the college for that year/period. The Board members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The Board members are also responsible for safeguarding the assets of the college.

The Board members are responsible for the preparation and presentation of the college financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the college;
- 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 college
- v. Selecting and applying appropriate accounting policies;
- vi. Making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the 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. The Board members are of the opinion that the college's financial statements give a true and fair view of the state of colleges transactions during the financial year ended June 30, 2022, and of the college's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the college's financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the Board members to indicate that the college 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 college's financial statements were approved by the Board on 28.10.2022 and signed on its behalf by:

Name..... BEATRICE WAKU

Name..... IRENE MWANGI

Signature..... 

Signature..... 

Chairperson of the Board/Council

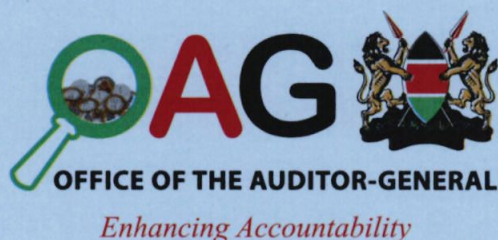
Accounting Officer/Principal

The College Board of Management expired on 10th July, 2022 and a new Board of Management has not been put in place as at the time of the report submission.

CHIEF PRINCIPAL
KAGUMO TEACHER'S TRAINING COLLEGE
P. O. Box 18 - 10100, NYERI
CELL: 0701972942
info@kagumocollege.ac.ke
DATE:.....SIGN:.....

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 KAGUMO TEACHERS TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the 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; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

Adverse Opinion

I have audited the accompanying financial statements of Kagumo Teachers' Training College set out on pages 1 to 28, which comprise of the statement of financial position as

at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Kagumo Teachers Training College as at 30 June, 2022 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 do not comply with comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies of Balances in the Financial Statement

Audit comparison of balances reflected in the revised audited financial statement and trial balance for the year ended 30 June, 2022 and the initial audited financial statement balances results to unreconciled variances which were not supported with adjusting journal entries/ vouchers and documentary evidences as shown below;

(i) Statement of Financial Performance

Description	Amount as per Revised Audited Financial Statement (Kshs)	Amount as per Initial Audited Financial Statement (Kshs)	Variances (Kshs)
Revenue			
Revenue from Non-Exchange Transactions			
Transfers from Other National Government Entities	84,700,000	80,949,999	(3,750,001)
Total Revenue from Non-Exchange Transactions	84,700,000	80,949,999	(3,750,001)
Revenue from Exchange Transactions			-
Rendering of Services- fees from Students	31,792,207	85,780,473	53,988,266
Sale of Goods	1,560,624	3,119,689	1,559,065
Rental Revenue from Facilities and Equipment	3,048,850	3,058,458	9,608
Finance Income	-	619,068	619,068
Miscellaneous income	-	19,357	19,357

Total Revenue from Exchange Transactions	36,401,681	92,597,045	56,195,364
Total Revenue	121,101,681	173,547,044	52,445,363
Expenses			-
Use of Goods and Services	112,933,099	124,952,172	12,019,073
Employee costs	26,925,050	31,880,174	4,955,124
Board /Council Expenses	466,000	-	(466,000)
Repairs and Maintenance	10,840,418	-	(10,840,418)
Capital Expenditure	8,882,055	-	(8,882,055)
Total Expenses	160,046,622	156,832,346	(3,214,276)
Net surplus/(deficit) for the Year	(38,944,941)	16,714,698	55,659,639

(ii) Statement of Financial Position

Description	Amount as per Revised Audited Financial Statement (Kshs)	Amount as per Initial Audited Financial Statement (Kshs)	Variances (Kshs)
Assets			
Current Assets			
Cash and Cash Equivalents	23,745,135	15,906,085	(7,839,050)
Receivables from Exchange Transactions	8,089,451	10,278,041	2,188,590
Investments in Financial Assets	-	8,568,000	8,568,000
Total Current Assets	31,834,586	34,752,126	2,917,540
Non-Current Assets			-
Property, Plant, and Equipment	1,121,927,869		(1,121,927,869)
Intangible Assets	5,532,000		(5,532,000)
Biological Assets	4,226,265		(4,226,265)
Total Non-Current Assets	1,131,686,134	-	(1,131,686,134)
Total Assets (A)	1,163,520,720	34,752,126	(1,128,768,594)
Liabilities			
Current Liabilities			
Social Benefit Liability	253,074		253,074
Trade and Other Payables from Exchange Transactions	10,948,470	13,805,401	(2,856,931)
Fees Received in Advance	24,634,412		24,634,412
Refundable Deposits from Customers	398,018	4,093,368	(3,695,350)
Total Current Liabilities	36,233,974	17,898,769	18,335,205
Non-Current Liabilities			-

Total Liabilities (B)	36,233,974	17,898,769	18,335,205
Net Assets (A-B)	1,127,286,746	16,853,357	(1,147,103,799)
Represented By:			-
Revenue Reserves	31,834,586	34,752,127	2,917,541
Accumulated Surplus	-		-
Capital Fund	1,131,686,134		(1,131,686,134)
Net Assets	1,163,520,720	34,752,127	(1,128,768,593)
Variances	(36,233,974)	(17,898,770)	(18,335,206)

In the circumstances, accuracy and completeness of balances in the financial statement could not be confirmed.

2. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects inaccurate disclosures and amounts as below;

- (i) The statement of cashflow reflects opening balance of cash and cash equivalent of Kshs.40,488,427. However, the balance was not supported by certificate of bank balances, board of survey reports to validate the reported balance.
- (ii) The statement reflects receipts of Kshs.142,902,817 as cash flows from operating activities however, the amounts include Kshs.5,354,187 in respect cash inflow from social benefit liability which ordinarily is a cash outflow and non-cash receipt. In addition, the receipts include Kshs.16,166,343 described as prepayment inflow which has not specified the classification source of receipts.
- (iii) The statement reflects payments of Kshs.173,496,581 as cash out flows from operating activities. Included in the amount is Kshs.551,548 in respect of trade and other payables and social benefit liability amount of Kshs.1,123,706 relating to non-cash items and included in the reported payments for compensation of employees and use of goods and services
- (iv) The statement of cashflows omits disclosures column for the corresponding notes of items of receipts and payments.
- (v) The statement under cash flow from financing activities includes capital expenditure payments of Kshs.5,132,479 which is also accounted for under cash flow from operating activities resulting to duplications of cash outflow. In addition, cashflow from financing activities includes reserves amount Kshs.1,825,218 which is a non-cash item.
- (vi) The statement of cashflow reflects negative cash and cash equivalent balance of Kshs.11,506,363 which ordinarily should be a positive balance. In addition, the negative balance of Kshs.11,506,363 differs with positive balance of Kshs.23,745,135 reflected in the statement of financial position resulting to unexplained variance of Kshs.35,251,498.

In the circumstances, accuracy and fair presentation of the effects of transactions in the statement of cash flow could not be confirmed.

3. Inaccuracies on the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts inaccurate disclosures and amounts as below;

- (i) The statement of comparison of budget and actual amount reflects original and final budget amount of Kshs.132,529,821. However, the statement reflects expenditures of Kshs.160,046,622 which exceeds the final budget of Kshs.132,529,821 by Kshs.27,516,801 whose source of funds and authority to spend was not provided.
- (ii) The statement of comparison of budget and actual amount reflects Kshs.8,882,055 in respect of actual amount for capital expenditure while the statement of cashflow reflects Kshs.5,132,479 in respects of payment of capital expenditures resulting to unexplained variance of Kshs.3,749,576 whereas the two statements are prepared on the same basis of cash accounting method.

In the circumstances, accuracy and completeness of balances in the statement of comparison of budget and actual amounts could not be confirmed.

4. Unsupported Non-Current Assets

4.1 Property, Plant and Equipment

The statement of financial position reflects Kshs.1,121,927,869 as disclosed in Note 17 in the financial statement in respect of property, plant and equipment which includes; land, building, motor vehicles, furniture and fittings, computers and plant and office equipment. However, the amount has been disclosed at cost value instead of net book value. Further, the depreciation policy and depreciation values has not been disclosed in the Note 17 of property, plant and equipment to the financial statement. In addition, detailed analysis of each class of assets and the corresponding values has not been provided to support the balances of property, plant and equipment.

4.2 Intangible Assets

The statement of financial position reflects Kshs.5,532,000 as disclosed in Note 18 in the financial statement in respect of cost of intangible assets. However, according to contract between the College and ABNO Software International dated 2 November, 2021 for the supply, installation, configuration, testing and commissioning an integrated enterprise resource planning solution the cost value was Kshs.Kshs.5,472,000 resulting unexplained variance of Kshs.60,000. Further, the amount has been disclosed at cost value instead of net book value. In addition, the amortization policy, corresponding amortization values and net book value has not been disclosed in the financial statement.

4.3 Biological Assets

The statement of financial position reflects Kshs.4,226,265 as disclosed in Note 19 in the financial statement in respect of cost of biological assets. However, the balances were not supported by valuation reports. In addition, physical verification revealed that the College has other biological assets which includes mature trees whose numbers and corresponding values has not been disclosed in the financial statement.

4.4 Lack of Valuation Report and Land Ownership Documents

The statement of financial position reflects 1,121,927,869 as balance for property, plant and equipment as disclosed in Note 19 to the financial statements. The balance includes cost amount of Kshs. 559,700,000 in respect of land. Physical Verification of documents provided indicate that the College has four (4) parcels of land. However, no valuation report was provided for audit to support the reported balance.

In addition, Management provided land certificates for two (2) parcels of land which are in the name of a bank, one (1) green card document in the name of Chief Secretary (Incorporation) and one (1) green card document in the name of a limited company nominee. It was not clear, under what circumstances the parcels of land are in the name of nominees.

Further, according Gazette Notice Vol.CXXI-No.27 No.878 of 1 March, 2019 for Case No.NLC/HLI/184/2018, directed the Chief Land Registrar was directed to effect the changes on the land and amend the green card and all land records to be titled to Kagumo Teachers Training College. However, as at the time of audit the said land title had not been transferred to the name of Kagumo Teachers Training College.

In the circumstances, the accuracy, ownership and completeness of the non-current assets balance of Kshs.1,131,686,134 could not be confirmed.

5. Unaccounted and Unsupported Revenue

The statement of financial performance reflects Kshs.121,186,199 in respect of total revenue composed Kshs.84,700,000 for revenue from non-exchange transactions and Kshs.36,486,199 for revenue from exchange transactions. The following unsatisfactory observations were noted;

5.1 Unaccounted Revenue from Sale of Goods

Note 8 to the financial statement reflects Kshs.1,560,624 in respect of revenue from sale of goods which includes coffee income of Kshs.921,122, dairy income of Kshs.455,528, banana income of Kshs.62,157, pig income of Kshs.24,000 and vegetables income of Kshs.97,817. However, records for sale of farm produce were not provided for audit verification. Additionally, the College did not have an approved selling price list for farm produce and lack of approved prices there is possibility of price manipulation leading to loss of revenue.

In the circumstances, the validity of selling prices and the resultant income from sale of goods could not be confirmed.

5.2 Unsupported Rental Revenue from Facilities and Equipment

Note 9 to the financial statement reflects Kshs.3,048,850 in respect of rental revenue from facilities and equipment which includes Kshs.1,661,207 in respect of rent income. However, review of documents provided for audit indicate the College has rental facilities composed of twenty-eight (28) teaching staff houses, thirty-five (35) non-teaching staff houses and four (4) business units. However, based on the rates charged per unit the total collectable rent during the year is Kshs.1,794,600 which differs with the reported amount resulting to under collection of rent by Kshs.133,393. Further, Management did not provide a monthly movement schedule showing how rent was collected. In addition, Management did not provide the Board Committee minutes that outlined the rent rates to be charged for each rental unit.

In the circumstances, the accuracy, validity and completeness of revenue balances in the financial statement could not be confirmed.

6. Anomalies in the Amounts of Use of Goods and Services

6.1 Unsupported Use of Goods and Services

The statement of financial performance reflects Kshs.112,933,099 in respect of expenses for use of goods and services as disclosed in Note 11 to the financial statement. The balance includes expenses amounting to Kshs.3,368,978 were not supported with procurement documents which includes; procurement proceedings comprising tender/quotation invitation, submission, opening, evaluations and award as requirement by Public Procurement and Disposal Act, 2015 and Regulations, 2020.

In addition, the balance of use of goods and services includes Kshs.47,553,260 for various expenditures whose supporting ledgers/schedules were not provided for audit verification in support of the reported balances.

6.2 Misclassification of Expenditure

The statement of financial performance reflects Kshs.112,933,099 in respect of expenses for use of goods and services as disclosed in Note 11 to the financial statement. Included in this balance is Kshs,25,148,731 for administration expenses. However, an expenditure of Kshs.1,215,264 was posted to the account but does not fall under the classification of administration expenses but relates to travelling costs item.

6.3 Variance Between Balance in the Financial Statements and Schedules

The statement of financial performance reflects Kshs.112,933,099 in respect expenses for use of goods and services as disclosed in Note 11 to the financial statement. However, the balance includes Kshs.803,200 in respect of facility hire that differs with schedules provided for audit review of Kshs.183,200 resulting to a variance of Kshs.620,000. In addition, the balance of kshs.6,012,625 in respect of teaching practice differs with schedules provided for audit review of Kshs.11,011,515 resulting to an unexplained variance of kshs.4,998,890

In the circumstances, the accuracy, validity and completeness of use of goods and services balances in the financial statement could not be confirmed.

7. Misstatement of Board Expenses

The statement of financial performance reflects Kshs.466,000 in respect of board expenses as disclosed in Note 13 to the financial statement. However, document provided revealed the College incurred Kshs.852,000 on board expenses resulting to unexplained and unreconciled amount of Kshs.386,000.

In the circumstances, the accuracy, completeness and disclosure of board expenses balances could not be confirmed.

8. Misstatement of Repairs and Maintenance

The statement of financial performance reflects Kshs.10,840,418 in respect of repairs and maintenance expenses as disclosed in Note 14 to the financial statement. The analysis ledger and documents supporting the expenses of Kshs.10,840,418 has not been provided. In addition, Journal entries supporting the movement from Kshs.1,339,585 initially audited to the reported balance has not been provided

In the circumstances, the accuracy, completeness and disclosure of repairs and maintenance expenses amount of Kshs.10,840,418 could not be confirmed.

9. Anomalies in Cash and Cash Equivalent

9.1 Unsupported Cash and Cash Balances

The statement of financial position reflects balance of Kshs.23,745,135 in respect of cash and cash equivalents as disclosed in Note 15 to the financial statement. However, board of survey report for all the bank accounts including Mpesa holding account were not provided for audit review. Also, bank statements, cashbook and reconciliations for Mpesa holding account were not provided for audit review. Further, Mpesa holding account balances were not disclosed in the financial statements. In addition, cashbooks for six (6) months for Kenya Commercial bank (main account, fund account and farm account) and Equity bank account were not provided for audit review.

9.2 Overdrawn Bank Account

The cash and cash equivalents balance of Kshs.23,745,135 includes a negative bank balance of Kshs.3,389,795 in respect of the Equity Bank account and negative cash balance of Kshs.92,740. No explanation was provided for the overdrawn cash book balance. Inclusion of the negative cashbook balance has an impact of understating the reported cash and cash equivalents balances.

9.3 Unsupported Cash Withdrawals

During the financial year under review, Management of the College made cash withdrawals amounting to Kshs.2,486,350 from the one account, Kshs.958,100 from farm account and Kshs.8,796,750 from the third account. However, did not Management did

not justify the cash withdrawals rather than use of cheques or transfer to the respective bank account as required.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.23,745,135 could not be confirmed.

10. Unsupported Trade Receivables

The statement of financial position reflects balance of Kshs.8,089,451 in respect of receivables from exchange transactions as disclosed in Note 16 to the financial statements. The balance includes student debtors amounting to Kshs.7,801,989 and sundry debtors amounting to Kshs.287,462. However, the amounts relate to arrears of debt due but did not include the period under which the debts were incurred, and there was also no ageing analysis of the outstanding receivables.

In the circumstances, the accuracy of the disclosures for the receivables from exchange transactions could not be confirmed.

11. Inaccuracies in Trade and Other Payables

11.1 Variance Between the Financial Statement, Ledger and the Aging Analysis

Statement of financial position reflects Kshs.11,201,544 in respect of trade and other payables as disclosed in the Note 20 to the financial statements. However, the reported balances differ with the schedule provided of Kshs.9,591,813.83 and the aging analysis balance of Kshs.9,163,282.83. The differences between the financial statement balance, the schedule balance and the aging analysis balance was not reconciled nor explained.

11.2 Unsupported Deposit

Trade and other payable balance of Kshs.11,201,544 includes retention fees of 10% and Retention fees of 5% amounting to Kshs.1,220,459 and Kshs.72,841 respectively. However, the deposit bank statement was however not provided for audit verification to confirm the existence of the retention monies.

In the circumstances, the accuracy of the disclosures for the trade and other payable balances could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kagumo Teachers' Training College Management in accordance with ISSAI 130 on the 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 Adverse opinion.

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 Opinion section of my report, I have determined that there are no key audit matters to communicate in my report.

Other Information

Conclusion

The Management are responsible for the Other Information set out on page iii to xxxi which comprise of Key Entity Information and Management, Board of Management Profiles, Key Management Team profiles, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Management and Statement of Board of Management Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

Basis for conclusion

In connection with my audit on the Kagumo Teachers' Training College 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, 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 THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in The Use of Public Resources, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance of the National Cohesion and Integration Act on Ethnicity

The College had seventy-two (72) staff members out of which sixty-two (62) or 86% of the staff members are from the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the

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

In the circumstances, Management was in breach of the law.

2. Staff Over Establishment

As at 30 June, 2022, the College had a staff eight one (81) staff exceeding by thirty-nine (39) employees against the stipulated forty-two (42) permanent employees required by the Ministry of Education State Department for Early Learning and Basic Education Circular Number PTTC/GEN. 3/1/VOL/1 (4) dated 27 October, 2021 which stipulates the standard establishment required of training colleges.

In the circumstances, Management was in breach of the law.

3. Employee Salary Deduction Below One Third Rule

A review of the payroll for the year under audit revealed that some staff members with basic salary totaling to Kshs.753,140 earned less than a third (1/3) of their basic salary after deduction in during the year under review contrary to Section 19(3) of the Employment Act, 2007.

In the circumstances, Management was in breach of the law.

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 THE 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Imprest Management and Control

During the year under review, the College paid out allowances in respect to local travel to staff amounting to Kshs.6,971,066. However, the College did not maintain an Imprest Management System to record to details of imprest applicants, dates of imprest, amounts issued and due dates, among others and to aid in the issuance and the control of the allowances that were issued to the staff. Management was therefore in breach of

Regulation 93(4)(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that the imprest applicant should be recorded in the imprest register including the amount applied for.

In the circumstances, the effectiveness of College's internal controls on Imprest Management could not be confirmed.

2. Lack of Updated Asset Register and Asset Tagging

The College's assets register lacks appropriate details of the asset such serial number, tag number, make & model, date of delivery/installation, purchase amount, depreciation rate, annual depreciation, accumulated depreciation and net book values. Further, the College's assets which include furniture & fittings, computers and other equipment were also not tagged for proper identification and reconciliation to the asset register.

In the circumstances, the effectiveness on the asset management system in place could not be confirmed.

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 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 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 College'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.

The Board of Management are responsible for overseeing the College'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 IFPP 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

27 January, 2025

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022


	Note	2021/2022	2020/2021
		KES	KES
Revenue from Non exchange transactions			
Transfer from the National Government-grants	6	84,700,000	15,823,270
Total Revenue from Non exchange transactions		84,700,000	15,823,270
Revenue from exchange transactions			
Rendering of services	7	31,792,207	120,831,610
Rental revenue from facilities and equipment	8	3,048,850	3,065,086
Sale of Goods	9	1,560,624	892,930
Miscellaneous Income	10	84,518	3,701,254
Other Income		0	9,454,039
Total Revenue from exchange transactions		36,486,199	137,944,918
Total Revenue		121,186,199	153,768,189
Expenses			
Use of Goods and Services	11	112,933,099	140,300,111
Employee Costs	12	26,925,050	2,863,541
Board expenses	13	466,000	0
Repairs and maintenance	14	10,840,418	15,560,675
Capital Expenditure		8,882,055	2,450,652
Total Expenses		160,046,622	161,174,979
Other Gains/(Loss)		0	0
SURPLUS/(DEFICIT) FOR THE YEAR		-38,860,423	-7,406,790

(The notes set out on pages x to xx form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages xx to xx were signed by:


.....
Chairman of Council/Board

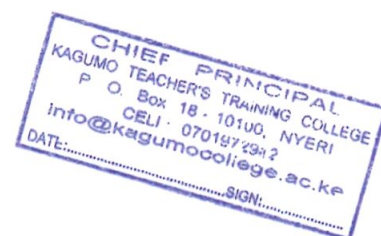

.....
Finance Officer


.....
Principal

ICPAK No. 30948
Date 27.01.2025

ICPAK No. 30948
Date 27.01.2025

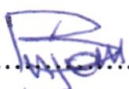
Date 27.01.2025

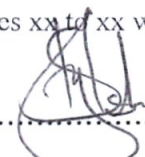


15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Note	2021/2022 KES	2020/2021 KES
ASSETS			
Current Assets			
Cash and cash Equivalents	15	23,745,135	40,488,427
Receivables from exchange transactions	16	8,089,451	14,397,499
Total Current Assets		31,834,586	54,885,926
Non-Current Assets			
Property, Plant and equipment	17	1,121,927,869	
Intangible Assets	18	5,532,000	
Biological Assets	19	4,226,265	
Total Current Assets		1,131,686,134	
Total Assets		1,163,520,720	54,885,926
Liabilities			
Current Liabilities			
Social benefit liability		253,074	2,384,909
Trade and other payables from exchange transactions	20	10,948,470	7,062,838
Employee Costs		0	-373,491
Fees received in advance	21	24,634,412	3,969,575
Refundable deposits from customers	22	398,018	0
Total Current Liabilities		36,233,974	13,043,831
Total Liabilities		36,233,974	13,043,831
Net Assets		31,834,586	41,842,095
Capital Fund		1,131,686,134	
Total Net Assets			
Total net assets and liabilities		1,163,520,720	54,885,926

The Financial Statements set out on pages xx to xx were signed by:


.....
Chairman of Board

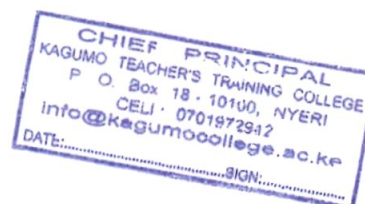

.....
Finance Officer
ICPAK No. 30948


.....
Principal

Date 27.01.2025

Date 27.01.2025

Date 27.01.2025



16. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022

	Accumulated Fund	Capital Fund	Revenue Reserves	Total
Balance at July, 01 2020	-	-	-	-
Additions in the year	49,248,885	-	-	49,248,885
Surplus for the year	-	-	-7,406,790	-7,406,790
Balance at June, 30 2021	49,248,885	-	-7,406,790	41,842,095
Balance at July, 01 2021	49,248,885	-	-7,406,790	41,842,095
Additions in the year	1,818,018	-	-9,199,078	-7,381,060
Surplus for the year	-	-	-38,860,423	-38,860,423
Balance at June, 30 2022	51,066,903	-	-55,466,291	-4,399,388

Note:

1. *For items that are not common in the financial statements, the college should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
2. *Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).*

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17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	2021/2022	2020/2021
	KES	KES
Cash and Cash Equivalents at Beginning of the Year	40,488,427	0
Cash flows from operating activities		
Receipts		
Social benefit liability	5,354,187	42,471,087
Transfer from the National Government	72,200,000	10,000,000
Rendering of services	44,652,999	0
Rental revenue from facilities and equipment	2,491,885	0
Sale of Goods	1,950,087	0
Miscellaneous Income	87,317	0
Prepayment Inflow	16,166,343	0
	142,902,817	52,471,087
Payments		
Social benefit liability	1,213,706	0
Trade and other payables from exchange transactions	551,548	0
Employee Costs	29,118,098	2,658,280
Rendering of services	17,818,800	0
Use of Goods and Services	109,002,384	5,643,778
Board expenses	466,000	0
Repairs and maintenance	10,180,816	1,229,950
Capital Expenditure	5,132,479	2,450,652
Prepayment Outflow	12,750	0
	173,496,581	11,982,660
Cash flows from operating activities	-30,593,764	40,488,427
Cash flows from financing activities		
Receipts		
Reserves	1,825,218	0
Transfer from the National Government	12,500,000	0
	14,325,218	
Payments		
Capital Expenditure	5,132,479	2,450,652
	5,132,479	
Net cash flows from financing activities	9,192,739	
Net increase/(decrease) in cash & cash equivalents	-21,401,025	40,488,427
Cash and Cash Equivalents at End of the Year	-11,506,363	40,488,427

18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR YEAR ENDED 30 JUNE 2022

	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL ON COMPARISON BASIS	VARIANCE
	KES	KES	KES	KES	KES
INCOME					
Revenue from Non exchange transactions					
Transfer from the National Government	97,500,000	0	97,500,000	84,700,000	-12,800,000
Total Revenue from Non exchange transactions	97,500,000	0	97,500,000	84,700,000	-12,800,000
Revenue from exchange transactions					
Rendering of services	29,081,423	0	29,081,423	31,792,207	2,710,784
Rental revenue from facilities and equipment	2,439,400	0	2,439,400	3,048,850	609,450
Sale of Goods	2,348,998	0	2,348,998	1,560,624	-788,374
Miscellaneous Income	1,160,000	0	1,160,000	84,518	-1,075,483
Total Revenue from exchange transactions	35,029,821	0	35,029,821	36,486,199	1,456,378
TOTAL INCOME	132,529,821	0	132,529,821	121,186,199	-11,343,622
EXPENSES					
Expenses					
Employee Costs	37,716,590	0	37,716,590	26,925,050	10,791,540
Use of Goods and Services	76,048,831	0	76,048,831	112,933,099	-36,884,268
Board expenses	1,344,000	0	1,344,000	466,000	878,000
Repairs and maintenance	4,920,400	0	4,920,400	10,840,418	-5,920,018
Capital Expenditure	0	0	0	8,882,055	-8,882,055
Total Expenses	120,029,821	0	120,029,821	160,046,622	-40,016,801
Capital Expenditure					
Capital Expenditure	12,500,000	0	12,500,000	0	12,500,000
Total Capital Expenditure	12,500,000	0	12,500,000	0	12,500,000
TOTAL EXPENSES	132,529,821	0	132,529,821	160,046,622	-27,516,801
	0	0	0	-38,860,423	38,860,423

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The college is established by and derives its authority and accountability from xxx Act. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is to train secondary school teachers.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, *(include any other applicable legislation)*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Entity)</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting College provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the College if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting</p>

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Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
	<p>for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the College if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>State the impact of the standard to the College if relevant</i></p>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the College if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the College if relevant</i></p>

iii. Early adoption of standards

The college did not early-adopt any new or amended standards in year 2021./the college adopted standard xx and xx. The impact of these standards on entity's financial statements is xx.*(amend appropriately)*

4. Summary of 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 college and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

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.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on 28th June, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the college upon receiving the respective approvals to conclude the final budget. Accordingly, the college recorded additional appropriations of xxx on the FY 2021/2022 budget following the Board's approval. 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 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. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page xx under section xxx of these financial statements.

c) Taxes

Current income tax

The college is exempt from paying taxes as per schedule xxx of the xxx Act.

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) 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. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (college to amend appropriately).* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the college 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.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The College also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the College will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the College can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) 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 college 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 colleague and a financial liability or equity instrument of another entity. At initial recognition, the college 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

The college 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 cashflows 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 college 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 college 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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 college 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 college 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 college recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

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

j) 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.

Inventories (Continued)

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 college.

k) Provisions

Provisions are recognized when the College 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 College 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 College 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.

Contingent assets

The College 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 College 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.

l) 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 college 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 college will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The College provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an college pays fixed contributions into a separate college(a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. (*the college to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies*)

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

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The College regards a related party as a person or an college 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 Principal and senior managers.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

The College analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the College recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

Notes to the Financial Statements (Continued)

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.

Estimates and assumptions.

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

Useful lives and residual 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

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

	FY2021/2022	FY2020/2021
Recurrent Grant	72,200,000	10,000,000
Development Grant	12,500,000	5,823,270
Total Revenue from non exchange transactions	84,700,000	15,823,270

7. Rendering of Services

	FY2021/2022	FY2020/2021
	KES	KES
Rendering of services		
Students Registration	14,550	51,162
Student Council	30,000	116,839
Co-Curricular Activities	259,300	2,380,337
Medical Fund	346,050	6,418
Teaching Practice Administration	2,559,550	4,954,183
Boarding Equipment & Stores	7,055,700	18,255,583
Tuition, Equipment & Stores	2,523,613	8,253,654
Repair, Maintenance & Improvememnts	2,170,200	14,126,493
Electricity, water & Conservancy	2,346,350	8,326,416
Local Transport And Travel	2,770,582	9,996,370
Administration Cost	1,266,808	5,235,215
KNEC	4,228,000	6,852,734
KUCCPS	75,000	288,362
PE Kits	110,000	539,827
Staff Rent Income	0	2,122,814
Service cost	332,000	562,614
Administration Cost Income (Fund)	192	16,563
Boarding Equipment & Stores Income (Fund)	65,970	353,939
Caution Money Income (Fund)	0	115,491
EWC Income (Fund)	0	31,271
Facilitation Income (Fund)	71,420	1,520,534
Local Transport & Travel Income (Fund)	0	32,783
PE Uniform Income (Fund)	0	388
Registration Income (Fund)	7,892	0
Teaching Practice Income (Fund)	0	447,560
Tuition, Equipment & Stores Income (Fund)	0	34,154
Facilitation Fees	559,030	0
Medicare Income	0	1,675,716
PE Non Teaching Staff	5,000,000	34,984,202
Performance Contracting	0	1,163,203
Retention Fee	0	1,536,880
Suspense Account	0	1,960,744
Tender Levy	0	104,000
Withholding Tax	0	1,204,740
Decretal Amount	0	4,751,675
Non Teaching Staff Welfare Income	0	509,600
Christian Union income	0	10,000
	31,792,207	132,522,464

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8. Sale of Goods

	FY2021/2022	FY2020/2021
	KES	KES
Coffee Income	921,123	0
Dairy Income	455,528	0
Banana Income	62,157	0
Pig Income	24,000	0
Vegetables Income	97817	81,367
	1,560,624	81,367

9. Rental revenue from facilities and equipment

	FY2021/2022	FY2020/2021
	KES	KES
Water charges	116,441	0
Rent Income	1,661,207	116,071
Hire of Facilities	1,271,202	826,200
	3,048,850	942,271

10. Miscellaneous Income

	FY2021/2022	FY2020/2021
	KES	KES
Disposal	51,862	300,000
Banana Income (Farm)	0	75,662
Bee Income (Farm)	401	34,000
Beef Income (Farm)	0	143,300
Coffee Income (Farm)	0	1,570,234
Dairy Income (Farm)	0	953,445
Firewood Account Income (Farm)	0	811,563
Maize Income (Farm)	0	25,741
Pig Account Income (Farm)	0	242,500
Timber Income (Farm)	0	43,500
Farm Income	6,580	83,998
Catholic Action Income	25500	58,680
Administration Cost Income (Farm)	175	56,195
	34,518	4,398,817

Kagumo Teachers' Training College
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Notes To the Financial Statements (Continued)

11. Use of Goods and Services

	FY2021/2022	FY2020/2021
Performance Contract Expenses	821,234	438,570
Retention Fee Expenses	212,778	1,326,355
Services Cost Expenses	1,514,500	17,438
Decretal Amount Expense	0	9,503,350
Boarding Equipment & Stores (Fund)	810,340	0
Repair Maintainance & Improvement (Fund)	1,246,975	0
Farm Machinery (Farm)	5,800	0
Potatoes (Farm)	0	900
Repair Maintainance & Improvement (Farm)	92,610	0
Rent Expenses	213,840	405,125
Facility Hire Expense	803,000	6,569,978
Withhodling Tax	371,318	1,286,524
Christian Union Expense	0	11,000
Farm Expenses	542,439	1,022,050
Rent (Fund)	179,200	113,091
Teaching Practice Administration (Fund)	4,998,890	247,300
Tuition, Equipment & Stores (Fund)	0	530,864
Administration Cost (Farm)	9,842	19,920
Banana (Farm)	32,050	15,680
Bee (Farm)	15,010	4,000
Coffee (Farm)	368,292	494,081
Dairy (Farm)	2,805,693	1,763,895
Electricity Water & Conservancy (Farm)	4,000	0
Firewood Account (Farm)	0	74,320
Maize (Farm)	111,650	146,049
Pig (Farm)	18,000	12,440
PE NTS (Farm)	0	16,500
Vegetables (Farm)	201,400	33,980
Staff Water Charges	1,344	0
Activity Expenses	1,463,060	0
BES	29,814,961	20,683,122
Administration costs	21,348,861	7,210,703
Local Transport and Travel Expense	6,505,067	9,996,933
Medicare	776,729	2,318,634
PE Uniform	922,300	580,855
Electricity Water & Conservancy Expense	5,539,210	8,265,807
Registration Expenses	0	21,886
Teaching Practice Administration Expense	6,012,626	11,497,413
TES Expense	4,633,876	8,824,380
KUCCPS Expense	576,000	265,021
KNEC EXPENSES	14,564,300	8,305,391
CO Curricular Activities Expense	0	602,893
Students Representative Council Expense	395,905	376,607
Administration Cost (Fund)	5,000,000	0
Total Use of Goods and Services	112,933,099	11,691,738

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Notes To the Financial Statements (Continued)

12. Employee Costs

	FY2021/2022	FY2020/2021
PE Non Teaching Staff Expenses	0	37,297,057
Basic Salary	11,685,615	0
Commuter Allowance	1,942,477	0
House Allowance	1,766,552	0
Extraneous Allowance	525,000	0
Medical Allowance	340,056	0
Risk allowance	80,850	0
Employer NSSF	189,000	0
NITA Levy	54,050	0
Non Teaching Staff Welfare Expenses	233,000	467,800
Leave Allowance	354,000	0
Service Gratuity Expenses	3,848,277	110,952
Personal Emoluments	5,906,173	2,284,789
Total Employee Costs	26,925,050	37,875,809

13. Board Expenses

	FY2021/2022	FY2020/2021
	KES	KES
Board Allowances	466,000	0
Total Board Expense	466,000	0

14. Repairs and Maintenance

	FY2021/2022	FY2020/2021
	KES	KES
RMI Expense	10,840,418	15,560,675
	10,840,418	15,560,675

15. Cash and Cash Equivalents

	FY2021/2022	FY2020/2021
	KES	KES
KCB Bank A/C 1101874422	24,351,226	6,713,796
KCB Fund A/c 1101874589	2,120,980	20,681,492
KCB Farm A/C 1101877960	612,448	2,696,788
Equity Bank A/c 0110297070907	- 3,389,795	9,906,946
Undeposited Funds	6,600	0
Cash - Equity A/c	102,909	449,011
Cash - KCB Main A/c	- 92,740	40,395
Cash - KCB Farm A/c	27,093	- 266,415
Cash - KCB Fund A/c	6,415	266,415
Total Cash and Cash Equivalents	23,745,135	40,488,427

16. Receivables from Exchange transactions

	FY2021/2022	FY2020/2021
Student Debtors	7,801,989	14,281,428
Sundry Debtors	287,462	116,071
Total Receivables from exchange transactions	8,089,451	14,397,499

Ageing Analysis of Receivables from Exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current	% of total	Comparative FY	% of total
Less than 1 year	xxx	%	xxx	%
Between 1- 2 years	xxx	%	xxx	%
Between 2-3 years	xxx	%	xxx	%
Over 3 years	xxx	%	xxx	%
Total (a+b)	xxx	%	xxx	%

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Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Cost	Land Kshs	Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers Kshs	Plant and equipment Kshs	Total Kshs
At July 2021	559,700,000	540,787,437	9,123,480				
Additions	-	-	-	1,070,366	8,733,586	2,513,000	1,121,927,869
Disposals	-	-	-	1,286,365	472,450	-	1,758,815
Transfers/Adjustments	-	-	-	-	-	-	-
At 30th June 2022	559,700,000	540,787,437	9,123,480	9,198,587	9,206,036	2,513,000	1,130,528,540
Additions	-	-	0	1,500	477,000	-	478,500
Disposals	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	0	0	0	0	-
At June 2023	559,700,000	540,787,437	9,123,480	9,200,087	9,683,036	2,513,000	1,131,007,040
Additions	-	-	0	446,528	21,230,044	15,990	21,692,562
Disposals	-	-	0	-	-	-	-
Transfer/Adjustments	-	-	0	-	-	-	-
At June 2024	559,700,000	540,787,437	9,123,480	9,646,615	30,913,080	2,528,990	1,152,699,602
At 30th June 2022		10,815,749	2,280,870	1,149,823	3,065,610	502,600	17,814,652
At 30th June 2023		10,815,749	2,280,870	1,150,011	3,224,451	502,600	17,973,681
At 30th June 2024		10,815,749	228,087	1,205,827	10,294,056	505,798	23,049,516

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by Leo Realtors professional valuers on 23rd January, 2025.

18. Intangible Assets

Description	FY2021/2022	FY2020/2021
Cost	5,532,000	
At beginning of the year		

19. Biological Assets

	FY2021/2022	FY2020/2021
	Kshs	Kshs
Cattle	1,397,449	
Pigs	333,113	
Coffee	1,566,906	
Nappier	19,345	
Maize	201,183	
Banana	563,650	
Flowers	144,619	
Total	4,226,265	

20. Trade and Other Payables

	FY2021/2022	FY2020/2021
Creditors	9,591,814	7,060,550
Opening balance	- 659,802	1,587,306
Bursary	568,552	463,429
Helb Loan	0	- 4,146
WH VAT 2%	81,556	2,288
Caution Money	344,324	334,174
Catholic Action	- 18,200	0
Retention Fee 10%	1,220,459	0
NHIF	0	- 69,350
PAYE	0	- 107,755
Retention Fee 5%	72,841	0
Total Trade and Other Payables From exchange transactions	11,201,544	9,266,496

Notes to the Financial Statements (Continued)

22. Payments received in advance.

	FY2021/2022	FY2020/2021
Fees Prepayments	24,634,412	3,969,575
Total Fees received in advance	24,634,412	3,969,575

23. Refundable Deposits from Customers/Students

	FY2021/2022	FY2020/2021
NSSF	0	(192,240)
Customer Prepayments	398,018	(0)
Total Refundable deposits from customers	398,018	(192,240)

15. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) **Credit risk**

The college has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

Notes to the Financial Statements (Continued)
Financial risk management (continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The college has significant concentration of credit risk on amounts due from xxxxx

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

(iii) Market risk

The college has put in place an internal audit function to assist it in assessing the risk faced by the college on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Notes to the Financial Statements (Continued)
Financial risk management (continued)

15. Related Party Balances

Nature of related party relationships

Entities and other parties related to the college include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the college holding 100% of the college's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) Ministry of Education
- iii) Key management;
- iv) Board of Management;

16. Events After the Reporting Period

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

17. Ultimate and Holding Entity

The college is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

18. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling