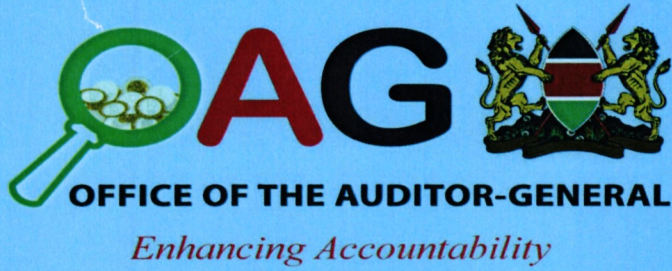


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

BUKURA AGRICULTURAL COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2019**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 05 MAY 2021	Day: Thursday
TABLED BY:	Hon Amos Wainyenge The Leader of the M Party
TABLED BY:	P Muliya



TABLE OF CONTENT	Page
KEY COLLEGE INFORMATION AND MANAGEMENT	iii
BACKGROUND INFORMATION	iv
THE BOARD OF DIRECTORS.....	vi
MANAGEMENT TEAM.....	xii
CHAIRPERSON'S MESSAGE.....	xvi
MESSAGE FROM THE PRINCIPAL/CEO.....	xviii
CORPORATE GOVERNANCE STATEMENT	xx
MANAGEMENT DISCUSSION AND ANALYSIS	xxiii
CORPORATE SOCIAL RESPONSIBILITY STATEMENT	xxviii
REPORT OF THE DIRECTORS.....	xxix
STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	xxx
REPORT OF THE INDEPENDENT AUDITORS ON BUKURA AGRICULTURAL COLLEGE	xxxi
STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2019	1
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019	2
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED.....	3
30 JUNE 2019.....	3
STATEMENT OF CASHFLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
NOTES TO THE FINANCIAL STATEMENTS.....	6
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	21
APPENDIX II: PROJECTS IMPLEMENTED BY THE COLLEGE.....	23
APPENDIX III: INTER-ENTITY TRANSFERS.....	24
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT \	25

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019

KEY COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

Bukura Agricultural College was established as legal entity by the “Bukura Agricultural College Act of 1999”

(b) Principle Activities

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

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the Financial Year ended 30th June 2018 and who had direct fiduciary responsibility were:

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

(e) Independent Auditors

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

(f) Principal Legal Adviser

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

(g) Registered Office

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

(h) College Contacts

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

(i) College Bankers

Co-operative Bank of Kenya
Kakamega Branch
P.O. Box 595-50100
Kakamega

Kenya Commercial Bank
Kakamega Branch
PO BOX 152-50100
Kakamega

National Bank of Kenya
Kakamega Branch
P.O. BOX 1773-50100
Kakamega

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

BACKGROUND INFORMATION

Core Functions

The Bukura Agricultural College Act of Cap, 348 mandates the College to:

Provide directly or in collaboration with other institutions of higher learning facilities for education in Agriculture and other auxiliary subjects through the integration of teaching, research and effective application of extension services;
Participate in the discovery, transmission and preservation of knowledge in agriculture and other related fields;
Conduct examinations for and grant diplomas and such academic awards as provided for in the statutes; and
Co-operate with the government in the planned development of Agricultural Education.

Vision

The Training Institution of choice in practical Agricultural Sciences.

Mission

To Provide Quality Agricultural Education through Training, Research, Innovations and Extension Services for improved agricultural productivity and livelihoods.

Motto

Training and Innovations for Improved Livelihoods.

Core values

In pursuit of the Mission and Vision and to perform its core functions, the College will be guided by the following fundamental values, derived from the Constitution of Kenya 2010, which will define the culture of the College:

Professionalism

The College has a highly skilled technical resource base. These skills will be harnessed for effective service delivery. Performance management, as a service delivery culture, will be integrated in all aspects of the College operations.

Accountability and Transparency

The College will endeavour to be accountable and transparent to its clients and uphold high integrity in the provision of its service.

Efficiency and Responsiveness

The College will endeavour to conduct its functions efficiently to serve its clientele by responding promptly and fairly.

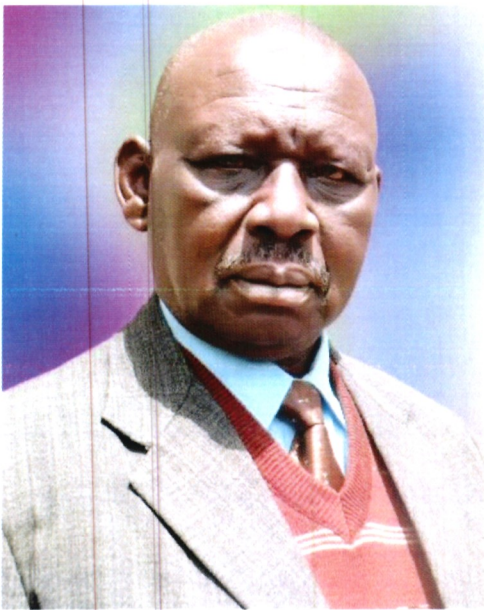
BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

THE BOARD OF DIRECTORS



Mrs Mary Waiswa Waudu is a PhD student at the University of Nairobi and a lecturer at Mt Kenya University. She holds a master's degree in Foods, Nutrition and dietetics from Kenyatta University, a bachelor's degree in Home science and a postgraduate degree in special education from Bombay University, India, Mary is a seasoned teacher with the Teacher Service Commission and a Quality Assurance Officer with Kenya Bureau of Standards (KEBS)

Mrs. Mary Waiswa Chairperson wef 14th December 2018 to date



Mr. Christopher Limo - Independent Director July 2016– to date Mr. Limo is a retired civil servant and farmer in Mosoriot Sub County of Nandi County.

Mr. Christopher Limo - Independent Director July 2016– to date

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

Inclusiveness

The College will strive to embrace diversity in cases of race, gender, religion, colour, disability, tribe etc.

Innovation

The College will encourage and support innovative and creative ideas in order to improve efficiency and effectiveness in agricultural productivity.

Customer Focus

To be an effective agent of agricultural transformation, the College will embrace the culture of customer care. The students, service providers and other stakeholders will be central to the operations of the College.

Team work

We commit to work as a team at all levels.

Environmentally Sensitive

The College will ensure that all the activities undertaken are environmentally sensitive.

Quality Policy

To provide demand driven middle level agricultural training, research and extension services so as to meet and exceed the customer and stakeholder expectations; and
Complying with the requirements and continuously improving the effectiveness of its quality management system.

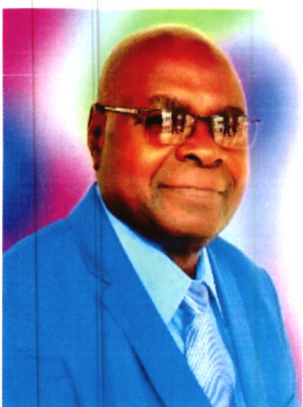
BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019



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

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



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

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



*Mrs. Mary Kanyi, Alternate Director,
Director of Livestock Development - State
Department of Livestock - September 2017
to-date*

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

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019



*Mrs. Cathering Mwenda -
Alternate Director,
Principal Secretary - State
Department of Agriculture -
2018 to date*

Mrs. Cathering Mwenda - Alternate Director, Principal Secretary - State Department of Agriculture - 11th November 2018 to date. Mrs. Mwenda is the Director of Human Resource Management and Development at the State Department of Crops Development. She holds a Master of Education Administration, Bachelor of Education (Arts) and Higher Diploma in Human Resource Management. Mrs Mwenda has attended several Professional & Leadership Courses including Strategic Leadership Development, Training of Trainers Course, Specialized Studies in Advanced Leadership Skills, Leadership Dynamics Programme for senior women Managers, A course on Public Sector Training Development Programme and Leading Change Effectively in Government. She is a member of the following professional Bodies: Member of the Professional Body of HR Practitioners in Kenya. (IHRM (K)), Member of Kenya Association of Public Administration and Management (KAPAM) and Member of Association of African Public Administration and Management (AAPAM).



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

Mr. Elly Onger: Principal Secretary, National Treasury (**Representation**). He holds a Master's Degree in Economics, a Bachelor's Degree in Economics, He is also ISO Quality Management Representative of the National Treasury. He has attended Strategic Leadership Course.

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019



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

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



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

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



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

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

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019



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

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

Mr. Samson Wangusi Alternate
Director, Principal Secretary -
State Department of Public Service
and Youth Affairs - 1st April 2019
todate

Mr. Wangusi the Director of Administration at the State Department of Public Service and Youth. He holds a Master's degree in Business Administration, a Bachelor's of Arts Degree. He has also attended a Strategic Leadership Course and several other skilled based short courses.

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019



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

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



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

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



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

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

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019

MANAGEMENT TEAM



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

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



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

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



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

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

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019



Mrs. Roselyne Ambani
Dean of Students

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



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

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

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019



Mr. Jairus Okacha
HoD: Agriculture and Animal Science

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



Mr. Paul Njogu
HoD: Basic and Applied Sciences

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

BUKURA AGRICULTURAL COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019**



FA, CPA Samuel Okero - Head of Finance and Accounts Department

Mr. Okero is a Certified Public Accountant of Kenya with 14 years of experience in Public Sector. He holds MBA (Finance and Accounting) of Mt. Kenya University. Bachelor of Business Management (Accounting) of Moi University. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) as well as Institute of Certified Investment and Financial Analysis of Kenya (ICIFA). He has attended many skill based courses.



MKISM, Benjamin Kipkemboi Cheptiony
Head of Supplies Chain Management Unit

A career Civil Servant with 36yrs in Supply Chain Management Profession, having started as a Storekeeper in 1982. A Member of Kenya Institute of Supplies Management, Professional Course in Supplies Management final stage, Diploma in Adult Education – Nairobi University and several Management Courses and Seminars in the field of Procurement.

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

CHAIRPERSON'S MESSAGE



Opening Statement

I am pleased to present the College's Annual Report and Financial Statement for the year ended 30th June 2019. This is my first year as Chairperson of Bukura Agricultural College Board of Governors following my appointment on 14th December 2018.

On behalf of the Board of Governors, I hereby report mixed results in the 2018/2019 Financial Year. The year was characterized by increased cash flow occasioned by additional funding by exchequer to the tune of **Ksh 65M** during Supplementary Estimates II and increased internal revenue generation. The increase in internal revenue generation was due to increased students' enrolment and the improvement in performance of the College farm and

milk processing plant

Indeed the College recorded a deficit of **Ksh 24.4M**, an improvement from **Ksh 46.7M** recorded in the previous Financial Year. The deficit was due to below projected funding by the exchequer to address staff CBA related disputes. The College had to use internally generated revenue in the meantime.

Operating Environment

Real Gross Domestic Product (GDP) is estimated to have expanded by 6.3 per cent in 2019 compared to 4.9 per cent in 2018. The growth was attributable to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities. Agricultural activities benefitted from sufficient rains that were well spread throughout the country. Similarly, the increased precipitation was a significant boost to electricity generation and consequently favorable to growth during the review period. The growth realized was anchored on a relatively stable macroeconomic in 2019. Inflation remained low at 4.7 per cent in 2019 compared to 8.0 per cent in 2018 majorly as a result of considerable declines in prices of food after the shortage experienced in 2018.

Performance across the various sectors of the economy varied widely, with Accommodation and Food services; Information and Communication Technology; Education; Wholesale and Retail trade; and Public Administration registering accelerated growths in 2018 compared to 2017. On the other hand, growths in Manufacturing; Agriculture, Forestry and Fishing; and Financial and Insurance decelerated significantly over the same period and therefore dampened the overall growth in 2018.

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019

The College played an important role towards the realization of vision 2030 by providing the necessary manpower to drive the agriculture sector in **2018/2019** Financial Year. A total of **652 graduates** were released into the sector compared to **523** in 2017/2018 Financial Year representing an increase of 24.7%.

College Performance

During the year under review the College recorded a revenue of **Kshs. 308.37M** compared to **Ksh 184.08M** in 2017/18 Financial Year representing an increase of **68.60%**. The increase is attributed to increase Government funding, improvement in farm production due to favourable weather and better fees collection strategies due to increased students enrolment and the implementation of the fees payment policy.

Future Outlook

To expand its revenue base the College acquired essential equipments for the milk processing plant. The plant started operating in 2017/2018 Financial Year and is projected to contribute **Ksh 169M** in net revenue in the next **8 years**. The College Farm is also on a revival path and should contribute significantly to revenue. The commissioning of the Education Complex should contribute to College revenue by providing more teaching facilities.

Tribute

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



Mrs. Mary N. Waudu
CHAIRPERSON

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

MESSAGE FROM THE PRINCIPAL/CEO



Dr. Richard Wekesa: the College
Principal/CEO

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

Our Competitive Environment

On the social scene total enrolment in TVET institutions grew by 32.3 per cent to 363,884 in 2018. Enrolment of male and female students in national polytechnics and technical universities significantly increased by 61.0 per cent and 67.7 per cent in 2018, respectively. During the same period, enrolment in vocational training colleges increased by 25.5 per cent to 284,506, partly due to the on-going initiative to increase enrolment in TVET institutions.

However, there was a general decline in enrolment in agricultural courses. At degree level, there was a decline of 25.0 per cent in enrolment from 24,221 students in 2017 to 18,165 students in 2018. This could be partly attributed to limited number of students attaining requisite grades in cluster subject for the course. Diploma enrolment in agriculture courses at Egerton University declined drastically to 6 students in 2018 from 196 in 2017. Enrolment levels in diploma courses at Animal Health Training Institutes (AHITIs) decreased by 17.5 per cent in Kabete and increased by 22.0 per cent in Ndomba. Overall, enrolment in certificate level courses at the AHITIs increased by 17.8 per cent from 247 in 2017 to 291 in 2018. However, enrolment in certificate level courses at Nyahururu dropped from 74 students in 2017 to 71 students in 2018. Unlike these Institutions, Bukura Agricultural College was able to register 106% growth in enrolment from 1167 in 2017 to 2405 students in 2018.

It is worth noting that beginning July 1, 2018, the Government reduced tuition fee for students joining National Polytechnics and Technical Training Institutes to Ksh 56,420 per annum out of which it send Ksh 30,000 capitation grants to the institutions for every student admitted. In addition, HELB provided loans of upto Ksh 40,000 to the students. Part of the loan was forwarded directly to the training institution to cater for tuition, while the other part was send to the beneficiary student’s bank account for upkeep. However, this only applied to students enrolled in the Ministry of education owned TVET institutions. The new policy will in the long run disadvantage the College in terms of students enrolment and hence revenue generation. There is therefore a need for the College to lobby the Government so that students enrolled in Bukura also benefit.

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

Securing the Future

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

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

Appreciation

On behalf of the College Management I wish to extend my appreciation to the government through the Ministry of Agriculture, Livestock and Fisheries for continued support and insights. I also wish to appreciate material and financial support from our collaborators, partners and other stakeholders during the year. To our Board of Governors, Management team, all staff and students I wish to sincerely thank you for the peace, dedication and commitment to the College exhibited throughout the year.

Lastly, its my desire that we should continue to work together as a team in the new Financial Year and beyond.



Dr. Richard Wekesa, PhD
Principal/CEO

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

CORPORATE GOVERNANCE STATEMENT

The Board of Directors and management of Bukura Agricultural College are committed to maintaining the highest level of corporate governance.

Board Manual

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

Compliance

The Board is committed to the underlying principles of good corporate governance as stipulated in the "Guidelines for Corporate Governance in State Owned Enterprise". The College is also ISO 9001:2015 Certified.

Board Composition

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

During the period under review there were the following changes in the Board:-

- Mrs. Mary Waiswa – Chairperson appointed on 14th December 2018 for 3 year term.
- Mrs. Catherine Mwenda – Alternate Director to PS State Department for Agriculture, appointed in September 2017 to replace Mrs. Catherine Nganga who was transferred from the Ministry.
- Mr. Samson Wangusi – Alternate Director to PS State Department of Public Service and Youth Affairs appointed in March to replace Mr. Katee Mwanzia.
- Dr. Richard Wekesa – Principal/Chief Executive Officer appointed on 17th May 2016 for three year term. His term expired and was renewed for a further three years.
- The following Board members terms expired in financial and not been replaced:-
 - a) Professor Philip Wandahwa - Director, Public Universities –
 - b) Dr. Arnold Mathew Opiyo, PhD - Director for Public Universities
 - c) Mr. Christopher Limo - Independent Director
 - d) Ms. Pacifica Wekesa - Independent Director

In the year 2018/2019 two Board members were trained in various aspects of Board Governance and they were:-

1. Ms. Mary N. Wawire – Chairperson was trained Corporate Governance at the Centre for Corporate during the Month of March 2019
2. Ms. Pacifica Wekesa – Independent Director was trained in Mwongozi code of regulations for State Corporations.

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

In the 2018/19 Financial Year the Board continued to executed its mandate as provided for by the Bukura Agricultural College Act of 1999, State Corporations Act Cap 446, the College Charter and Statutes, 2017 and the MWONGOZO code of Governance for State Corporations, 2015.

Separation of Power and Duties of the Chairman and the Principal

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

Responsibilities of Board Members

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

- (i) Setting the strategic direction of the College, its objectives and values. It ensures that procedures and practices are in place to protect the Colleges assets and reputation. The Board reviews the strategic direction and adopts business plans proposed by Management, reviews processes for the identification and management of business risk and compliance with key regulatory and legal issues. It also provides oversight role of performing against set targets and objectives.
- (ii) The Board retains full and effective control over the College and monitors management's implementation of plans, strategies, ensures ethical behaviour and compliance with relevant laws and regulations, corporate policies and procedures and the Code of Ethics. It strives to act beyond the minimum requirement and benchmark performance against best practices and not only in practice, but be seen to comply.
- (iii) In accordance with the principles of good corporate governance, each Board member undertakes to always act in the best interest of the College and exercise his/her power in the execution of duties in good faith and act with care and prudence.
- (iv) Each Board member subscribes to the College's core values to always act in the interest of society, promotes the effective use of resources, commits to upholding them and ensures their implementation. This takes into account not only possible financial impact of their decisions, but also their consequences for sustainable development, effect on relations with stakeholders and the general interest of the communities in which the College operates.
- (v) The conduct of Board of governors is in tandem with their duties and responsibilities to the College and stakeholders and they always act within limitations imposed by the Board Manual.
- (vi) On quarterly basis, the Board considers Management Accounts Reports, Performance Contract Reports, Internal Auditor's Reports, Farm Reports and Strategic Plan Implementation reports among others.
- (vii) Every year the Board approves Financial Statement, Annual Report and Accounts, Annual Performance Contract Reports and Procurement Plans for the College.

Board Appraisal

At the end of each Financial Year the Board appraises itself and the Principal and submits the report to the Ministry of Agriculture, Livestock and Fisheries. Board self evaluation in 2017/2018 Financial Year was conducted on 28th September 2018 by an officer from the State Corporation

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

Advisory Committee. The results were subsequently release in March 2019 and were forwarded to the Ministry.

Conflict of Interest and Declaration of Interest

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

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

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

Board Committees

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

Board workplan/calendar and meetings

During the 2018/19 Financial Year the Board developed and implemented a workplan. The Board and its Committees held a total of 20 ordinary meetings as provided for by the State Corporations Act Cap 446, Public Finance Management Act 2012 and performance contracting regulations to comply with statutory remittances.

Shared believe

The Board of Directors and management have a shared believe that corporate governance is a continuous process and that good corporate governance must be embedded in our culture to support our values of discipline, high stands and integrity which are fundamental to the long term success and sustainability of our core mandate as an institution of higher learning.

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

During the quarter under review the College engaged in activities related to its core mandate of providing middle level training in agriculture, conducting research and offering agricultural extension services to the neighbouring farming communities. The College successfully hosted the 23rd Graduation on 25th April 2019 that was presided over by the His Excellency Hon. Dr. William Ruto, EGH, Deputy President of the Republic of Kenya during which 485 graduands were awarded with Diplomas and Certificates. During the occasion the Deputy President also commissioned the proposed Education Complex, consisting of laboratories, offices and assembly hall that was constructed by the Government at **Ksh 260M**.

Training Programmes

During the 2018/19 Academic year, the College enrolled 2405 trainees in various courses as shown in Table 4.

Table 4 Annual Enrolment

SNO	COURSE	NUMBER
1	Diploma	1369
2	Certificate	214
3	2JIAJIRI PROGRAMME	167
4	ICT (short course)	569
5	Mushroom production (short course)	86
	Total	2405

Course Units Offered during the Semester

The College, during 2018/19 Academic Year offered a total of 252 Course Units distributed in the Sections as shown in the Table 5.

Table 5 Course Units offered during the Quarter

S.NO	Section	Semester One	Semester Two	Total
1	Agronomy	15	19	34
2	Engineering	20	10	30
3	Animal Science	20	21	41
4	Agricultural Economics	14	22	36
5	Agricultural Education	17	12	29
6	Home Economics	5	03	8
7	ICT	2	1	3
8	Basic Science	20	13	33
9	Horticulture	9	16	25
10	Animal Health	8	5	13
	Total	130	122	252

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019



Figure 1: Commissioning of the Education Complex by the Deputy President of the Republic of Kenya His Excellency Dr. William Ruto on 25th April 2019. The Complex was constructed at a cost of Ksh 260M funds provided by the Government of Kenya



Figure 2: His Excellency Dr. William Ruto, the Deputy President of the Republic of Kenya during the 23rd Graduation Ceremony held on 25th April 2019.

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019

Consultancy

The College in collaborations with Kenya Commercial Bank (KCB) through the 2JIAJIRI programme trained 167 apprentices, skillers and business owners in Horticulture, Dairy and Poultry as shown in Table. This raised Ksh 8.7M to the College. The trainees completed their training in the first week of June 2019.

2JIAJIRI PROGRAMME

SNO	Trade Area	ENROLMENT
1	Horticultural Crops	37
2	Dairy Value Chain Farming	52
3	Poultry Value Chain Farming	78
	TOTAL	167



Figure 3: Commissioning of the 1st Cohort of the KCB Foundation 2Jiajiri programme by Her Excellency Priscilla Oparanya, 1st Lady Kakamega County Government during the review period

The quarter also saw the commencement of the May 2019 intake during which 295 students were admitted in various College programmes.

Fruit tree seedlings (Numbers by type)

S/No	Fruit tree type	No. established	No. surviving	No. died	% survival
1	Oranges	6340	6280	60	99.05%
2	Mangoes	2150	1700	450	79.07%

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE, 2019

3	Avocadoes	510	200	310	39.22%
Totals		9,000	8,180	820	90.89%

As it can be noted large number of our seedlings is oranges with over 70% of the total number, mangoes at 24% and only 6% avocadoes of the established seedling and this number will reduce once compared with the surviving seedlings.



Figure 4: The College Fruit tree nursery with assorted fruit tree seedlings in support of the fulfilment of the Big Four Agenda by the College

Provision of agricultural extension service

In the period under review College targeted to provide extension to 5000 farmers/youth groups. The College provides this service through:-

1. Organized forum – The College was able to organize two for a in collaboration with GIZ and the County Governments of Kakamaga, Bungoma and Siaya. The College was able to bring together 700 youth from the three counties for two day agribusiness forum. The event was organized in the month of July 2018. In March 2019 the College organized an agribusiness in collaboration with the Royal Media Services Mulembe FM, The event was attended about 4000 youths and farmers and over ten exhibitors.
2. Schools/College/Universities visits – the College receives not less 15 schools/College/Universities on Thursday every week. Last year the College recives 8455 visitors under this category.



Figure 5: Secondary schools students during a thursday tour

Financial performance

In the year under review, the College recorded a deficit of Ksh 26.8M as compared to a deficit of Ksh 46.8M reported in the previous year. This deficit is largely attributed to the Ksh 27M for salaries that was expected to be received by the College from the government in the supplementary budget which was disbursed. The College received Kshs 65M instead of the requested Kshs 92M during the 2018/2019FY supplementary estimates II hence the shortfall.

According to the budget estimates for 2018/19 FY the College incurred Ksh 212.4M as employee cost. However only Ksh 154.9M had been received at the close of the year leading to a shortfall of about Ksh 57M which was supplemented by the internally generated revenue.

College's Compliance with Statutory Requirements

The College conducts periodic legal compliance reviews to check on non-compliance. During the period under review, there were no major non-compliance issues. However, there were two cases that had been launched at the Court of Appeal which are likely to cost the College a substantial amount of monies. Further, following the ruling by the Employment and Relations Court that the College pays its staff the salaries for PC2 category the College honored the ruling and the arrears were paid accordingly

Key Projects and Investment Decisions the College Is Planning/Implementing

The College has been undertaking the construction and completion of the Education Complex which is funded by the Government of Kenya and the project was commissioned in the year under review. The furnishing and equipping of the Education Complex will result in more space for training in terms of Lecturer Halls, Laboratories and Offices which will translate to increased student enrollment hence increase in revenue. The College main gate was also constructed at a cost of Ksh 5.45M and this has improved on the security and aesthetic value of the College.

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

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

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30th June 2019 which show the state of the College's affairs.

Principle activities

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

Results

The results of the College for the year ended 30th June 2019 are set out on page 1-20. The members of the Board of Directors who served during the year are shown on page vii-xii In accordance with Section 7(1) of the Bukura Agricultural Act 1999.

Auditors

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

By Order of the Board

Chairman..... 

Date: 22/6/2020

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the Financial Year (period) ended on 30th June 2019. This responsibility includes:

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

The Directors accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Reporting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the Financial Year ended 30th June 2019, and of the College's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

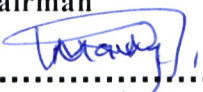
Nothing has come to the attention of the Directors to indicate that the College will not remain a going concern for at least the next twelve months from the date of this statement.

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

Approval of the financial statements

The College's financial statements were approved by the Board on **9th August 2019** and signed on its behalf by:

Chairman

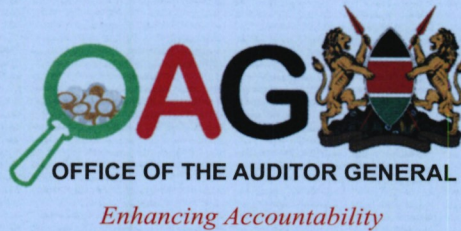

.....


Director


Principal/CEO

REPUBLIC OF KENYA

Telephone: +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 BUKURA AGRICULTURAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bukura Agricultural College set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bukura Agricultural College as at 30 June, 2019, 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 Bukura Agricultural College Act, 1999 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unreconciled Cash and Cash Equivalents Balances

As disclosed under Note 18 to the financial statements, the statement of financial position reflects an amount of Kshs.54,219,536 under cash and cash equivalents as at 30 June, 2019. The balance comprises of five bank accounts, a mpesa account balance and cash on hand. A review of the cashbooks and bank reconciliation statements revealed that three Cashbooks in respect of; fees collection bank account with an overdraft of Kshs.5,781,964, current bank account with a balance of Kshs.51,443,099, and farm bank account with a balance of Kshs.3,988,241 were not properly maintained during the year. The monthly closing balances also differed with opening balances in subsequent months.

Further, the fees collection account overdraft of Kshs.5,781,964 was offset against the total bank balances contrary to the provisions of IPSAS 29 which states that a financial

asset and a financial liability are only offset and the net amount reported when and only when an entity has a legally enforceable right to set off the amounts, and intends to settle on a net basis or simultaneously.

In absence of proper reconciliations and explanations, the validity, completeness and accuracy of the cash and cash equivalents balance of Kshs.54,219,536 as at 30 June, 2019 could not be confirmed.

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

Emphasis of Matter

Material Uncertainty Relating to Going Concern

During the year under review, the College continue to record dismal performance with a deficit of Kshs.24,381,456 compared to a deficit of Kshs.46,839,553 reported in the previous year, resulting to an accumulated deficit of Kshs.138,948,520 (2018: Kshs.114,567,064) as at 30 June, 2019. Further, current liabilities of Kshs.93,371,806 exceeded the current assets balance of Kshs.80,767,995 by a negative working capital of Kshs.12,603,811 as at 30 June, 2019.

Consequently, the continued existence of the College as a going concern is dependent on continued support from the National Government and creditors.

My opinion is not qualified in respect of this matter

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Non-Compliance with the Public Finance Management Regulations, 2015

1.1 Management of Imprests

As disclosed in Note 17 to the financial statements, included in the general expenses figure of Kshs.40,519,279 is accommodation expenses totalling Kshs.6,244,152 which includes temporary imprests totalling to Kshs.1,090,800. However, no evidence of surrender was availed for audit review as the amount was expensed upon issue contrary to Regulation 93 (4)(c) of the Public Finance Management (National Government) Regulations, 2015, which states that before issuing temporary imprests, an applicant of the imprest has to be recorded in the imprest register including the amount applied and Regulation 93(5) which states that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station.

Consequently, the Management is in breach of the law.

1.2 Fiscal Responsibility on Expenditure on Wages and Benefits

The statement of financial performance for the year ended 30 June, 2019 reflects an employee costs figure of Kshs.212,354,512 which is approximately 69% of the total revenue of Kshs.308,367,943 and thus exceeded the recommended ratio of 35% stipulated in Regulations, 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015. Further, the wage bill may not be sustainable unless adequate measures are put in place to contain the rising wage bill.

Consequently, the Management is in breach of the law .

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matter described in the 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 believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Adequate Controls on Information Technology

The Information Technology department has been operating without the Information Technology Strategic Plan, Information Technology Strategic Committee or an active Information Technology Steering Committee

In the absence of the Strategic Plan, Strategic Committee and an active Steering Committee, the College may fail to achieve technological strategic objectives in the use of public resources.

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

12 April, 2021

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019

STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2019

	Note	2019 Kshs	2018 Kshs
Revenue from non-exchange transactions			
Government Grants	3	154,990,877	92,000,000
		154,990,877	92,000,000
Revenue from exchange transactions			
Fees from students	5	90,232,040	67,404,796
Rental revenue from facilities	6	8,087,652	6,249,352
Finance income-interest income	7	-	1,065,478
Other income	8	55,057,374	17,357,247
		153,377,066	92,076,873
Total revenue		308,367,943	184,076,873
Expenses			
Bulk purchases of electricity	9	5,610,724	3,958,952
Employee costs	10	212,354,512	119,121,348
Remuneration of Directors	11	9,205,555	8,817,075
Depreciation and amortization expense	12	21,572,416	20,264,345
Repairs and maintenance	13	11,080,744	7,089,187
Contracted services	14	7,221,906	8,916,214
Agricultural materials	15	10,988,627	13,946,937
Training expenses	16	14,195,636	12,362,939
General expenses	17	40,519,279	36,439,429
Total expenses		332,749,399	230,916,426
Surplus/deficit for the period		(24,381,456)	(46,839,553)

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 Kshs	2018 Kshs
Assets			
Current assets			
Cash and cash equivalents	18	54,219,536	8,201,293
Receivables from exchange transactions	19	21,886,026	21,192,208
Inventories	20	4,662,433	3,847,000
		80,767,995	33,240,501
Non-current assets			
Property, plant and equipment	22	923,900,987	913,111,770
Intangible Assets	25	8,701,980	-
Biological Assets	21	54,477,480	57,196,850
		987,080,447	970,308,620
Total assets		1,067,848,442	1,003,549,121
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	91,849,401	43,535,503
Provision for gratuity	24	1,522,405	6,155,526
Total liabilities		93,371,806	49,605,829
Net assets			
Reserves		758,200,785	758,200,785
Accumulated Deficit		(138,948,520)	(114,567,064)
Capital Fund		355,224,370	310,224,370
Total net assets and liabilities		1,067,848,442	1,003,549,121

The notes set out on pages 6 to 20 form an integral part of the Financial Statements

Chairman of the Board

Head of Finance

Principal/CEO

Name: Ms Mary Waudo

Samuel Okero

Dr. Richard Wekesa, PhD

Sign: 

ICPAK NO. 11674

Sign: 

Date: 26/02/2020

Date: 26/02/2020

BUKURA AGRICULTURAL COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Capital reserves	Revenue Reserves	Capital grants	Accumulated Funds
	Kshs	Kshs	Kshs	Kshs
Balance as at 30 JUNE 2017	568,742,302	(67,727,511)	296,474,370	797,489,161
Deficit for the period	-	(46,839,553)	-	(46,839,553)
Capital Grants	-		13,750,000	13,750,000
Revaluation Gain	189,458,483			189,458,483
Balance as at 30 JUNE 2018	758,200,785	(114,567,064)	310,224,370	953,858,091
Surplus/(Deficit) for the period	-	(24,381,456)	-	(24,381,456)
Capital Grants			45,000,000	45,000,000
Revaluation Gain	-			-
Balance as at 30 JUNE 2019	758,200,785	(138,948,520)	355,224,370	974,476,635

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

STATEMENT OF CASHFLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	2019 Kshs.	2018 Kshs.
Cash flows from operating activities			
Surplus/Deficit for the year		(24,381,456)	(46,839,553)
Adjustments			
Depreciation charges	12	<u>21,572,416</u>	20,264,345
Operating Cash before working capital changes		(2,809,040)	(26,575,208)
Decrease in Provisions	24	(4,633,121)	128,925
Decrease in Inventory	20	(815,433)	1,310,371
Increase in Receivables	19	(693,818)	16,593,570
Increase in Payables	23	<u>48,313,898</u>	<u>14,283,604</u>
Cash generated from operations		39,362,486	5,741,262
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	22	(32,361,633)	(46,706,609)
Purchase of software	25	(8,701,980)	-
Biological Assets	21	2,719,370	16,621,850)
Cash flows from financing activities			
Capital Grants		45,000,000	13,750,000
Cash flows from Changes in Equity			
Net Increase in cash and cash equivalents		46,018,243	(43,837,197)
Movement in Cash and cash Equivalentents			
Cash and cash Equivalentents at the beginning		8,201,293	52,038,490
Net Increase		46,018,243	(43,837,197)
Cash and cash Equivalentents at the end		54,219,536	8,201,293
Presented by:			
Cash and Bank Balances	18	<u>54,219,536</u>	<u>8,201,293</u>
Total		54,219,536	8,201,293

BUKURA AGRICULTURAL COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Capital reserves	Revenue Reserves	Capital grants	Accumulated Funds
	Kshs	Kshs	Kshs	Kshs
Balance as at 30 JUNE 2017	568,742,302	(67,727,511)	296,474,370	797,489,161
Deficit for the period	-	(46,839,553)	-	(46,839,553)
Capital Grants	-		13,750,000	13,750,000
Revaluation Gain	189,458,483			189,458,483
Balance as at 30 JUNE 2018	758,200,785	(114,567,064)	310,224,370	953,858,091
Surplus/(Deficit) for the period	-	(24,381,456)	-	(24,381,456)
Capital Grants			45,000,000	45,000,000
Revaluation Gain	-			-
Balance as at 30 JUNE 2019	758,200,785	(138,948,520)	355,224,370	974,476,635

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

STATEMENT OF CASHFLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Notes	2019 Kshs.	2018 Kshs.
Cash flows from operating activities			
Surplus/Deficit for the year		(24,381,456)	(46,839,553)
Adjustments			
Depreciation charges	12	<u>21,572,416</u>	20,264,345
Operating Cash before working capital changes		(2,809,040)	(26,575,208)
Decrease in Provisions	24	(4,633,121)	128,925
Decrease in Inventory	20	(815,433)	1,310,371
Increase in Receivables	19	(693,818)	16,593,570
Increase in Payables	23	<u>48,313,898</u>	<u>14,283,604</u>
Cash generated from operations		39,362,486	5,741,262
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	22	(32,361,633)	(46,706,609)
Purchase of software	25	(8,701,980)	-
Biological Assets	21	2,719,370	16,621,850)
Cash flows from financing activities			
Capital Grants		45,000,000	13,750,000
Cash flows from Changes in Equity			
Net Increase in cash and cash equivalents		46,018,243	(43,837,197)
Movement in Cash and cash Equivalents			
Cash and cash Equivalents at the beginning		8,201,293	52,038,490
Net Increase		46,018,243	(43,837,197)
Cash and cash Equivalents at the end		54,219,536	8,201,293
Presented by:			
Cash and Bank Balances	18	<u>54,219,536</u>	<u>8,201,293</u>
Total		54,219,536	8,201,293

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original Budget 2018 - 2019 Kshs.	Adjustmen ts 2018-2019 Kshs.	Final budget 2018- 2019 Kshs.	Actual On Comparab le Basis 2018- 2019 Kshs.	perfo man ce Difference 2018- 2019 Kshs.
Revenue					
Government grants	92,000,000	63,000,000	155,000,000	154,990,877	(9,123)
School fees	75,031,890	27,197,834	102,229,724	90,232,040	(11,997,684)
Other Income	78,917,000	(16,616,711)	62,300,289	63,145,026	844,737
TOTAL INCOME	245,948,890	73,581,123	319,530,013	308,367,943	(11,162,070)
					-
Expenses					-
Personel emoluments	185,871,530	15,794,900	201,666,430	212,354,512	(10,688,082)
Operating expenses	82,795,943	3,313,832	86,109,775	75,421,280	10,688,495
Technical Expenses	18,199,773	(4,106,673)	14,093,100	14,195,636	(102,536)
Board Expenses	11,135,000	(2,135,000)	9,000,000	9,205,555	(205,555)
Depreciation	-	-		21,572,416	(21,572,416)
Total Expenditure	298,002,246	12,867,059	310,869,305	332,749,399	(21,880,094)
Surplus for the Period	(52,053,356)	-	8,660,708	(24,381,456)	(33,042,164)

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

NOTES TO THE FINANCIAL STATEMENTS

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

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

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

(a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Grants and donations

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

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

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

Sale of goods

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

Interest income

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

Rental income

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

(b) Budget information – IPSAS 24

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

(c) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes their placement cost of components of an existing investment property at the time that cost is incurred if their recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

0
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

Transfers are made to or from investment property only when there is a change in use.

(d) Property, plant and equipment – IPSAS 17

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

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

The College has adopted the straight line method of depreciation.

(e) Intangible assets–IPSAS 31

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

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

(f) Research and development costs

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

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

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

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

(g) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

i) Financial liabilities

Initial recognition and measurement

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

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

(h) Inventories – IPSAS 12

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

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

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

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

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

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

(i) Provisions – IPSAS 19

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

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

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

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

Contingent liabilities

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

Contingent assets

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

(j) Nature and Purpose of Reserves

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

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

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

(l) Employee Benefits – IPSAS 25

Retirement benefit plans

The College provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the College pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

(m) Foreign currency transactions – IPSAS 4

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

(n) Related parties – IPSAS 20

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

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the Financial Year.

(p) Comparative figures

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

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

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

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next Financial Year, are described below. The College based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

due to market changes or circumstances arising beyond the control of the College. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

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

(r) Biological Assets - IPSAS 27

A biological asset shall be measured on initial recognition and at each reporting date at its fair value less costs to sell, except for the case where the fair value cannot be measured reliably. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Where the College acquires a biological asset through a non-exchange transaction, the biological asset is measured on initial recognition and at each reporting date. Agricultural produce harvested from the College's biological assets shall be measured at its fair value less costs to sell at the point of harvest.

(r) Subsequent events – IPSAS 14

There have been no events subsequent to the Financial Year end with a significant impact on the financial statements for the year ended June 30th, 2019

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

	2019	2018
	Kshs	Kshs
3. Government Grants		
First Quarter	23,000,000	23,000,000
Second Quarter	21,619,999	23,000,000
Third Quarter	22,057,000	23,000,000
Fourth Quarter	88,313,878	23,000,000
Total	154,990,877	92,000,000
5. Students Fees		
School fees	90,232,040	67,404,796
	90,232,040	67,404,796
6. Rental Revenue		
Staff Houses	2,383,652	2,271,192
Students Hostels	5,704,000	3,978,160
	8,087,652	6,249,352
7. Finance income-Interest income		
Interest on fixed deposit	-	1,065,478
	-	1,065,478
8. Other Income		
Farm Income	21,479,172	9,687,485
Consultancy Services	14,567,899	1,266,600
Short courses	10,608,500	1,276,140
Milk processing plant	3,270,198	1,493,405
Student tours	522,405	278,500
Sale of boarded items	536,000	1,649,000
Sundry income	4,073,200	1,706,117
	55,057,374	17,357,247
9. Purchases of Electricity		
Electricity	5,610,724	3,958,952
	5,610,724	3,958,952
10. Employee costs		
Salaries and wages	180,443,171	99,359,447
Contributions to pensions schemes	15,487,138	7,412,862
Basic Wages	10,527,042	8,623,559
Remuneration of part time lecturers	2,976,015	2,570,898
Gratuity	2,921,146	1,154,582
Employee costs	212,354,512	119,121,348

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

11. Remuneration of Directors

Sitting Allowances	2,657,000	2,552,000
Travel Allowance	2,502,216	2,426,575
Accommodation Allowance	3,110,000	2,968,000
Chairman Honorarium	574,339	552,500
Meal Allowance	362,000	318,000
Total	9,205,555	8,817,075

12. Depreciation Expense

Property, plant and equipment	21,572,416	20,264,345
Total	21,572,416	20,264,345

13. Repairs and Maintenance

Buildings	4,613,369	3,943,104
Plant and machinery	1,124,704	891,734
Computers Software & Networks	1,081,614	313,300
Equipment	1,011,098	168,449
Vehicles	3,249,959	1,772,600
Total Repairs and Maintenance	11,080,744	7,089,187

14. Contracted Services

Professional services	2,141,240	3,412,104
Security & Cleaning	4,642,246	5,251,800
Sanitation	438,420	252,310
Total Contracted Services	7,221,906	8,916,214

15. Agricultural Materials

Agricultural inputs, veterinary supplies	10,988,627	13,946,937
Total	10,988,627	13,946,937

16. Training Expenses

Research & development	-	76,828
Graduation expenses	2,037,335	907,300
Education aids and materials	5,087,187	1,424,396
Lab materials, small equipment, education	688,334	1,519,605
Library supplies	-	752,770
Field Attachment allowance	2,653,200	4,478,980
Academic Trips	1,154,240	731,295
Training (tuition and accommodation)	2,575,340	2,471,765
Total training expenses	14,195,636	12,362,939

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

17. General Expenses

Advertising & Trade shows	788,266	1,276,739
Accommodation	6,244,152	4,899,570
Audit fees	464,000	464,000
Courier & postal services	191,788	160,479
Daily subsistence allowance	910,305	905,699
catering services	4,624,505	1,231,602
Fuel and oil	2,941,585	3,967,285
Hire of transport, equipment and other facilities	385,000	822,580
Insurance	8,464,520	9,028,439
Legal dues , arbitration and compensation payments	67,495	79,311
Medical drugs and other non-pharmaceuticals	117,633	315,070
Telephone, telex, mobile phones	36,000	71,500
Networking computers & subscription to internet	2,394,954	2,048,626
Water and sewerage services	44,490	113,125
Sundry expenses	362,820	139,730
Publishing and printing	1,684,970	1,374,570
Travel costs	1,020,001	575,140
General office supplies and accessories to computers	3,497,948	3,184,164
Subscriptions to newspapers	335,240	306,123
Purchase of uniforms	509,925	613,800
Student council allowances	907,615	852,738
Bank commissions	224,587	198,750
Milk processing	4,147,290	3,407,189
Membership fees	154,190	403,200
Total general expenses	40,519,279	36,439,429

18. Cash and cash equivalents

Current Account	51,443,099	7,663,822
Savings Account	1,000,639	116,651
Farm Account	3,988,241	174,970
Milk Processing Account/GIZ Acc	1,932,187	195,902
Fees collection Account	(5,781,964)	(843,024)
Mpesa	1,587,534	492,972
On- Call Account	-	400,000
Cash in Hand	49,800	-
Total cash and cash equivalents	54,219,536	8,201,293

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019

19. Receivables from exchange transactions

Students fees	19,447,661	18,487,090
Unsurrendered imprest	467,365	997,118
Rental income	1,971,000	1,708,000
Total	21,886,026	21,192,208

20. Inventories

General stores	3,755,983	2,858,000
Farm Stores	836,450	956,000
Milk Processing	70,000	33,000
Total	4,662,433	3,847,000

21. Biological Assets

Dairy animals	10,130,500	10,800,000
Other animals	731,500	900,000
Horticulture	542,200	315,000
Maize	-	-
Hay	10,320,000	8,981,850
Sugarcane	17,973,000	24,000,000
Other plantations(trees both exotic and indigenous)	14,780,280	12,200,000
Total	54,477,480	57,196,850

BUKURA AGRICULTURAL COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30 JUNE, 2019**

22. Property, Plant and Equipment

Cost	Land		Buildings		W.I.P		Machinery		Furniture & Equipment		Computers		Motor Vehicles		Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
At 1 July 2018	269,665,000	385,333,500	224,336,667	23,148,340	6,389,875	10,163,095	14,339,638	933,376,115							
Additions	0	5,456,326	21,255,807	1,666,150	1,670,750	2,205,000	107,600	32,361,633							
Disposals	0	0	0	0	0	0	0	0							
At 30 June 2019	269,665,000	390,789,826	245,592,474	24,814,490	8,060,625	12,368,095	14,447,238	965,737,748							
Depreciation and impairment															
At 1 July 2018	0	9,633,338	0	2,893,543	798,734	3,353,821	3,584,910	20,264,346							
Impairment	0	0	0	0	0	0	0	0							
At 30 June 2018	0	9,633,338	0	2,893,543	798,734	3,353,821	3,584,910	20,264,346							
Depreciation	-	9,769,746	-	3,101,811	1,007,578	4,081,471	3,611,810	21,572,416							
Transfer/adjustment	-	-	0	-	-	-	-	-							
At 30 June 2019	0	19,403,084	0	5,995,354	1,806,312	7,435,292	7,196,719	41,836,761							
At 30 June 2019	269,665,000	371,386,742	245,592,474	18,819,136	6,254,313	4,932,803	7,250,519	923,900,987							
At 30 June 2018	269,665,000	375,700,163	224,336,667	20,254,798	5,591,141	6,809,274	10,754,729	913,111,772							

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2019

23. Trade and other payables from exchange transactions

Creditors	70,064,139	19,346,577
Retention fund	15,631,262	19,954,926
Caution money	5,226,000	3,306,000
Audit fees	928,000	928,000
Total	91,849,401	43,535,503

24. Current Provisions

	Gratuity	
Balance at the beginning of the year	2,561,188	
Additions	1,882,363	
Provision Utilized	(2,921,146)	
Balance as at 30 June 2019	1,522,405	

25. Intangible Assets

Purchase of ERP software	8,701,980	-
less Amortization	-	-
Balance as at 30th June 2019	8,701,980	-

Note; The College acquired the ERP software in the month of May 2019, the implementation of the system had not been fully rolled out until august hence the nil amortization

26. FINANCIAL RISK MANAGEMENT

i).Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk on trade receivables is managed by ensuring that students pay fees before sitting for their examinations.

ii).Liquidity risk

Liquidity risk is the risk that the College will encounter difficulties in meeting obligations associated with financial liabilities. The College manages liquidity risk by continuously reviewing forecasts and actual cash-flows.

iii). Market risk

Market risk is the fair value or future cash flows of financial instruments that fluctuate because of changes in market price.

BUKURA AGRICULTURAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2019

iv). **Currency risk**

Currency risk arises on financial instruments denominated in foreign currency. The College does not have any significant currency risk as it does not have trade receivables, trade payables and borrowings denominated in foreign currency.

v). **Other price risk**

Other price risk arises on financial instruments because of changes in price of a financial instrument. The College is not exposed to other price risk as it does not hold financial instruments.

27. Related Party Disclosures

a) Nature of related party relationships

Entities and other parties related to the College 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.

Bukura Agricultural College is related to;

- i) The National Government
- ii) The Ministry of Agriculture, Livestock, Fisheries and Irrigation.
- iii) Key Management
- iv) Board members

During the Financial Year the College paid the member of the Board of Directors remuneration amounting to **Ksh 9,205,555** in various allowances.

28. Commitments and Contingencies

The appeal case between the contractor of the Library Block Okeno & Sons and the College which was before the High Court was concluded and the contractor awarded **Ksh 3.4M**. M/s Okeno & Sons Contractors was paid by the College the total sum of Ksh 3.4M but has since appealed against the decision of the High Court in the Court of Appeal. In the appeal M/s Okeno & Sons Contractors is asking to be paid an extra **Ksh7.3M** being General Damages which was awarded by the Arbitrator but overturned by the Court. The case awaits a hearing date.

- i) A supplier by the name Fridge Stores had also lodged a case in court against the College for alleged **Ksh 1.3M** supplies made from 2004/05 Financial Year. The case was determined in favour of the College but Fridge stores has since appealed the decision at the High Court..
- ii) Mr. Charles Mutua Mutinda lodged a case No. HCCC of 2018 at the Labour and Employment court in Kisumu alleging wrongful dismissal. He is demanding unconditional re-enstatement. The judgement of the case is expected in the course of the 2019/2020 Financial Year.

Although there can be no assurance on the above, the College believes based on the current information available that the ultimate resolution of these legal proceedings would not likely have material effect on the results of its operations and financial position or liquidity.

29. Taxation

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

30. Currency in Use

The financial statements are presented in Kenya shillings (Ksh).

BUKURA AGRICULTURAL COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2019**

**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR
RECOMMENDATIONS**

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

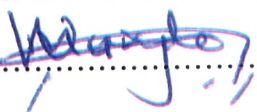
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Lack of separate account for retention fund	The College had sought authority from The National Treasury to open the retention fund account. Account now opened with The National Bank of Kenya	Dr. Richard Wekesa - Principal	Resolved	
2	Non accounted for Biological Assets	Reconciliations on the farm records have been done and the Biological Assets fully accounted for	Mr. Patrick Chogo – Farm Manager	Resolved	
3.1	Outstanding Rental Income	The tenant has been contacted and payment process has been initiated.	James Etemesi- Registrar and Legal Officer	Not Resolved	30 th June 2020
3.2	Outstanding Imprest	The College management undertakes to adhere to the regulations as prescribed.	Mr. Samuel Okero – Finance & Accounts Manager	Resolved	
4	Accumulated deficit	The College has engaged the government for additional funding which was partially granted in the 2018/19 financial year supplementary estimate 2.	Dr. Richard Wekesa - Principal	Resolved	
5	Low budget absorption	Management has devolved the budget to departments for ease of monitoring. In addition	Mr Gilbert Nyongesa – Director Strategy and	Resolved	

BUKURA AGRICULTURAL COLLEGE

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2019**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		the quarterly reports on budget absorption are prepared to ensure that departments adhere to the budget	Corporate Services		
6	Breach of Contractual obligation by the insurance underwriter	A formal complaint made the Insurance Regulatory Authority for recovery of unutilized premiums	James Etemesi-Registrar and Legal Officer	Resolved	
7	Poor maintenance of cashbooks	The department has been capacity built by recruitment of extra staff who will assist in the maintenance of the cashbooks	Mr. Samuel Okero – Finance & Accounts Manager	Resolved	
8	Lack of Internal Auditor	Internal audit Manager has been recruited by the College.	Dr. Richard Wekesa - Principal	Resolved	
9	Separation of development account and recurrent account.	The development account has been separated from the recurrent account by opening a dedicated development account with the National bank while recurrent account is held at the Co-operative bank.	Dr. Richard Wekesa - Principal	Resolved	

Chairman of the Board

Sign: 

Date: 26/02/2020

Principal/CEO

Sign: 

Date: 26/02/2020

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2019

APPENDIX II: PROJECTS IMPLEMENTED BY THE COLLEGE

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/ No).
NONE	N/A	N/A	N/A	N/A	N/A	N/A

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	BUKURA EDUCATIONAL COMPLEX	689.0 M	245.12 M	38	45 M	45M	GOK
2	COLLEGE GATE	5.4 M	5.4 M	100	5.4 M	5.4	AIA

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2019

APPENDIX III: INTER-ENTITY TRANSFERS

BUKURA AGRICULTURAL COLLEGE				
Break down of Transfers from the State Department of Crops				
FY 2018/19				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Relates to</u>
	Jul-18	17/08/2018	7,666,666.60	2018/19
	Aug-18	30/08/2018	7,666,666.60	2018/19
	Sep-18	28/09/2018	7,666,666.60	2018/19
	Oct-18	30/10/2018	7,666,666.60	2018/19
	Nov-18	30/11/2018	7,666,666.60	2018/19
	Dec-18	08/01/2019	6,286,667.60	2018/19
	Jan-19	01/02/2019	6,286,667.00	2018/19
	Feb-19	01/03/2019	7,942,666.00	2018/19
	Mar-19	01/04/2019	7,827,667.50	2018/19
	Apr-19	13/05/2019	7,827,667.50	2018/19
	May-19	06/06/2019	7,827,667.50	2018/19
	Jun-19	27/06/2019	72,658,540.00	2018/19
		TOTAL	154,990,876.10	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Relates to</u>
	Nov-18	08/11/2018	22,500,000	2018/19
	Mar-19	18/03/2019	22,500,000	2018/19
		TOTAL	45,000,000	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Relates to</u>
			NIL	
		Total	NIL	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Relates to</u>
			NIL	
		Total	NIL	

BUKURA AGRICULTURAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2019

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/ Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Agriculture, Livestock, Fisheries and Irrigation	Various	Recurrent	154,990,877	154,990,877		0	0	0	154,990,877
Ministry of Agriculture, Livestock, Fisheries and Irrigation	08/11/2018 & 18/03/2019	Development	45,000,000		45,000,000				45,000,000
Total			199,990,877	154,990,877	45,000,000				199,990,877