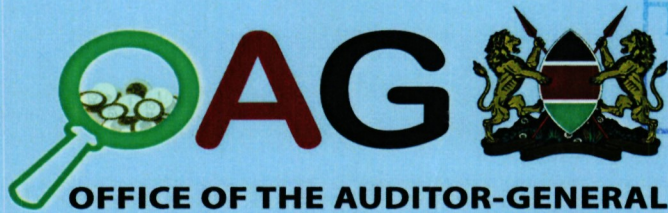


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 24 MAR 2022

DAY.

THU (PM)

TABLED
BY:

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THE AUDITOR-GENERAL

ON

**FRIENDS COLLEGE KAIMOSI
(KAIMOSI COLLEGE OF
RESEARCH AND TECHNOLOGY)**

**FOR THE YEAR ENDED
30 JUNE, 2020**



FRIENDS COLLEGE KAIMOSI

***(KAIMOSI COLLEGE OF RESEARCH AND
TECHNOLOGY)***

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2020

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

FRIENDS COLLEGE KAIMOSI
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Friends College Kaimosi is located in Vihiga County, western region of Kenya within Kaimosi Mission Complex along the Kisumu –Kapsabet Road, on a 40acre piece of land. The College was founded in 1971, when East African Yearly Meeting of Friends Church (Quakers), the local community and friends in USA and UK appreciated the value of vocational oriented education with specific emphasis on practical Agriculture, rural leadership, small Business management and entrepreneurship Training , hence the founding of Friends College Kaimosi (FCK).

The institution is now focusing its training programmes towards meeting the challenges arising from rapid technological advancement, education policy and labour market changes. As a training institute of technology under the Ministry of Education (MOE), FCK has prioritized institutional capacity building; collaborations and partnerships; good governance and corporate image in line with MOE goals and other Governmental policies.

The college is ISO 9001:2008 certified with the following academic departments; Engineering , Food and beverage, Applied Science, Business, Secretarial, Food Science & Nutrition, Hair beauty, Fashion and Design. Other departments include Finance, Procurement, sports, Guiding and counselling, Research and development.

(b) Principal Activities

MISSION:

To provide quality technical training and research in science and technology to meet the changing society needs.

VISION

Leading institute of skills training in science and Technology

CORE VALUES:

- i. Professionalism:** consistently offer quality training and related services that are market driven
- ii. Team Work:** Encourage positive team work and positive contribution from its motivated and innovative workforce
- iii. Honesty:** Conduct its business with employees, parents, sponsors, customers and other stakeholders in an honest, fair and caring manner.
- iv. Evidence based decision making:** Observe good corporate governance at all times
- v. Competitiveness:** Practicing fair competition

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- vi. Excellence:** Uphold excellence performance in national examinations and co-curricular activities
- vii. Health and safety:** Embrace internationally accepted health and safety practices in its operations
- viii. Respect for religious affiliation:** Respect the principles and philosophies of the Quaker faith and other religions
- ix. Innovation and creativity:** Promote innovation and creativity in its training programs, service delivery and governance

OBJECTIVES:

- i. To provide increased training opportunities for school leavers that will enable them to be self supporting
- ii. To develop practical skills and attitudes that will lead to income generating activities in the rural and urban areas
- iii. To provide technical knowledge, vocational skills and attitudes necessary for manpower development
- iv. To produce skilled artisans, craftsmen, technicians and technologists for both formal and informal sectors of the economy.

(c) Key Management

The Friends College Kaimosi day-to-day management is under the following key organs:

- Board of Governors
- Principal
- Senior Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mr. Clerkson Barasa
2.	Deputy principal Administration	Ms. Mabel Wanjala
3.	Deputy principal academics	Mr. Gideon Muguheli
4.	Head of Finance	CPA Hesborn Ehaji
5.	Head of Procurement	Ms Emily Mikhago
6.	Ag. Registrar	Mrs. Lydia Songole
7.	Ag. Dean of Students	Mrs. Gertrude Onyango

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(e) Fiduciary Oversight Arrangements

1. Finance and Budgeting BOG sub-Committee
2. Human Resource, Research and Training BOG Sub-Committee
3. Infrastructure and Investment BOG sub-committee
4. Audit and Risk Management BOG sub-Committee
5. Executive BOG Committee
6. Kenya Revenue Authority (KRA)
7. Office of the Auditor General (OAG)
8. National Social Security Fund (NSSF)

(f) Entity Headquarters

Kaimosi Complex,
Along Kisumu-Chavakali- Kapsabet Road
P.O. Box 150-50309
Tiriki, KENYA

(g) Entity Contacts

Telephone:(254) 735818311
E-mail: info@fck.ac.ke
Website: www.fck.ac.ke

(h) Entity Bankers

KCB Bank Kenya Limited
Kakamega Branch
P.O. Box 152-50100
Kakamega

**FRIENDS COLLEGE KAIMOSI
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(i) Independent Auditors




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

(j) Principal Legal Adviser

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

**FRIENDS COLLEGE KAIMOSI
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THE BOARD OF GOVERNORS

PHOTO,NAME AND POSITION	Period of service	Brief Profile
 <p>1. PETER ANJEYO VUHYA (Chairperson BOG)</p>	<p>From Sept 2017</p>	<p>- Date of Birth:02.08.1971 Masters in Business Administration -CEO- Invest and Grow Sacco Over 15 years of experience. -Member of ICPAK -A member of BOG Executive committee</p>
 <p>2.GRACE ONG'AYO NAMAI (Vice- Chair person BOG)</p>	<p>From Sept 2017</p>	<p>-Date of Birth:1st June 1953 -Bachelor of Education -Former principal, Moi Girls" Vokoli and Butere Girls High Schools -Teacher for 33 years -Executive Member of the BOG -Chairperson of The Audit & Risk Management BOG sub-Committee</p>
 <p>3. BERNICE NASIMIYU KASAYA (Member, BOG)</p>	<p>From Sept 2017</p>	<p>Date of Birth:8th February 1968 -Masters in Business Administration-HRM -Chairperson BOG Human Resource and Research & Training Committee -Experience of over 20 years in Human resource</p>


**FRIENDS COLLEGE KAIMOSI
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	<p align="center">From Sept 2017</p>	<p>Date of Birth 29th June 1970</p> <ul style="list-style-type: none"> -Masters of Science- Procurement -PHD On-going -Experience of over 10years in Procurement Matters -A member of the BOG Finance and Budgeting
<p align="center">4.WANYONYI NEKESA JESCAH (Member BOG)</p>		<p align="center">From Sept 2017</p> <ul style="list-style-type: none"> -Date of birth: 20th April 1987 -Masters in Telecommunication and Information Engineering Engineer with Enterprise Platinum Support Safaricom Limited. -Over 10years of experience in ICT -BOG Sub –Committee member of HR, Research, Education and Training & Audit and Risk Management Sub Committee
<p align="center">5.RODGERS OTIENO OWITI (Member , BOG)</p>		<p align="center">From Sept 2017</p> <ul style="list-style-type: none"> Date of Birth 22nd December 1977. -Masters of science Urban Environmental Planning and Management-On-going -Bachelor of Art land Economics -A member Finance and Budgeting Committee -Has experience of over 10years in matters of Valuations, Investment appraisal -Chairperson – Infrastructure BOG sub-committee
<p align="center">6.GEOFFREY KIPROTICH KOROS (Member BOG)</p>		

**FRIENDS COLLEGE KAIMOSI
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 <p>7. CPA, JULIUS KIPLETING RUTTO (Member, BOG)</p>	<p>From Sept 2017</p>	<ul style="list-style-type: none"> -Date of Birth 21.7.1981 -MSC- Finance. -A member of ICPAK. -Expert in forensic audits, tax planning, and Business planning and investment appraisals. -Chairperson BOG subcommittee on Finance and Budgeting.
 <p>8. CLERKSON BARASA (Principal, Secretary BOG)</p>	<p>From Jan 2015</p>	<ul style="list-style-type: none"> -Date of Birth 1961 -Principal Since January 2016 -MSC Population - Over 10years of experience - Secretary to BOG
 <p>9. MR. JACKSON ANDAI BOG MEMBER</p>	<p>From Sept 2019</p>	<ul style="list-style-type: none"> Date of Birth : 1961 -He is the County Director TVET , Vihiga and Kakamega Counties -Masters Business Administration-Kenyatta University -Experience of over 30years in TVET -Executive Member of BOG





**FRIENDS COLLEGE KAIMOSI
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	From Sept 2017	<ul style="list-style-type: none">-Date of Birth 30.5.1984-Director Vocational Training(Vihiga County Government)-Masters in Education in IT- JKUAT-Member of infrastructure and Audit and Risk Management Sub- committees
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10.CHARLES AVEDI
(A member, BOG)

**FRIENDS COLLEGE KAIMOSI
ANNUAL REPORT AND FINANCIAL STATEMENTS
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SENIOR MANAGEMENT TEAM

 <p>1. CLERKSON BARASA MSC, BED</p>	<p>-THE PRINCIPAL -Accounting Officer -Secretary BOG</p>
 <p>2. MABEL WANJALA MSC -Biology</p>	<p>-DEPUTY PRINCIPAL- ADMINISTRATION -Administrative Duties</p>
 <p>3. GIDEON MUGUHELI BED- Sciences</p>	<p>DEPUTY PRINCIPAL- ACADEMICS Head of Academic matters</p>
 <p>4. CPA HESBORN EHAJI MBA, BCOM, CPAK,</p>	<p>-HEAD OF FINANCE -Financial Management -Budgeting and Control -Financial Reporting - Human Resource function</p>

**FRIENDS COLLEGE KAIMOSI
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5. LYDIAH SONGOLE
Msc Development, BED

REGISTRAR

-Admissions and Marketing



6 GERTRUDE ONYANGO
Diploma in Technical Education (Business)

- DEAN OF STUDENTS

-Students welfare



7. EMILY MIKHAGO
DSCM, BMM on-going

HEAD OF PROCUREMENT.

-Advisor in Procurement matters

**FRIENDS COLLEGE KAIMOSI
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FOR THE YEAR ENDED 30TH JUNE 2020**

CHAIRMAN'S STATEMENT



It is with great pleasure that I present the Friends College Kaimosi Financial Report for the year ended 30th June, 2020. The College has endeavored to increase the number of programmes to enhance access to technical education. The vision of the College is leading Institute of skills training in Science and Technology that produces qualified and competent graduates of world class standards. Various structures have been developed by the College which include; Academic board, Deans Committee and management to ensure effective and efficient stewardship of the College functions. The College seeks linkages with the private and public sectors to enhance quality of teaching, particularly during attachments.

I wish to appreciate the support of the Government through its capitation programme and organizations like the Higher Education Loans Board for continuing to support our students in paying their fees. An increasing number of students have difficulties in meeting the cost of education and HELB as well as other bursary providers have assisted in ensuring that our students pursue their studies to completion. I appeal for further support from the private sector and Non-Governmental organizations. A special mention goes to the National Youth Service for having given us up to five hundred trainees; this has improved our revenue base tremendously. We sincerely ask the above collaborators to continue supporting us as we endeavor to achieve our vision.

The College Board would like to appeal to the Government to consider enhancing our recurrent and capital development grants to enable the College meet its financial obligations and put up infrastructure to accommodate the rising numbers of trainees in different programmes. The College faces huge challenges in putting up critical infrastructure including learning and accommodation facilities. The College is adversely affected by low support by the Government on infrastructure hence not able to complete stalled projects in time. However I would like to thank the Government for supporting us to put up a storey library which is on-going. I also appreciate all our students, parents, the sponsor, community, and other stakeholders for choosing to invest in our Institution and urge that together we should strive to achieve higher levels of performance excellence in the coming years.

SIGNATURE.....  DATE..... 14 / 04 / 2021

PETER ANJEYO VUHAYH

CHAIRMAN, BOARD OF GOVERNORS

FRIENDS COLLEGE KAIMOSI
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REPORT OF THE PRINCIPAL.



During the FY 2019/2020 the College continued to execute its mandate as outlined in its strategic plan. One of the key ingredients of the plan is a system of academic commitment by fostering a climate of Productivity, professionalism, excellence, accountability and transparency, equity, and Innovation in order to be competitive. The strategic plan provides for regular review of curricula and the establishment of linkages with institutions in both the public and private sectors.

Financial Performance Highlights

The College recorded an improved revenue base because of the expansion on admission Programmes for September and January intakes which increased the number of Students. The increase has also been as a result of the Capitation programme which commenced in September 2018 where the government of Kenya pays **Ksh 30,000** (Thirty thousand only) per student per year. However, the expansion of these programmes has resulted in an increase in operational costs. Our challenge is to develop a way of instituting cost reduction measures, while implementing quality assurance systems that ensure programmes are not compromised. During the Financial Year 2019/2020 the college continued with the process of transiting from ISO 9001:2008 to ISO 9001:2015 and we anticipate completing the process in the financial year 2020/2021.

The College received a total revenue of **Kshs 236,524,998.00** This comprises of revenue from Non-exchange transactions of **kshs.13,895,000.00** and Revenue from exchange transactions of **kshs. 222,629,998.00** The grant accounted for **5.8%** of the total receipts by the College while **94.2%** was generated through internal sources. Although there has been progress; the College still has shortcomings as a result of lack of adequate teaching space, workshops, library, Laboratories as well as offices for academic and administrative staff. This is due to low funding by the exchequer. The college faces a shortage of transport means; currently we have a sixty two sitter bus which cannot transport the increasing number of students. In the FY 2020/2021 the college intends to acquire an extra sixty seven sitter bus.

I would like to thank the Government of Kenya and other stakeholders for their continued financial support during the year under consideration.


Friends College Kaimosi has been mentoring Ebukanga Technical and Vocational College which has

**FRIENDS COLLEGE KAIMOSI
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admitted students in the financial year under review; and now has also an operational Board of Governors, a Principal and PSC trainers.

The college enrolment has increased from **2500** in the year 2019 to **3126** in the FY ended 30th June 2020 and this has put a lot of pressure on our infrastructure, hence we intend to put up workshops to ease the pressure. The introduction of many Courses has also forced the management to engage BOG teachers hence raising our wage bill. We hope the government will employ more trainers in the FY 2020/2021.

Due to the outbreak of COVID- 19 pandemic, revenue collection has been less than what was expected, this has also greatly affected our operations in the college.

SIGNATURE:  DATE: 14.04.2021

**MR. CLERKSON BARASA
PRINCIPAL & SECRETARY BOG
FRIENDS COLLEGE KAIMOSI**

**FRIENDS COLLEGE KAIMOSI
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REVIEW OF FRIENDS COLLEGE KAIMOSI'S PERFORMANCE FOR FY 2019-2020

Friends College Kaimosi has Nine Strategic pillars and objectives in its Strategic Plan 2019-2023.

These strategic pillars are as follows;

- Pillar 1. Access and Equity
- Pillar 2. Quality and Relevance
- Pillar 3. ICT Integration into education
- Pillar 4. Science, Technology and innovation development capacities
- Pillar 5. Financial and Human Resources
- Pillar 6. Governance and Management
- Pillar 7. Competency Based Education and Training
- Pillar 8. Environment Sustainability
- Pillar 9. Cross Cutting Issues/ Emerging Issues

Friends College Kaimosi develops its work plans based on the above nine pillars. Assessment of the Boards performance against its annual work plan is done on quarterly basis. Friends College Kaimosi achieved its performance targets set for FY 2019/2020 period for its nine strategic Pillars, as indicated in the diagram below:

**FRIENDS COLLEGE KAIMOSI
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Strategic Pillar		Objective	Key Performance Indicators	Activities	Performance
Pillar 1:	Access and Equity	To Increase Access and enhance equity in education and training	- No of Income Generation activities -No. of funding Agencies Sanitized - Target group Sensitized	-Revitalize income generating activities -Harmonize fees to attract Part time trainees	Income has improved despite of the Covid-19 pandemic
Pillar 2:	Quality and relevance	To Improve Quality and relevance of Education and Training	No. of Trainers Trained -No. of collaborators	Identifying the Relevant CBET for the trainers -Collaborating with the industry on Training	We are starting CBET Courses
Pillar 3:	I.C.T integration into Education Training Research and innovation	To integrate ICT into education and training	No. of EBooks and Digital content in place -College Research policy in place -No Of research Activities undertaken	Develop the ICT integration frame work	We have integrated ICT in training
Pillar 4:	Science Technology and Innovation Development capacities	To enhance Development capacities in ST & I	-Increased Science technology and Innovation -Competent Staff -ST&I framework in place -No. of innovations Infrastructure upgraded and new equipment for ST&I acquired. Project Proposal Percent(%) reviewed No of AIA programmes implemented -skills gap report in place -interventions reports -No. of recommendations -Intervention training programmes developed -No of staff trained	-Provide Budgetary allocation towards ST&I -Build Capacity for trainers ST&I -Develop and Implement a framework for ST&I infrastructure -Equip the ST&I infrastructure -Broaden the framework for raising the appropriation in aid from college activities	-Our College took part in the Innovations Trade fair at Regional level.

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Pillar 5:	Strengthen Financial and Human Resources	To enhance the institutions Financial Resources	Number of programs implemented - Training needs Assessment. -	-Review and rationalize College Human Resource requirements for growth and development	
Pillar 6	Governance and Management	To strengthen Good governance and effective management of the college	-No of programmes and reforms implemented -No of policies and regulations implemented	Improve on the delivery of internal and cooperate services	
Pillar 7	Competency Based Education and Training	To implement CBET Curricula in the institution	-CBET champion appointed and Trained by CDACC -Trained competent trainers -Registration certificate or License No of registered assessors -Registration Certificate for assessment centre	-Capacity building of Trainers -Implement Competency base programmes	
Pillar 8	Environmental Sustainability	To enhance environmental sustainability	-Number of talks conducted -Number of Trees planted in the college -Number of solar powered outlets	-Incorporate environmental awareness in our activities	

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Pillar 9	Cross cutting issues /emerging	To mainstream cross cutting /emerging issues in the institutions" programme	<ul style="list-style-type: none"> -Number of activities undertaken -No. of Sensitization talks -Number of trainings -No. of Sensitization talks -No. of Sensitization talks -Number of activities undertaken 	<ul style="list-style-type: none"> -Enhance HIV/AIDS prevention activities in the institution -Operationalize the gender policy 	
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**FRIENDS COLLEGE KAIMOSI
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CORPORATE GOVERNANCE STATEMENT

The members of the Board have committed themselves to the service of Friends College Kaimosi and to uphold the tenets of good corporate governance by being innovative, transparent, accountable, persons of integrity, socially responsive, as well as promote excellence and exercise fairness in all their dealings.

The Board

The Board consists of ten members inclusive of the Principal as the Secretary. The Board members consist of the following;

NO.	NAME	TITLE
1.	Mr. Peter A. Vuhya	Chairman
2.	Mr. Jackson Andai	Member-TVET-County Director
3.	Mr. Geoffrey Koros	Member
4.	Mrs. Grace Namai	Member
5.	CPA. Julius Kipleting	Member
6.	Ms. Jesciah Nekesa	Member
7.	Ms. Bernice Nasimiyu	Member
8.	Mr. Rodgers Owiti	Member
9.	Mr. Charles Avedi	Member
10.	Mr. Clerkson N. Barasa	Principal/Secretary

The biographies of the Board Members are published on page v-vi. These Board Members possess a broad range of skills, qualifications and experiences required to direct the affairs of the College.

Board Responsibilities

The College Board undertakes the following responsibilities:

1. The Board is the governing body of the College through which the College acts and undertakes the following;
 - a) Administers the property and funds of the College in a manner and for the purposes which promotes the interest of the College; but the Board does not charge or dispose of immovable property of the College except in accordance with the procedures laid down by the Government of Kenya.
 - b) Receives, on behalf of the College donations, endowments, gifts, grants or other moneys and make disbursements there from the College or other bodies or persons.

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- c) Provides for the welfare of the staff and students of the College.
 - d) May enter into association with other Colleges, training Colleges or other institutions of learning, whether within Kenya or otherwise, as the Board may deem necessary and appropriate and
 - e) May make regulations governing the conduct and discipline of the students of the College.
2. All documents, other than those required by law to be under seal, made on behalf of the Board, and all decisions of the Board may be signed under the hand of the Chairman, the Principal or any other member of the Board generally or specifically authorized by the Board in that behalf.
 3. Ensures that a proper management structure is in place and that the structure functions to maintain corporate integrity, reputation and responsibility.
 4. Monitors and evaluates the implementation of strategies, policies & management criteria and plans of the College.
 5. Constantly review the viability and financial sustainability of the College and does so once every year.
 6. Ensure that the College complies with all the relevant laws, regulations, governance practices,; accounting and auditing standards.

Board Committees

The Board Committees facilitate decision-making to assist the Board in the execution of its duties, powers and authority, however delegation of authority to the Committees does not in any way mitigate or dissipate the discharge by the Board of its duties and responsibilities. Board Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Board.

1. EXECUTIVE COMMITTEE

Membership:

NO.	NAME	TITLE
1.	Mr. Peter A. Vuhya	Chairman
2.	Mr. Jackson Andai	Member- County Director TVET
3.	Mr. Geoffrey Koros	Member
4.	Ms. Grace Namai	Member
5.	Mr. Clerkson N. Barasa	Principal/Secretary

Mandate

The role of the Executive Committee considers and makes appropriate recommendations to the Board.

**FRIENDS COLLEGE KAIMOSI
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2. FINANCE AND BUDGETING COMMITTEE

Membership:

NO.	NAME	TITLE
1.	Mr. Julius Kipleting	Chairman
2.	Ms. Jescah Nekesa	Member
3.	Mr. Geoffrey Koros	Member
4.	Mr. Clerkson N. Barasa	Principal/Secretary

Mandate

The role of Finance and Budgeting Committee is to advise the Board on better financial practices, funding, cost reduction, monitor production units and submit a draft budget to the full board for adoption and approval.

3. HUMAN RESOURCE, EDUCATION AND RESEARCH COMMITTEE

Membership:

NO.	NAME	TITLE
1.	Ms. Bernice Nasimiyu	Chairperson
2.	Mrs. Grace Namai	Member
3.	Mr. Rodgers Owiti	Member
4.	Mr. Clerkson N. Barasa	Principal/Secretary

Mandate

The mandate of Human Resource, education and research committee is to advise the full board on all matters concerning personnel, training, teaching and research.

4. INFRASTRUCTURE AND INVESTMENT COMMITTEE

Membership:

NO.	NAME	TITLE
1.	Mr. Geoffrey Koros	Chairman
2.	Mr. Rodgers Owiti	Member
3.	Mr. Charles Avedi	Member
4.	Mr. Clerkson N. Barasa	Principal/Secretary

**FRIENDS COLLEGE KAIMOSI
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Mandate

The core mandate of the Infrastructure and investment committee is to oversee all projects and investments of the college and advise the Board accordingly.

5. AUDIT AND RISK MANAGEMENT COMMITTEE

Membership:

NO.	NAME	TITLE
1.	Mrs Grace Namai	Chairperson
2.	Mr. Rodgers Owiti	Member
3.	Mr. Charles Avedi	Member
4.	Mr. Brian Chiluba	Member- Internal Auditor/Secretary

Mandate

The core mandate of the Audit Risk Management committee is to undertake audit risk management, Internal Controls management and Review audit issues raised by external Auditors.

FULL BOARD OF GOVERNORS ATTENDANCE DURING THE FY 2019/2020

NO.	NAME	1 ST Q	2 ND Q	3 RD Q	4 TH Q
		27/09/2019	29/11/2019	29.02.2020	28/05/2020
1	PETER VUHYA	√	√	x	√
2	GRACE NAMAI	√	√	√	√
3	BARNICE NASIMIYU	√	x	√	x
4	RODGERS OWITI	√	√	√	√
5	CLERKSON BARASA	√	√	√	√
6	JULIUS RUTTO	√	√	√	√
7	GEOFREY KOROS	√	x	√	√
8	JACKSON ANDAI	√	√	√	√
9	CHARLES AVEDI	√	√	√	√
10	JESCAH NEKESA	x	√	√	x

**FRIENDS COLLEGE KAIMOSI
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FOR THE YEAR ENDED 30TH JUNE 2020**

MANAGEMENT DISCUSSION AND ANALYSIS

During the Financial period ending 30th June 2020, the College continued with the process of transiting from ISO 9001:2008 to ISO 9001:2015. Before the outbreak of the COVID-19 Pandemic the College was in the process of training its Process owners on Information Security Management System. We anticipate to be certified in the coming two years.

During the financial year 2019/2020 the college was able to generate ksh **.236,524,998.00** from its two spheres, i.e. Revenue from non exchange transaction and Revenue from exchange transactions. The following projects are in progress, construction of a three storey hostel, one-storey library and a ramp on the Mechanical and electrical workshop.

During the Financial year under audit, the college complied with the following statutory requirements among others; TVET Act 2013, PFM Act 2012, Education Act 2012, Public Audit Act 2015, TSC Act 2015. We have been able to submit the National Social Security Funds (NSSF), Pay As You Earn (PAYE), National Hospital Insurance Fund (NHIF) dues on behalf of our BOG workers in time and there are no any pending dues which are in arrears.

The Board has also complied with trade union relations regulations by allowing its BOG workers to be members of KUDHEIHA.

In the financial year 2019/2020, the college started the process of reviewing the BOG Collective Bargaining Agreement and hope that the process should be over by the end of FY 2020/2021. The management is implementing this agreement and it will start reviewing it before the end of FY 2020/2021.

**FRIENDS COLLEGE KAIMOSI
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Friends College Kaimosi exists to transform lives. This is our purpose and the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on five pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

In the effort of the institution to provide quality training and research in science and technology, the top management has put in place mechanisms to ensure that the college has modern and adequate training equipment's and tools.

The institute is also in the process of constructing an equipped modern library and a civil engineering workshop to take care of the increased number of trainees in the college.

The government is supporting the college in paying part of the fees of the trainees in the form of capitation which has greatly assisted trainees from poor backgrounds. The Higher Education Loans Board is also offering loans and bursaries to those trainees who cannot afford to pay their fees.

The CDF on the other hand provides bursaries for some trainees hence enabling them to complete their trainings.

Challenges in sustainability of our programmes include; poor attitude to TVET training, drug abuse & peer pressure among our trainees and inadequate training materials among others

2. Environmental performance

The College has an elaborate Environmental Policy which guides us on issues of conservation and community involvement. During the financial year under review, the college participated in tree planting activities and distributed free tree seedlings to the local community.

The challenges we are facing is finding seeds for nursery management and particularly the indigenous trees, space for planting seedlings and high demand for free seedlings. The weather conditions have also not been favorable in the last financial year.

3. Employee welfare

The College adheres to the OSHA 2007 Act. During the financial year 2019/2020 the college provided protective gear and uniforms to its staff. We also serviced our fire extinguishers and other firefighting equipment. All food handlers were medically tested at by the Public Health Officers of Vihiga County.

4. Market place practices-

FRIENDS COLLEGE KAIMOSI
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

Responsible Competition Practice

- Friends College Kaimosi respects its sister Colleges offering similar courses. It collaborates with them to ensure provision of high quality training services to trainees.
 - The local political class is involved in the overall management of the College by way of membership of the Governor's representative on the Board of Governors. The area MP takes part in the nomination of members of the Board of Governors.
 - Integrity is one of the core values of Friends College Kaimosi, corrupt practices are prohibited. A committee to check on any occurrences has been created. It reports its findings to the board of governance
 - The College has an internal auditor who ensures that the internal control systems comply to responsible completion practice.
- (b) The Supply Chain office is manned by qualified officers who ensure compliance with procurement regulations. Procurement of goods and services are through open bidding/tendering system. Successful suppliers are paid on time - within 90 days.
- (c) Our goods and services are advertised through trusted channels – College website, local dailies, magazines and local radio stations. Accurate and reliable information is communicated to allow users make informed decisions.
- (d) **Product Stewardship**
- Our trainees are attended to by qualified trainers. They have the right to be trained, change course, advance, transfer to other Colleges, sit for examinations when ready, go for attachment to areas of their choice.
- Through their representatives, the College management is able to attend to their concerns.

5. Community Engagements-

The following activities form part of evidence of the College community engagements:

- (a) Giving priority to local community in employment as long as the applicants meet the required qualifications.
- (b) Hiring play grounds, halls, hostels, buses at affordable rates/low rates.
- (c) Planting tree nurseries and giving to members of the local community so as to increase forest cover/environmental conservation.
- (d) Providing tailor made courses that meet the needs of the local community such as driving courses.

**FRIENDS COLLEGE KAIMOSI
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

REPORT OF THE BOARD OF GOVERNORS

The Board members submit this report together with the audited financial statements for the year ended June 30, 2020 which shows the state of Friends College kaimosi affairs.

Principal activities

The principal activity of Friends College Kaimosi is to provide Technical and vocational training.

Results

The results of the entity for the year ended June 30, 2020 are set out 1-35

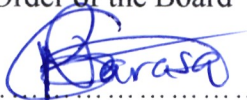
BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page **vii to x**. During the year, the Regional TVET Director Mr. Joseph Sunguti was transferred and Mr. Jackson Andai replaced him with effect from September 2019.

AUDITORS

The Auditor General is responsible for the statutory audit of Friends College Kaimosi in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and TVET Act, 2013, Certified Public Accountants may be nominated by the Auditor General to carry out the audit of Friends College Kaimosi for the year/period ended June 30, 2020 in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Date..... 14. 4. 2021.....

CLERKSON BARASA

SECRETARY BOARD OF GOVERNORS

FRIENDS COLLEGE KAIMOSI

**FRIENDS COLLEGE KAIMOSI
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Technical and Vocational Education and Training Act, 2013 - require the Board members to prepare financial statements in respect of Friends College Kaimosi, which give a true and fair view of the state of affairs of Friends College Kaimosi at the end of the financial year 2019/2020 and the operating results of Friends College Kaimosi for year 2019/2020 period. The Board members are also required to ensure that Friends College Kaimosi keeps proper accounting records which disclose with reasonable accuracy, the financial position of Friends College Kaimosi. The Board members are also responsible for safeguarding the assets of Friends College Kaimosi

The Board members are responsible for the preparation and presentation of Friends College Kaimosi financial statements, which give a true and fair view of the state of affairs of Friends College Kaimosi for and as at the end of the financial year (period) ended on June 30, 2020. 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 Friends College Kaimosi; (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 Friends College Kaimosi (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Friends College Kaimosi financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and TVET Act ,2013. The Board members are of the opinion that Friends College Kaimosi financial statements give a true and fair view of the state of Friends College Kaimosi transactions during the financial year ended June 30, 2020 , and of Friends College Kaimosi financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Friends College Kaimosi , which have been relied upon in the preparation of Friends College Kaimosi financial statements as well as the adequacy of the systems of internal financial control.

**FRIENDS COLLEGE KAIMOSI
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

Nothing has come to the attention of the Board members to indicate that Friends College Kaimosi will not remain a Going Concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Friends College Kaimosi financial statements were approved by the Board on 14/4/2021
and signed on its behalf by:

RF

**PETER VUHYAH
BOG CHAIRMAN**

DATE.....14/4/2021.....

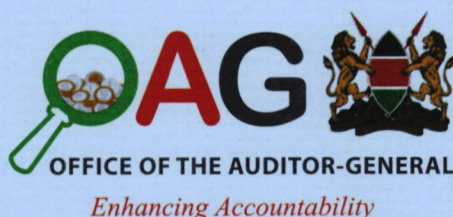
Barasa

**CLERKSON BARASA
PRINCIPAL/ BOG SECRETARY**

DATE.....14/4/2021.....

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON FRIENDS COLLEGE KAIMOSI (KAIMOSI COLLEGE OF RESEARCH AND TECHNOLOGY) FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Friends College Kaimosi (Kaimosi College of Research and Technology) set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Friends College Kaimosi (Kaimosi College of Research and Technology) as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Misstatements of Revenue and Expenditure

The financial statements were amended, however, no supporting journal entries were provided in support of the amendments. The following balances were therefore not supported:

Items	Financial Statements Submitted on 24 September, 2020 Kshs.	Amended Financial Statements Kshs.	Variance Kshs.
Tuition Fees	123,767,394	111,572,394	(12,195,000)
PAYE Sales	0	2,845,111	2,845,111
Use of Goods and Services	88,773,215	86,318,837	(2,454,378)
Employee Costs	47,198,402	45,658,810	(1,539,592)
Repairs and Maintenance	6,451,296	4,584,527	(1,866,769)

The variances have not been explained.

1.2 Intangible Assets

The statement of financial position and as disclosed in Note 20 to the financial statements reflects a balance of Kshs.5,695,385 for intangible assets. However, a schedule provided for audit reflected a balance of Kshs.5,963,345 leading to an unexplained variance of Kshs.267,960.

Consequently, the validity, accuracy and completeness of the above balances could not be confirmed.

2.0 Unsupported Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 17 to the financial statements reflects cash and cash equivalents balance of Kshs.65,604,287 which includes missing cash in hand balance of Kshs.1,133,234 which was supported by board of survey report. However, Management did not give any explanation on how the cash was lost.

Consequently, the validity, accuracy and completeness of cash in hand balance of Kshs.1,133,234 could not be confirmed.

3.0 Ebukanga Technical Training Institute

3.1 Unsupported Construction Works

The statement of financial position and as disclosed in Note 23 to the financial statements reflects property, plant and equipment balance of Kshs.513,764,452. The balance includes additions (construction work) at Ebukanga Technical Training Institute of Kshs.6,280,721 which further includes a contract for supply of plumbing materials and labour awarded to a contractor at a contract sum of Kshs.3,072,484.

An examination of the contract and payment records disclosed the following unsatisfactory matters:

- i. Evaluation minutes dated 9 December, 2019 indicate that quotations were received from three contractors for Kshs.3,072,484, Kshs.3,658,646 and Kshs.3,717,709 respectively. The 1st contractor was awarded the contract. However, a list of prequalified contractors showing the names of the evaluated contractors and regret letters to the unsuccessful bidders was not provided.
- ii. Regional works officer raised 3 certificates totalling Kshs.3,342,617 for supply of plumbing materials and labour awarded to the contractor which exceeded the contract sum of Kshs.3,072,484 by Kshs.270,133. In addition, the 3rd and final certificate of Kshs.324,654 was not supported by measured works.
- iii. Letter from Kisumu Regional Officer, State Department of Public Works dated 7 February, 2020 to the College Principal, stated that 'the defects noted during the handing over are hereby attached for the contractor to make good during the defects liability period. However, the details of the measured defects were not disclosed and it was not possible to establish whether the contractor rectified the said defects since no report about the same was provided.
- iv. There were no Project Management Committee reports or minutes.

Consequently, the propriety of Kshs.3,342,617 expenditure for the year ended 30 June, 2020 could not be confirmed.

3.2 Unsupported Supplies of Electrical Materials

The addition at Ebukanga Institute also includes payments for supplies of electrical materials of Kshs.1,009,100 made to a hardware company. However, records showing how the materials were received, inspected and issued out were not provided.

In the circumstances, it was not possible to determine the validity and accuracy of the expenditure of Kshs.1,009,100 for the year ended 30 June, 2020.

4.0 Construction of a Ramp and Library

The statement of financial position and as disclosed in Note 23 to the financial statements is property, plant and equipment balance of Kshs.513,764,452. The balance includes Work-In-Progress at Friends College Kaimosi College of Research and Technology (F.C.K) of Kshs.7,572,023 which also includes an amount of Kshs.3,187,200 spent on the construction of a ramp project and Kshs.2,943,008 on new library project.

In addition, included in Work-In-Progress is a balance of Kshs.2,943,008 for construction of a new library which includes an amount of Kshs.2,747,808 paid to a building contractor for the same project.

However, the following anomalies were observed;

- i. Review of bills of quantities (BQs) for construction of hostel and library revealed that an agency quoted 150mm thick bricks for upper walling at a rate of Kshs.700 per brick, while an engineering company that quoted a higher 150mm thick brick at a rate of Kshs.950 per brick won the contract. However, it was not clear why the contractor who quoted highly was considered for the works. Had the Agency been awarded the contract, the College would have saved Kshs.250 per 150mm thick brick (Kshs.30,750 for 123 square meters).
- ii. Further, the company quoted to supply solid flush doors at Kshs.6,500, but on inspection it was noted that, the contractor supplied hollow flush doors which goes for a market rate of Kshs.2,500. Project physical verification show that plastering of some rooms and general works were not properly done.
- iii. Payments for both the ramp and the new library construction works were only supported by an architect certificates which were not accompanied by details of measured works countersigned by a quantity surveyor and it was not possible to determine if the payments matched the works done by the contractors.

Consequently, the accuracy and validity of Kshs.3,187,200 spent on ramp project and Kshs.2,943,008 spent on a new library project for the year ended 30 June, 2020 could not be ascertained.

5.0 Inaccuracies in the Statement of Changes in Net Assets

The statement of changes in net assets reflects a balance of Kshs.615,229,578. The balance includes fair value adjustment on retained earnings of Kshs.280,586,463. However, the Management has not supported the adjustment. It also, includes a balance of Kshs.48,346,066 in respect of transfer of depreciation/amortization from capital fund to retained earnings. The reason for this transfer was not explained.

Further, it is not clear how the surplus of Kshs.49,735,297 realized during the year under review is incorporated in the statement of changes in net assets and equity.

In the circumstances, it has not been possible to ascertain the validity, accuracy and completeness of the total net assets balance of Kshs.615,229,578 for the year ended 30 June, 2020.

6.0 Inaccuracies in the Statement of Cash Flows

The statement of cash flows under financing activities reflects a balance of Kshs.7,721,112 being net transfers between savings accounts. However, the composition of the balance, reasons for transfers and classification of items as a financing activity were not provided.

In the circumstances, the validity, accuracy and completeness of the statement of cash flow could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees was one hundred and ninety-Seven (197) out of which one hundred and eighty (180) or 91% of the total number were members of the same/dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

The Management was therefore in breach of the law.

2.0 Outstanding Imprests

Included in the statement of financial position and disclosed under Note 18 to the financial statements is receivables from exchange transactions balance of Kshs.26,261,727 which also includes outstanding imprests of Kshs.462,331. However, the imprest schedule provided for audit revealed that imprests totalling Kshs.458,881 were to be surrendered

by 30 April, 2020 which had elapsed. This was contrary to the Public Finance Management (Regulations), 2015, Section (93)(5) which requires imprest to be surrendered within seven (7) working days after returning to duty station. Management did not give any explanation on the failure to recover the outstanding imprests. Consequently, the Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Governors

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

The Board of Governors is 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 February, 2022

FRIENDS COLLEGE KAIMOSI
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2020

	Note	2019/2020 0 Kshs	2018/2019 kshs
Revenue from Non- Exchange Transactions			
Transfers from the National Government:			
Capitation Grants	6(a)	12,195,000.00	87,120,000.00
Recurrent Grants	6(b)	1,000,000.00	6,956,550.00
Emuhaya CDF	6 c	700,000.00	-
		13,895,000.00	94,076,550.00
Total Revenue from Non- Exchange Transactions			
Revenue from Exchange Transactions:			
Rendering Services- Fees from students	7	220,132,076.00	214,535,166.00
Sale of Goods	8	1,004,280.00	1,070,326.00
Rental Revenue from facilities and Equipment	9	1,145,642.00	3,808,404.00
Other Income	10	348,000.00	<u>28,000.00</u>
		222,629,998.00	219,441,896.00
Total Revenue from Exchange Transactions			
Total Revenue		236,524,998.00	313,518,446.00
Expenses			
Use of Goods and Services	11	86,318,837.00	110,247,601.00
Employee Costs	12	45,658,810.00	31,495,246.00
Remuneration of B.o.G Members	13	1,795,020.00	1,903,940.00
Depreciation and Amortization expense	14	48,346,066.00	46,804,442.00
Repairs and Maintenance	15	4,584,527.00	7,337,442.00
Finance Costs	16	86,441.00	535,249.00
Membership Subscriptions	16(b)	-	197,000.00
		186,789,701.00	198,520,920.00
Total expenses		186,789,701.00	198,520,920.00
SURPLUS/(DEFICIT)		49,735,297.00	114,997,526.00

The notes set out on pages 6 to 32 form integral part of the Annual Financial Statements.

**FRIENDS COLLEGE KAIMOSI
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

V.STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

	Notes	2019/2020 Kshs.	2018/2019 Kshs.
Assets:			
Current assets:-			
Cash and Cash equivalents	17	65,604,287.00	15,256,903.00
Current Portion of receivables from exchange transactions	18	26,261,727.00	262,479,818.00
Inventories	19	4,071,076.00	2,320,556.00
		95,937,090.00	280,057,277.00
Non-current assets:-			
Property Plant and Equipment-(PPE)	23	513,764,452.00	504,867,505.00
Intangible Assets	20	5,695,385.00	5,285,930.00
Biological Assets	22	5,401,000.00	1,037,160.00
Total Non –Recurrent assets		524,860,837.00	511,190,595.00
Total assets		620,797,927.00	791,247,872.00
Liabilities: Current liabilities:-			
Trade and Other payables from exchange transactions	21	5,568,349.00	924,560.00
Total Liabilities		5,568,349.00	924,560.00
Net assets		<u>615,229,578.00</u>	<u>790,323,312.00</u>
Capital Reserve and Retained Earnings		157,720,941.00	785,228,812.00
Capital fund		457,508,637.00	5,094,500.00
		<u>615,229,578.00</u>	<u>790,323,312.00</u>

The Financial Statements set on pages **1 to 5** were signed on behalf of the College Board of Governors by;

CPA PETER VUHYAH

CHAIRMAN-BOG

Date..... 14.4.21.....

CPA HESBORN EHAJI (ICPAK NO.11369)

FINANCE OFFICER

Date..... 14/04/21.....

MR. CLERKSON BARASA

PRINCIPAL

Date..... 14/4/2021.....

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VI. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30TH JUNE 2020

	Revaluation Reserve	Fair Value adjustment reserve & Accumulated fund	Retained Earnings	Capital/Development Grant Fund	Total
At July, 2018	-	-	129,724,356.00	540,506,930.00	670,231,286.00
Revaluation gain	-	-	-	-	-
Fair value adjustment on Quoted investments					
Total Comprehensive income	-	-	114,997,526.00		114,997,526.00
Capital/ Development grants received during the year				5,094,500.00	5,094,500.00
Transfer of depreciation/ Amortization from capital fund to retained earnings			46,804,442.00	(46,804,442.00)	-
At June 30, 2019	-	-	291,526,324.00	498,796,988.00	790,323,312.00
At July, 2019	0	0	291,526,324.00	498,796,988.00	790,323,312.00
Revaluation gain (Land)	35,000,000.00	0	0	0	35,000,000.00
Fair value adjustment on Retained earnings and Accumulated capital	0	(280,586,463.00)			(280,586,463.00)
Total Comprehensive income	0	0	63,435,014.00	0	63,435,014.00
Capital/ Development fees received during the year	0	0	0	7,057,715.00	7,057,715.00
Transfer of depreciation/ Amortization from capital fund to retained earnings	0	0	48,346,066.00	(48,346,066.00)	0
At June 30, 2020	35,000,000.00	(280,586,463.00)	403,307,404.00	457,508,637.00	615,229,578.00

The fair values of Accumulated fund and Retained earnings of kshs. **280,586,463.00** have been adjusted to reflect the true and fair view of the status of net assets in the college. Land has been revaluated to ksh. **100,000,000.00** from ksh. **65,000,000.00** Hence the figure of

ksh.35 0,000.00

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VII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2019/2020	2018/2019
CASHFLOWS FROM OPERATING ACTIVITIES:			
Receipts:			
Students fees and Internally generated income	(App v)	193,378,712.00	50,910,939.00
		193,378,712.00	50,910,939.00
Payments:			
Compensation of Employees	12	45,658,810.00	-
Use of goods and services	11	86,318,837.00	136,093,395.00
Preliminary costs- Hostel Project	23 (b)	202,800.00	
Repairs and Maintenance	15.	4,584,527.00	
BOG Remuneration	13	1,795,020.00	
		138,559,994.00	136,093,395.00
<i>Net cash inflows from Operating activities</i>		54,818,718.00	(85,182,456.00)
CASHFLOWS FROM INVESTING ACTIVITIES			
Inflows:			
CDF- Emuhaya (Toilets Project)	6 C	700,000.00	-
Students Development fees	6d	6,357,715.00	-
Development Grants		2,547,250.00	
		9,604,965.00	
Outflows:			
Additions on Property Plant & Equipment	23b	(21,710,969.00)	(9,637,820.00)
<i>Net cash outflows from Investing Activities</i>		(12,106,004.00)	(9,637,820.00)
CASHFLOWS FROM FINANCING ACTIVITIES			
Inflows:			
Development Grants & Current Grants		-	99,171,050.00
Outflows:			
Finance Costs		(86,441.00)	-
Net transfers between savings accounts		7,721,112.00	-
<i>Net cash inflows(outflows) from Financing activities</i>		7,634,671.00	99,171,050.00
Net Increase In Cash And Cash Equivalents		50,347,385.00	4,350,774.00
Cash and Cash Equivalents 1 st July 2019		15,256,902.00	10,906,128.00
Cash and Cash Equivalents 30.06.2020		65,604,287.00	15,256,902.00

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VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2020

	Original Budget 2019/2020	Adjustment 2019/2020	Final Budget 2019/2020	Actual on Comparable basis 2019/2020	Performance difference 2019/2020
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from other Govt entities- Govt grants	80,210,000.00	66,315,000.00	13,895,000.00	13,895,000.00	0
Rendering of services- Fees from students	177,927,909.00	-42,204,167.00	220,132,076.00	220,132,076.00	0
Sale of goods	6,000,000.00	4,995,720.00	1,004,280.00	1,004,280.00	0
Other Income	40,061,250.00	39,713,250.00	348,000.00	348,000.00	0
Rental Revenue from facilities	716,400.00	-429,242.00	1,145,642.00	1,145,642.00	0
Total income	304,915,559.00	68,390,561.00	236,524,998.00	236,524,998.00	0
Expenses					
Compensation of employees	49,128,441.00	3,469,631.00	45,658,810.00	45,658,810.00	0
Use of Goods and services	89,369,847.00	3,051,010.00	86,318,837.00	86,318,837.00	0
Finance costs	102,000.00	15,559.00	86,441.00	86,441.00	0
Remuneration of BoG	1,878,000.00	82,980.00	1,795,020.00	1,795,020.00	0
Repairs and Maintenance	2,445,080.00	-2,139,447.00	4,584,527.00	4,584,527.00	0
	142,923,368.00	4,479,733.00	138,443,635.00	138,443,635.00	0
	161,992,191.00	63,910,828.00	98,081,363.00	98,081,363.00	0.00

See Notes for Performance difference on Page 9.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Friends College Kaimosi is established by and derives its authority and accountability from TVET Act, 2013. Friends College Kaimosi is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of Technical and Vocational Training.

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 Friends College Kaimosi accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Friends College Kaimosi

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

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3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</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.</p> <p>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>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments</p>	<p>Applicable: 1st January 2022:</p>

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Standard	Effective date and impact:
to Other IPSAS resulting from IPSAS 41, Financial Instruments	<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 for financial guarantee 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>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

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.

a) Budget information

The original budget for FY 2019/2020 was approved by the Board on **28.06.2019** 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 entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the accruals as per the statement of financial performance has been presented under page 5 of these financial statements.

The following are explanations for performance difference

Revenue:

- i) *Transfers from other Government had been budgeted at Ksh. 80,210,000.00, however the college was able to receive ksh. 13,895,000.00 from the Ministry of Education . Previously the Ministry had Over –capitated our institution hence low receipt of capitation Grants***
- ii) *Rendering Services- The College recovered fees owed by National Youth Service and great improvement from the HELB Loans disbursements, hence an Overflow from budgeted ksh. 177,927,909.00 to ksh. 229,481,965.00***
- iii) *There was a small deviation of actual figures from budgeted amounts on the following accounts; Compensation of employees, use of goods and services, and BOG remuneration***

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b) Taxes

Current income tax

Friends College Kaimosi is exempt from paying taxes as per Companies Act, 2015.

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.

c. 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 a period of 10 years.

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.

c. Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, Friends College Kaimosi 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.

The repairs and maintenance cost of ksh. 4,582,047.00 expended during the FY 2019/2020 were undertaken on the College buildings, Machines, equipment, furniture, photocopier machines, lawn mowers, cost of paying labour in regard to repairs and maintenance works.

The College land is 40 acres and valued at the market rate of ksh. 2,500,000.00 per acre. This

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translates to ksh. 100,000,000 as the cost of land as at 30th June 2020.

c. 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. Friends College Kaimosi 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 so as 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 Friends College Kaimosi 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.

d. Intangible assets

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

Our intangible assets during the FY 2019/2020 encompasses acquisition of the Softcopy of textbooks in the College Library and ABNO system annual maintenance fees.

c. Research and development costs

Friends College Kaimosi expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Friends College Kaimosi 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.

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c) Financial instruments

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Friends College Kaimosi determines the classification of its financial assets at initial recognition..

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when Friends College Kaimosi has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

The debtors or a entity of debtors are experiencing significant financial difficulty.

Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

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Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Inventories

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

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

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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

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

Our inventories were stock taken on the last day of the FY 2019/2020 and the figures in the financial statements represent the values of the items then.

Contingent liabilities

Friends College Kaimosi 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

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

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Contingencies Expense

During the financial year under review the college experienced students' unrest in October 2019. The Board resolved that each student to pay ksh. 3,000.00 as damages.

The contingency expense therefore entails expenditures in regard to readmission and repairs of damaged facilities.

i) Changes in accounting policies and estimates

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

j) Employee benefits

Retirement benefit plans

Friends College Kaimosi provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (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.

k) 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.

l) 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.

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m) Related parties

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

n) Service concession arrangements

Friends College Kaimosi 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 Entity 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

o) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

p) Comparative figures

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

q) 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, 2020.

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4 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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual 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 are recognized when Friends College Kaimosi 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 Friends College Kaimosi 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.

**FRIENDS COLLEGE KAIMOSI
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NOTE6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Unconditional Grants

Description		2019/2020 kshs	2018/2019 kshs
a)Capitation Grants: –	Quarter 1	885,000.00	-
	Quarter 2	-	43,560,000.00
	Quarter 3	11,310,000.00	43,560,000.00
	Quarter 4	-	-
		12,195,000.00	87,120,000.00
b) Recurrent Grants:-	Quarter 1	-	5,956,550.00
	Quarter 2	1,000,000.00	1,000,000.00
	Quarter 3	-	-
	Quarter 4	-	-
		1,000,000.00	6,956,550.00
Total Unconditional Grants		13,195,000.00	94,076,550.00

c. Conditional Grants

Development Grants (Twin Workshop Project)			
	Quareter1	-	1,273,625.00
	Quarter 2	-	1,273,625.00
	Quarter 3	-	2,547,250.00
	Quarter 4(NG-CDF- Emuhaya)	700,000.00	-
		700,000.00	5,094,500.00
GRAND TOTAL GOVERNMENT GRANTS		13,895,000.00	99,171,050.00

(6d) STUDENTS DEVELOPMENT FEES

	2019/2020	2018/2019
Students Development fees	6,357,715.00	-
	6,357,715.00	-

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NOTE 7. RENDERING SERVICES- FEES FROM STUDENTS

Description	2019/2020	2018/2019
Tuition fees	111,572,394.00	129,882,391.00
Boarding Fees	11,653,393.00	10,078,945.00
Business Production Unit	-	1,772,978.00
Examination fees	21,256,747.00	16,248,208.00
Library Overdue fees	32,777.00	-
Part time Tuition fees	3,675,876.00	6,184,683.00
PAYE sales	2,845,111.00	7,208,046.00
Town Campus fees	3,708,155.00	6,802,154.00
Business Department Production Unit	4,738,841.00	-
Computer Department P.U	49,350.00	115,300.00
Rental Income	-	297,700.00
Driving School	23,500.00	44,600.00
Attachment fees	-	489,166.00
Graduation fees		1,017,550.00
NYS Students upkeep	30,369,446.00	10,076,945.00
Outstanding fees	24,717,286.00	-
Un-receipted fees from NYS-30.6.20	4,863,300.00	-
NYS students fees arrears	625,900.00	24,316,500.00
	220,132,076.00	214,535,166.00

NOTE 8. SALE OF GOODS

Description	2019/2020	2018/2019
Farm Sales	989,230.00	1,070,326.00
Sale of Empty jerricans	15,050.00	-
	1004,280.00	1,070,326.00

NOTE 9. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT.

Description	2019/2020	2018/2019
Hire of Facilities	825,442.00	3,808,404.00
Rental Income from College Houses	275,400.00	-
Rent Arrears	44,800.00	
	1,145,642.00	3,808,404.00

NOTE 10. OTHER INCOME

Description	2019/2020	2018/2019
Salary Advance	315,000.00	-
Sale of Tenders	33,000.00	28,000.00
	348,000.00	28,000.00

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NOTE. 11. USE OF GOODS AND SERVICES

	2019/2020	2018/2019
Boarding expenses	1,043,590.00	3,931,004.00
Examination fees	17,117,650.00	11,376,570.00
PAYE Catering	5,281,633.00	13,583,080.00
Farm Expenses	1,085,917.00	1,058,390.00
Part time Tuition	2,344,492.00	4,547,734.00
Town Campus	6,343,354.00	4,825,741.00
Business Department P.U expenses	705,185.00	1,182,303.00
Computer Dept P.U	12,180.00	81,956.00
Hire of Facilities	650,260.00	2,330,874.00
Tender expenses	808,887.00	813,363.00
Co-curricular activities	4,401,635.00	7,223,995.00
Students Training expenses	19,031,578.00	15,167,376.00
Motor vehicle running expenses	1,608,741.00	4,427,124.00
Students Council Expenses	1,559,112.00	1,500,880.00
Office expenses	286,050.00	283,960.00
Airtime expenses	1,678,550.00	1,564,850.00
Attachment expenses	775,328.00	627,695.00
Caution Money expenses	40,000.00	-
Research and Development	1,134,100.00	1,094,675.00
Stationery expenses	1,177,465.00	1,736,446.00
Performance Contracting	797,120.00	386,750.00
Electricity and Water bills	4,212,973.00	3,546,736.00
NYS Upkeep	8,478,300.00	16,203,950.00
ICT expenses	811,301.00	1,318,950.00
Medical Bills	946,676.00	1,183,243.00
CAPA Subscriptions	280,000.00	
Insurance expenses	197,788.00	261,863.00
Marketing expenses	459,508.00	879,347.00
KATTI subscriptions	90,000.00	
Kuccps Subscriptions	0.00	
Library expenses	3,500.00	211,000.00
Guiding and Counseling	61,000.00	80,500.00
Contingencies- Damages reinstatement expenses	1,352,075.00	-
QMS/ISMS	988,364.00	-
PTA expenses	319,500.00	9,000.00
Driving school	22,225.00	54,400.00
Consultancy fees	212,800.00	-
Sundry Obligations paid	0	2,935,500.00
Graduation	0.00	2,144,676.00
Staff Meals	-	2,293,458.00
Staff Training	-	1,043,340.00
Staff Uniform	0	337,372.00
TOTAL	86,318,837.00	110,247,601.00

Contingencies represent part expenses incurred to reinstate state of the college after students' unrest. See further notes on page 14

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NOTE 12. EMPLOYEE COSTS

Description	2019/2020	2018/2019
Advance Salary	640,000.00	-
Salaries and wages	36,274,242.00	28,247,619.00
Staff travelling expenses	3,028,925.00	2,678,178.00
Staff meals	1,986,451.00	-
Staff Training expenses	2,680,505.00	-
Staff welfare	30,000.00	569,449.00
Staff uniforms	29,850.00	
Recruitment expense	705,300.00	-
Gratuity	283,537.00	-
	45,658,810.00	31,495,246.00

NOTE 13. REMUNERATION OF BOG MEMBERS

Description	2019/2020	2018/2019
BOG expenses	1,795,020.00	1,903,940.00
	1,795,020.00	1,903,940.00

NOTE 14. DEPRECIATION AND AMORTIZATION

Description	2019/2020	2018/2019
Depreciation of PPE	48,016,821.00	46,512,132.00
Amortization of intangible assets	329,245.00	292,310.00
	48,346,066.00	46,804,442.00

NOTE 15. REPAIRS AND MAINTENANCE

Description	2019/2020	2018/2019
Repairs on PPE	4,584,527.00	7,337,442.00
	4,584,527.00	7,337,442.00

NOTE 16. (a) FINANCE COSTS.

Description	2019/2018	2018/2019
Bank Charges	86,441.00	535,249.00
	86,441.00	535,249.00

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NOTE 16(b)

Description	2019/2020	2018/2019
KATTI Subscription	-	60,000.00
CAPA Subscriptions	-	50,000.00
KUCCPS Subscriptions	-	87,000.00
	-	197,000.00

NOTE .17. CASH AND CASH EQUIVALENTS

Description	2019/2020	2018/2019
KCB Current account 1101755652-Main	29,637,717.00	2,608,893.89
KCB savings account 1102330329- Devpt	36,055,607.00	10,358,691.35
KCB Savings account 1106471253- Farm/ Paye	100,480.00	1,702,960.15
KCB Savings account 1103284290- Gratuity	20,358.00	4,688.88
KCB development current a/c 1274574218	950.00	-
Equity Bank 1120264516476(Ebukanga TTI)	922,409.00	222,409.50
Cash at hand	(1,133,234.00)	359,260.00
	65,604,287.00	15,256,903.77

NOTE 18. RECEIVABLES FROM EXCHANGE TRANSACTIONS.

Description	2019/2020	2018/2019
Students debtors (Fees arrears)	24,717,286.00	236,083,433.00
NYS students fees arrears	625,900.00	24,316,500.00
Farm debtors	35,410.00	-
Rent Debtors	44,800.00	56,900.00
Staff Debtors-Salary advances	376,000.00	-
Un-surrendered imprests	462,331.00	2,022,985.00
	26,261,727.00	262,479,818.00

FRIENDS COLLEGE KAIMOSI

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NOTE 19. INVENTORIES

Description	2019/2020	2018/2019
Consumable stores- Stationery	760,897.00	756,820.00
Health unit stores	126,369.00	61,320.00
Electrical & Plumbing stores	120,160.00	250,300.00
Cleaning materials	185,682.00	145,864.00
Maintenance stores- building	1,041,756.00	200,500.00
Catering stores	864,794.00	864,794.00
Farm stores	67,365.00	40,958.00
Fashion band design stores	555,648.00	
Food stuffs	348,405.00	0
	4,071,076.00	2,320,556.00

NOTE 20. INTANGIBLE ASSETS

Description	2019/2020	2018/2019
COST (Historical)	<u>4,872,000.00</u>	<u>4,872,000.00</u>
Balance at the Beginning 1 st July 2019	5,846,200.00	5,359,200.00
Additions: MIS Annual Maintenance fee	487,200.00	487,200.00
: Soft copy Textbooks	251,500.00	-
Cost at the end of the year	<u>6,584,900.00</u>	<u>5,846,200.00</u>
Amortization & Impairment:		
At the Beginning of n the year 1.7.2019	560,270.00	267,960.00
Amortization@ 5%(487,200+251,5000)	329,245.00	292,310.00
Amortization at end of the year 30.6.2020	<u>889,515.00</u>	<u>560,270.00</u>
NETBOOK VALUE 30.6.2020	<u>5,695,385.00</u>	<u>5,285,930.00</u>

NOTE 21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019/2020`	2018/2019
Trade Payables (Sundry creditors)	5,568,349.00	924,560.00
	5,568,349.00	924,560.00

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NOTE 22. BIOLOGICAL FARM ASSETS

Name plantation	Coverage	Bushes/Stool	Unit Price	Total Cost
Farm Trees	1 acre	700	700.00	1,750,000.00
Tea	4.5 acres	9,600	50.00	480,000.00
Bananas	0.6 acres	100	500.00	50,000.00
Compound trees	1.5 acres	1,000	2,500.00	2,500,000.00
Cows	No. 12	-	-	621,000.00
				5,401,000.00

COMPARISONS

Description	2019/2020	2018/2019
Farm Tress	1,750,000.00	375,000.00
Tea Plantation	480,000.00	216,875.00
Bananas / other crops	50,000.00	10,285.00
Compound tress	2,500,000.00	-
Cows	621,000.00	435,000.00
	5,401,000.00	1,037,160.00

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23. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture & Fittings	Motorvehicles	Computers	Plant & Equipment	W.I.P Ebukanga	W.I.P FCK	Textbooks	TOTAL
COST	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2018	65,000,000	303,062,462	5,695,250	9,120,000	4,935,600	170,223,900	52,015,254	250,000	3,200,000	613,502,466.00
Additions	-	-	4,233,400	-	1,033,000	2,428,965	963,385	489,535	-	9,148,285.00
At 30.6.2019	65,000,000	303,062,462	9,928,650	9,120,000	5,968,600	172,652,865	52,978,639	739,535	3,200,000	622,650,751.00
Additions	-	-	67,803	5,349,206	-	1,570,670	6,280,721	7,572,023	1,073,346	21,913,769.00
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer and Adjustments	35,000,000	-	-	-	-	-	-	-	-	35,000,000.00
At 30.06.2020	100,000,000	303,062,462	9,996,453	14,469,205	5,968,600	174,223,535	59,259,360	8,311,558	4,273,346	679,564,519.00
DEPRECIATION & IMPAIRMENT										
Dep. Rates	0%	2%	20%	20%	30%	20%	-	-	10%	
At 30TH Jun 2019	0	18,120,818	3,694,305	5,472,000	4,258,380	85,597,743	-	-	640,000	117,783,246.00
Depreciation	0	6,061,249	1,999,290	2,893,841	1,790,400	34,844,707	-	-	427,334	48,016,821.00
Impairment	-	-	-	-	-	-	-	-	-	-
At 30th June 2020	0	24,182,067	5,693,595	8,365,841	6,048,780	120,442,450	0	0	1,067,334	165,800,067.00
NET BOOK VALUES										
At 30th June 2019	65,000,000	284,941,644	6,234,345	3,648,000	1,710,220	87,055,122	52,978,639	739,535	2,560,000	504,867,505.00
At 30th June 2020	100,000,000	278,880,395	4,302,858	6,103,364	(80,180.00)	53,781,085	59,259,360	8,311,558	3,206,012	513,764,452.00

NOTE 23(b). Of the Additions on WIP FCK less Consultancy fee for construction of a hostel, therefore kshs.21,913,769.00-202,800=21,710,969.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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 entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of

FRIENDS COLLEGE KAIMOSI
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financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

a) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

v) Capital Risk Management.

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern.

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5 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity 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 Friends College Kaimosi, holding 100% of the Friends College Kaimosi 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) The Parent Ministry;
- iii) Key management;
- iv) Board of Governors;

6 EVENTS AFTER THE REPORTING PERIOD

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

7 ULTIMATE AND HOLDING ENTITY

Friends College Kaimosi is a Semi- Autonomous Government Agency under the Ministry of Education .Its ultimate parent is the Government of Kenya.

8 Currency

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

**FRIENDS COLLEGE KAIMOSI
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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

The College has since not received audit certificate for the last audit **2016/2017,217/2018 and 2018/2019** carried out by OAG

CLERKSON BARASA
PRINCIPAL/ SECRETARY BOG



Date.....

14.4.2024

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APPENDIX II. PROJECTS IMPLEMENTED BY FRIENDS COLLEGE KAIMOSI

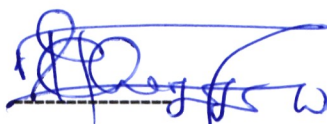
	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources offunds
1	Three Storey Hostel	37,316,088	202,800	1%	5,000,000	202,800	Boarding-AIA
2	Library	26,365,000	2,943,008	11%	26,365,000	2,943,008	GOK
3	Engineering complex Ramp	4,779,779.5	3,187,200	66%	5,140,000	3,187,200	GOK
4	Ebukanga TTI Completion	9,000,000	6,280,721	100%	9,000,000	6,280,721	GOK
5	Double Cabin	5,349,206	5,349,206	100%	1,500,000	5,349,206	DevelopmentFee
6	Fibre Optic	1,400,000	500,000	35%	1,400,000	NIL	GOK
7	Renovation of Library Floor	500,000	344,000	100%	500,000	344,000	Developmentfee
8	Food And Bev. Complex Project	494,715	494,715	100%	1,500,000	494,715	Developmentfee
9	Renovation of Science Complex	400,300	400,300	100%	400,000	400,300	Developmentfee

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		FRIENDS COLLEGE KAIMOSI		
Break down of Transfers from the State Department of TVET – Ministry of Education				
FY 2019-2020				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation Grants	18.10.2019	885,000.00	2019-2020
	Capitation Grants	02.07.2020	11,310,000.00	2019-2020
	Recurrent grant for Ebukanga TVC	27.4.2020	1,000,000.00	2019-2020
		Total	13,195,000.00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Emuhaya CDF- Toilets Project	11.6.2020	700,000.00	2019-2020
		Total	700,000.00	
	GRAND TOTAL		13,895,000.00	

The above amounts have been communicated to and reconciled with the parent Ministry

Sign 
14/04/2021
Finance Officer
Friends College Kaimosi

Sign-----

Head of Accounting Unit
Ministry of Education

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others must be specific	
Ministry of Education	18.10.2019	Recurrent	885,000.00	√	-	-	-	-	885,000.00
"	27.04.2020	Recurrent	1,000,000.00	√	-	-	-	-	1,000,000.00
"	02.07.2020	Recurrent	11,310,000.00	√					11,310,000.00
Emuhaya NG-CDF	11.6.2020	Development	700,000.00		√	-	-	-	700,000.00
Total			13,895,000.00						13,895,000.00

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APPENDIX V. ITEMS USED IN THE STATEMENT OF CASHFLOWS

a) STUDENTS FEES AND INTERNALLY GENERATED INCOME

Reported income as per Statement of financial performance	Kshs	Kshs.
Rendering services		220,132,076
Sale of Goods		1,004,280.00
Rental revenue from facilities		1,145,642.00
Other Income		348,000.00
Operation Grant (refer to Note 1)		1,000,000.00
		223,629,998
Less non actual cash income		
Outstanding fees	24,717,286.00	
Un-receipted fees from NYS	4,863,300.00	
NYS students fees arrears	625,900.00	
Rent arrears	44,800.00	(30,251,286.00)
Net cash from students fees and internally generated income		193,378,712.00