

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

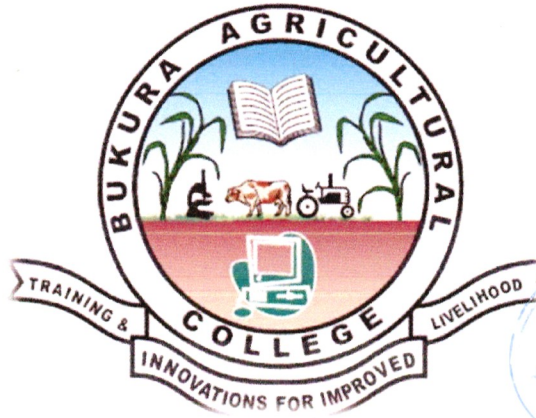
ON

**THE FINANCIAL STATEMENTS OF
BUKURA AGRICULTURAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE 2017**

PARLIAMENT
OF KENYA
LIBRARY

*Paper Laid on the
Table of the House
by the Leader of
the Majority Party
on Tuesday
16th October 2018*



BUKURA AGRICULTURAL COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2017**

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

BUKURA AGRICULTURAL COLLEGE FINANCIAL STATEMENT 2017

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I. KEY COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

Bukura Agricultural College was established as legal entity by the “Bukura Agricultural College Act Cap 348”

(b) Principle Activities

The College mandate is to provide agricultural training through integration of research and the provision of agricultural extension services.

(c) Key Management

The Colleges’ day-to-day Management is under the following key organs:

- Principal
- Deputy Principal
- Registrar; and
- Heads of Departments

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|------------|--------------------|---------------------------|
| 1. | Principal | Dr. Richard Wekesa, PhD |
| 2. | Deputy Principal | Dr. Beatrice Osumbah, PhD |
| 3. | Registrar | Mr. James Etemsi |

(e) Independent Auditors

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

(f) Principal Legal Adviser

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

(g) Registered Office

Bukura Agricultural College
P.O. Box 23
Sigalagala - Butere Road
Bukura, KENYA

(h) College Contacts

Telephone :(254) 202349256
E-mail:principal@bukuracollege.ac.ke
Website: www.bukuraCollege.ac.ke

(i) College Bankers

Co-operative Bank of Kenya
Kakamega Branch
P.O. Box 595
Kakamega50100

Kenya Commercial Bank
Kakamega Branch
PO BOX 152
Kakamega 50100

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II. THE BOARD OF DIRECTORS



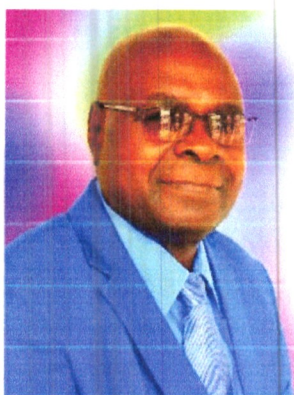
Hon. Dr. Noah Makhalang 'ang'a Wekesa, EGH - Chairman of the Board 23rd March to date

Dr. Noah Wekesa is a Kenyan politician and large scale farmer. He holds a Bachelor's degree in Veterinary Medicine and Surgery from [University of Edinburgh](#). He was a member of parliament from 1988 until 2007 during which he served as the Minister for Forestry and Wildlife and the Minister for Education, Science, and Technology. Currently, he is practicing large scale farming in Tranzoia County.



Ms. Pacifica Wekesa - Independent Director 1st June 2016 to today

Ms. Pacifica Wekesa is a Human Resource Management Consultant. She holds a Bachelor's of Arts degree and a Diploma in Human Resource Management. Currently, she is consulting for West Media.



Mr. Joseph Odera Ngaah - Alt Director - Kenya National Farmers Federation - 26th February 2016 to date

Mr. Ngaah is a farmer in Lugari Sub County of Kakamega County. He holds an "A" certificate and is trained in Agriculture General and Efficient Machine Approaches (Hannover, German). He is currently the Chairman of the Kenya Farmers Federation, Kenya Leguminous Crops Association and Kakamega County Dairy Platform. Currently, he is the Chairman of the Audit Committee of the Board

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*Mrs. Cathering Wangari Ng'ang'a
- Alternate Director, Principal
Secretary - State Department of
Agriculture - 11th November 2015
to date*

Mrs. Ng'ang'a is the Director of Human Resource Management and Development at the State Department of Agriculture. He holds a Master's degree in Business Administration, a Bachelor's of Arts Degree, a Higher National Diploma in Human Resource and a Diploma in Industrial Relations. She has also attended a Strategic Leadership Course and a Leadership course for Women Leaders. She has been a practicing Human Resource profession for over 28 years.



*Mr. Elly Onger - Alternate
Director, Principal Secretary -
National Treasury - September
2012 to today*

Mr. Onger is currently the Deputy Director Pension at the National Treasury



*Mrs. Grace Agili - Alternate
Director, Agriculture Secretary -
State Department of Agriculture
August 2016 to today*

Mrs. Agili is a Deputy Director of Agriculture at the State Department of Agriculture. She holds a Master's degree in Management of Agriculture Knowledge Systems, a Bachelor's degree in Agriculture, a Diploma in Business and ICT. She has also attended a Strategic Leadership Course, Organization Change Management, Board of Governors Training and Project Planning and Development.

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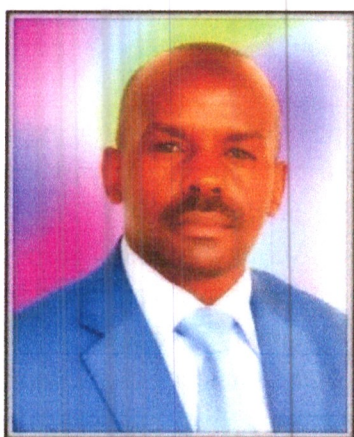
*Professor Philip Wandahwa -
Director, Public Universities -
26th February 2016 to todote*

Prof. Wandahwa is a Professor of soil science and land evaluation at Masinde Muliro University of Science and Technology. He holds a doctorate degree in Soil Science and Land evaluation from University of Gent, Master's degree in Soil Science, a Bachelor's Degree in Agriculture, both the University of Nairobi. He has taught in various Universities in Kenya since 1988. Prof Wandahwa has published many research articles in many refereed journals.



*Dr. Arnold Mathew Opiyo, PhD -
Director for Public Universities
26th February 2016 to todote*

Dr. Opiyo is currently a Senior Lecturer in the Department of Horticulture at Egerton University, Njoro. He holds a doctorate degree in Horticulture, Master's degree in Horticulture, a Bachelor's Degree in Agriculture, and a Diploma in Horticulture. Dr. Opiyo also holds a post graduate certificate in academic practices. He has taught in Egerton University since 1988. Dr. Opiyo published many research articles in many refereed journals.



*Mr. Tom Otiemo Olang'o,
Alternate Director, Principal
Secretary - State Department of
Technical, Vocational Educational
Training -4th February 2016 to
todote*

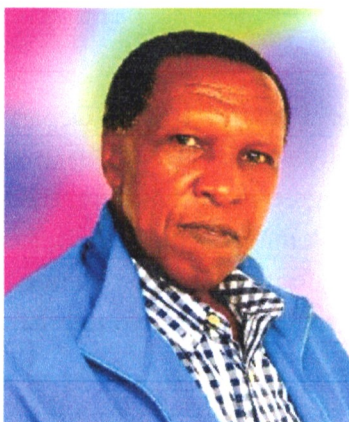
Mr. Olang'o is currently an Assistant Director of Technical Education in the State Department of Technical and Vocational Education, Ministry of Education. He holds a Master's degree in Education, a Bachelor's Degree in Education, and a Diploma in IT. He has worked in the TVET sub-sector for the last 24 years.

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*Ms. Mary Wangari Ndia,
Alternate Director, Principal
Secretary - State Department of
Public Service and Youth Affairs -
1st February 2016 to todote*

Ms. Ndia the Director of Human Resource Management and Development at the State Department of Agriculture. He holds a Master's degree in Business Administration, a Bachelor's of Arts Degree, a Higher National Diploma in Human Resource and a Diploma in Industrial Relations. She has also attended a Strategic Leadership Course and a Leadership course for Women Leaders. She has been a practicing Human Resource profession for over 28 years.



*Figure Dr Leonard Wachira
Wamae, PhD., Alternate Director
Director Genral KALRO January
2017 to todote*

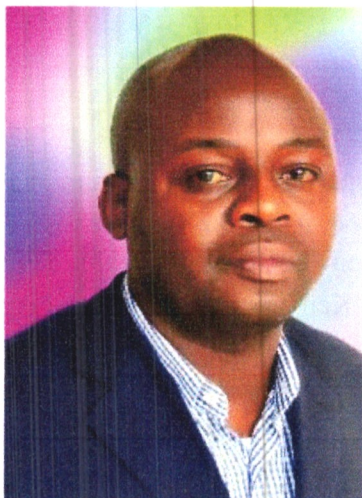
Dr. Wamae is currently a Director at the Kenya Agricultural and Livestock Research Organization (KALRO). He holds a doctorate degree in Veterinary Medicine, Master's degree in Veterinary Medicine and Surgery and a Bachelor's Degree in Veterinary Medicine and Surgery. Dr. Wamae worked as a research scientist for over 20 years and a research manager for over 15 years. Dr. Wamae has published many research articles in refereed journals.



*Dr. Richard Wekesa, PhD -
Principal/Chief Executive Officer
- 18th May 2016 to todote*

Dr. Wekesa has held various positions at Bukura Agricultural College where he has served in various capacities for over 20 years rising from classroom lecturer. He holds a PhD in Biotechnology from Jomo Kenyatta University of Agriculture and Technology, an MSc in Crop Production and Seed Technology from Moi University and a BSc in Horticulture and a Diploma in Agriculture both from Egerton University Njoro. He has attended many skill based courses in and out of the Country.

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Mr, James Etemesi is a registered advocate of the high court. Before he joined the College as Registrar and Secretary to the Board, Mr. Etemesi was in private practice. He holds a Bachelor's degree in Law from the University of Nairobi and a Diploma in Law from the Kenya School of Law.

*Mr. James Etemesi - Registrar -
23rd June 2015 to todote*



Mrs. Ngunjiri is a Deputy Director of Livestock at the State Department of Livestock in charge of staff training.

*Mrs. Caroline Ngunjiri, Alternate
Director, Director of Livestock
Development - State Department of
Livestock - September 2008 to
todote*

BUKURA AGRICULTURAL COLLEGE

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III. MANAGEMENT TEAM



*Dr. Richard Wekesa, PhD -
Principal/Chief Executive
Officer - 18th May 2016 to date*

Dr. Wekesa has held various positions at Bukura Agricultural College where he has served in various capacities for over 20 years rising from classroom lecturer. He holds a PhD in Biotechnology from Jomo Kenyatta University of Agriculture and Technology, an MSc in Crop Production and Seed Technology from Moi University and a BSc in Horticulture and a Diploma in Agriculture both from Egerton University Njoro. He has attended many skill based courses in and out of the Country.



*Dr. Beatrice Osumbah, PhD –
Deputy Principal/Chief
Executive Officer - 18th May
2016 to to date*

Dr. Osumbah holds a PhD in Educational Administration and Management from Jaramogi Oginga Odinga University of Science and Technology, an MSc in Agricultural Education from Kenyatta University, a BSc in Agricultural Education and Extension from Egerton University Njoro and Post Graduate Diploma in Project Management from Cambridge. She has attended many skill based courses in and out of the Country.



*Mr. James Etemesi, College
Registrar – 23rd June to to date*

Mr, James Etemesi is a registered advocate of the high court. Before he joined the College as Registrar and Secretary to the Board, Mr. Etemesi was in private practice. He holds a Bachelor's degree in Law from the University of Nairobi and a Diploma in Law from the Kenya School of Law.

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*Mrs. Roselyne Ambani
Dean of Students*

Mrs. Ambani has held various positions at Bukura Agricultural College where she has served in various capacities for over 10 years rising from classroom lecturer. She holds M.Sc. Livestock Value Chain Management, (*Larenstein University, The Netherlands*), B.Sc. Animal Production, *Egerton University*



*Mr. George Oloo Idi – Ag
Monitoring and Evaluation*

Mr. Idi has held various positions at Bukura Agricultural College where he has served in various capacities for over 10 years rising from classroom lecturer. He holds an MSc in Agricultural Economics from Egerton University and a BSc in Agricultural Economics both from Egerton University Njoro. He has attended many skill based courses in and out of the Country.



*Mr. John Suge
HoD Agricultural Extension &
Rural Development*

Mr. Suge has held various positions at Bukura Agricultural College where he has served in various capacities for over 20 years rising from classroom lecturer. He holds an MSc in Horticulture from Egerton University and a BSc in Horticulture both from Egerton University Njoro. He has attended many skill based courses.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2017



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Mr. Jairus Okacha
HoD: Agriculture and Animal
Science

Mr. Okacha has held various positions at Bukura Agricultural College where he has served in various capacities for over 20 years rising from classroom lecturer. He holds M.Sc. Agronomy University of Eldoret, B.Sc. Agriculture, University of Nairobi. He has attended many skill based courses.



Mr. Paul Njogu
HoD: Basic and Applied
Sciences

Mr. Njogu has held various positions at Bukura Agricultural College where he has served in various capacities for over 20 years rising from classroom lecturer. He holds an M.Ed. (Educational Communication & Technology), Kenyatta University B.Ed. (Mathematics & Chemistry), Kenyatta University. He has attended many skill based courses.

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IV. CHAIRMAN'S MESSAGE



Opening Statement

I am pleased to present the College's Annual Report and Financial Statement for the year ended 30th June 2017. This is my third year as Chairman of Bukura Agricultural College Board of Governors but my second full trading year report.

On behalf of the Board of Governors, I hereby report mixed results in the 2016/2017 Financial Year. The year was characterized by cash flow problems occasioned by decline in exchequer inflows and internal revenue generation. The decline in internal revenue generation was due to low students' enrolment and the winding up of the NUFFIC funded NICHE project.

The College recorded a deficit of **Ksh 30M** from its operations mainly due to increase in depreciation of its assets.

Operating Environment

Our operating environment was dynamic and was influenced by macro-economic, social-political and regulatory factors among others. The Gross Domestic Product (GDP) grew by **5.8%** in 2017 compared to **5.7%** in 2016. Accommodation and food services recorded improved growth of 13.3 per cent in the year under review compared to a contraction of 1.3 per cent in 2015. The other sectors that registered significant improved performance in economic activities were in the information and communication; real estate; and transport and storage. Persistent drought hampered growth in the fourth quarter of 2016 impacting negatively on agriculture and electricity supply.

Inflation eased from **6.6%** in 2016 to **6.3%** in 2017. The Shilling strengthened against the Pound Sterling, South African Rand, Ugandan Shilling, Tanzanian Shilling and the Rwandan Franc but weakened against the US Dollar, Euro, and the Yen in 2016. The capping of interest rates to a maximum of 4.0 per cent above the Central Bank Rate (CBR) resulted in a significant decline in interest rates during the month of September to 13.84 per cent compared to 16.75 in a similar month in 2015. Domestic credit slowed from a growth of 20.8 per cent in 2016 to 6.4 per cent in 2017 mainly on account of a decline in credit to the private sector.

College Performance

During the year under review the College recorded a revenue of **Ksh 179.73 M** compared to **Ksh 185.21M** in 2016 representing a decline of **3.38%**. The decline is attributed to reduction in exchequer funding, decline in students' enrolment, reduced farm production due to drought and cessation of donor funding as the NUFFIC funded NICHE project was coming to an end.

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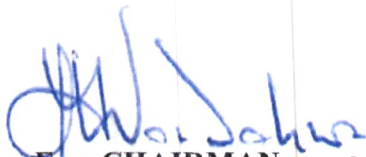
The College plays an important role towards the realization of vision 2030 by providing the necessary manpower to drive the agriculture sector in 2016/2017FY, the College released **563 graduates** into the sector compared to **618** in 2015/2016FY representing a decline of 8.9%.

Future Outlook

To expand its revenue base the College, with support of development partners, has completed the construction of a milk processing plant. The plant should start operating in 2017/2018FY and is projected to contribute **Ksh 169M** in net revenue in the next **8 years**. The College Farm is also on a revival path and should contribute significantly to revenue. The completion of the Education Complex should contribute to College revenue by providing more teaching facilities.

Tribute

I wish to express my sincere and deep gratitude to my fellow directors, the Government, Management, Staff, development partners and other stakeholders for their steadfast support and contribution towards success in the year.


For: **CHAIRMAN**

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V. MESSAGE FROM THE PRINCIPAL



Guided by our mission “ to provide quality agricultural education through training, research, innovation and extension services for improved productivity and livelihoods, Bukura Agricultural College has developed and implemented training programs with emphasis on inculcating the right skills, knowledge and attitudes in trainees.

Our Competitive Environment

On the social scene the number of public Technical Vocational Education Training (TVET) institution rose by **15.6%** in the year 2016/2017. Most of these TVETs are now offering training in agriculture, implying that the College is faced with challenges of competing for potential trainees. The College has an ambitious plan to have all its existing curricula modularised and aligned to the needs of the agricultural sector. This will ensure that the College gets a steady supply of students.

Access to quick and steady source of funds is key in the training industry. To support the College budget, the College managed to secure a donor grant from the Dutch Government aimed at capacity building of the College. The donor Project that ends in November 2017 has been of great assistance to the College through which teaching facilities were improved alongside capacity building of College Staff. Additional donor support from the German Government enabled the College to put up a housing unit for milk processing plant and a GIS laboratory.

Securing the Future

Despite stiff competition from our environment for potential trainees, Bukura Agricultural College remains committed to making our training affordable and credible as we move into the future.

We are aware that challenges lie ahead but we remain focussed on achieving our vision of being the training institution of choice in practical agricultural sciences. We recognise the fact that our customers demand for graduates who are competent and entrepreneurial. In the coming years we will continue to make progress on our strategy implementation and manage the complex set of associated risks. We will re-engineer our training programs and introduce new ones.

Appreciation

I extend my appreciation to the government through the Ministry of Agriculture, Livestock and Fisheries for continued support and insights. I also wish to thank our Board of Governors and the entire Management team for their dedication and commitment to the College.

Lastly, I extend my thanks to all College employees who have made it possible for the College to deliver on its mandate.

A handwritten signature in blue ink, appearing to read 'Dr. Richard Wekesa'.

Dr. Richard Wekesa, PhD

Principal/CEO

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VI. CORPORATE GOVERNANCE

Board Manual

The Board Manual outlines the core commitment required of members of the Board to discharge their mandate. It ensures effectiveness of each member's contribution in the governance of the College by facilitating full and free exercise of independent judgement and professional competencies. It clearly outlines the rules that guide the Board and does not in any way purport to replace or supersede any laws and regulations that govern the College.

Compliance

The Board is committed to the underlying principles of good corporate governance as stipulated in the "Guidelines for Corporate Governance in State Owned Enterprise". The College is also ISO 9001:2008 Certified and plans to migrate to the new standards ISO 9001:2015 by 2018.

Board Composition

The Board consists of fifteen (15) members namely: Chairman, Director of Agriculture, Director of Livestock Production, Director of Education, Principal Secretary, Ministry of Devolution and Planning, Principal Secretary to the National Treasury, Principal Secretary in the Ministry for the time being responsible for matters relating to agriculture, two representatives of Public Universities in Kenya, two representative of Agriculture Industry, one representative of the Kenya National Farmers Union, Director of Kenya Agricultural Research Institute, the Principal, and the Registrar.

Separation of Power and Duties of the Chairman and the Principal

The independence of the Board from the College's corporate management is ensured by the separation of the functions of the Chairman and the Principal and a clear definition of their responsibilities. This enables the College to achieve an appropriate balance of power, increased accountability and improved decision making.

Responsibilities of Board Members

The responsibilities of members of the Board are clearly spelt out in the Board Manual. These include among others:

- (i) Setting the strategic direction of the College, its objectives and values. It ensures that procedures and practices are in place to protect the Colleges assets and reputation. The Board reviews the strategic direction and adopts business plans proposed by Management, reviews processes for the identification and management of business risk and compliance with key regulatory and legal issues. It also provides oversight role of performing against set targets and objectives.
- (ii) The Board retains full and effective control over the College and monitors management's implementation of plans, strategies, ensures ethical behaviour and compliance with relevant laws and regulations, corporate policies and procedures and the Code of Ethics. It strives to act beyond the minimum requirement and benchmark performance against best practices and not only in practice, but be seen to comply.
- (iii) In accordance with the principles of good corporate governance, each Board member undertakes to always act in the best interest of the College and exercise his/her power in the execution of duties in good faith and act with care and prudence.

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- (iv) Each Board member subscribes to the College's core values to always act in the interest of society, promotes the effective use of resources, commits to upholding them and ensures their implementation. This takes into account not only possible financial impact of their decisions, but also their consequences for sustainable development, effect on relations with stakeholders and the general interest of the communities in which the College operates.
- (v) The conduct of Board of governors is in tandem with their duties and responsibilities to the College and stakeholders and they always act within limitations imposed by the Board Manual.
- (vi) On quarterly basis, the Board considers Management Accounts Reports, Performance Contract Reports, Internal Auditor's Reports, Farm Reports and Strategic Plan Implementation reports among others.
- (vii) Every year the Board approves Financial Statement, Annual Report and Accounts, Annual Performance Contract Reports and Procurement Plans for the College.

Board Appraisal

At the end of each financial year the Board appraises itself and the Principal and submits the report to the Ministry of Agriculture, Livestock and Fisheries.

Conflict of Interest and Declaration of Interest

Members of the Board have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the College. Business transaction with all parties or their related parties are carried out at arm's length.

Each member of the Board is obligated to fully disclose to the Board any real or potential conflict which comes to his/her attention, whether directly or indirectly.

At every meeting of the Board an agenda item exists requiring members to make a declaration of interest they may have in the business to be discussed.

Board Committees

All Board Committees are established with written terms of reference outlining their respective authority and duties. The College Board has three(3) distinct Committees namely: Audit Committee, Finance and Administration Committee and the Technical committee. The Committee discuss matters affecting the College and presents their reports for approval by the Board.

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VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Bukura Agricultural College is committed to Corporate Social Responsibility (CSR). The College is motivated by the fact that its activities and processes have a likelihood of negatively impacting on the environment in which it operates. It is also only fair that the College invests in the community is located as a sign of appreciation.

During the year under review the College managed to develop a Corporate Social Responsibility Policy to guide it in driving the CSR agenda. In the next financial year the College will come up with programs and projects aimed at conserving the environment and investing in Bukura Community.

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VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30th June 2017 which show the state of the College's affairs.

Principle activities

The Principle activity of the College is to provide agricultural training through integration of research and the provision of agricultural extension services extension.

Results

The results of the College for the year ended 30th June 2017 are set out on page 14-36. The members of the Board of Directors who served during the year are shown on page 3 In accordance with Section 7(1) of the Bukura Agricultural Act 1999.

Auditors

The Auditor General is responsible for the statutory audit of the College in accordance with the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board

For: Chairman.....

Date: 27/06/2018

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30TH JUNE, 2017

IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of Bukura Agricultural College, which give a true and fair view of the state of affairs of the College at the end of the financial year and the operating results of the College for that year/period. The Directors are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Directors are also responsible for safeguarding the assets of the College.

The Directors are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year (period) ended on 30th June 2017. This responsibility includes:

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


The Directors accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Reporting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the financial year ended 30th June 2017, and of the College's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

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

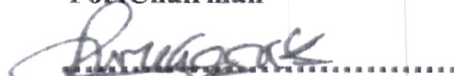
The Directors have noted the financial deficit recorded by the College and all efforts are being made to ensure that the College becomes fortunately sustainable in the next twelve months.

Approval of the financial statements

The College's financial statements were approved by the Board on **28th July 2017** and signed on its behalf by:


For: Chairman


Director


Principal/CEO

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON BUKURA AGRICULTURAL COLLEGE FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Bukura Agricultural College set out on pages 1 to 19, which comprise the statement of financial position as at 30 June 2017, 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 provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Bukura Agricultural College as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Colleges Act, 1999, of the Laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1.0 Current Assets

1.1 Lack of Deposit Account for Retention Monies

Included in the cash and cash equivalents balance of Kshs.52,038,490 reflected in the statement of financial position is a balance of Kshs.13,591,816 being retention monies withheld from various contractors which, however, have not been deposited in a deposit bank account to separate them from operating cash balances as required by government financial regulations.

Report of the Auditor-General on the Financial Statements of Bukura Agricultural College for the Year Ended 30 June 2017

In the circumstance, it is not possible to confirm that the cash and cash equivalents balance of Kshs.52,038,490 and contractors' retention balances included therein are fairly stated.

2.0 Non-current Assets

2.1 Unsupported Property, Plant and Equipment's Balance

Included in the statement of financial position under non-current assets - property, plant and equipment balance of Kshs.697,211,023 is a sum of Kshs.11,221,408 incurred during the year under review being a portion of total work-in-progress on construction of the Education Complex Building Project valued at Kshs.177,625,731 as at 30 June 2017. However, the Kshs.11,221,408 payment made to the project contractor is supported with a summarized works certificate which, like the accompanying payment voucher, does not contain details of the works paid for, as outlined in the bills of quantities. Further, the project file does not specify works to be executed in construction of the Education Complex Building. In the absence of details on works paid for, the accuracy and propriety of the work-in-progress value of Kshs.177,625,731 as at 30 June 2017 disclosed in the financial statements cannot be confirmed, and as a result, it is not possible to confirm that the Property plant and equipment balance of Kshs.697,211,023 is fairly stated.

3.0 Unsupported Value of Biological Assets

Included in the biological assets balance of Kshs.40,575,000 reflected in the statement of financial position as at 30 June 2017 is Kshs.15,900,000 in respect of other plantations comprised of exotic and indigenous trees. However, the management did not present the valuation certificate for the trees for audit and as a result it was not possible to confirm how the balance of Kshs.15,900,000 was arrived at.

In the circumstance, the accuracy and completeness of the Kshs.40,575,000 biological assets balance reflected in the statement of financial position as at 30 June 2017 cannot be confirmed. .

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Bukura Agricultural College in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other requirements applicable to performing audits of financial statements in Kenya. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Adverse Opinion and Other Matter sections of my report, I have determined that there are no other Key Audit Matters to communicate in my report.

Emphasis of Matter

Going-concern

In the year under review, aggregate revenue decreased by Kshs.9,610,981 or 5% to - 178,261,962 from the balance of 185,332,142 recorded in the previous year. On the other hand, aggregate expenditure increased by Kshs.14,057,683 or 7.2% from the sum of Kshs.194,943,123 incurred in 2015/16 to Kshs.209,000,806 during the year under review.

As a result of the decrease in revenue and increase in costs, the deficit for the year under review increased to Kshs.30,738,844, an increase of Kshs.21,007,073 or 215% from the sum of Kshs.9,731,771 reported in the previous year. Consequently, the accumulated deficit incurred by the College amounted to Kshs.67,727,511 as at 30 June 2017.

In the circumstance, the College may, in the coming years, not be able to meet its financial obligations and sustain its services without additional support from the National Government and creditors.

Other Matter

1.0 Budgetary Control and Performance for the Year

1.1 Unexplained Variations from Budgeted Expenditures

Examination of budgetary performance revealed variations of expenditure from the budget by more than the allowed 10% ratio as detailed below:

1.2. General Expenses

Several general expenses as well as income items varied significantly from their respective allocations in the budget as indicated in the table below. The management have not explained the causes of the unfavorable variances:

| Expenditure Item | Current Year Final | Budgeted Amount | Difference Between Budget and Actual |
|---|--------------------|-----------------|--------------------------------------|
| | Kshs | Kshs | % |
| Accommodation | 6,416,025 | 5,791,600 | -11 |
| Daily Subsistence Allowance | 1,557,078 | 1,100,000 | -42 |
| Legal Dues, Arbitration & Compensation | 40,716 | 100,000 | 59 |
| Medical Drugs & Other non-Pharmaceuticals | 157,415 | 200,000 | 21 |

| | | | |
|------------------------------------|-----------|-----------|---------|
| Telephone, Telex, Mobile Phones | 139,799 | 170,000 | 18 |
| Water and Sewerage Services | 284,207 | 328,000 | 13 |
| Purchase of Uniforms | 297,220 | 260,120 | -14 |
| Student Council Allowances | 574,259 | 684,000 | 16 |
| Bank Commissions | 178,035 | 200,000 | 11 |
| iii. Training Expenses | | | |
| Education Aids and Materials | 1,922,762 | 2,200,000 | (12.60) |
| Training (tuition & accommodation) | 1,735,184 | 1,443,229 | |

1.3 Revenue Variations

Similarly, revenue collected on various items varied from the budgeted sums as shown below:

| | Final budget Kshs. | Actual on Comparable Basis Kshs. | Performance Difference Kshs. | %age |
|-------------------------|-----------------------|--|------------------------------------|------------|
| Revenue | | | | |
| Government Grants | 89,485,999.00 | 89,485,999.00 | - | 0% |
| Donor Grant | 660,000.00 | 806,130.00 | 146,130.00 | 22% |
| School Fees | 72,467,070.00 | 67,181,830.00 | 5,285,240.00 | -7% |
| Other Income | 24,756,610.00 | 22,256,003.00 | 2,500,607.00 | -10% |
| Total Income | 187,369,679.00 | 179,729,962.00 | 7,639,717.00 | -4% |
| Expenses | | | | |
| Personnel Emoluments | 108,985,695.00 | 104,732,664.00 | 4,253,031.00 | 4% |
| Operating Expenses | 67,323,581.00 | 62,335,430.00 | 4,988,151.00 | 7% |
| Technical Expenses | 9,732,884.00 | 8,361,597.00 | 1,371,287.00 | 14% |
| Board Expenses | 10,683,000.00 | 11,196,862.00 | 513,862.00 | -5% |
| Depreciation | - | - | - | |

| | | | | |
|-------------------------------|-----------------------|-----------------------|----------------------|-------------|
| | | 22,024,253.00 | 22,024,253.00 | |
| Total Expenditure | 196,725,160.00 | 208,650,806.00 | 11,925,646.00 | -6% |
| | | | | |
| Surplus for the Period | 9,355,481.00 | 28,920,844.00 | 19,565,363.00 | 209% |
| | | | | |
| ii. Other Income | | | | |
| Short Courses | 2,137,000 | 3,140,000 | 1,003,000 | 31.94 |

Management has not provided a plausible explanation the variations. Further, as the table shows, the deficit for the year, at Kshs.28,920,844, was 209% of the expected deficit of Kshs.9,355,481.

2.0 Imprests not Adequately Supported

During the year under review, the college issued imprests totaling Kshs.543,900 to three officers but the imprests were not supported with pro-forma invoices, receipts, invitation letters and time-tables and other training schedules:

| Date | Payee | Description | Warrant number | Amount | Details |
|--------------|--------------------|---|----------------|----------------|--|
| 07/12/2016 | Audrey Munai | Facilitation to Attend Payroll Training Software in Nairobi from 8th to 9th December 2016 | 3343 | 80,000 | Documents not availed; pro-forma invoice from Netcome; receipt from the training institute; travel documents |
| 27/01/2017 | Dr. Richard Wekesa | Facilitation to Attend Mwingozo Induction Course in Mombasa on 6th to 8th February 2017 | 3411 | 78,400 | Invitation letter not availed, travel documents not verified. |
| 05/04/2017 | Mutuku J.M | Upgrading Quality of pf Internal Auditors at Naivasha from 6th to 8th April 2017 | 3493 | 385,500 | Training schedule, invitation letter, travel documents, receipt from the training institute of Kshs.150,000 |
| Total | | | | 543,900 | |

In view of the missing documented and information, it has not been possible to confirm the propriety of the expenditures reported to have been incurred in relation to the imprests.

In addition, several officers were issued with imprests worth Kshs.449,740 during the year under review as detailed below. However, the respective surrender vouchers were not supported with imprest warrants as required under government financial regulations:

| Date | Payee | PV No. | Amount Kshs. |
|-------------|---------------------|---------------|-------------------------|
| 16/05/2016 | Joseph Towet | 9037 | 75,650 |
| 24/10/2016 | David K | 9169 | 75,000 |
| 19/08/2016 | Oliver Kosgey Kaino | 8926 | 73,000 |
| 04/10/2016 | Justus Mayaka | 9081 | 50,450 |
| 25/07/2016 | Oloo I George | 8849 | 49,700 |
| 25/07/2016 | Paul Njogo | 8848 | 42,670 |
| 22/01/2017 | Everlyne Kigaka | 8841 | 42,670 |
| 28/07/2016 | Olive Luvai | 8852 | 40,600 |
| | | | 449,740 |

In view of the anomaly, it has not been possible to confirm the propriety of the expenditures reported to have been incurred from the imprests.

2.0. Excessive Employee Costs

The Employees costs expenditure totaling of Kshs.104,732,664 incurred during the year under review and reflected in the statement of financial performance is equivalent to 58% of the aggregate income for the year amounting to Kshs.178,261,962. Thus, the ratio of employee costs to total income exceeds the ratio of 35% that public financial regulations prescribe for public entities. No plausible explanation has been provided by management for the anomaly.

3.0 Irregular Emoluments Paid to Officers on Study Leave

Human resource records examined indicated that during the year under review, two officers were granted a two-year paid-leave each to undertake Master's Degree programmes . However, the human resource manual of the College lacks guidelines on paid-leave for employees on self-sponsored study-programmes and therefore it was not clear whether the courses they enrolled for were in the approved list of study programmes.

Also, the officers did not adhere to Section 6.3 of Public Service regulations which requires trainees to complete the training within the stipulated time and resume duty

immediately. Review of the Curriculum obtained from one of the Universities indicated that the course only required attendance for three (3) one-hour sessions a week, on Mondays. Further, no records were made available for audit to confirm that the officers completed their courses and attained their certificates. In addition, they did not file any report on their training as required.

In the absence of this essential information, it is not possible to confirm whether the college benefitted in any way from the salaries and allowances payments totaling Kshs.9,500,000 made to the two officers during the time they were reported to be on study-leave.

4.0. Over-expenditure and Unsupported Directors' Emoluments

Included in the expenses balance of Kshs.208,650,806 is Kshs.11,196,862 spent on Directors' remuneration against the approved budget of Kshs.10,683,000, resulting into unexplained over-expenditure of Kshs.513,862. Further, in the months of February, March and May 2017, one member of the Board was paid a total of Kshs.667,000 in respect of one visit and consultative meetings reported to have been held severally each month of the financial year. However, the visit and the meetings were not supported with invitation letters, minutes, a signed attendance registers and no minutes were presented for audit to show that the Board had ratified the visit made by the Board member.

In the circumstances, it is not possible to confirm the propriety of the expenditure totaling Kshs.11,196,862 incurred on remuneration of Directors during the year under review.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 such 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.

In preparing the financial statements, management is responsible for assessing the ability of the College to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management is aware of the intention to liquidate the College 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.

Those charged with governance are responsible for overseeing the College's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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.

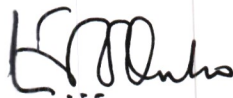
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the College's 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability 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 cease 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

NAIROBI

17 August 2018

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE, 2017

X. STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2017

| | Note | 2016-2017 Kshs | 2015-2016 Kshs |
|---|------|---------------------|----------------------|
| Revenue from non-exchange transactions | | | |
| Government Grants | 3 | 89,485,999 | 92,944,000 |
| Donor Grant | 4 | 806,130 | 272,043 |
| | | 90,292,129 | 93,216,043 |
| Revenue from exchange transactions | | | |
| Fees from students | 5 | 65,713,830 | 68,697,500 |
| Rental revenue from facilities | 6 | 7,199,185 | 7,355,454 |
| Finance income-interest income | 7 | - | 120,793 |
| Other income | 8 | 15,056,818 | 15,942,355 |
| | | 87,969,833 | 92,116,102 |
| Total revenue | | 178,261,962 | 185,332,142 |
| Expenses | | | |
| Bulk purchases of electricity | 9 | 3,701,010 | 3,466,157 |
| Employee costs | 10 | 104,732,664 | 103,679,711 |
| Remuneration of Directors | 11 | 11,196,862 | 7,637,762 |
| Depreciation and amortization expense | 12 | 22,174,253 | 18,291,614 |
| Repairs and maintenance | 13 | 5,250,776 | 6,283,195 |
| Contracted services | 14 | 8,732,456 | 9,529,653 |
| Agricultural materials | 15 | 12,033,350 | 3,670,380 |
| Training expenses | 16 | 8,361,597 | 15,082,456 |
| General expenses | 17 | 32,817,838 | 27,302,195 |
| Total expenses | | 209,000,806 | 194,943,123 |
| Surplus/deficit for the period | | (30,738,844) | ⌘ (9,731,771) |

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2017

XI. Statement of Financial Position as at 30th June 2017

| | Note | 2016-2017 Kshs | 2015-2016 Kshs |
|---|------|--------------------|--------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 18 | 52,038,490 | 4,931,408 |
| Receivables from exchange transactions | 19 | 37,785,778 | 35,334,252 |
| Inventories | 20 | 5,157,371 | 4,679,258 |
| | | 94,981,639 | 44,944,918 |
| Non-current assets | | | |
| Property, plant and equipment | 22 | 697,211,023 | 681,682,504 |
| Biological Assets | 21 | 40,575,000 | 34,288,380 |
| | | 737,786,023 | 715,970,884 |
| Total assets | | 832,767,662 | 760,915,802 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 23 | 27,133,899 | 24,763,666 |
| Provisions | 24 | 8,144,601 | 5,808,501 |
| Total liabilities | | 35,278,500 | 30,572,167 |
| Net assets | | | |
| Reserves | | 865,216,672 | 767,332,302 |
| Accumulated surplus | | (67,727,511) | (36,988,667) |
| Total net assets and liabilities | | 832,767,662 | 760,915,802 |

The notes set out on pages 19 to 36 form an integral part of the Financial Statements

For: For: Chairman of the Board

Sign: _____

Date: 27/06/2018

Principal/CEO

Sign: _____

Date: 27/06/2018

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE, 2017

XII. Statement of Changes in net Assets for the year ended 30th June 2017

| | Capital reserves | Revenue Reserves | Capital grants | Accumulated Funds |
|-------------------------------|-----------------------------|-----------------------------|---------------------------|------------------------------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance as at 30 JUNE 2015 | 568,742,302 | (27,256,896) | 185,000,000 | 726,485,406 |
| Deficit for the period | - | (9,731,771) | - | (9,731,771) |
| Capital Grants | - | | 13,590,000 | 13,590,000 |
| Balance as at 30 JUNE 2016 | 568,742,302 | (36,988,667) | 198,590,000 | 730,343,635 |
| Deficit for the period | - | (30,738,844) | - | (30,738,844) |
| Capital Grants | | | 97,884,370 | 97,884,370 |
| Balance as at 30 JUNE 2017 | 568,742,302 | (67,727,511) | 296,474,370 | 797,489,161 |

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE, 2017

XIV. BUKURA AGRICULTURAL COLLEGE STATEMENT OF CASHFLOWS

| | Notes | 2017 Kshs. | 2016 Kshs. |
|--|-----------|--------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Deficit for the year | | (30,738,844) | (9,731,771) |
| Adjustments | | | |
| Depreciation charges | 12 | <u>22,174,253</u> | 18,291,614 |
| Operating Cash before working capital changes | | (8,564,591) | 8,559,843 |
| Increase in Provisions | | 2,336,100 | 723,820 |
| Increase in Inventory | 20 | (478,113) | 790,639 |
| Increase in Receivables | 19 | (2,451,526) | (14,592,475) |
| Decrease in Deferred Income | | - | (272,043) |
| Increase in Payables | 23 | <u>2,370,233</u> | <u>(2,727,885)</u> |
| Cash generated from operations | | (6,787,897) | (7,518,101) |
| Cash flows from investing activities | | | |
| Biological Assets | 21 | (6,286,620) | (2,712,980) |
| Purchase of Property, Plant and Equipment | 22 | (16,408,402) | (5,501,403) |
| Cash flows from financing activities | | | |
| Capital Grants | | 76,590,000 | 13,590,000 |
| Cash flows from Changes in Equity | | | |
| Net Increase in cash and cash equivalents | | 47,107,081 | (2,142,484) |
| Movement in Cash and cash Equivalents | | | |
| Cash and cash Equivalents at the beginning | | 4,931,408 | 7,073,893 |
| Net Increase | | 47,107,081 | (2,142,484) |
| Cash and cash Equivalents at the end | 18 | <u>52,038,489</u> | <u>4,931,408</u> |
| Presented by: | | | |
| Cash and Bank Balances | | 52,038,490 | 4,931,408 |
| Total | | <u>52,038,490</u> | <u>4,931,408</u> |

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE, 2017

XV. Statement of Comparison of Budget and Actual Amounts

| | Original Budget 2016-2017 Kshs. | Adjustments 2016-2017 Kshs. | Final budget 2016-2017 Kshs. | Actual On Comparable Basis 2016-2017 Kshs. | Performance Difference 2016-2017 Kshs. |
|-----------------------------------|--|--|---|---|---|
| Revenue | | | | | |
| Government grants | 89,485,999 | - | 89,485,999 | 89,485,999 | (0) |
| Donor grant | 1,700,000 | (1,040,000) | 660,000 | 806,130 | 146,130 |
| School fees | 96,000,000 | (23,532,930) | 72,467,070 | 65,713,830 | (6,753,240) |
| Other Income | 58,765,960 | (34,009,350) | 24,756,610 | 22,256,003 | (2,500,607) |
| TOTAL INCOME | 245,951,959 | (58,582,280) | 187,369,679 | 178,261,962 | (9,107,717) |
| Expenses | | | | | |
| Personel emoluments | 118,419,162 | (9,433,467) | 108,985,695 | 104,732,664 | 4,253,031 |
| Operating expenses | 84,555,614 | (17,232,033) | 67,323,581 | 62,535,430 | 4,788,151 |
| Technical Expenses | 15,881,688 | (6,148,804) | 9,732,884 | 8,361,597 | 1,371,287 |
| Board Expenses | 11,183,000 | (500,000) | 10,683,000 | 11,196,862 | (513,862) |
| Depreciation | - | - | - | 22,174,253 | (22,174,253) |
| Total Expenditure | 230,039,464 | (33,314,304) | 196,725,160 | 209,000,806 | (12,275,646) |
| Surplus for the Period | 15,912,495 | - | (9,355,481) | (30,738,844) | (21,383,363) |

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The College's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the College. 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 financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

(a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Grants and donations

The College recognizes revenues from government and other donors, when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the College and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The College recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Rental income

Rental income arising from staff houses and students' hostels is accounted for on and when incurred and included in revenue.

(b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the College. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or College differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

(c) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the placement 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 30-year period.

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.

(d) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Costs include 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 College recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The College applied the following rates in determining the depreciation of its assets

| | Rate % |
|------------------------|---------------|
| Buildings | 2.50% |
| Plant and equipments | 12.50% |
| Computer equipment | 33.30% |
| Motor vehicle | 25.00% |
| Furniture and fittings | 12.50% |
| Intangible Assets | 20.00% |

The College has adopted the straight line method of depreciation.

(e) Intangible assets–IPSAS 31

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.

(f) Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) 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.

(g) Financial instruments – IPSAS 29

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 College 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 the College 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.

i) 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 College 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.

(h) Inventories – IPSAS 12

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:

- (a) Raw materials: purchase cost using the weighted average cost method.

- (b) Finished goods and work in progress: cost of direct materials, 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 College.

(i) Provisions – IPSAS 19

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

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

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

Contingent liabilities

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

Contingent assets

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

(j) Nature and Purpose of Reserves

The College creates and maintains reserves in terms of specific requirements.

(k) Changes in Accounting Policies and Estimates – IPSAS 3

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

(l) Employee Benefits – IPSAS 25

Retirement benefit plans

The College provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the College 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.

(m) Foreign currency transactions – IPSAS 4

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.

(n) Related parties – IPSAS 20

The College 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 College, or vice versa. Members of key management are regarded as related parties and comprise the Directors and senior managers.

(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.

(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) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the College'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.

Estimates and assumptions

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

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:

- (a) The condition of the asset based on the assessment of experts employed by the College;
- (b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- (c) The nature of the processes in which the asset is deployed;
- (d) Availability of funding to replace the asset; and
- (e) Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

(r) Subsequent events – IPSAS 14

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, 2016.

| | 2016-2017 Kshs | 2015-2016 Kshs |
|--|-------------------|-------------------|
| 3. Government Grants | | |
| First Quarter | 14,914,333 | 23,236,000 |
| Second Quarter | 29,828,666 | 23,236,000 |
| Third Quarter | 22,371,500 | 23,236,000 |
| Fourth Quarter | 22,371,500 | 23,236,000 |
| Total | 89,485,999 | 92,944,000 |
| 4. Donor Grant | | |
| Deffered income b/f Received | - | 272,043 |
| | 806,130 | - |
| | 806,130 | 272,043 |
| 5. Students Fees | | |
| School fees | 65,713,830 | 68,697,500 |
| | 65,713,830 | 68,697,500 |
| 6. Rental Revenue | | |
| Staff Houses | 2,387,813 | 2,401,960 |
| Students Hostels | 4,811,372 | 4,953,494 |
| | 7,199,185 | 7,355,454 |
| 7. Finance income-Interest income | | |
| Interest on fixed deposit | - | 120,793 |
| | - | 120,793 |
| 8. Other Income | | |
| Farm Income | 7,700,116 | 7,074,605 |
| BAC/MMUST Collaboration | - | 2,418,600 |
| Short courses | 2,137,000 | 3,052,000 |
| Catering income | - | 1,340,435 |
| Student tours | - | 0 |
| Sale of boarded items | 2,610 | 488,355 |
| Sundry income | 5,217,092 | 1,568,360 |
| | 15,056,818 | 15,942,355 |

9. Purchases of Electricity

| | | |
|-------------|------------------|------------------|
| Electricity | 3,701,010 | 3,466,157 |
| | 3,701,010 | 3,466,157 |

10. Employee costs

| | | |
|-------------------------------------|--------------------|--------------------|
| Salaries and wages | 88,674,912 | 87,784,925 |
| Contributions to pensions schemes | 6,980,121 | 7,035,315 |
| Basic Wages | 6,125,527 | 4,772,502 |
| Remuneration of part time lecturers | 2,952,104 | 2,858,955 |
| Gratuity | - | 1,228,014 |
| Employee costs | 104,732,664 | 103,679,711 |

11. Remuneration of Directors

| | | |
|-------------------------|-------------------|------------------|
| Sitting Allowances | 2,730,000 | 2,025,000 |
| Travel Allowance | 3,072,862 | 2,150,562 |
| Accommodation Allowance | 4,250,000 | 2,709,200 |
| Chairman Honorarium | 780,000 | 527,000 |
| Meal Allowance | 364,000 | 226,000 |
| Total | 11,196,862 | 7,637,762 |

12. Depreciation Expense

| | | |
|-------------------------------|-------------------|-------------------|
| Property ,plant and equipment | 22,174,253 | 18,291,614 |
| Total | 22,174,253 | 18,291,614 |

13. Repairs and Maintenance

| | | |
|--------------------------------------|------------------|------------------|
| Buildings | 2,107,448 | 2,863,651 |
| Plant and machinery | 944,427 | 1,206,514 |
| Equipment | 1,146,284 | 512,637 |
| Vehicles | 1,052,617 | 1,700,393 |
| Total Repairs and Maintenance | 5,250,776 | 6,283,195 |

14. Contracted Services

| | | |
|----------------------------------|------------------|------------------|
| Professional services | 2,446,006 | 2,050,825 |
| Security | 6,286,450 | 3,960,000 |
| Cleaning and sanitation | - | 3,518,828 |
| Total Contracted Services | 8,732,456 | 9,529,653 |

15. Agricultural Materials

| | | |
|--|-------------------|------------------|
| Agricultural inputs, veterinary supplies | 12,033,350 | 3,670,380 |
| Total | 12,033,350 | 3,670,380 |

16. Training Expenses

| | | |
|--|------------------|-------------------|
| Research & development | - | 151,055 |
| Graduation expenses | 1,490,557 | 1,381,698 |
| Education aids and materials | 1,922,762 | 2,030,616 |
| Lab materials, small equipment, education & Library supplies | 778,145 | 1,123,138 |
| Scholarships and other educational benefits | 188,629 | 1,429,725 |
| Field Attachment allowance | 1,770,580 | 3,764,780 |
| Field trips allowance | 475,740 | 3,066,084 |
| Training (tuition and accommodation) | 1,735,184 | 2,135,360 |
| Total training expenses | 8,361,597 | 15,082,456 |

17. General Expenses

The following are included in general expenses:

| | | |
|--|-------------------|-------------------|
| Advertising & Trade shows | 1,241,508 | 1,057,987 |
| Accommodation | 6,416,025 | 5,296,960 |
| Audit fees | 464,000 | 464,000 |
| Courier & postal services | 142,113 | 183,684 |
| Daily subsistence allowance | 1,557,078 | 893,715 |
| catering services | 1,825,521 | 3,083,124 |
| Fuel and oil | 3,475,231 | 2,874,648 |
| Hire of transport, equipment and other facilities | 4,000 | 40,000 |
| Insurance | 7,776,600 | 1,590,158 |
| Legal dues , arbitration and compensation payments | 40,716 | - |
| Medical drugs and other non-pharmaceuticals | 157,415 | 292,494 |
| MMUST collaboration | - | 529,100 |
| Telephone, telex, mobile phones | 139,799 | 74,760 |
| Networking computers & subscription to internet | 1,990,322 | 1,697,450 |
| Water and sewerage services | 284,207 | 48,970 |
| Sundry expenses | 176,526 | 32,128 |
| Publishing and printing | 1,792,519 | 1,947,698 |
| Travel costs | 719,783 | 813,056 |
| General office supplies and accessories to computers | 3,162,609 | 2,620,583 |
| Subscriptions to newspapers | 313,702 | 271,485 |
| Purchase of uniforms | 297,220 | 309,440 |
| Student council allowances | 574,259 | 695,470 |
| Bank commissions | 178,035 | 129,290 |
| NICHE Expenses | - | 2,355,995 |
| Membership fees | 88,650 | - |
| Total general expenses | 32,817,838 | 27,302,195 |

| | | |
|---|-------------------|-------------------|
| 18. Cash and cash equivalents | 4,052,447 | 3916322 |
| Current Account | 553,029 | 142744 |
| Savings Account | 477,273 | 183365 |
| Farm Account | 49,002 | 586 |
| Milk Processing Account/GIZ Acc | 136,917 | 362233 |
| Fees collection Account | 1,163,454 | 272088 |
| Euro Account | 534,854 | 27880 |
| Mpesa | 20,000,000 | 0 |
| Fixed Deposit Account | 25,000,000 | 0 |
| On- Call Account | 71,515 | 26190 |
| Cash in Hand | | |
| Total cash and cash equivalents | 52,038,490 | 4,931,408 |
| 19. Receivables from exchange transactions | | |
| Students fees | 29,741,920 | 29,088,417 |
| Unsurrendered imprest | 862,250 | 235,560 |
| MMUST students | 6,010,275 | 6,010,275 |
| Sundry debtors (water) | 20,000 | - |
| Rental income | 1,151,333 | - |
| Bukura Educational Complex | - | - |
| Total | 37,785,778 | 35,334,252 |
| 20. Inventories | | |
| General stores | 5,157,371 | 4,679,258 |
| Total | 5,157,371 | 4,679,258 |
| 21. Biological Assets | | |
| Dairy animals | 9,350,000 | 7,964,480 |
| Other animals | 950,000 | 686,900 |
| Coffee | - | 600,000 |
| Horticulture | 275,000 | 362,000 |
| Maize | 7,000,000 | 3,900,000 |
| Hay | 4,000,000 | 4,375,000 |
| Sugarcane | 3,100,000 | 1,500,000 |
| Other plantations(trees both exotic and indigenous) | 15,900,000 | 14,900,000 |
| Total | 40,575,000 | 34,288,380 |

| 22 . Property, Plant and Equipment | | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|------------|-----------------------|-------------|----------------|-------------|------|
| | Land | Buildings | W.I.P | Machinery | Furniture & Equipment | Computers | Motor Vehicles | Total | |
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| Cost | | | | | | | | | |
| At July 2015 | 141,600,000 | 385,100,000 | 166,404,323 | 24,227,075 | 7,836,279 | 9,843,679 | 13,860,725 | 748,872,081 | |
| Additions | - | - | - | 2,755,000 | 206,740 | 508,500 | 2,031,163 | 5,501,403 | |
| Disposals | - | - | - | - | - | - | - | - | |
| Transfers/adjustments | - | - | - | - | - | - | - | - | |
| At 30 June 2016 | 141,600,000 | 385,100,000 | 166,404,323 | 26,982,075 | 8,043,019 | 10,352,179 | 15,891,888 | 754,373,484 | |
| Additions | - | - | 11,221,408 | - | 1,814,360 | 2,646,420 | - | 15,682,188 | |
| Disposals | - | - | - | - | - | - | - | - | |
| Donations | - | 15,384,870 | - | 5,909,500 | - | - | - | 21,294,370 | |
| At 30 June 2017 | 141,600,000 | 400,484,870 | 177,625,731 | 32,891,575 | 9,857,379 | 12,998,599 | 15,891,888 | 791,350,042 | |
| Depreciation and impairment | | | | | | | | | |
| At July 2015 | - | -27,132,500 | 0 | -6,038,009 | -2,810,430 | -9,272,883 | -9,145,544 | -54,399,366 | |
| Depreciation | - | -9,627,500 | 0 | -3,372,759 | -1,005,377 | -313,005 | -3,972,972 | -18,291,613 | |
| Impairment | - | - | - | - | - | - | - | - | |
| At 30 June 2016 | 0 | -36,760,000 | 0 | -9,410,768 | -3,815,807 | -9,585,888 | -13,118,516 | -72,690,980 | |
| Depreciation | - | -10,012,122 | - | -8,222,894 | -2,464,345 | -967,102 | -507,791 | -22,174,253 | |
| Transfer/adjustment | - | - | 0 | - | - | - | - | - | |
| At 30 June 2017 | 0 | -46,772,122 | 0 | - | -6,406,105 | -10,552,990 | -13,118,516 | -94,139,020 | |
| | | | | 17,289,287 | | | | | |
| Netbook values | | | | | | | | | |
| At 30 June 2017 | 141,600,000 | 353,712,748 | 177,625,731 | 15,602,288 | 3,451,274 | 2,445,609 | 2,773,372 | 697,211,023 | |
| At 30 June 2016 | 141,600,000 | 348,340,000 | 166,404,323 | 17,571,307 | 4,227,212 | 766,291 | 2,773,372 | 681,682,504 | |

23. Trade and other Payables From Exchange Transactions

| | | |
|----------------|-------------------|-------------------|
| Creditors | 13,078,083 | 11,829,990 |
| Retention fund | 13,591,816 | 12,469,676 |
| Audit fees | 464,000 | 464,000 |
| Total | 27,133,899 | 24,763,666 |

24. Current Provisions

| | Caution Money Kshs | Gratuity Kshs | Performance MMUST/BAC Kshs | |
|-----------------------------------|-----------------------------------|--------------------------|---|------------------|
| Bal at the beginning of the year | 1,584,000 | 1,159,263 | 3,594,338 | 6,341,927 |
| Additional provision raised | 1,468,000 | 1,273,000 | 0 | 2,741,000 |
| Provision utilized | (934,000) | - | | -934,000 |
| Balance as at 30 June 2017 | 2,118,000 | 2,432,263 | 3,594,338 | 8,144,601 |

25. Related Party Disclosures

During the financial year the College paid the member of the Board of Directors remuneration amounting to **Ksh 11,196,862.00** in various allowances.

26. Commitments and Contingencies

- i) The appeal case between the contractor of the Library Block Okeno & Sons and the College which was before the High Court was concluded and the contractor awarded **Ksh 3.4M**. M/s Okeno & Sons Contractors was paid by the College the total sum of Ksh 3.4M but has since appealed against the decision of the High Court in the Court of Appeal. In the appeal M/s Okeno & Sons Contractors is asking to be paid an extra **Ksh 3M** being General Damages which was awarded by the Arbitrator but overturned by the Court. The case awaits a hearing date.
- ii) A supplier by the name Fridge Stores had also lodged a case in court against the College for alleged **Ksh 1.3M** supplies made from 2004/05fy. The case was determined in favour of the College but Fridge stores has since appealed the decision at the High Court.
- iii) The staff union has lodged a case at the Industrial court in Kisumu over the implementation of the Collective Bargaining Agreement(CBA) with the College. The hearing of the case is expected to start in the course of the 2016/2017 FY.

27. Taxation

The College is exempted from taxation under the first schedule of the income tax Act Cap 470.

XVI. 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) |
|--|---|--|--|-----------------------------------|--|
| 1 | Sustainability of Services/Going Concern | Diverse sources of revenue by introducing more courses, strengthen the farm and operationalize the milk processing plant to increased revenue and hence sustainability | Dr. Richard Wekesa - Principal | Not Resolved | 30 th June 2020 |
| 2 | Budget Control and Performance Compliance | The College to review its budget periodically to be able to accurately project the income and expenditures | Richard Wekesa, Principal | Resolved | 30 th June 2018 |

For: Chairman of the Board

Sign: 

Date: 27/06/2018

Principal/CEO

Sign: 

Date: 27/06/2018