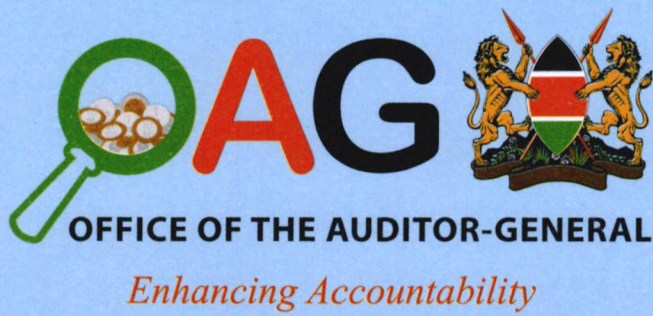


REPUBLIC OF KENYA



REPORT

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ON

KAGURU AGRICULTURAL TRAINING CENTRE

**FOR THE YEAR ENDED
30 JUNE, 2025**

| | PAPERS LAID |
|-------------------|-------------|
| DATE | 06/11/2025. |
| TABLED BY | S.M.K |
| COMMITTEE | - |
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KAGURU AGRICULTURAL TRAINING CENTRE

Meru County Government

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

**Kaguru Agricultural Training Centre
Meru County Government
Annual Report and Financial Statements for the year ended 30th June 2025**

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1. Acronyms and Definition of Key Terms

A: Acronyms

| | |
|-------|--|
| AGPO | Access to Government Procurement Opportunities |
| CEO | Chief Executive Officer |
| CECM | County Executive Committee Member |
| CBK | Central Bank of Kenya |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| MD | Managing Director |
| CT | County Treasury |
| CIDP | County Integrated Development Plan |
| CA | County Assembly |
| OCOB | Office of the Controller of Budget |
| OAG | Office of the Auditor General |
| OSHA | Occupational Safety and Health Act of 2007 |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PPPs | Public Private Partnerships |
| PSASB | Public Sector Accounting Standards Board |
| SAGAs | Semi-Autonomous Government Agencies |
| ATC | Agricultural Training Centre |
| BOM | Board of Management |
| SMC | Senior Management Course |
| CGM | County Government of Meru |
| KSG | Kenya School of Government |
| HOD | Head of Department |

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation.

Comparative Year- Means the prior period.

2. Key Centre Information and Management

(a) Background information

The Centre was incorporated/ established under the **Kaguru Agricultural Training Centre Act, 2019**. The Fund is wholly owned by the County Government of Meru Department of Agriculture, Livestock and Fisheries and is domiciled in Kenya.

(b) Principal Activities

- i)** to provide agricultural training, extension services, research, marketing support and promotion of modern methods of farming and/or production to local farmers;
- ii)** to prepare an integrated plan for training programs in agriculture, livestock and fisheries;
- iii)** to participate in the discovery, transmission and preservation of knowledge in agriculture and any other related field;
- iv)** to promote the use of technology and mechanization in agriculture;
- v)** to offer capacity development assistance on agricultural mechanization through practical training, technical assistance, technology transfer and human resource development;
- vi)** to provide specialized farm and business advisory services to farmers for the purpose of generating income for the Centre, and to enter into suitable agreements with any person or organization to this end;
- vii)** to formulate and issue guidelines in planning, implementing, monitoring and evaluating agriculture and fisheries extension programs;
- viii)** to establish model commercial farms as demonstration plots for hands-on learning on farming technologies and agricultural research;
- ix)** to establish and maintain a production unit for raising livestock;
- x)** to provide facilities educational training conferences, workshops, seminars, meetings, exhibitions, show tours and such other educational and training activities as the Board may determine;

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- xi)** Subject to this Act, to co-operate with the Government, the private sector and non-governmental organizations in development of agricultural training and research.
- xii)** To carry out such other functions as may be necessary or incidental to the implementation of the objects and purposes of this Act and performance of such other functions as may from time to time be assigned by the Governor.

(c) Key Management

The Centre’s day-to-day management is under the following key organs:

- i. Board of Management
- ii. Accounting Officer/ Principal/Director.
- iii. The Centre Procurement unit
- iv. The Centre Accounts unit
- v. The Centre Agricultural Mechanization Unit
- vi. The Centre Farm unit

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and had direct fiduciary responsibility were:

| SN | Position | Name |
|----|----------------------|---------------------------|
| 1. | Board Chairman | Prof. Kaburu M’Ribu. |
| 2. | Board Member | Lawrence Gitonga Kirima. |
| 3. | Board Member | Fridah Ntinyari. |
| 4. | Board Member | Elizabeth Kanini. |
| 5. | Director (Secretary) | Dr. Miriti Justine Majau. |

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(e) Fiduciary Oversight Arrangements

During the year under review, the board agreed and formed the following committees and membership to oversight on the operations of the Centre:

| S/No. | Committee | Membership |
|--------------|------------------------------------|--|
| 1. | Finance & Administration Committee | <ul style="list-style-type: none">• Chief Officer Finance• Chief Officer Agriculture• Elizabeth Kanini• Fridah Ntinyari Mugambi |
| 2. | Technical Committee | <ul style="list-style-type: none">• Chief Officer Agriculture• Elizabeth Kanini• Lawrence Gitonga Kirima |
| 3. | Audit Committee | <ul style="list-style-type: none">• Chief Officer Finance• Lawrence Gitonga Kirima• Fridah Ntinyari Mugambi |

(f) Centre Headquarters

Kaguru Agricultural Training Centre
P.O. Box 476_60202
NKUBU,
Meru, KENYA

(g) Centre Contacts

P.O. Box 476 - 60202
NKUBU,
Meru, KENYA

Telephone: (254)
E-mail: kaguruatc@yahoo.com
Website:

(h) Centre Bankers

Kenya Commercial Bank
Nkubu Branch
P.O. Box 437-60202
NKUBU

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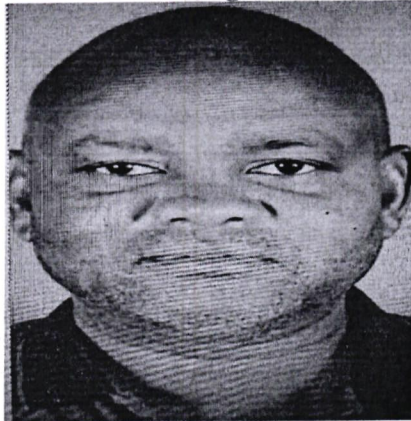


(i) Independent Auditor

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


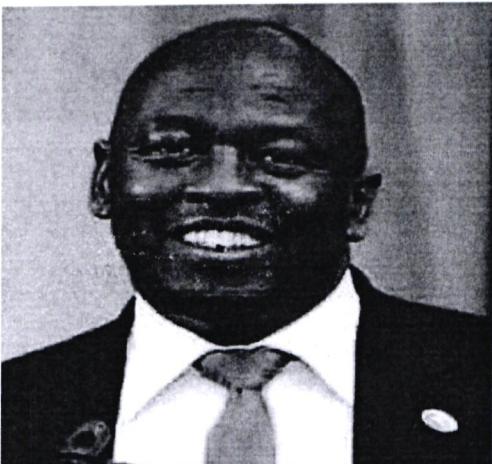
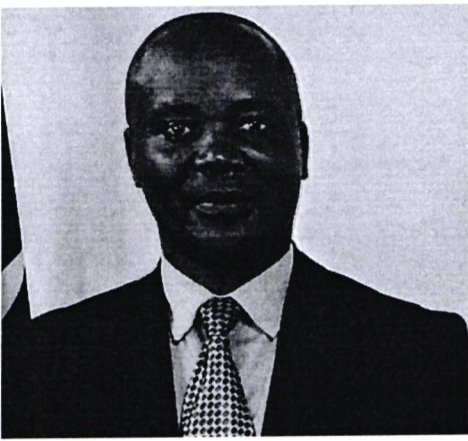
(j) Principal Legal Advisers

Department of Legal Affairs, Public Service & Administration
P.O BOX 120-60200
MERU

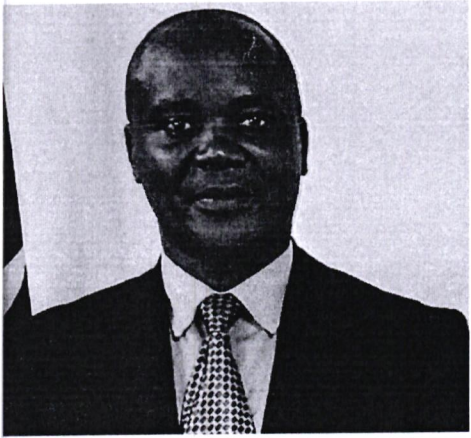


3. The Board of Directors/Management

| Name | Details of qualifications and experience |
|--|---|
| <p>Prof. Kaburu M'Ribu</p>  | <p>CHAIRMAN: Qualifications. PhD in Plants Genetics. Experience. Lecturer Egerton University, KeMU university, coffee research foundation board. Chairman Kaguru ATC Board Chair KENAFF DOB:</p> |
| <p>Lawrence Gitonga Kirima</p>  | <p>BOARD MEMBER. Qualifications. Holds a bachelor's degree in business administration. Experience. Regional Manager Mastermind Tobacco Ltd, 1997 – 2007. Kenwood Matches, Cut Tobacco Ltd and Africa Spirits Ltd. 2008 – 2010. Kenwood Matches, Cut Tobacco Ltd and Africa Spirits Ltd. Board member Bishop Lawi Imathiu Sec. Sch. DOB: 01/01/1970</p> |
| <p>Fridah K Mugambi</p>  | <p>BOARD MEMBER Experience. A prominent business lady and farmer. She has served as a champion for community development crusading for food, nutrition and income security. DOB:</p> |
| <p>Elizabeth Kanini</p>  | <p>BOARD MEMBER. Experience. Worked as clerk Meru North Farmers A prominent farmer in Igembe Central Sub county. She has served as a nominated Member of County Assembly (MCA) in the County Assembly of Meru. She has served as member on several boards among them but not limited to Schools and Hospitals. DOB:</p> |

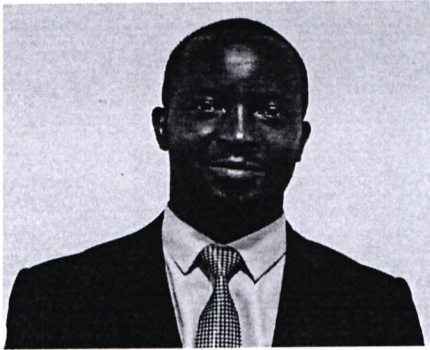


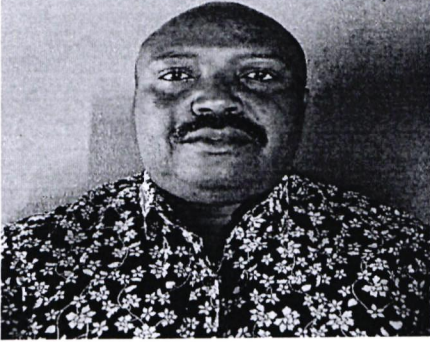
**Kaguru Agricultural Training Centre
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| | |
|--|---|
| <p>Charles Mwenda</p>  | <p>BOARD MEMBER Qualifications. Finance administration & Human Resource MBA – Finance BBA – Accounts CPA(K) ICPAK – (Member) Chief Officer Finance, Economic planning and ICT County Government of Meru. Mr. Mwenda has a vast experience Finance and accounting in Public Sector having worked at the County Treasury for 11 years. DOB: 10/05/1982.</p> |
| <p>James Mutia</p>  | <p>BOARD MEMBER Qualifications. Master’s in Business Administration Bachelor of Education in Economics SLDP KSG of 2014. Chief Officer Agriculture, Livestock And Fisheries County Government of Meru. Experience. Lecturer Chuka University Agriculture Department. 2017 – 2022. Management of Devolved Government Systems in Beijing 2015</p> |
| <p>Dr. Miriti Justine Majau</p>  | <p>Centre Director. Qualifications. PhD. Education Management Embu University. MED Education Management University 2011) B.Sc. Aged _Egerton University (2002) Senior Management Course (SMC) Experience. TSC Agriculture/Biology Teacher 2003-2011. Lecturer & QMS/Quality Assurance Officer 2011-2012_MKU. Lecturer & HOD Education Department 2012-2018_MKU. Training coordinator 2019-2025_Kaguru ATC. Director Kaguru ATC 2025- To Date. DOB: 26/02/1977</p> |

4. Key Management Team

| Name | Details of qualifications and experience |
|---|---|
| <p>Dr. Miriti Justine Majau</p>  | <p>Centre Director. Qualifications. PhD. Education Management - Embu University. MED Education Management University 2011) B.Sc. Aged _Egerton University (2002) Senior Management Course (SMC) Experience. TSC Agriculture/Biology Teacher 2003-2011. Lecturer & QMS/Quality Assurance Officer 2011-2012_MKU. Lecturer & HOD Education Department 2012-2018_MKU. Training coordinator 2019-2025_Kaguru ATC. Director Kaguru ATC 2025- To Date.</p> <p>DOB: 26/02/1977</p> |
| <p>Mr. Mumakhola Alex Wanjala.</p>  | <p>Principal. Qualifications. 2019 – 2025 Principal Kaguru ATC EDUCATION BACKGROUND BSc. Agriculture 1994_University of Nairobi Senior Management Course 2008_GTI Embu Sub County Agricultural Officer 2014-2019_Igembe Central District Extension & Training officer 2011-2013_Igembe North District Crops Officer 2003-2011_Meru/Isiolo Divisional Agricultural Extension Officer 1997-2003_Isiolo (Kinna,Merti,Oldonyiro,Central) DOB: 03/01/1970</p> |
| <p>Mr. Gitobu Nkanata</p>  | <p>Manager AMS. Qualifications. Bachelor’s Degree B,Ed (arts) Experience. 1997-2013 TSC 2013-2017 Manager South Imenti Constituency. 2016-2019 NTSA Director –Nairobi. 2018-2021 Town Administrator Timau/Mikinduri. 2021-2023 Sub-County Admin South Imenti. 2023-2025 Manager Meru Municipality. 2025- To date. Manager AMS-Mitunguu. DOB: 14/07/1970</p> |

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| | |
|---|--|
| <p>Denis Kinoti</p>  | <p>Director Trade and Commerce. Qualifications. BSc. Hotel and Institution Management Master's in business administration- Entrepreneurship Corporate Governance Strategic Leadership and Development Programme (SLDP) Senior Management Course (SMC) Experience. 2014 To date-Director, CGM <i>DOB:30/03//1983</i></p> |
| <p>Ms. Irene Kiende Mwiti</p>  | <p>Economist. Qualifications. Bachelors of Economics. Experience. Economist march 2019 to date. <i>DOB:06/01//1991</i></p> |
| <p>Ms. Zipporah Nkatha</p>  | <p>Supply Chain Officer. Qualifications. Bachelor of Commerce (Marketing). Dip. Purchasing & Supplies Management. Certificate in Business Management. Senior Management Course 2023 KSG Embu. Experience. Ministry of Interior. Proc. Assistant 2008 - 2013. MCG SSCM Officer 2013 - 2021 Kaguru ATC SSCM Officer March 2022 - Date. <i>DOB: 08/11/1982</i></p> |
| <p>Mr. Joel Kimathi</p>  | <p>Accountant. Qualifications. BBA Accounting (Option) Dip. Management Information Systems CPA VI. Senior Management Course 2019 KSG Embu. Experience. Nyambene County council Revenue Officer 2010 - 2013 Meru county Accountant 2013 - 2021. Kaguru ATC Accountant February 2022 – to Date. <i>DOB: 06/12/1975.</i></p> |

5. Chairman's Statement

On behalf of the Board of Kaguru Agricultural Training Centre, I take this opportunity to present to you the 12 months ended 30th June 2025 report and financial statements pursuant to section 22 (1) of the Kaguru ATC Act, 2019 which states that, within a period of three months after the end of each financial year, the Board shall submit to the Auditor-General, the accounts of the Board together with:

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

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

Functions of the board:

1. The Board shall, under the direction of the Executive Member for the time being responsible for matters relating to agriculture, be responsible for the administration, management and development of Kaguru ATC.
2. The Board shall be the successor of the County Government of Meru in respect of all rights, duties, obligations, assets and liabilities concerning the Centre and the Agricultural Mechanization Unit.
3. The Board shall have powers to:
 - Give policy directions and guidance to the Director of the Centre;
 - Promote infrastructural development of the Centre;
 - Receive any grants, gifts, donations and endowments and to make legitimate disbursements therefrom.
 - Enter into association with other agricultural institutions and research organizations within or outside Kenya as the Board may consider desirable or appropriate.
 - Make guidelines for the proper and efficient management of the Centre which guidelines shall be issued by the Director on behalf of the Board.
 - Determine the provision to be made for capital and recurrent expenditure and for reserves for the Centre.

During the year under review the centre managed to undertake the following activities:

1. Finalize Kaguru ATC strategic plan 2023-2027.
2. Finalize Development of Kaguru ATC Business plan.
3. Developed several Kaguru ATC Policy Documents.



Prof. Kaburu M'Ribu
Board Chairman
Kaguru Agricultural Training Centre

**Kaguru Agricultural Training Centre
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6. Report of the Centre Director.


The Kaguru ATC Act 2019 requires Kaguru ATC to prepare financial statements at the end of each financial year.

The budget for the year under review amounted to Kshs.17.0 M, of which has been implemented in phases by the County Treasury. However, the budget for operations was not adequate for the Kaguru ATC.

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

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

I am pleased to present the financial statements of Kaguru ATC for the period ended 30th June 2025.



Dr. Miriti Justine Majau
Centre Director

Kaguru Agricultural Training Centre

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

Kaguru ATC has 5 strategic pillars within current Strategic Plan for the 2023/2024FY-2027/2028FY. These strategic pillars, and the performance targets and the achievements set for the FY 2024/2025 period are as indicated below:

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|--|--|--|---|---|
| 1. Training & Administration | <ul style="list-style-type: none"> Provide agricultural training, research, marketing support and promotion of modern methods of farming and/or production to farmers To provide specialized farm and business advisory services to farmers | <ul style="list-style-type: none"> Enhanced learning experience Increased revenue Enhanced knowledge and skills management | <ul style="list-style-type: none"> Establish partnerships to support training Development of relevant training courses Promote modern methods of farming through training | Increased the number of farmers trained and establishment of necessary staff. |
| 2. Agricultural Production, Research and Advisory Services | <ul style="list-style-type: none"> To increase agricultural productivity by promoting the use of modern technologies and best practices in crop and livestock production and agribusiness management To establish model commercial farms as demonstration plots for hands-on learning on farming technologies and agricultural research. | <ul style="list-style-type: none"> Improved access to agricultural crop and livestock production inputs Improved livestock breeds Improved aquaculture productivity | <ul style="list-style-type: none"> Enhance access to affordable and quality inputs including bulking certified planting materials Improve livestock breeds breeding and production units Aquaculture development and transfer of technology and innovations Enhanced food safety Promote Climate Smart Agriculture (CSA) Promote fodder production, storage and conservation technologies | <p>Cassava, Sweet Potato, Napier Grass</p> <p>Jersey, Ayrshire, Freshian</p> <p>Liner Pond, Raised Pond</p> <p>Safe & Effective use of pesticides</p> <p>Conservation Agriculture</p> <p>Silage</p> |

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| | | | | |
|---|--|--|---|--|
| 3. Agricultural Mechanization Services | <ul style="list-style-type: none"> To enhance the efficiency and productivity of farming operations through increased adoption and utilization of appropriate farm machinery and equipment Sustainable use of natural resource | <ul style="list-style-type: none"> Increased sustainable land and environmental management practices Increased agricultural productivity and production. | <ul style="list-style-type: none"> Promote climate smart mechanized technologies Promote soil and water management and conservation | Ripping, Chisel Plough Cover crops, Agroforestry nursery |
| 4. Conferencing, Hospitality and Catering | <ul style="list-style-type: none"> To Provide modern hospitality facilities and services To provide modern conferencing facilities and services | <ul style="list-style-type: none"> Improved customer satisfaction Increased revenue | <ul style="list-style-type: none"> Develop a comprehensive hospitality and catering plan Create linkage with other hospitality service providers Digitization of conferencing services | Improved customer service. Conducive learning environment. |
| 5. Leadership and Governance | <ul style="list-style-type: none"> To enhance leadership and integrity | <ul style="list-style-type: none"> Improved governance Enhanced Accountability Improved partnerships Increased stakeholder trust and confidence Efficient and effective service delivery 100% corruption prevented | <ul style="list-style-type: none"> Signing of MOUs Corruption prevention | 2024/2025 FY Performance Contract Casual labour payment through bank, Payment for services via Pay bill |

8. Corporate Governance Statement

Appointment and Removal of Board Members.

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

Responsibilities of the Board.

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

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

Capacity Building for the Board.

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

Governance Principles and Guidelines

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

Composition of the Board

The current Board headed by the Chairman is composed of four members appointed by the governor and vetted by county assembly of Meru. Other board member are COF and COAL&F plus Centre Director. The constitution of the Board takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the Centre. The principal role of the Chairperson is to provide leadership to the Board as

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well as ensure that the Board is supplied with timely and sufficient information to enable it to discharge its duties effectively. The Centre Director is responsible for the day to day management of the Centre.

Board of Directors' Remuneration

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

Board Meetings

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

Internal Controls

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

9. Management Discussion and Analysis

Board of Directors' Remuneration

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

Board Meetings

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

Other Key Milestones during the Financial Year

- a) The centre adopted mobile banking to minimize cash handling risks.
- b) The centre received its budgetary allocation through phased disbursements.
- c) Fencing of the Kaguru ATC Farm.
- d) Fencing of the AMS farm.
- e) Rehabilitation of the ATC Water supply intake.
- f) Development of the Kaguru ATC strategic plan 2023-2027.
- g) Developed the Kaguru ATC Business plan.
- h) Kaguru ATC Performance Management Policies.

Challenges

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

1. The Centre struggles to fully leverage its existing partnerships with the private and public sectors due to a weak public-private partnership framework. This has affected the institutions ability to access resources and connect with farmers and other stakeholders
2. Kaguru ATC has limited system for incubating and commercializing agricultural enterprises, which is further complicated by inadequate funding and limited access to market information and dissemination.
3. Kaguru ATC faces significant challenges related to scaling up their existing agricultural products and services, including lack of investment for value proposition (showcasing and validation to consumers), inadequate budgetary allocation for institutional operations and implementing strategic targets, and inadequate personnel.
4. Despite producing high-quality agricultural products, Kaguru ATC struggles to sell their produce due to a lack of a produce one-stop outlet. Additionally, the Centre faces underutilization of the available resources in terms of marketing.
5. Lack of critical components necessary for effective agribusiness, including an agribusiness unit, specialist for entrepreneurship training, and well-equipped agro-processing unit. The

Kaguru Agricultural Training Centre
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underdeveloped basic infrastructure hampers their ability to engage in revenue-generating activities effectively.

6. Kaguru ATC lacks proper equipment/facility for value addition training and the AMS unit suffers from aging machinery that frequently breaks down. It is worth noting that the high demand for mechanization services also outweighs the number of tractors available.

7. Kaguru ATC lacks digital presence on social media platforms such as Facebook and Twitter, resulting in low visibility among potential customers and strategic partners.

Way forward/Recommendations

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

10. Environmental and Sustainability Reporting

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

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

An employee welfare act is a general and mainly refers to laws and regulations, like the Employment Act (Cap. 236A) in Kenya or the Labor Protection Act in Thailand, that mandate employers to provide for their employees' welfare beyond just wages, covering aspects like health, safety, working conditions, sick leave, and access to resources like clean water. These privileges are highly crucial to worker for utmost production. The board will always ensure that employees affairs are well catered for at all time.

i) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition-open tendering and respect for competitors or outline how the Centre ensures improved service delivery practices (e.g. Service charter information, Service automation-self-service, Anti-corruption-reporting, brand protection mechanism, cashless payment, public sensitization/outreach, etc.)

b) Responsible Supply chain and supplier relations

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts, respecting payment practices and allowing competitive procurement of services.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

Outline efforts to maintain ethical marketing practices (e.g. avoiding false or exaggerated promises, avoiding anti-social advertisement, giving adequate information, respecting consumers) Or discuss how the Centre's efforts in ensuring its outreach and sensitization practices are ethical and responsible (regular media, website briefs, holding consultative forums, avoiding false or exaggerated promises, giving adequate information, respecting diversity)

d) Product stewardship or Awareness creation

Outline efforts to safeguard consumer rights and interests issues include protection of health and safety, providing adequate product information, dispute resolution and redress, consumer data and privacy protection) or how the Centre safeguards citizens' rights and interests (Providing adequate service information e.g. NHIF, NSSF, application of licenses, ID, Passport, logbook, connection to power, water, right to representation when arrested/ bail, right to peaceful demonstration, dispute resolution and redress, whistle blowers rights, citizen data and privacy protection)

ii) Corporate Social Responsibility / Community Engagements

(The report discusses the details of Corporate Social Responsibility (CSR) activities carried out in the reporting period and the impact to the society.) The activities should be limited to the co-mandate of the Centre. For example, Kenya Forest Services could report social investments arising from partnering with communities to propagate seedlings and then they buy back, agroforestry where the community is allowed to farm and take care of seedlings or an initiative supporting a community to use energy savings Jikos. Provide evidence of community engagement including charitable giving (cash and material), Corporate Social Investment (e.g. schools, dams, roads, boreholes, health facilities etc.) and other forms of community engagements (e.g. tree planting, free clinics, scholarships and bursaries awarded etc.). Or evidence of public participation, sensitization and civic education (e.g. in Law and by-laws formulation, budget making processes, community consultation on proposed development projects in their areas)

**Kaguru Agricultural Training Centre
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11. Report of the Directors

The Board submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the centre affairs.

i) Principal activities

The principal activities of the Centre are;

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

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ii) Results

The results of the Centre for the year ended June 30, 2025, are set out on page 1.

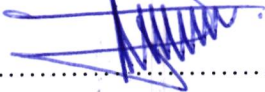
iii) Directors

The members of the Board of Directors who served during the year are shown on page xiv. During the year 2024/2025, no director retired or resigned.

iv) Auditors

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

By Order of the Board.



.....
Secretary of the Board

12. Statement of Directors Responsibilities

Section 164 of the Public Finance Management Act, 2012 and section 22 (1) of the Kaguru ATC Act, 2019 require the Directors to prepare financial statements in respect of the Centre, which give a true and fair view of the state of affairs of the Centre at the end of the financial year/period and the operating results of the Centre for that year/period. The Directors are also required to ensure that the Centre keeps proper accounting records which disclose with reasonable accuracy the financial position of the Centre. The Directors are also responsible for safeguarding the assets of the Centre.

The Directors are responsible for the preparation and presentation of the Centre's financial statements, which give a true and fair view of the state of affairs of the Centre for and as at the end of the financial year ended on June 30, 2025.

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 Centre;
- (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 Centre;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Centre'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 Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kaguru Agricultural Training Centre act 2019. The Directors are of the opinion that the Kaguru Agricultural Training Centre financial statements give a true and fair view of the state of Centre's transactions during the financial year ended June 30, 2025, and of the Centre's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Centre, which have been relied upon in


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the preparation of the Centre's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Centre's ability to continue as a going concern. Nothing has come to the attention of the Directors to indicate that the Centre will not remain a going concern for at least the next twelve months from the date of this statement.


Approval of the financial statements

The Board's financial statements were approved by the Board on 08/08/2025 and signed on its behalf by:

.....


Prof. Kaburu M'ribu.

Chairman of the Board

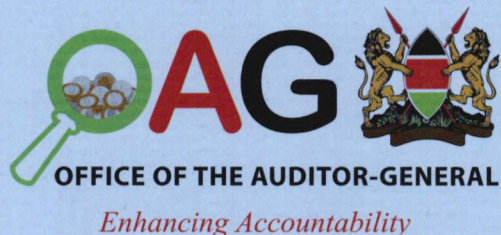
.....


Dr. Miriti Justine Majau.

Centre Director

REPUBLIC OF KENYA

Phone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KAGURU AGRICULTURAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kaguru Agricultural Training Centre, set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kaguru Agricultural Training Centre as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Basic Education Act, 2013 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Revenue from Exchange Transactions.

The statement of financial performance reflects revenue from exchange transactions amount of Kshs.15,028,896. However, invoices, receipts books utilized in revenue collection, revenue control sheets, banking slips and cashbook were not provided for audit review. In addition, sources of the revenue and how it is collected were not disclosed. Further, regulations and policies governing revenue collection were also not provided for audit.

In the circumstances, the accuracy and completeness of and accuracy revenue from exchange transactions amount of Kshs.15,028,896 could not be confirmed.

2. Incomplete and Undisclosed Assets

As previously reported, the statement of financial position and as disclosed in Note 23 to the financial statements reflects a balance of Kshs.29,957,139 in respect to property, plant and equipment. However, no valuation report was provided to support the stated value of the assets. In addition, physical inspection conducted at the Centre revealed that it owns undisclosed sixty (64) acres of land, twenty-five (25) occupied three-, two- and one-bedroom rental residential houses in the entity's compound constructed by the National Government, motor vehicles, furniture and computers. Further the entity owns biological assets including cows, pigs, goats, rabbits and chicken whose values was not disclosed in the financial statements.

In the circumstances the value of property, plant and equipment balance of Kshs.29,957,139 as reflected in the financial statements could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of matters described in the Basis for Qualified Opinion section, I have determined that there were no key audit matters to report in the year under review.

Other Matter

Unresolved Other Matters

In the audit report of the previous year, several issues were raised under the Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not provided an explanation of how the issues were addressed. Most of the issues have been reiterated as substantial paragraphs since they are recurring.

The following issue raised on Failure to Provide Board Documents whereby Management did not provide appointment letters for the Board Members, work plans, evaluation of Board performance for audit review. In addition, Management of the Centre did not keep personal files for the Board Members remained unresolved.

Other Information

Management is responsible for the other information set out on page iii to xxiii which comprise of the Key Centre Information and Management, The Board of Director's, Key Management Team, Chairman's Statement, Report of the Centre Director, Statement of Performance Against the Training Centre Predetermined Objectives, Corporate Governance Statement, Management And Discussion and Analysis, Report of the Directors, and the Statement of the Centre's Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Centre's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Expired Board Members Contract Terms

During the year under review, the Board committees of Training Centre were not operationalized. The Training Centre had Seven (7) Board Members with Four (4) Members appointed by the Governor through a gazette notice dated 06 August, 2021 appointing the Members for a three (3) year contract whose term ended on 05 August, 2024.

In the circumstances, without functioning Board Committees, the Centre risks inadequate oversight of critical areas such as finance, risk management, and compliance. This can lead to uninformed decision-making and weakened governance.

2. Lack of Risk Management Policy Framework

During the year under review, the Training Centre presented for audit a draft risk management policy framework contrary to the requirements of Treasury Circular No.3/2009 of 23 February, 2009 which requires all heads of public institutions to develop and implement a risk management frame work as a fundamental step towards establishing an accountable and innovative public service. In addition, there was no effective reporting system that includes hotlines, report centers and whistle blower policy. In the circumstances, the Effectiveness of Internal Controls and Risk Management could not be confirmed.

3. Weak Information Communication Technology (ICT) Controls

Assessment of the IT environment across the Training Centre revealed multiple weaknesses indicating inadequate ICT governance, data protection, and systems control. The following shortcomings were observed:

- i. Lack of an approved ICT Policy: There was no formally approved ICT policy to guide the development, deployment, use, and management of ICT resources within the entity.
- ii. Staff use personal email addresses for official communication, which undermines data security and organizational accountability.
- iii. The entity lacks a documented data protection policy to ensure that the collection, handling, storage, and sharing of data comply with legal and regulatory data protection requirements.
- iv. There is no centralized and updated ICT asset register to track, manage, or safeguard ICT infrastructure and equipment.
- v. There is no formalized data backup process, exposing the entity to the risk of data loss in the event of system failure, cyberattack, or accidental deletion.
- vi. No disaster recovery plan, in the absence of a disaster recovery plan, the entity lacks the capacity to restore operations promptly following system disruptions or disasters.

In the circumstances, the efficiency in the use of IT within the Training Centre cannot be ascertained.

4. Unrealized Rental Revenue from Residential Houses

Audit review revealed that there exists twenty-five (25) occupied three-, two- and one-bedroom rental residential houses in the Centre's compound serviced by the Agricultural Training Centre by offering water, security services, cleaning and common areas maintenance. However, the Training Centre did not realise any revenue from rental residential houses.

This could be a pointer to revenue leakage or misstatement in the financial statements.

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

Responsibilities of Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

Board of Management is responsible for overseeing the Centre's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.



**FCPA Nancy Gathungu, CBS.
AUDITOR – GENERAL**

Nairobi

16 October, 2025

**Kaguru Agricultural Training Centre
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14. Statement of Financial Performance for the year ended 30th June 2025.

| Description | Note | 2024/2025 | 2023/2024 |
|---|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government entities | 6 | 17,000,000 | 35,811,716 |
| Transfers in Kind | | | |
| Levies, Fines, and penalties | | | |
| Public contributions and donations | | | |
| Licenses, Fees, and Permits | | | |
| Total Revenue from non-exchange transactions | | 17,000,000 | 35,811,716 |
| Rendering of services | 8 | 10,309,913 | 8,755,969 |
| Sale of goods | 9 | 3,675,844 | |
| Rental revenue from facilities and equipment | 10 | 850,890 | |
| Finance income | | | |
| Other income | 11 | 192,249 | |
| Total revenue exchange transactions | | 15,028,896 | 8,755,969 |
| Total revenue | | 32,028,896 | 44,567,685 |
| Expenses | | | |
| Use of goods and services | 12 | 10,759,334 | 11,692,059 |
| Employee costs | 13 | 2,326,867 | 2,312,908 |
| Board Expenses | 14 | 1,648,050 | 1,537,000 |
| Depreciation and amortization expense | 15 | 948,442 | 1,003,258 |
| Repairs and maintenance | 16 | 312,092 | 0 |
| Finance costs | 17 | 24,528 | 19,576 |
| Transfer to CRF | | 0 | 8,548,044 |
| Contracted Services | | | |
| Grants and subsidies | | | |
| Total expenses | | 16,019,313 | 25,112,846 |
| Other gains/(losses) | | | |
| Gain/Loss on sale of assets | | | |
| Gain/Loss on foreign exchange transactions | | | |
| Gain /Loss on fair value of investments | | | |
| Impairment loss | | | |
| Surplus/ (deficit) before tax | | 16,009,582 | 19,454,839 |
| Taxation | | | |
| Surplus/(deficit) for the period/year | | 16,009,582 | 19,454,839 |

**Kaguru Agricultural Training Centre
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| | | | |
|---------------------------------|----|-------------------|-------------------|
| Remission to County Treasury | 22 | 14,552,086 | 0 |
| Net Surplus for the year | | 1,457,7666 | 19,454,839 |

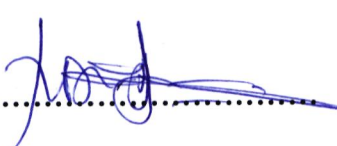
The notes set out on pages 28 to 41 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:



.....

Prof. Kaburu M'Ribu.
Chairman of Board

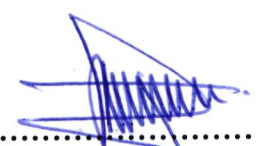
Date 2/10/2025



.....

Mwenda Machoki.
ICPAK N/0: 19584
Accountant.

Date 02/10/2025



.....

Dr. Miriti Justine Majau.
Centre Director.

Date 02/10/2025

**Kaguru Agricultural Training Centre
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15. Statement of Financial Position as at 30th June 2025.

| Description | Note | 2024/2025 Kshs | 2023/2024 Kshs |
|--|-------------|---------------------------|---------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | 18 | 3,403,390 | 154,871 |
| Receivables from Exchange Transactions | 19 | 476,810 | 200,000 |
| Receivables from Non-Exchange Transactions | 20 | 15,879,183 | 0 |
| Inventories | 21 | 429,293 | 769,930 |
| Investments in financial assets | | | |
| Prepayments | | | |
| Total Current Assets | | 20,188,676 | 1,124,801 |
| Non-Current Assets | | | |
| Receivables from Exchange Transactions | | 0 | 15,879,153 |
| Investments in financial assets | | | |
| Property, Plant and Equipment | 23 | 29,957,139 | 30,905,582 |
| Intangible Assets | | | |
| Investment Property | | | |
| Biological Assets | | | |
| Total Non- Current Assets | | 29,957,139 | 46,784,735 |
| Total Assets (A) | | 50,145,815 | 47,909,535 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 24 | 1,749,613 | 970,829 |
| Refundable Deposits from Customers | | | |
| Current Provisions | | | |
| Finance Lease Obligation | | | |
| Deferred Income | | | |
| Employee Benefit Obligation | | | |
| Payments received in advance | | | |
| Short term borrowings (Current portion) | | | |
| Service Concession Arrangements | | | |
| Taxation | | | |
| Total Current Liabilities | | 1,749,613 | 970,829 |
| Non-Current Liabilities | | | |
| Non-Current Provisions | | | |


**Kaguru Agricultural Training Centre
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| | | | |
|---|--|-------------------|-------------------|
| Non-Current Employee Benefit Obligation | | | |
| Long term Borrowings | | | |
| Service Concession Liability | | | |
| Deferred Tax Liabilities | | | |
| Total Non- Current Liabilities | | | |
| Total Liabilities (B) | | | |
| | | | |
| Net Assets (A-B) | | 48,396,202 | 46,938,706 |
| | | | |
| Represented By: | | | |
| Ordinary share capital | | | |
| Revaluation reserve | | | |
| Accumulated Surplus | | 48,396,202 | 46,938,706 |
| Capital fund | | | |
| Net Assets | | 48,396,202 | 46,938,706 |

The financial statements set out on pages 1 to 9 were signed on behalf of the Board of Directors by:


.....
Prof. Kaburu M'Ribu.
Chairman of the Board


.....
Dr. Miriti Justine Majau.
Centre Director.


.....
Mwenda Machoki.
ICPAK M/N0: 19584

16. Statement of Changes in Net Assets for the year ended 30th June 2025

| Description | Ordinary share capital | Revaluation reserve | Fair value adjustment reserve | Accumulated Surplus | Proposed dividends | Capital/ Development Grants/Fund | Total |
|--|------------------------|---------------------|-------------------------------|---------------------|--------------------|----------------------------------|-------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| As at July 1, (Previous FY) | | | | 27,483,867 | | | 27,483,867 |
| Issued new capital | | | | - | - | - | |
| Revaluation gain | | | | | | | |
| Transfer of excess depreciation on revaluation | | | | | | | |
| Deferred tax on excess depreciation | | | | | | | |
| Fair value adjustment on investments | | | | | | | |
| Surplus/ deficit for the year | | | | 19,454,839 | | | 19,454,839 |
| Capital/development grants received during the year | | | | | | | |
| Transfer of depreciation/amortisation from capital fund to retained earnings | | | | | | | |
| Dividends paid | | | | | | | |
| Interim dividends paid | | | | | | | |
| Proposed final dividends | | | | | | | |
| As at June 30, June 2024 | | | | 46,938,706 | | | 46,938,706 |
| As at July 1, 2024 | | | | 46,938,706 | | | 46,938,706 |
| Issue of new share capital | | | | | | | |
| Revaluation gain | | | | | | | |
| Transfer of excess depreciation on revaluation | | | | | | | |
| Deferred tax on excess depreciation | | | | | | | |
| Fair value adjustment on investments | | | | | | | |
| Surplus/ (deficit) for the year | - | - | - | 1,457,496 | - | - | 1,457,496 |
| Capital/development grants received during the year | - | - | - | | | | |
| Transfer of depreciation/amortisation from capital | - | - | - | | | | |
| Dividends paid | - | - | - | | | | |
| Interim dividends paid | - | - | - | | | | |
| Proposed final dividends | - | - | - | | | | |
| As at June 30, 2025 | | | | 48,396,202 | | | 48,396,202 |

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17. Statement of Cash Flows for the year ended 30th June 2025

| Description | Note | 2024/2025 Kshs | 2023/2024 Kshs |
|---|-------------|---------------------------|---------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers (Receipts) from the County Government entities | 7 | 16,999,969 | 19,932,563 |
| Levies, Fines, and penalties | | | |
| Public contributions and donations | | | |
| Licenses and permits | | | |
| Rendering of services | | 9,833,103 | 8,755,969 |
| Sale of goods | | 3,675,844 | |
| Rental revenue from facilities and equipment | | 850,890 | |
| Finance income | | | |
| Other income | | 192,249 | |
| Total receipts | | 31,552,055 | 28,688,532 |
| Payments | | | |
| Use of goods and services | 12 | 9,439,913 | 11,652,906 |
| Employee costs | 13 | 2,326,867 | 2,312,908 |
| Board Expenses | 14 | 1,648,050 | 1,537,000 |
| Repairs and maintenance | 15 | 312,092 | |
| Contracted services | | | |
| Grants and subsidies | | | |
| Other transfers | | | 8,548,044 |
| Finance costs | 16 | 24,528 | 19,576 |
| Tax paid | | | |
| Total payments | | 13,751,450 | 24,070,434 |
| Net cash flows from/(used in) operating activities | | 17,800,605 | 4,410,173 |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of PPE | | | -6,310,074 |
| Purchase of Intangible assets | | | |
| Proceeds from sale of PPE | | | |
| Purchase of investments | | | |
| Sale of investments | | | |
| Net cash flows from/(used in) investing activities | | | -1,891,976 |
| | | | |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | | |

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| Description | Note | 2024/2025 Kshs | 2023/2024 Kshs |
|--|-------------|---------------------------|---------------------------|
| Repayment of borrowings | | | |
| Proceeds from issue of shares | | | |
| Remission to County Treasury | | 14,552,086 | |
| Net cash flows from financing Activities | | | |
| Net increase/(decrease) - cash & Cash equivalents | | 3,248,519 | -1,891,976 |
| Cash & cash equivalents at the year Start | | 154,871 | 2,046,847 |
| Cash and cash equivalents at the year End | 18 | 3,403,390 | 154,871 |

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30th

June 2025

| Description | Original budget | Adjusted | Final budget | Actual | Variance | % of utilization |
|--------------------------------------|-------------------|----------|-------------------|-------------------|--------------------|------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| | a | b | c=(a+b) | d | e=(c-d) | f=d/c*100 |
| Budget Carry overs * | | | | | | |
| Receipts | | | | | | |
| Transfers from the County Government | 17,000,000 | - | 17,000,000 | 16,999,969 | 31 | 99 |
| Transfers in Kind | | | | | | |
| Levies, Fines, and penalties | | | | | | |
| Public contributions and donations | | | | | | |
| Licenses and permits | | | | | | |
| Rendering of services | 10,400,000 | | 10,400,000 | 10,309,913 | 90,087 | 99 |
| Sale of goods | 3,550,000 | | 3,550,000 | 3,675,844 | (125,844) | 104 |
| Rental revenue from facilities | 850,000 | | 850,000 | 850,890 | (890) | 100 |
| Finance income | | | | | | |
| Other income | 200,000 | | 200,000 | 192,249 | 7,751 | 96 |
| Total Receipts | 32,000,000 | | 32,000,000 | 32,028,865 | (28,865) | 100 |
| Payments | | | | | | |
| Use of goods and services | 11,700,000 | | 11,700,000 | 10,759,334 | 940,666 | 92 |
| Employee costs | 2,500,000 | | 2,500,000 | 2,326,867 | 173,133 | 93 |
| Board Expenses | 1,800,000 | | 1,800,000 | 1,648,050 | 151,950 | 92 |
| Repairs and maintenance | 980,000 | | 980,000 | 312,092 | 967,908 | 31 |
| Contracted services | | | | | | |
| Grants and subsidies | | | | | | |
| Finance costs | 20,000 | | 20,000 | 24,528 | -4,528 | 123 |
| Total Payments | 17,000,000 | | 17,000,000 | 14,758,779 | 2,229,129 | 87 |
| Capital Expenditure Payments | | | | | | |
| Surplus for the period | 15,000,000 | | 15,000,000 | 17,270,086 | (2,257,994) | 101 |

9. Notes to the Financial Statements

1. General Information

Kaguru Agricultural Training Centre is established by and derives its authority from 2019 Act. The Centre is wholly owned by the County Government of Meru and is domiciled in Kenya. The Centre's principal activity is Agricultural Training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Centre's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kaguru Agricultural Training Centre, The financial statements have been prepared in accordance with the PFM Act, 2012 and Kaguru Agricultural Training Centre Act 2019. The accounting policies adopted have been consistently applied to all the years presented.

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3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

| IPSAS 43-45 and impact | |
|--|---|
| IPSAS 43: Leases | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Centre.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |
| IPSAS 45: Property Plant and Equipment | <p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application</p> |

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| | |
|--------------------------|--|
| | <p>guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The Centre is currently on the process of conducting valuation of Property Plant and Equipment plus Land and other Biological Assets. This will significantly affect the total Net worth of the Centre.</p> |
| IPSAS 46: Measurement | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47: Revenue | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that a Centre shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The Centre has disclosed a non- exchange transaction amounting to Kshs 15,879,183. Late or non-remittance of these funds from the County treasury negatively affects the Centre performance.</p> |

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| | |
|--|--|
| <p>IPSAS 48: Transfer Expenses</p> | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. The Centre has a transfer of expenses amounting to Kshs 17,697,108 from County Government of Meru meant for Salaries for Permanent and Contract staff. This might show underperformance of the Centre.</p> |
| <p>IPSAS 49: Retirement Benefit Plans</p> | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |
| <p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p> | <p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the Centre's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. |

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| | |
|--|--|
| | |
|--|--|

iii. Early adoption of standards

The Centre did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Centre and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance upon fulfilling the conditions set.

Levies, Fines, and penalties

The Centre recognizes revenues from Levies, Fines, and penalties when the event occurs and the asset recognition criteria are met.

ii) Revenue from exchange transactions

Rendering of services

The Centre 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 Centre.

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.

Dividends

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Dividends or similar distributions must be recognized when the shareholder's or the Centre's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for the FY 2024-2025 was approved by the County Assembly on June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Centre upon receiving the respective approvals in order to conclude the final budget. The Centre's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

e) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Centre operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the

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statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax

Liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right

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exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Centre and the same taxation authority.

Sales tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over 3-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Centre recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is

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recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Centre. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Centre also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Centre will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Centre. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

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h) Biological Assets

The Centre recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Centre, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

The Centre expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Centre 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.

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Centre does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one Centre and a financial liability or equity instrument of another Centre. At initial recognition, the Centre measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset

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or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

i. Financial assets

Classification of financial assets

The Centre classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Centre's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the Centre has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Centre classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Centre manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The Centre assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Centre recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss.

ii. Financial liabilities

Classification

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

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k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Centre.

l) Provisions

Provisions are recognized when the Centre 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 Centre 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.

m) Contingent liabilities

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

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n) Contingent assets

The Centre 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 Centre 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.

o) Nature and purpose of reserves

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

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The Centre provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Centre pays fixed contributions into a separate Centre (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.

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r) Foreign currency transactions

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

s) Borrowing costs

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

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

t) Related parties

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

u) Service concession arrangements

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

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v) 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.

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Centre'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:

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 Centre 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 Centre. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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 Centre.
- 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.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. 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.

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6. Transfers from County Government.

| Description | 2024/25 KShs | 2023/24 KShs |
|---|----------------------|-------------------|
| Unconditional Grants | | |
| Operational Grant | 17,000,000.00 | 35,811,716 |
| Unconditional development grants | | |
| Other Grants | | |
| Total Unconditional Grants | | |
| Conditional Grants amortised/ transferred to revenue | | |
| Housing Development Grant | | |
| Infrastructure Grant | | |
| Library Grant | | |
| Facilities Development Grant | | |
| Other Organizational Grants (specify) | | |
| Total | 17,000,000.00 | 35,811,716 |

a) Transfers from County Departments

| Name of The Centre Sending The Grant | Amount recognized to Statement of Financial performance. * | Amount deferred under deferred income. | Amount recognised in capital fund. | 2024/25 KShs | 2023/24 KShs |
|--------------------------------------|---|--|------------------------------------|-----------------|-------------------|
| AL & F Department | 15,879,183 | 15,879,183 | 15,879,183 | 30 | 15,879,153 |
| Total | 15,879,183 | 15,879,183 | 15,879,183 | 30 | 15,879,153 |

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7. Receipts from County Government.

| Description | 2024/2025 | 2023/2024 |
|--|--------------|--------------|
| | Kshs | Kshs |
| Budgeted Figure. | 17,000,000 | 35,811,716. |
| Transfers as at 30 th June. | (16,999,969) | (19,932,563) |
| Due From County Government. | 31 | 15,879,153. |
| | | - |

8. Rendering of services

a)

| Description | 2024/25 | 2023/24 |
|---|-------------------|------------------|
| | KShs | KShs |
| Agency income | | |
| Tuition Fees | | |
| Training Fees | | |
| Service Fees (Catering) | 9,791,513 | 6,137,640 |
| Quality Assurance | | |
| Others (Accommodation) | 518,400 | 425,200 |
| Total Revenue from the Rendering of services | 10,309,913 | 6,562,840 |

b)

| Description | 2024/25 | 2023/24 |
|-----------------------|------------------|----------|
| | KShs | KShs |
| Catering Service paid | 9,314,702 | - |
| Unpaid (Receivables) | 476,810 | - |
| Total | 9,791,513 | - |

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9. Sale of Goods

a)

| Description | 2024/25 KShs | 2023/24 KShs |
|---|------------------|-----------------|
| Sale of textiles | | |
| Sale of certified seeds | | |
| Sale of livestock | 1,000,000 | |
| Sale of water | | |
| Sale of firewood | | |
| Other (Farm) | 2,675,844 | 1,118,254 |
| | | |
| Total revenue from the sale of goods | 3,675,844 | |

b)

| Description | 2024/25 KShs | 2023/24 KShs |
|----------------------|-----------------|-------------------|
| Farm Service paid | - | 918,254 |
| Unpaid (Receivables) | - | 200,000 |
| Total | - | 1,118,254. |

10. Rental revenue from facilities and equipment

| Description | 2024/25 KShs | 2023/24 KShs |
|---|-----------------|------------------|
| Hire of equipment (Agricultural Mechanization Services) | 479,390 | 350,500 |
| Staff houses | - | - |
| Contingent Rental (P.A/Projector) | 20,000 | 12,700 |
| Others (Hire of Hall) | 351,500 | 657,000 |
| Total Rentals | 850,890 | 1,020,200 |

**Kaguru Agricultural Training Centre
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11. Other Income

| Description | 2024/25 KShs | 2024/25 KShs |
|--------------------------------------|-------------------------|-------------------------|
| Insurance recoveries | | |
| Income from sale of tender | | |
| Services concession income | | |
| Skills development levy | | |
| Income written back | | |
| Bad debts recovered | | |
| Miscellaneous incomes (Field income) | 192,249 | 54,675 |
| Total Other income | 192,249 | 54,675 |

12. Use of Goods and Services

| Description | 2024/25 KShs | 2023/24 KShs |
|----------------------------------|-------------------------|-------------------------|
| Electricity | 582,870 | 704,602 |
| Water | 75,305 | 65,000 |
| Professional Services (Printing) | 204,432 | 208,000 |
| Subscriptions | | |
| Audit Fees | | |
| Conferences and delegations | | |
| Consumables (General) | 915,456 | 1,269,387 |
| Fuel and oil | 100,000 | 800,000 |
| Insurance | | |
| Licenses and permits | | |
| Hire charges (hire of equipment) | 15,000 | 60,000 |
| Security costs | | |
| Inventory scrapping | | |
| Telecommunication | | |
| Training costs | | |

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| Description | 2024/25 | 2023/24 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Travel, accommodation subsistence and other Allowances | 56,850 | 156,850 |
| Bank charges | 23,576 | 19,576 |
| Others (Catering) | 8,785,845 | 7,508,644 |
| Total | 10,759,334 | 10,792,059 |

13. Employee Costs

| Description | 2024/25 | 2023/24 |
|---|------------------|------------------|
| | KShs | KShs |
| Salaries for permanent employees | | |
| Wages to temporary employees | 2,326,867 | 2,312,908 |
| Employer contribution to health insurance schemes | | |
| Employer contribution to pension schemes | | |
| Housing benefits and allowances | | |
| Overtime payments | | |
| Performance and other bonuses | | |
| Social contributions | | |
| Gratuity | | |
| Other employee related costs * | | |
| Total employee costs | 2,326,867 | 2,312,908 |

14. Board Expenses

| Description | 2024/25 | 2023/24 |
|---|------------------|------------------|
| | KShs | KShs |
| Chairman/Directors' Honoraria | 200,000 | 200,000 |
| Sitting Allowances | 124,800 | 123,200 |
| Medical Insurance | | |
| Induction and training | | |
| Travel and accommodation Planning (Policy & Strategic.) | 1,323,250 | 1,213,800 |
| Other Allowances | | |
| Total | 1,648,050 | 1,537,000 |

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15. Depreciation and Amortization Expenses

| Description | 2024/25 KShs | 2023/24 KShs |
|--|-----------------|------------------|
| Property, plant and equipment | 948,442 | 1,003,258 |
| Intangible assets | | |
| Investment property carried at cost | | |
| Total depreciation and amortization | 948,442 | 1,003,258 |

16. Repairs and Maintenance.

| Description | 2024/25 KShs | 2023/24 KShs |
|--------------------------------------|-----------------|-----------------|
| Property and equipment | 250,442 | 900,000 |
| Investment Property | | |
| Equipment and Machinery | | |
| Vehicles | 61,650 | |
| Furniture and Fittings | | |
| Computers and Accessories | | |
| Others (specify) | | |
| Total Repairs and Maintenance | 312,092 | 900,000 |

17. Finance costs

| Description | 2024/2025 Kshs | 2023/2024 Kshs |
|----------------------------------|-------------------|-------------------|
| Kenya Commercial Bank 1293077143 | 2,117 | 7,582.50 |
| Kenya Commercial Bank.1293077216 | 7,822 | 11,993.75 |
| Kenya Commercial Bank1293077178 | 14,589 | - |
| Total | 24,528 | 19,576 |

18. Cash and Cash Balances.

| Description | 2024/25 KShs | 2023/24 KShs |
|-----------------------------------|------------------|-----------------|
| Kenya Commercial Account 12970143 | 3,224 | 30,720 |
| Kenya Commercial Account 12970216 | 3,240,381 | 116,226 |
| Kenya Commercial Account 12970178 | 159,785 | 7,925 |
| Total finance costs | 3,403,390 | 154,871 |

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19. Receivables from exchange transactions

| Description | 2024/25 | 2023/24 |
|-----------------------------|----------------|----------------|
| | KShs | KShs |
| Trade debtors | 476,810 | 200,000 |
| Other exchange debtors | | |
| Less: impairment allowance | | |
| Total receivables | 476,810 | 200,000 |
| Current portion receivables | | |
| Non-current Receivables | | |
| Total receivables | 476,810 | 200,000 |

20. Receivables from Non-Exchange Transactions

| Description | 2024/25 | 2023/24 |
|---|-------------------|---------|
| | KShs | KShs |
| Levies, fines, and penalties | | |
| Licences and permits | | |
| Other debtors (non-exchange transactions) | 15,879,183 | |
| Less: impairment allowance | | |
| Total receivables from non-exchange transactions | 15,879,183 | |

21. Inventories

| Description | 2024/25 | 2024/25 |
|--|----------------|----------------|
| | KShs | KShs |
| Consumable stores | 429,293 | 769,929 |
| Raw materials in stock | | |
| Spare parts and meters | | |
| Other goods held for resale | | |
| Less: allowance for impairment | | |
| Total inventories at the lower of cost and net realizable value | 429,293 | 769,929 |

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22. Remission to County Treasury

| Description | 2024/2025 | 2023/2024 |
|--|-------------------|------------------|
| | Kshs | Kshs |
| Amount remitted to County treasury | 14,552,086 | 8,548,044 |
| Receivables from exchange transactions | 476,011 | 200,000 |
| Total. | 15,028,097 | 8,748,044 |

23. Property, Plant and Equipment

| Cost | Land | Buildings(2.5%) | Motor vehicles | Furniture and fittings(12.5%) | Computers(30%) | Other Assets (specify) | Capital Work in progress | Total |
|-------------------------------------|------|----------------------|----------------|-------------------------------|------------------|------------------------|--------------------------|----------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 1 July 2023 | - | 30,607,910 | - | 2,085,000 | 120,000 | - | - | 32,812,910 |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers/Adjustments | - | - | - | - | - | - | - | - |
| At 30th June 2023 | -- | 30,607,910 | - | 2,085,000 | 120,000 | - | - | 32,812,910 |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | (-) | (-) | (-) | (-) | (-) | - | (-) | (-) |
| Transfer/Adjustments | (-) | (-) | (-) | (-) | (-) | (-) | - | (-) |
| At 30th June 2024 | - | 30,607,910 | - | 2,085,000 | 120,000 | (-) | - | 1003,258.45 |
| | | | | | | xxx | | |
| Depreciation And Impairment | | | | | | | | |
| At 1 July ,2024 | - | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Depreciation | - | 750,011.60 | (-) | 228,046 | 25,200 | (-) | - | 904,071 |
| Disposals | - | - | - | - | - | (-) | - | - |
| Impairment | - | - | - | - | (-) | (-) | - | (-) |
| At 30 Jun 2024 | | 750,011.60 | - | 228,046 | 25,200 | (-) | - | 1,003,258.45 |
| Depreciation | - | 731,261.30 | (-) | 199,541.00 | 17,640.00 | (-) | - | 948,442.30 |
| Disposals | - | - | - | - | - | - | - | - |
| Impairment | - | (-) | - | - | (-) | (-) | - | (-) |
| Transfer/Adjustment | - | (-) | (-) | - | (-) | (-) | (-) | - |
| At 30th Jun 2024 | - | 2,088,719.30 | - | 1,688,212.00 | 78,840.00 | - | - | 3,855,771.30 |
| Net Book Values | | | | | | | | |
| At 30th Jun 2024 | - | 29,250,453.55 | - | 1,596,328.15 | 58,800.00 | - | - | 30,905,581.70 |
| At 30th Jun 2025 | - | 28,519,192.25 | - | 1,396,787.15 | 41,160.00 | - | - | 29,957,139.40 |

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24. Trade and Payables.

| Description | 2024/2025 | 2023/2024 |
|---------------|------------------|----------------|
| | Kshs | Kshs |
| Catering. | 1,749,613 | 970,829 |
| Total. | 1,749,613 | 970,829 |

Valuation

Land and buildings/ Equipment (be specific) are in process of valuation. Valuers from the County government. Have been contacted and the assets are being accessed for valuation the figure below are for are for building done in the last three years of report of which we have values.

19. Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

| Description | Cost | Accumulated Depreciation | NBV |
|---|-------------------|--------------------------|-------------------|
| | Kshs | Kshs | Kshs |
| Land | | | |
| Buildings | 30,607,910 | 2,088,718 | 28,519,192 |
| Plant and machinery | | | |
| Motor vehicles, including motorcycles | | | |
| Computers and related equipment | 120,000 | 78,840 | 41,160 |
| Office equipment, furniture, and fittings | 2,085,000 | 688,213 | 1,396,787 |
| Total | 32,812,910 | 3,855,771 | 29,957,139 |

Property plant and equipment includes the following assets that are fully depreciated:

| Description | Cost or valuation | Normal annual depreciation charge |
|--|-------------------|-----------------------------------|
| Plant and machinery | | |
| Motor vehicles including motorcycles | | |
| Computers and related equipment | 58,800 | 17,640 |
| Office equipment, furniture and fittings | 1,596,328 | 199,541 |
| Total | 1,655,128 | 217,181 |

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25. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

26. Cash Generated from Operations

| Description | 2024/25 KShs | 2023/24 KShs |
|-----------------------|------------------|-----------------|
| Catering Service paid | 9,314,702 | - |
| Unpaid (Receivables) | 476,810 | - |
| Total | 9,791,513 | - |

27. Financial Risk Management

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

i) Credit risk

The Centre has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Centre's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Centre has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Board of Directors sets the Centre's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Centre's Directors, who have built an appropriate liquidity risk management framework for the management of the Centre's short, medium and long-term funding and liquidity management requirements. The Centre manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Centre under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Financial Risk Management

iii) Market risk

The Centre has put in place an internal audit function to assist it in assessing the risk faced by the Centre on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Centre's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Centre's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Centre's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Centre has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Centre manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Centre analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on surplus or deficit of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

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The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Centre's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Centre considers relevant and observable market prices in its valuations where possible.

28. Related Party Disclosures

a) Nature of related party relationships

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

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b) County Government of Meru

c) The county Government of Meru is the principal shareholder of the Centre, holding 100% of the Centre's equity interest. The County Government has provided full guarantees to all long-term lenders of the Centre.

d) Other related parties include:

- i) The Department Agriculture, Livestock & Fisheries.
- ii) County Government of Meru
- iii) Other County Corporations
- iv) Kaguru ATC
- v) Key Management Staff.
- vi) Board of Directors.

e) Transactions with related parties

During the year Permanent and Contractual staff salaries and wages were paid from the County headquarters.

29. Events after the Reporting Period

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

30. Ultimate And Holding Centre

The Centre is a County Public Fund established by the Kaguru Agricultural Training Centre Act 2019 under the Department of Agriculture, Livestock and Fisheries County Government of Meru.

31. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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20. Appendices

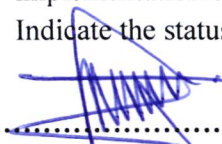
Appendix 1: Implementation Status of Auditor General's Recommendations

The following is the summary of issues raised by the external auditor and management comments that were provided to the auditor.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---------------------|-----------------------------------|--|
| 1 | Unsupported Plant, Property and Equipment Balance. | Ongoing. | Not Resolved | (3 months) As at the end of 2nd quarter 2025/2026 F/Y |
| 2 | Annual Evaluation of the board performance. | Ongoing. | Not Resolved | (3 months) As at the end of 2nd quarter 2025/2026 F/Y |
| 2 | Failure to carry Internal Audit. | Done. | Resolved | December 2024/2025 F/Y |

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 Centre responsible for the implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report.

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Dr. Miriti Justine Majau.
Centre Director.

KAGURU ATC

Date 02/10/2025