

REPUBLIC OF KENYA



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REPORT

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TABLED BY: Hon Owen Baya, MP
Deputy leader, majority party
Inzofu mwale

OF

THE AUDITOR-GENERAL

ON

**KAGURU AGRICULTURAL
TRAINING CENTRE**

**FOR THE YEAR ENDED
30 JUNE, 2023**



KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.



**KAGURU AGRICULTURAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023**

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

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Kaguru Agricultural Training Centre is established by and derives its authority and accountability from the Kaguru Agricultural Training Centre Act, 2019. The Centre is owned by the County Government of Meru and is domiciled in Kenya.

b) Principal Activities

Mission

Promotion of sustainable agricultural practices, production mechanization and provision of hospitality services leveraging on innovative technology.

Vision

A Model Centre for Agricultural Training, Research, Advisory Services and Farm Mechanization.

Core Values

- i. Integrity
- ii. Professionalism
- iii. Teamwork
- iv. Efficiency
- v. Inclusivity
- vi. Accountability
- vii. Innovativeness

Slogan

Huduma bora ni haki yako.

Functions of the Kaguru Agricultural Training Centre

- a) Provide agricultural training, extension services, research, marketing support and promotion of modern methods of farming and/or production to local farmers.
- b) Prepare an integrated plan for training programs in agriculture, livestock and fisheries.
- c) Participate in the discovery, transmission and preservation of knowledge in agriculture and any other related field.
- d) Promote the use of technology and mechanization in agriculture.
- e) Offer capacity development assistance on agricultural mechanization through practical training, technical assistance, technology transfer and human resource development.

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

- f) Provide specialized farm and business advisory services to farmers for the purpose of generating income for the Centre, and to enter into suitable agreements with any person or organization to this end.
- g) Formulate and issue guidelines in planning, implementing, monitoring and evaluating agriculture and fisheries extension programs.
- h) Establish model commercial farms as demonstration plots for hands-on learning on farming technologies and agricultural research.
- i) Establish and maintain a production unit for raising livestock.
- j) Provide facilities, educational training conferences, workshops, seminars, meetings, exhibitions, show tours and such other educational and training activities as the Board may determine.
- k) Co-operate with the government, the private sector and non-governmental organizations in development of agricultural training and research.
- l) Carry out such other functions as may be necessary or the Governor may from time to time assign incidental to the implementation of the objectives and purposes of the Act and performance of such other functions.

c) Board of Trustees/Fund Administration Committee

The board members who held office during the financial year ended 30th June 2023 were:

S/No.	Name	Position
1	Kaburu M'ribu	Board Chairman.
2	Lawrence Kirima	Board Member.
3	Fridah Mugambi	Board Member.
4	Elizabeth Kanini	Board Member.
5	Alex Wanjala	Principal(Secretary)
6	John Kinyajui	Manager AMS.
7	Victor Akwalu	COA.
8	Charles Mwenda	COF.

d) Key Management Staff

The key management personnel during the financial year ended 30th June 2023 were:

S/No.	Name	Position
1	Alex Wanjala	Principal.
2	John Kinyajui	Manager AMS.
3	Justine Majau	Training Coordinator.
4	Zipporah Nkatha	Supply Chain Officer.
5	Joel Kimathi	Accountant.

e) ATC Offices

P.O. Box 476-60202
Kaguru Offices,
Meru - Embu Highway
Meru, KENYA

f) ATC Contacts

Telephone: (254) 0735 210 345
E-mail: kaguruatc@yahoo.com
Website: www.meru.go.ke

g) ATC Bankers

Kenya Commercial Bank
Nkubu Branch
P.O BOX 202000
-Meru, Kenya

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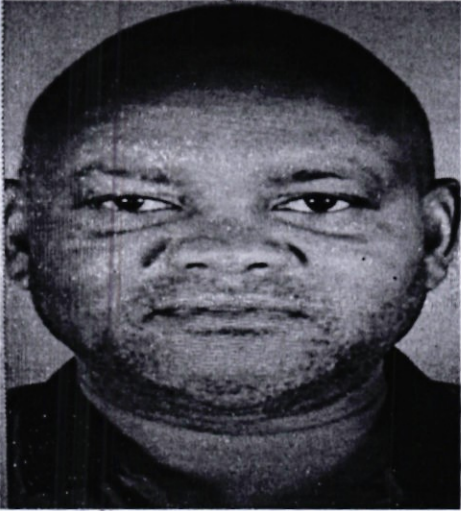

h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya




i) Principal Legal Adviser



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

2. The Board of Directors

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

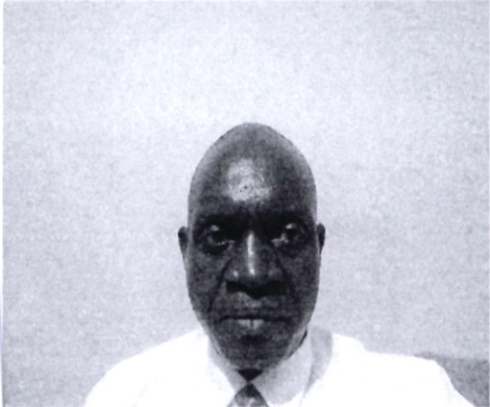

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 <p>Elizabeth Kanini.</p>	<p>BOARD MEMBER. Experience. Worked as clerk meru north farmers A prominent farmer in Igembe Central Sub county. She has served as a nominated member of County Assembly (MCA) in the County Assembly of Meru. She has served as member on several boards among them but not limited to Schools and Hospitals.</p>
<p>Charles Mwenda.</p> 	<p>BOARD MEMBER Qualifications. Finance administration & Human Resource (Member) MBA – Finance BBA – Accounts CPA(K) Member – ICPAK – Chief Officer Finance, Economic planning and ICT County Government of Meru. Mr. Mwenda has a vast experience Finance and accounting in Public Sector having worked at the County Treasury for 11 years. DOB: 10/05/1982.</p>
<p>Victor Mugambi.</p> 	<p>BOARD MEMBER Qualifications. PHD in Finance of 2013 Masters in Business Administration Bachelor of Education in Economics SLDP KSG of 2014 Experience. Lecturer Chuka University Agriculture Department. 2017 – 2022. Management of Devolved Government Systems in Beijing 2015 DOB: 03/01/1980</p>

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

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

MANAGEMENT TEAM

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

	<p>DOB: 14/07/1964</p>
<p>Mr. Justine Miriti.</p> 	<p>Training Coordinator.</p> <p>Qualifications. Masters in Education (Planning and Economics). Bachelors in Agricultural Education and Extension. Cert. in computer studies. Senior Management Course 2023 KSG Embu.</p> <p>Experience. High School Teacher 2003-2011 University Assistant Lecturer 2012-2018 Kaguru ATC Training Coordinator 2019 to date</p> <p>DOB: 26/02//1977</p>
<p>Zipporah Nkatha.</p> 	<p>Supply Chain Officer.</p> <p>Qualifications. Bachelor of Commerce (Marketing). Dip. Purchasing & Supplies Management. Certificate in Business Management. Senior Management Course 2023 KSG Embu.</p> <p>Experience. Ministry of Interior. Procurement Assistant 2008 - 2013. Meru county Government Senior SCM Officer 2013 - 2021 Kaguru ATC Senior SCM Officer 2021 - Date.</p> <p>DOB: 08/11/1982</p>
<p>Joel Kimathi</p> 	<p>Accountant.</p> <p>Qualifications. Bachelor of Business Administration (Accounting). Dip. Management Information Systems CPA VI. Senior Management Course 2019 KSG Embu.</p> <p>Experience. Nyambene Arimi Sacco. Clerk 1998 - 2008. Nyambene County council Revenue Officer 2010 - 2013 Meru county Government Accountant 2013 - 2021. Kaguru ATC Accountant 2021 – Date</p> <p>DOB: 06/12/1975</p>

3. BOARD CHAIRPERSON'S STATEMENT

On behalf of the Board of Kaguru Agricultural Training Centre, I take this opportunity to present to you the 12 months ended 30 June 2023 reports and financial statements pursuant to section 22 (1) of the Kaguru ATC Act, 2019 which states that, within a period of three months after the end of each financial year, the Board shall submit to the Auditor-General, the accounts of the Board together with:

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

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

Functions of the board,

- *The Board shall, under the direction of the Executive Member for the time being responsible for matters relating to agriculture, be responsible for the administration, management and development of Kaguru ATC (hereinafter referred to as "the Centre").*
- *The Board shall be the successor of the County Government of Meru in respect of all rights, duties, obligations, assets and liabilities concerning the Centre and the Agricultural Mechanization Unit.*


- *The Board shall have powers to:*
 - *Give policy directions and guidance to the Director of the Centre;*
 - *Control, supervise and administer the assets and liabilities of the Centre.*
 - *Promote infrastructural development of the Centre;*
 - *Receive any grants, gifts, donations and endowments and to make legitimate disbursements therefrom.*
 - *promote the general welfare of the staff of the Centre;*
 - *Enter into association with other agricultural institutions, institutions of higher learning and research organizations within or outside Kenya as the Board may consider desirable or appropriate.*

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

- *Make guidelines for the proper and efficient management of the Centre which guidelines shall be issued by the Director on behalf of the Board.*
- *Determine the provision to be made for capital and recurrent expenditure and for reserves for the Centre.*

During the year under review the centre managed to undertake the following development projects:

1. Construction of the public ablution block and the VIP lounge.
2. Fencing of the Kaguru ATC Farm.
3. Fencing of the AMS farm.
4. Rehabilitated and stocked the ATC fishpond.
5. Rehabilitation of the ATC Water supply intake.
6. Development of the Kaguru ATC strategic plan 2023-2027.
7. Developed the Kaguru ATC Business plan.
8. Kaguru ATC performance management Policy.
9. Renovation of Hostels.
10. Additional furniture (Collapsible tables) for conference halls.



Prof. Kaburu M'Ribu
Board Chairman
KAGURU ATC

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

4. REPORT OF THE PRINCIPAL

The Kaguru ATC Act 2019 requires Kaguru ATC to prepare financial statements at the end of each financial year. The Kaguru ATC Act officially began its full operations in May 2022 and the Financial Year 2022-2023 being her 1st year of full operation as a Semi-Autonomous Government Agency (SAGA).

The budget for the year under review amounted to Kshs.33.6 M, of which has been implemented in phases by the County Treasury. However, the budget for operations was not adequate for the Kaguru ATC.

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

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

I am pleased to present the financial statements of Kaguru ATC for the period ended 30th June 2023.



Mr. Mumakhola Wanjala.
Principal

KAGURU ATC

5. STATEMENT OF PERFORMANCE AGAINST THE PREDETERMINED OBJECTIVES

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board, includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of Kaguru ATC in the Meru County Government 2022-2023 plan are to:

- a) Increase in collection of Kaguru ATC own sources revenue.
- b) Improve structures for more revenue generation.
- c) Rehabilitate stalled revenue-generating areas.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Revenue Management	To realize optimum revenue generation.	Increased revenue sources.	Number of revenue streams added.	1 revenue streams added.
Improve Structures.	To build V.I.P abolition block for the main hall.	Improved staff /client working conditions and increased revenue.	Number of clients who turn for services.	2 Blocks of abolition built.
Rehabilitation of revenue generating area.	To rehabilitate fishponds.	Increased Revenue/improved fishponds.	No. of fishponds rehabilitated.	5 Fishpond rehabilitated.

6. CORPORATE GOVERNANCE STATEMENT

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

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

Governance Principles and Guidelines

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

Responsibilities of the Board.

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

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

Capacity Building for the Board.

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

Conflict of Interest

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

Appointment and Removal of Board Members.

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

Composition of the Board

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

Accountability and audit

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

Internal Controls

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

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

Directors' Remuneration

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

Board Meetings

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

OTHER KEY MILESTONES DURING THE FINANCIAL YEAR:

- a) The centre adopted mobile banking to minimize cash handling risks.
- b) The process of making centre processes semi-autonomous.
- c) The centre received its budgetary allocation through phased disbursements.
- d) Construction of the public ablution block and the VIP lounge.
- e) Fencing of the Kaguru ATC Farm.
- f) Fencing of the AMS farm.
- g) Rehabilitated and stocked the ATC fishpond.
- h) Rehabilitation of the ATC Water supply intake.
- i) Development of the Kaguru ATC strategic plan 2023-2027.
- j) Developed the Kaguru ATC Business plan.
- k) Kaguru ATC performance management Policy.
- l) Renovation of Hostels.
- m) Additional furniture (Collapsible tables) for conference halls.

CHALLENGES

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

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

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

Way forward/Recommendations

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

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- vii. The value of strong partnerships: Forging strong partnerships with key stakeholders, including government agencies, industry associations, and academic institutions, can help to increase its impact and reach.
- viii. The importance of financial sustainability: Financial sustainability is key to its long-term success, and that it must develop and implement sound financial management practices to ensure its continued viability.
- ix. The role of effective marketing and branding: Effective marketing and branding can help it to differentiate itself from competitors, build awareness and demand for its products and services, and ultimately grow its customer base.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

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

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

7. REPORT OF THE BOARD OF DIRECTORS

The Board submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the centre affairs.

Principal activities

The principle activities of the centre are:

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

Board of Directors

The members of the Board who served during the year are shown on page viii to x

Auditors

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

By Order of the Board

Member of the Board



Date:

19/12/2023

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Kaguru ATC Act 2019* shall prepare financial statements for the Board in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board. The Principal is responsible for the preparation and presentation of the Centre financial statements, which give a true and fair view of the state of affairs of Kaguru ATC for and as at the end of the financial year ended on June 30, 2023.

This responsibility includes:

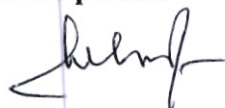
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Board; by selecting and applying appropriate accounting policies; and
- (v) Making accounting estimates that are reasonable in the circumstances.

The Principal accepts responsibility for the Centre financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Kaguru ATC Act 2019*. The Principal is of the opinion that Kaguru ATC financial statements give a true and fair view of the state of Kaguru ATC transactions during the financial year ended June 30, 2023, and of the Kaguru ATC financial position as at that date. The Principal further confirm the completeness of the accounting records maintained for the Kaguru ATC, which have been relied upon in the preparation of the Kaguru ATC financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Principal has assessed the centre ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Principal to indicate that Kaguru ATC will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Board's financial statements were approved by the Board on 19/12/ 2023 and signed on its behalf by:

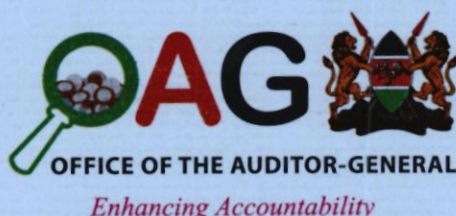
Chairperson



Principal

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 KAGURU AGRICULTURAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Kaguru Agricultural Training Centre for the year ended 30 June, 2023 set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial

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

In my opinion, except for the effect of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kaguru Agricultural Training Centre as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kaguru Agricultural Training Centre Bill, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.25,598,767 as disclosed in Note 8 to the financial statements. However, valuation certificates for the buildings and structures and land ownership documents were not provided for audit review. Further, the fixed assets register is incomplete as it did not disclose all assets owned by the Training Centre.

In addition, details of assets that include the cost and date acquired, depreciation charged and net book values were missing in the incomplete asset register.

In the circumstances, the ownership and value of property, plant and equipment balance of Ksh.25,598,767 could not be confirmed.

2.0 Inaccuracy in the Financial Statements

The statement of financial performance reflects use of goods and services expenditure of Kshs.16,494,665 as disclosed in Note 3 to the financial statements. Included in this amount is bank charges of Kshs.20,348. However, Note 7 to the financial statements reflects Kshs.20,348 in respect to finance cost yet the same amount has been included in Note 3 under use of goods and services resulting to double counting. Further, Note 3 reflects an amount of Kshs.16,436,495 resulting to an unreconciled variance of Kshs.58,171.

In addition, the statement of changes in net assets reflected in the table of contents at page 2 is missing.

In the circumstances, accuracy and completeness of the financial statements could not be confirmed.

3.0 Failure to Maintain Manual Cash Book

The statement of financial position reflects Kshs.2,046,847 in respect to cash and cash equivalents as disclosed in Note 6 to the financial statements. The Training Centre maintains three bank accounts at Kenya Commercial Bank Limited. However, the Centre only provided a cashbook for one bank account. Audit verification of the cash book provided revealed the following anomalies;

- i. The Microsoft Excel office software was used in recording receipts and payments and maintaining the accounting information which is vulnerable to fraud and susceptible to trivial human errors. The cash book was not reviewed, approved and signed by the accountant and the Principal at the end of the month. Further, there was no backup strategy in case of loss of data.
- ii. The Management did not maintain a manual cashbook, and the excel sheet cashbook provided could not be relied upon since it was not checked and approved by the accounting officer.

In the circumstances, the cash and cash equivalents balance of Kshs.2,046,847 could not be confirmed.

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

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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Annual Evaluation of Board Performance

Management did not provide for audit review the evaluation report on its Board performance for the year 2022/2023 contrary to Mwongozo, 2015-chapter 1 paragraph 1.12 which requires Board evaluation resulting to a report with recommendations for implementation.

In the circumstances, the Board's effectiveness to deliver and perform its duties could not be confirmed.

2.0 Failure to Carry Out Audit on the Training Centre

Management did not provide any evidence on internal audit work carried on the Centre's financial activities during the year.

In the circumstances, the effectiveness of financial and non-financial performance management systems and implementation of the internal controls were not assessed as required to assist in timely detection and prevention of errors, omissions and non-compliances.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Centre's ability to continue to sustain 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 Centre or cease its 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.

Those charged with governance are responsible for overseeing the Centre's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 controls 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 Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre'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 Centre 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 Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 January, 2024

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

9. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2023.

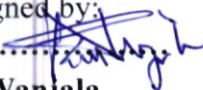
	No.	2022-2023	2021-2022
Revenue From Non-Exchange Transactions		-	-
Public Contributions and Donations		-	-
Transfers From the County Government	1	50,148,384	-
Revenue from own sources		-	-
Revenue From Exchange Transactions		-	-
Interest Income		-	-
Other Income		-	-
Total Revenue		50,148,384	-
Expenses		-	-
Employee Costs	2	3,313,833	-
Use of goods and services	3	16,494,665	-
Board Cost.	4	1,931,600	-
Depreciation and Amortization Expense.	5	904,071	-
finance cost	7	20,348	-
Total Expenses		22,664,517	-
Other Gains/Losses		-	-
Gain/Loss on Disposal of Assets		-	-
Surplus/(Deficit) For The Period		27,483,867	-

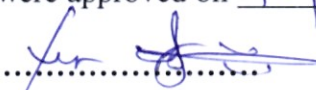
(The notes set out on pages 13-to16 form an integral part of these Financial Statements)

10. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

Assets			
Current Assets		-	
Cash and Cash Equivalents	6	2,046,847	-
Current Portion of Long- Term Receivables From Exchange Transactions		-	-
Prepayments		-	-
Inventories			-
Total Current Assets		2,046,847	-
Non-Current Assets		-	
Property and Equipment	8	25,598,767	-
Intangible Assets		-	-
Long Term Receivables from Exchange Transactions		-	-
Total Assets		27,645,614	-
Liabilities		-	
Current Liabilities		-	
Other Payables.	9	161,747	-
Provisions		-	-
Current Portion of Borrowings		-	-
Employee Benefit Obligations		-	-
Non-Current Liabilities		-	
Non-Current Employee Benefit Obligation		-	-
Total Liabilities		161,747	-
Net Assets		-	-
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		27,483,867	-
Total Net Assets and Liabilities		27,645,614	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 12/7/2023 2023 and signed by:

.....

 Alex Wanjala.

.....

 CPA Mwenda Machoki.
 ICPAK M/No:19584.

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

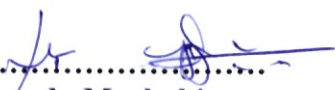
11. Statement of Cash Flows For The Year Ended 30 June 2023

Statement of Cash Flows For The Year Ended 30 June 2023			
Cash flows from operating activities			
Receipts		-	
Public contributions and donations		-	-
Transfers from the county government	1	50,148,384	-
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		50,148,384	-
Payments		-	
Employee Cost	2	3,313,833	-
Use of Goods & Service	3	16,494,665	-
board costs		1,931,600	
Finance cost	7	20,348	-
Total Payments		21,760,446	-
Net cash flows from operating activities		28,387,938	-
Cash flows from investing activities		-	
Purchase of property, plant, equipment and Intangible assets	8	26,341,091	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		26,341,091	-
Cash flows from financing activities		-	
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		2,046,847	-
Cash and cash equivalents at 1 July 2022		-	-
Cash and cash equivalents at 30 June 2023	6	2,046,847	-

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

.....

Alex Wanjala.

.....

CPA Mwenda Machoki.
ICPAK M/No:19584.

12. Statement Of Comparison Of Budget And Actual Amounts For The Period ended 30th June 2023

Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	-
Transfers From County Govt.	50,148,384		50,148,384	50,148,384	-	100
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	50,148,384		50,148,384	50,148,384	50,148,384	100
Expenses	-	-	-	-	-	-
Fund Administration Expenses	-	-	-	-	-	-
General Expenses	21,818,616	-	21,818,616	21,818,616	-	100
Development Cost	28,339,768	-	28,339,768	26,502,837	1,836,931	94
Total Expenditure	50,158,384	-	50,158,384	48,321,453	1,836,931	96
Surplus For The Period	-	-	-	-	-	-

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT &
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.

13. Notes to the Financial Statements

1. General Information

Kaguru ATC Board is established by and derives its authority and accountability from Kaguru ATC Board Act. The entity is wholly owned by the Meru County Government and is domiciled in Kenya. The centre's principal activity is training mainly on agricultural best practices..

2. Statement of compliance and basis of preparation

The Centre financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency for the Centre. The accounting policies have been consistently applied to all the years presented.

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

3. Adoption of new and revised standards

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

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT &
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Standard	Effective date and impact:
	<p>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 2023</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> <ul 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 to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT &
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Standard	Effective date and impact:
	<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>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><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be</p>

KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT &
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Standard	Effective date and impact:
Discontinued Operations	measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on. 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. Accordingly, the Fund recorded additional appropriations of xxxxx on the FY 2022-2023 budget following the governing body's approval.

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

**KAGURU AGRICULTURAL TRAINING CENTRE ANNUAL REPORT &
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2023.**

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.

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

a) Financial instruments

Financial assets

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. The Entity determines the classification of its financial assets at initial recognition.

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Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a 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.

During the year under review, no such financial liabilities has been done.

Summary Of Significant Accounting Policies (Continued)

b) 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.

c) Provisions

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

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

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

Contingent liabilities

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

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Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates.

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

f)

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

g) Cash and cash equivalents

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

h) Comparative figures

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

i) Events after the reporting period

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

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j) Ultimate and Holding Entity

The entity is a County Public Fund established by 2019 Act (*state the legislation establishing the centre*) under the County Assembly. Its ultimate parent is the County Government of Meru.

k) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions – The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 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.

b) Useful lives and residual values

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

1. The condition of the asset based on the assessment of experts employed by the Entity.
2. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
3. The nature of the processes in which the asset is deployed.
4. Availability of funding to replace the asset.
5. Changes in the market in relation to the asset.

c) Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

6. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government.

Transfers From County Govt. –Operations Q1	16,309,117	-
Transfers From County Govt. –Operations Q2	12,009,386	-
Transfers From County Govt. –Operations Q3	6,829,880	-
Transfers From County Govt. –Operations Q4	15,000,000	-
Total	50,148,383	-

2. Employee Costs

Salaries And Wages	3,313,833	-
Staff Gratuity	-	-
Other (<i>Specify</i>)	-	-
Total	3,313,833	-

3. Use of Goods and Services

General Office Expenses	898,000	-
Administration Expenses	5,090,224	-
Bank Charges	20,348	-
Electricity And Water Expenses	533,596	-
Fuel And Oil Costs	781,123	-
Printing And Stationery	624,000	-
Security Costs	312,000	-
Other (<i>Catering</i>)	8,177,203	-
Total	16,436,495	-

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4. Board Cost.

Honoraria.	240,000	-
Sitting Allowance.	280,000	-
Drafting of strategic plan.	1,411,600	-
Total	1,931,600	-

5. Depreciation

Buildings	607,446	-
Equipment Furniture.	260,625	-
Equipment Computers.	36,000	-
Total	904,071	-

6. Cash and cash equivalents

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

a) Current Account			
Kenya Commercial Bank.	1293077143	1,838,230	30
Kenya Commercial Bank.	1293077216	208,617	697,253
Sub- Total		2,046,847	697,283
b) Others(Specify)			

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Cash In Transit			
Cash In Hand			
Sub- Total			
Grand Total			

7. Finance Cost.

	1293077143	15,632	-
	1293077216	4,716	-
Total		20,348	-

8. Property, plant and equipment

At 1 st July 2022						
Additions	24,297,837	-	-	2,085,000	120,000	26,502,837
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
At 30 th June 2023	24,297,837	-	-	2,085,000	120,000	26,502,837
Depreciation And Impairment						
Acc. Dep. At 1 st July 2022	-	-	-	-	-	-
Depreciation for year.	(607,446)	-	-	(260,625)	(36,000)	(904,071)
Impairment	-	-	-	-	-	-
At 1 st June 2023	-	-	-	-	-	-
At 1 st July 2023	23,690,392	-	-	1,824,375	84,000	25,598,767

9. Payables analysis.

trade payables	161,746	-
Total Inventories At The Lower Of Cost And Net Realizable Value	161,746	-

Other Disclosures

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10. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties (CRF)	50,148,383.55	-
Transfers To Related Parties (CRF)	-	-

c) Key management remuneration

	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2022-2023	2021-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Other Disclosures Continued

11. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund 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 Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund 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 entity's management based on prior experience and their assessment of the current economic environment.

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

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has no significant concentration of credit risk on amounts due

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

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b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund General Manager, who has 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.

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

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

The Fund'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.

i. 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.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance 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.

ii. 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 entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

The Fund 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.

d) Capital risk management

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

e) Depreciation and amortization


For the purpose of preparing the financial statement, the board has had adopted straight-line method of depreciation using the rates shown below

Class	Number of years	Rate
Furniture	8	12.5%
Computes & Equipment	3	33.33%
Land & Buildings	40	2.5%

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14. Progress on Follow up of Prior Year Auditor’s 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.



Guidance Notes:

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