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GOVERNMENT OFFICE
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REPUBLIC OF KENYA



WESTERN PROVINCE
P.O. Box 380
KAKAMEGA

Telephone:

BUKURA AGRICULTURAL COLLEGE
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31/03/15
PRINCIPAL
P. O. BOX 23 BUKURA

KENYA NATIONAL AUDIT OFFICE

*Paper kind
Not the Deputy
Majority
Hon. Wason
Shab
on March
6/15*

26th March 2015

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OF KENYA
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BAC/KAK/6/14

The Auditor General

Thro'

The Deputy Auditor General VI

RE: BUKURA AGRICULTURAL COLLEGE 2013/2014

Kindly refer to the audit certificate issued dated 2nd March, 2015.

The reviewed draft ref. BAC/KAK/6/12 of 13th February, 2015 appears not to have been taken into consideration at the review stage.

The certificate still has issues already addressed. You may advise.

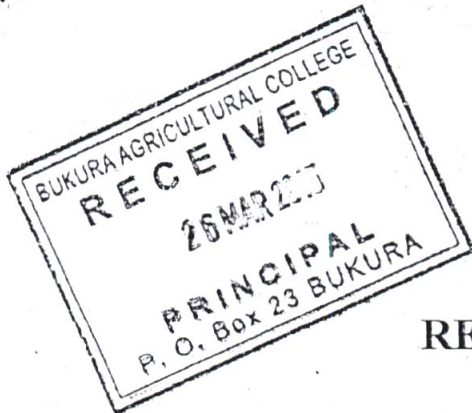
George Otieno
Ag. Director
KAKAMEGA HUB

Copy to:

- ✓ Principal
BUKURA AGRICULTURAL COLLEGE



KENYA NATIONAL AUDIT OFFICE



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
BUKURA AGRICULTURAL COLLEGE**

FOR THE YEAR ENDED

30 JUNE 2014



BUKURA AGRICULTURAL COLLEGE

AMMENDED ANNUAL REPORT AND FINANCIAL

STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2014

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

Telephone:



REPUBLIC OF KENYA



WESTERN PROVINCE
P.O. Box 380 242
KAKAMEGA

KENYA NATIONAL AUDIT OFFICE

BAC/KAK/C/VOL 1(3)

24th March 2015

The Principal
Bukura Agricultural College
P O Box 23
BUKURA

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF BUKURA AGRICULTURAL COLLAGE FOR THE YEAR ENDED 30 JUNE 2014

Attached hereto, please find the Report of the Auditor-General on the Financial Statements of the Bukura Agricultural Collage for the year ended 30 June 2014.

Please make arrangements to publish, print and submit **thirty five (35)** copies of the Report and Financial Statements together with a soft copy of the Report and Financial Statements to the Clerk of National Assembly for the Minister for Finance to table them in the National Assembly in accordance with Section 25 of the Public Audit Act, 2003. In addition, submit three (3) extra copies of the report and Financial Statements to this office for cross-checking and filing in our registry.

Please expedite.

George R. Otieno
Ag. Director of Audit
KAKAMEGA HUB
For: Auditor-General

Copy to:

Manager-Audit
KAKAMEGA HUB



KENYA NATIONAL AUDIT OFFICE

BAC/KAK/6/(12)

13th February 2015

Auditor General

Thro'

Deputy Auditor-General VI

RE: BUKURA AGRICULTURAL COLLEGE – REVISED DRAFT REPORT FOR THE YEAR ENDED 30TH JUNE 2014

Please refer to the draft report issued on 10th February 2015. The College management has submitted comments to the draft under Ref BAC 1/79/Vol. III/(133) of 12th February 2015.

The comments and attachments have been reviewed and a revised draft audit report issued for your review.

1. Presentation of Financial Statements

An amended Financial Statement has been provided. The issues raised by the Board under Ref AG3/172/1(15) of 28th November 2014 have been incorporated. Matter dropped.

2. Sustainability of services/Going Concern

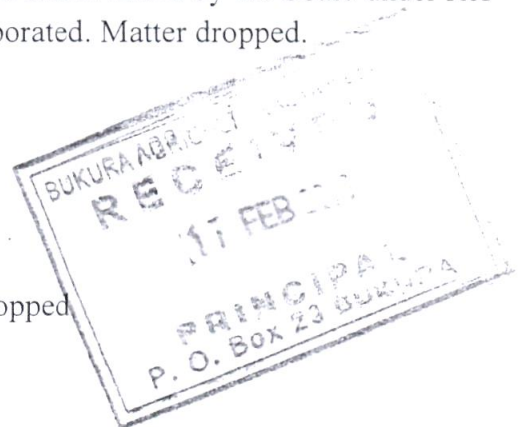
Management in agreement – Retain.

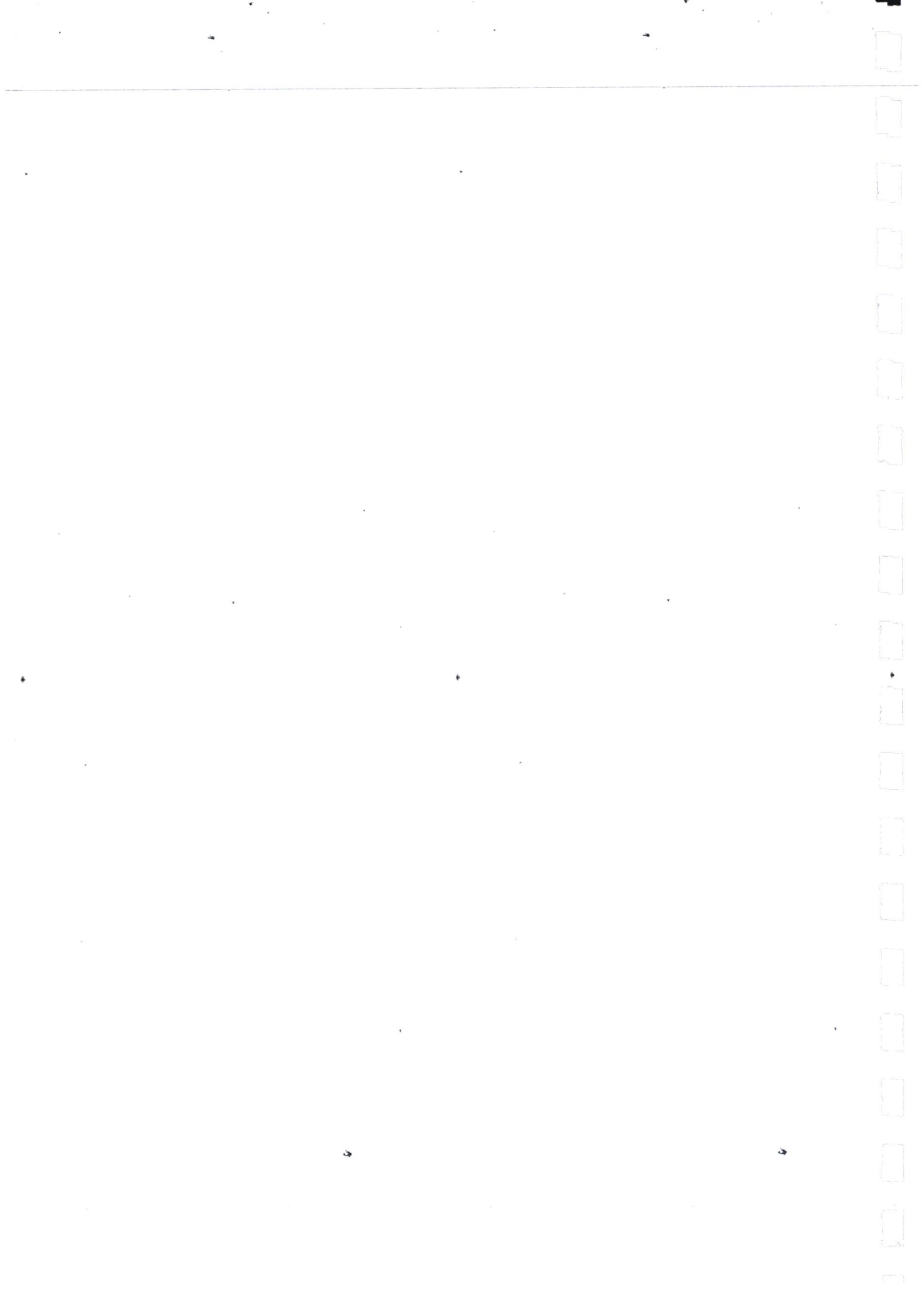
3. Property Plant and Equipment

The College has obtained an allotment letter – Matter dropped

4. Stalled Construction of Education Complex

Management in agreement – Retain





5. Unaccounted for Investment

The Fixed Deposit Account was liquidated in 3rd July 2013 and transfer to the main account. The expenditures were accounted for – Matter dropped.

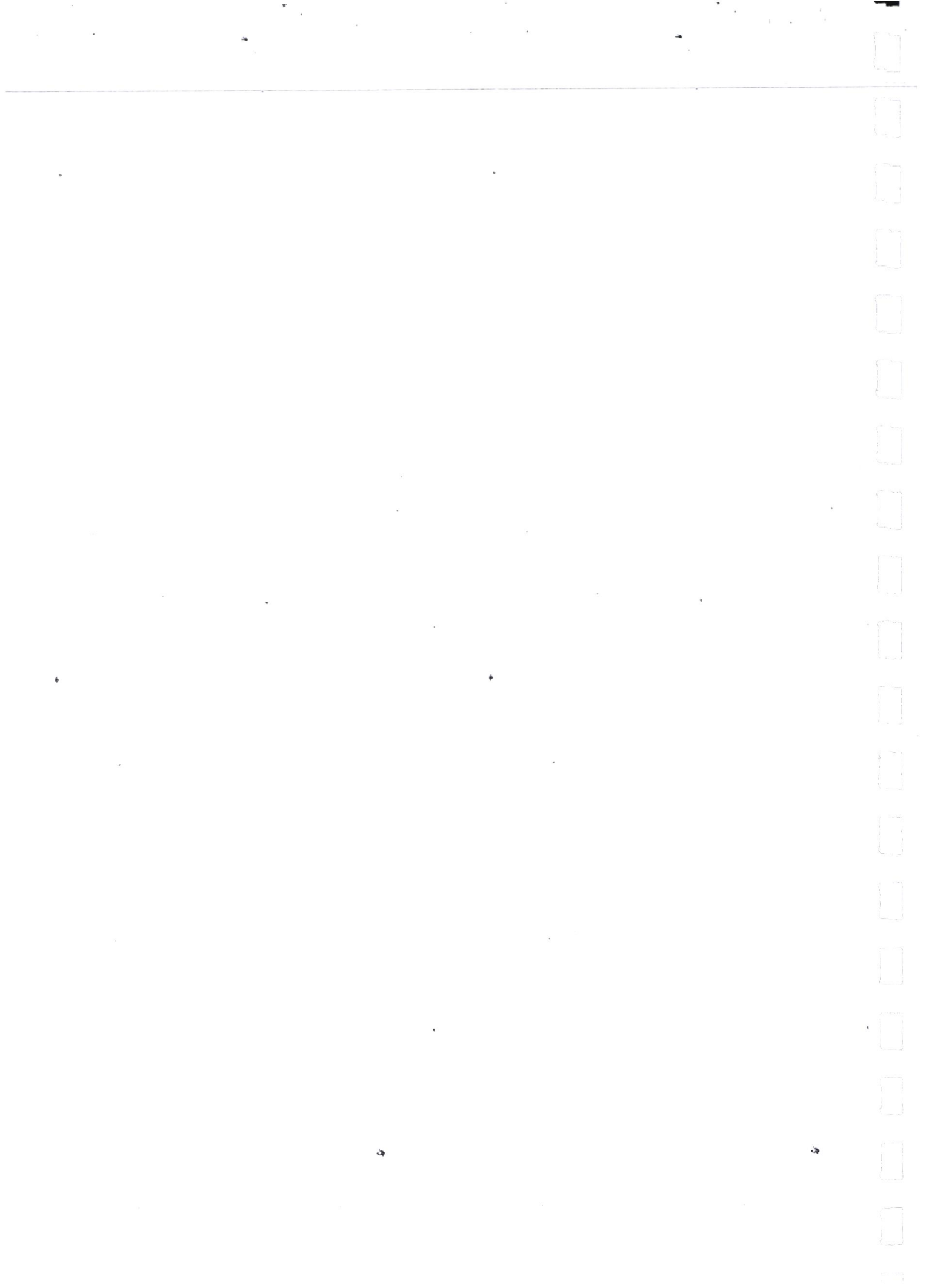
6. Cash and Cash equivalent

The Reconciliation Statements for form and savings account have been provided. Matter dropped.

George R.O. Otieno
Ag. Director of Audit
KAKAMEGA HUB
For: Auditor General

CC

The Principal
Bukura Agricultural College



REVISED DRAFT

**REPORT OF THE AUDITOR GENERAL ON BUKURA AGRICULTURAL
COLLEGE FOR THE YEAR ENDED 30 JUNE 2014**

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Bukura Agricultural College set out on pages 1-37 which comprise the Statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of accumulated funds and statement of cash flows 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 14 of the Public Audit Act 2003. 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.

Management's Responsibility for the Financial Statements

The Management is responsible for preparation and fair presentation of these Financial Statements in accordance with the International Public Sector Accounting Standards and for such internal controls as management determines as necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor –General in accordance with the provisions of section 13 of the Public Audit Act, 2003.

Auditor General's Responsibility

My responsibility is to express an opinion on the Financial Statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with the International Standards on Auditing. Those Standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the Financial Statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Qualification Points

1. Sustainability of Services/Going Concern

During the year under review, the college recorded a deficit of Kshs.2,997,282 which brought the accumulated deficit to Kshs.37,927,924 as at 30 June 2014. It operated on a negative working capital of and was unable to meet its financial obligations as and when they fell due in particular it failed to pay contractors amount of Kshs.11,927,468 The financial position of the college is therefore precarious and its sustainability of services/Going concern is dependent upon continued support from the Government and Creditors.

2. Stalled Construction of Education Complex

The Construction of Students Hostel at a scaled down figure of Kshs.189,118,238.00, was to be completed within 52 weeks from May,2010.

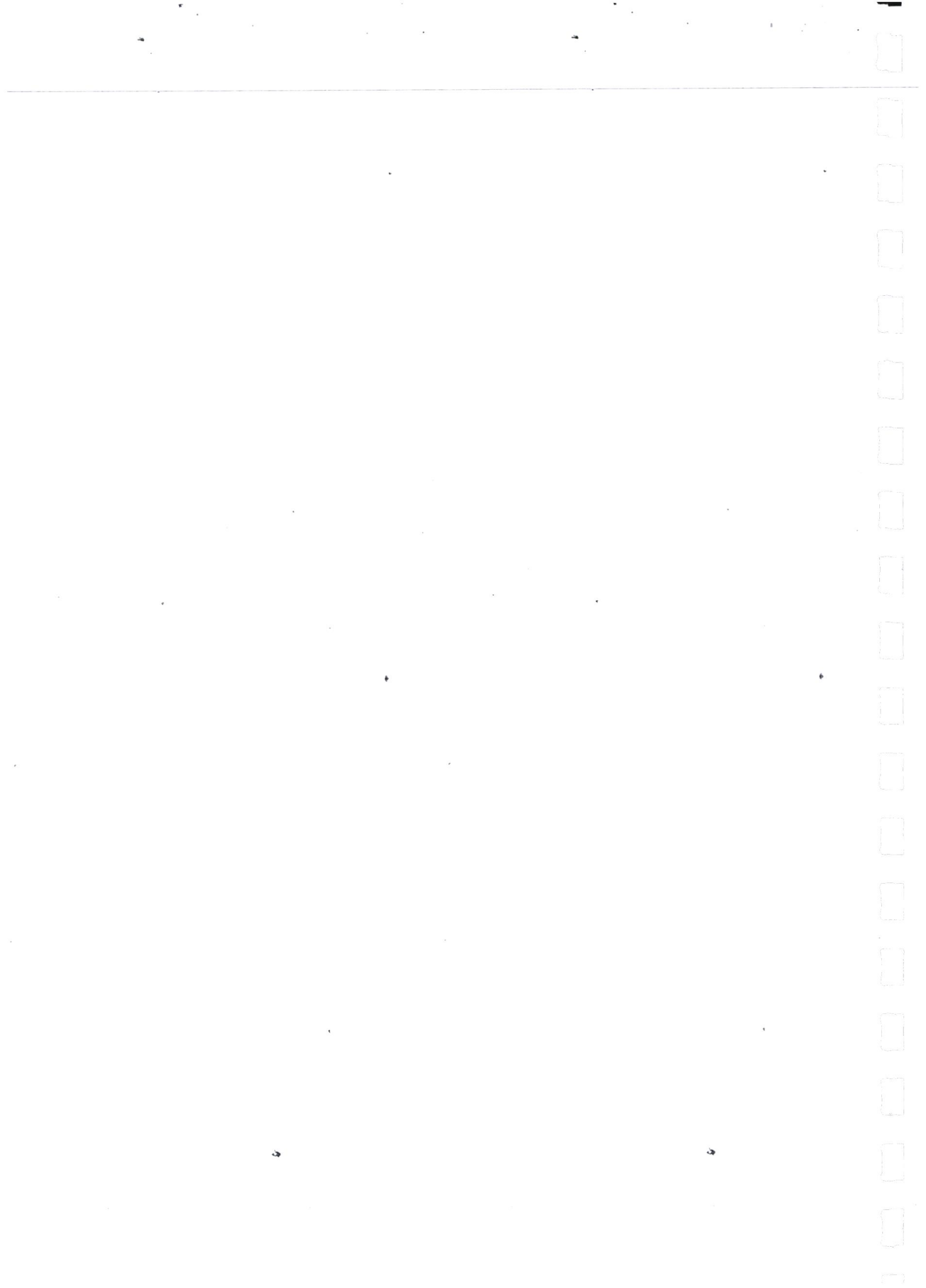
The college has so far spent Kshs.133,765,000.00 on the project which remain stalled to date due to underfunding.

Edward R O Ouko, CBS

AUDITOR GENERAL

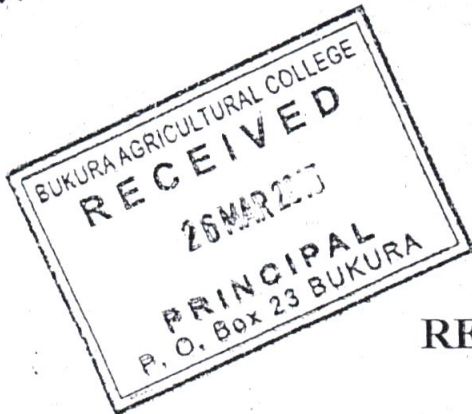
Nairobi.

13February 2015





KENYA NATIONAL AUDIT OFFICE



REPORT

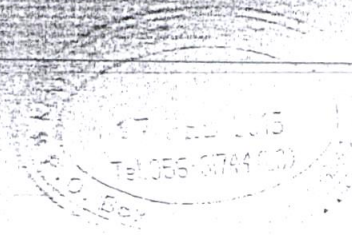
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
BUKURA AGRICULTURAL COLLEGE

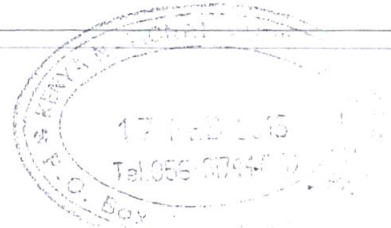
FOR THE YEAR ENDED
30 JUNE 2014



BUKURA AGRICULTURAL COLLEGE

AMMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014

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



BUKURA AGRICULTURAL COLLEGE

AMMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2014

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

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L KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Bukura Agricultural College was established as a separate legal entity under the "Bukura Agricultural College Act 1999"

(b) Principal Activities

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

(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 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	- Mr. Justus Simiyu
2.	Deputy Principal	- DR. Beatrice Osumbah
3.	Registrar	- Mrs. Winnie Wakoli

(e) Registered Office

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

(f) College Contacts

Telephone : (254) 202349256
E-mail: bukcol@gmail.com
Website: www.bukuraCollege.ac.ke

(g) CollegeBankers

1. Co-operative Bank of Kenya
Kakamega Branch
P.O. Box 595
Kakamega50100
2. Kenya Commercial Bank
Kakamega Branch
PO BOX 152
Kakamega 50100

(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

II. THE BOARD OF DIRECTORS

Board of Directors who served during the year and to the date of this report were:

	Director's Name	Description	Period Served
1.	Dr.Gaudencia M. Okumbe	Chair person	Nov. 2010 - Nov. 2011
2.	Mr.PiusMutay	vice chairperson	Nov. 2010 - Nov. 2011
3.	Mrs. Caroline Ngunjiri	Alternate Director-Director Livestock	Sept. 2008 to date
4.	Mrs.Collete A Obunga	Director- Agricultural Industry	Jan. 2011 - Jan 2014
5.	Eng. Nicholas Inyende	Director-Agricultural Industry	Sept. 2012 - to date
6.	Mr.Hamisi Williams Muo	Alternate Director-PS- Ministry of Agriculture	Dec. 2010 - Dec 2011
7.	Mrs. Ruth Mwangi	Alternate Director-AS- Ministry of Agriculture	July. 2013 - to date
8.	Prof. Mary A.O. Onyango	Director-Public universities	Sept. 2012 - to date
9.	Mrs. Victoria E. Anjichi	Director-Public universities	
10.	Mr.EllyOngei	Alternate Director-PS- Ministry of Finance	Sept. 2012 - to date
11.	Dr.FoustineWandera	Alternate Director-Director KARI	2008 to date
12.	Mr. Justus Simiyu	Principal	2008 to date
13.	Mrs. Winfred Wakoli	Registrar.	Jan 2010 - Jan 2014

III. MANAGEMENT TEAM

Mr.JustusSimiyu	Principal
Dr. Beatrice Osumbah	Deputy Principal
Mrs.WinnieWakoli	Registrar
Mr. Charles Kenyanito	HOD-AERD
Mr.KefaNyende	HOD-BAAS
Mrs. Roselyn Ambani	Dean Of Students
Mr. John Suge	HOD -AAS
<i>Note: The CEO and the Company Secretary will feature both under the 'Board' and 'Management'.</i>	

IV. CHAIRMAN'S MESSAGE

Dear Stakeholders,

I am happy to report that Bukura Agricultural College has recorded another year of excellent financial performance. Our performance demonstrated that the College is pursuing the right strategy and has the right leadership to deliver its Vision of being 'the Training Institution of Choice in Practical Agricultural Sciences.'

Strategy

With the on-going curriculum development and review, coupled with capacity building of College staff, we are already meeting our desire to address the needs of the agriculture sector by producing graduates who have hands on skills, entrepreneurial and gender sensitive.

Overview of Financial Results

We are happy to report that Bukura Agricultural College has continued to steadily improve on revenue generation where it managed to raise **Ksh 117.8 M** in 2013/2014fy compared to **Ksh 81.2M** in 2012/2013fy representing an increase of **45%**. Most of the internally generated revenue came from payment of fees from students with the donor fund accounting for **Ksh 16.3M**.

Vision 2030

Bukura Agricultural College plays an important role towards the realisation of Vision 2030 by providing the necessary middle level manpower needed to drive the agriculture sector. In 2012/2013fy, the College managed to release **538** graduates into the agriculture sector compared to **310** graduates in 2011/2012fy representing an increase of **73 %**.

Environmental Conservation

Our commitment to environmental sustainability is key to the identity of Bukura Agricultural College. During the year under review the College managed to plant a total of 5000 tree seedlings along the river bank and around the College dam. This was achieved through the support of the College Environment Club.

Performance Contract

The College continued to perform exceptionally well in our Performance Contract. In the period under review the College managed to achieve most of the targets set out with the government. The College retained a rating of **Very Good** during the government appraisal of all government agencies.

Conclusion

The Board remains fully focused in supporting Management to attract, develop and retain the right talent. The Board is also fully committed to maximising stakeholders' value and maintaining our leadership in middle level training in Kenya and beyond.



Prof. Mary A. O. Abukutsa
FOR: CHAIRMAN

V. MESSAGE FROM THE PRINCIPAL

Bukura Agricultural College is gearing to realize its vision of becoming the training institution of choice in practical agricultural sciences. We have been recently pursuing our strategy to realise this vision by the way we develop and implement our training programs with emphasis on inculcating the right skills, knowledge and attitudes in our trainees.

Our Competitive Environment

Training at middle level remains a challenge in Kenya today especially when higher institutes of learning start competing with middle level training institutions for potential trainees. The College has an ambitious plan to have all its existing curricula reviewed and aligned to the needs of the agricultural sector. This will ensure that the College gets a steady increase of students.

Our ability to deliver on our vision also strongly depends on complying with the regulatory environment. The College being aware of the impact of the operationalization of the Technical Vocational Education and Training (TVET) Act, has put in place plans to conform to the requirements of this Act.

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 2015 has been of great assistance to the College through which teaching facilities were improved alongside capacity building of College Staff.

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, which is the agricultural sector, rightfully 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 determination and commitment to the College.

Furthermore, I extend my thanks to all College employees who have made it possible for the College to deliver on its mandate of training. Over the next year the agriculture sector will continue to rely on Bukura graduates as agents of transforming the agriculture sector.



Justus Simiyu;
Principal/CEO

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.

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, and 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, the Principal, one representative of the Kenya National Farmers Union, Director of Kenya Agricultural Research Institute 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 and 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.
- (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, 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.

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 it 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.

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the College's affairs.

Principal activities

The Principal activities of the entity are 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 June 30, 2014 are set out on page 3-16. 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 *entity* in accordance with the Section ... of 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:..... 15th JAN 2015

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 June 30, 2014. 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 entity; (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 Financial Reporting Standards (IFRS), 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 June 30, 2014, 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.

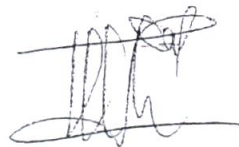
Nothing has come to the attention of the Directors to indicate that the College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

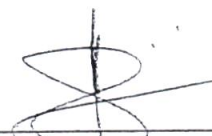
The College's financial statements were approved by the Board on **11th August 2014** and signed on its behalf by:



Director



Director



Principal/CEO



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON BUKURA AGRICULTURAL COLLEGE FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Bukura Agricultural College set out on pages 14-37 which comprise the Statement of financial position as at 30 June 2014 and the statement of financial performance, statement of changes in net assets and statement of cash flows 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 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on the Financial Statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003. The audit was conducted in accordance with the International Standards on Auditing. Those Standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal controls. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

1. Sustainability of Services/Going Concern

During the year under review, the college recorded a deficit of Kshs.2,997,282 which brought the accumulated deficit to Kshs.37,927,924 as at 30 June 2014. The College operated on a negative working capital and was unable to meet its financial obligations as and when they fell due and in particular it failed to pay contractors amount of Kshs.11,927,468.

Consequently, the financial position of the college is therefore precarious and its sustainability of services/going concern is doubtful.

2. Property, Plant and Equipment

The Statement of financial position reflects property, plant and equipment balance of Kshs.695,069,010.00 as at 30 June 2014. However, and as previously reported, ownership title for land measuring approximately 96.5 hectares valued at Kshs.71,400,000 remain in the name of the defunct County Council of Kakamega.

As a result, it has not been possible to confirm the ownership status of the parcel of land and accuracy of the land balance of Kshs.141,600,000.00 included in the property, plant and equipment figure of Kshs.695,069,010 as at 30 June 2014.

3. Stalled Construction of Students Hostel

The Construction of Students Hostel at a scaled down figure of Kshs.189,118,238.00 was to be completed within 52 weeks from May 2010. The college has so far spent Kshs.133,765,000.00 on the project which remain stalled to date due to underfunding.

Consequently, it has not been possible to confirm the propriety of the expenditure of Kshs.133,765,000.00 on a project that is incomplete, unusable 46 months after expiry of the expected completion date.

4. Unaccounted for Investment

The financial statement as at 30 June 2013 indicated that the College had Kshs.6,223,841.00 in the Fixed Deposit Account (Co-operative bank) to earn interest. However, the statement of financial position reflects the balance as nil as at 30 June 2014 although no records were available to account for the amount and board approval.

In the circumstance, the investment of Kshs.6,223,841.00 remain unaccounted for as at 30 June 2014.

Adverse Opinion

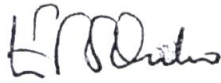
In my Opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of the Bukura Agricultural college as at 30 June 2014 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and does not fully comply with the Public finance Management Act, 2012.

Other Matters

I draw your attention to the following matter without Qualifying my opinion

Information Technology (IT) Environment

The college lacks IT security policy to ensure data confidentiality, integrity and availability. Further, no documented and approved upgrade processes and user management standards/procedures are put in place. In addition, no back up and retention strategy/policy and disaster recovery plan are utilized in the organization.



Edward R.O. Ouko, CBS
AUDITOR- GENERAL

Nairobi.

2 March 2015

STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Revenue from non-exchange transactions			
Government Grants	3	82,944,000	82,944,000
Donor Grant	4	6,097,861	-
		89,041,861	82,944,000
Revenue from exchange transactions			
Fees from students	5	75,930,150	49,822,780
Rental revenue from facilities	6	6,223,663	5,264,834
Finance income-interest income	7	101,159	223,841
Other income	8	19,077,681	25,930,142
		101,332,653	81,241,597
Total revenue		190,374,514	164,185,597
Expenses			
Bulk purchases of electricity	9	2,379,005	3,999,471
Employee costs	10	98,006,209	98,028,514
Remuneration of Directors	11	5,820,800	7,775,864
Depreciation and amortization	12	18,718,328	15,327,697
Repairs and maintenance	13	4,374,988	5,043,644
Contracted services	14	7,963,083	7,380,826
Agricultural materials	15	5,204,382	6,144,173
Training expenses	16	9,406,316	8,009,899
General expense	17	41,478,685	47,445,392
Total expenses		193,351,796	183,827,783
Deficit for the period		(2,977,282)	(19,642,186)

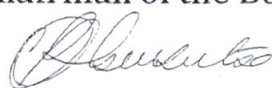
The notes set out on pages 19 to 36 form an integral part of the Financial Statements

XII. STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Assets			
Current assets			
Cash and cash equivalents	18	14,423,951	3,088,769
Receivables from exchange transactions	19	18,163,194	11,345,494
Receivables from non-exchange transactions	20	6,912,000	-
Inventories	21	1,653,796	1,521,979
Investments	22	-	6,223,841
		41,152,941	22,180,083
Non-current assets			
Property, plant and equipment	23	695,038,735	678,211,011
Biological Assets	24	13,157,200	8,469,800
		708,195,935	686,680,811
Total assets		749,348,876	708,860,894
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	25	32,478,154	25,275,499
Provisions	26	5,374,828	3,793,735
Deferred income	27	10,681,516	-
Total liabilities		48,534,498	29,069,234
		700,814,378	679,791,660
Net assets			
Reserves		738,742,302	714,742,302
Accumulated surplus		(37,927,924)	(34,950,642)
Total net assets and liabilities		749,348,876	708,860,894

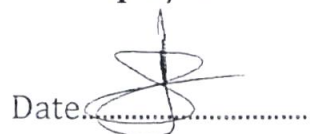
The Financial Statements set out on pages 14 to 36 were signed on behalf of the Board of Directors by:

For: Chairman of the Board



Date.....

Principal/CEO



Date.....

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

	Reserves Capital replacement development reserve Kshs	Accumulated surplus/Deficit Kshs	Capital Grants Kshs	Total Kshs
Balance as at 30 JUNE 2012	568,742,302	111,501	110,000,000	678,853,803
(deficit) for the period	-	(35,062,143)		(35,602,143)
Capital Grants			36,000,000	36,000,000
Balance as at 30 JUNE 2013	568,742,302	(34,950,642)	146,000,000	679,791,660
Deficit for the period	-	(2,977,282)		(2,977,282)
Capital Grants			24,000,000	24,000,000
Balance as at 30 JUNE 2014	568,742,302	(37,927,924)	170,000,000	700,814,378

XIV. STATEMENT OF CASHFLOWS

	Notes	2014 Kshs.	2013 Kshs.
Cash flows from operating activities			
Surplus for the year		(2,977,282)	(35,062,143)
Adjustments			
Depreciation charges	23	18,718,328	15,327,697
Increase in Caution Money		-	104,000
Operating Cash before working capital changes		15,741,046	(19,630,446)
Increase in Provisions	26	1,581,093	(727,937)
Increase in Inventory	21	(131,817)	392,127
Increase in Receivables	19	(13,729,700)	(6,045,848)
Differed Income	20	10,681,516	(130,417)
Increase in Payables	25	7,202,655	5,984,577
Cash generated from operations		21,344,793	(20,157,944)
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	23	(35,546,052)	(21,475,208)
Biological Assets	24	(4,687,400)	(290,880)
Fixed Deposit	22	6,223,841	(6,223,841)
Cash flows from financing activities			
Capital Grants		24,000,000	36,000,000
Cash flows from Changes in Equity			
Net Increase in cash and cash equivalents		11,335,182	(12,147,873)
Movement in Cash and cash Equivalentents			
Cash and cash Equivalentents at the beginning		3,088,769	15,236,642
Net Increase		11,335,182	(12,147,873)
Cash and cash Equivalentents at the end		14,423,951	3,088,769
Presented by:			
Cash and Bank Balances	18	14,423,951	2,995,303
Cash in Hand		-	93,466
Total		14,423,951	3,088,769

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2013-2014 Kshs	2013-2014 Kshs	2013-2014 Kshs	2013-2014 Kshs	2013-2014 Kshs
Revenue					
Government grant	82,944,000	-	82,944,000	82,944,000	-
School fees	68,688,000	7,242,150	75,930,150	75,930,150	-
Donor Grant	17,946,920	(11,849,059)	6,097,861	6,097,861	-
Rental income	7,346,080	(1,410,417)	6,223,663	6,223,663	-
Finance Income	300,000	(198,841)	101,159	101,159	-
Other income	41,074,820	(21,892,889)	19,077,681	19,077,681	-
Total income	218,229,820	(27,821,056)	190,374,514	190,374,514	-
Expenses					
Compensation of employees	103,052,983	4,464,007	98,006,209	98,006,209	-
electricity	4,200,000	1,820,995	2,379,005	2,379,005	-
Remuneration of Directors	8,646,000	2,825,200	5,820,800	5,820,800	-
Repairs & Maintenance	6,256,390	1,881,402	4,374,988	4,374,988	-
Contracted services	8,344,000	380,917	7,963,083	7,963,083	-
Agricultural materials	8,426,960	3,222,578	5,204,382	5,204,382	-
Training expenses	11,763,659	2,357,343	9,406,316	9,406,316	-
General expenses	61,723,898	20,404,377	41,478,685	41,478,685	-
Total expenditure	212,413,890	(37,356,819)	193,351,796	193,351,796	-
Surplus for the period	5,815,930		(2,977,282)	(2,977,282)	-

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 entity 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 entity.

Interest income

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

Rental income

Rental income arising from 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 entity. 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 their 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 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.

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

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

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

(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 Entity 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 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.

(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:

- Raw materials: purchase cost using the weighted average cost method
- 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 Entity.

(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. Entity to state the reserves maintained and appropriate policies adopted.

(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 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

Useful lives and residual values

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

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

Provisions

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

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, 2014.

	2013-2014 Kshs	2012-2013 Kshs
3. Government Grants		
Actual		
First Quarter	20,736,000	23,040,000
Second Quarter	20,736,000	23,040,000
Third Quarter	20,736,000	18,432,000
Fourth Quarter	20,736,000	18,432,000
Total	<u>82,944,000</u>	<u>82,944,000</u>
4.		
Donor Grant		
Received	16,779,377	-
Less: Deferred Income	(10,681,517)	-
	<u>6,097,861</u>	-
5. Students Fees		
School fees	75,930,150	49,822,780
	<u>75,930,150</u>	<u>49,822,780</u>
6. Rental Revenue		
Staff Houses	1,278,680	1,355,580
Students Hostels	4,944,983	3,909,254
	<u>6,223,663</u>	<u>5,264,834</u>
7. Finance income-Interest income		
Interest on fixed deposit	101,159	223,841
	<u>101,159</u>	<u>223,841</u>
8. Other Income		
Farm Income	4,890,509	11,098,845
BAC/MMUST Collaboration	3,523,650	2,821,700
Short courses	496,340	1,417,780
Sale of tender documents	62,000	390,000
Catering income	5,203,053	6,893,000
Student tours	-	192,080
Sale of boarded items	201,620	-
KAPAP	668,000	835,000
Sundry income	4,032,509	2,281,730
	<u>19,077,681</u>	<u>25,930,140</u>

	2013-2014 Kshs	2012-2013 Kshs
9. Purchases of Electricity		
Electricity	2,379,005	3,999,471
	<u>2,379,005</u>	<u>3,999,471</u>
10. Employee costs		
Salaries and wages	83,212,000	79,449,572
Contributions to pensions schemes	6,951,060	6,477,478
Basic Wages	6,562,122	8,188,500
Remuneration of part time lecturers	1,494,815	1,918,946
Gratuity	368,779	1,000,111
Employee costs	<u>98,733,572</u>	<u>98,028,514</u>
11. Remuneration of Directors		
Sitting Allowances	1,770,000	2,155,500
Travel Allowance	1,816,000	2,356,500
Accommodation Allowance	1,820,000	2,466,800
Chairman Honorarium	176,000	480,000
Meal Allowance	230,000	288,000
Airtime Allowance	8,800	24,000
others	-	5,064
Total	<u>5,820,800</u>	<u>7,775,864</u>
12. Depreciation Expense		
Property, plant and equipment	18,718,328	15,327,697
Total	<u>18,718,328</u>	<u>15,327,697</u>
13. Repairs and Maintenance		
Buildings	1,461,637	
Plant and machinery	901,724	
Equipment	376,900	
Vehicles	1,634,727	
Total Repairs and Maintenance	<u>4,374,988</u>	<u>5,043,644</u>
14. Contracted Services		
Professional services	2,789,250	1,825,998
Security	3,132,000	3,313,209
Cleaning and sanitation	2,041,833	2,241,619
Total Contracted Services	<u>7,963,083</u>	<u>7,380,826</u>

	2013-2014 Kshs	2012-2013 Kshs
15. Agricultural Materials		
Agricultural inputs, veterinary and fungicides supplies	5,204,382	6,144,173
Total	5,204,382	6,144,173
16. Training Expenses		
Research & development	20,500	158,750
Graduation expenses	939,353	1,005,001
Education aids and materials	916,679	1,778,285
Lab materials, small equipment, education & Library supplies	669,206	437,018
Scholarships and other educational benefits	2,515,188	1,862,650
Field Attachment allowance	2082,560	2,595,680
Field trips allowance	600,670	-
Training (tuition and accommodation)	1,662,160	172,515
Total training expenses	9,406,316	8,009,899
17. General Expenses		
The following are included in general expenses:		
Advertising	2,319,700	2,946,605
Accommodation	2,994,400	2,617,519
Audit fees	464,000	928,000
Caution Money	1,078,000	566,000
Courier & postal services	170,401	318,864
Daily subsistence allowance	1,667,899	2,272,025
Food , rations and catering services	7,434,583	9,599,512
Fuel and oil	4,437,904	4,078,253
Hire of transport, equipment and other facilities	633,980	343,300
Insurance	3,625,262	10,481,309
Legal dues , arbitration and compensation payments	5,330,191	2,161,214
Medical drugs and other non-pharmaceuticals	325,189	346,360
MMUST collaboration	1,229,549	467,138
Telephone, telex, mobile phones	698,571	471,570
Networking computers & subscription to internet	643,220	1,443,334
Water and sewerage services	55,000	149,900

	2013-2014	2012-2013
	Kshs	Kshs
Sundry expenses	820	139,442
Publishing and printing	1,420,520	1,556,420
Travel costs	1,155,915	336,624
General office supplies and accessories to computers	3,966,264	3,204,248
Subscriptions to newspapers	114,490	190,505
Purchase of uniforms	650,740	112,100
Student council allowances	211,910	338,380
Bank commissions	77,377	165,192
Pending bills	94,800	1,364,965
KAPAP	668,000	846,613
Total general expenses	41,478,685	47,445,392
18. Cash and cash equivalents		
Cash and cash equivalents	14,423,951	3,088,769
Total cash and cash equivalents	14,423,951	3,088,769
19. Receivables from exchange transactions		
Students fees	11,328,563	6,438,700
Unsurrendered imprest	132,178	356,465
MMUST students	3,523,650	1,966,071
Sundry debtors (water)	15,000	20,000
Ministry of Livestock	1,586,880	-
Bukura Educational Complex	1,576,923	2,564,258
Total	18,163,194	11,345,494
20. Receivables from non-exchange contracts		
Government recurrent grant	6,912,000	-
Total	6,912,000	-
21. Inventories		
General stores	1,653,796	1,521,979
Total	1,653,796	1,521,979

22. Investments

	Ksh	Ksh
	Carrying amount	Fair value
Fixed deposits		
At 30 June 2013	6,000,000	6,000,000
Interest capitalized	223,841	223,841
Withdrawn	(6,223,841)	(6,223,841)
At 30 June 2014	-	-

23. Property, Plant and Equipment

	Land	Buildings	W.I.P	Machinery	Furniture & Equipment	Computers	Motor Vehicles	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2012	141,600,000	285,100,000	214,000,000	10,979,921	6,293,579	8,830,000	5,260,000	672,063,500
Additions	-	30,000,000	17,116,284	-	562,700	195,499	3,600,725	51,475,208
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	(30,000,000)	-	-	-	-	(30,000,000)
At 30 June 2013	141,600,000	315,100,000	201,116,284	10,979,921	6,856,279	9,025,499	8,860,725	693,538,708
Additions	-	-	27,488,399	2,117,154	900,000	40,500	5,000,000	35,580,653
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	70,000,000	(70,000,000)	-	-	-	-	-
At 30 June 2014	141,600,000	385,100,000	158,604,683	13,097,075	7,756,279	9,065,999	13,860,725	729,119,361
Depreciation and impairment								
At 1 July 2012	-	-	-	-	-	-	-	-
Depreciation	-	7,877,500	-	1,372,490	857,035	3,005,491	2,215,181	15,327,697
Impairment	-	-	-	-	-	-	-	-
At 30 June 2013	-	7,877,500	-	1,372,490	857,035	3,005,491	2,215,181	15,327,697
Depreciation	-	(9,627,500)	-	(1,637,134)	(969,535)	(3,018,978)	(3,465,181)	(18,718,328)
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30 June 2014	-	17,505,000	-	3,009,625	1,830,895	6,024,469	5,680,363	34,046,026
Net book values								
At 30 June 2014	141,600,000	367,595,000	158,604,683	10,087,451	5,959,984	3,041,530	8,180,363	695,038,735
At 30 June 2013	141,600,000	307,222,500	201,116,284	9,607,431	5,999,244	6,020,008	6,645,544	678,211,011

24. Biological Assets

	2013-2014 Kshs	2012-2013 Kshs
Dairy animals	5,960,500	4,510,000
Other animals	891,200	941,800
Coffee	212,500	212,500
Horticulture	54,600	228,000
Maize	4,680,000	-
Hay	1,125,000	600,000
Sorghum	-	1,400,000
Sunflower	33,400	-
Sugarcane	200,000	577,500
Total	13,157,200	8,469,800

25. Trade and other payables from exchange transactions

creditors	19,544,478	15,063,778
Retention fund	12,469,676	9,747,721
Audit fees	464,000	464,000
Total	32,478,154	25,275,499

26. Current Provisions

	Caution Money Kshs	Gratuity Kshs	Performance MMUST/BAC Kshs	Total Kshs
Bal at the beginning of the year	926,000	1,643,275	1,224,460	3,793,735
Additional provision raised	1,394,000	1,139,621	1,723,800	4,257,421
Provision utilized	-1,078,000	-368,779	-1,229,549	-2,676,328
Balance as at 30 June 2014	1,242,000	2,414,117	1,718,711	5,374,828

27. Deferred income

	2013-2014 Kshs	2012-2013 Kshs
Donor grant Received	16,779,377	
Less: Grant Utilized	(6,097,861)	
Total deferred income	10,681,516	

28. Related Party Disclosures

During the financial year the College paid the member of the Board of Directors remuneration amounting to Ksh 5,820,800 in form of various allowances.

29. Commitments and Contingencies

- i) The case between the contractor of the library block Okeno & Sons and the college which was before the arbitrator was concluded and Okeno the contractor awarded 10.251M. The college has since appealed the decision in the High court.
- ii) A supplier by the name Fridge Stores has also lodged a case in court against the College for alleged **Ksh 1.3M** supplies made from 2004/05fy. The case is yet to be determined.

30. Taxation

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

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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

For: Chairman of the Board

Principal/CEO

Date.....

Date.....

