

REPUBLIC OF KENYA



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REPORT

OF

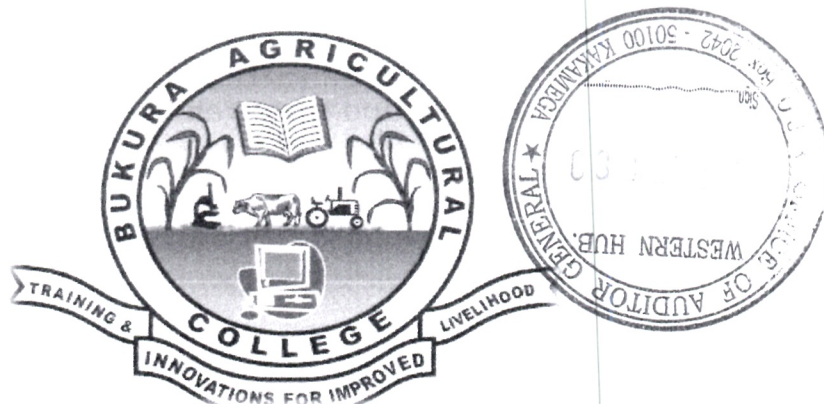
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
BUKURA AGRICULTURAL COLLEGE

FOR THE YEAR  
ENDED 30 JUNE 2016





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# **BUKURA AGRICULTURAL COLLEGE**

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**AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2016**

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

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## I. KEY COLLEGE INFORMATION AND MANAGEMENT

### (a) Background information

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

### (b) Principle Activities

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

### (c) Key Management

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

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

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mr. Justus Simiyu
2.	Deputy Principal	Dr. Beatrice Osumbah
3.	Ag. Finance & Admin Officer	Mr. Samuel Okero
4.	Registrar	Mr. James Etemsi

### (e) Independent Auditors

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

### (f) Principal Legal Adviser

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

### (g) Registered Office

Bukura Agricultural College

### (h) College Contacts

Telephone : (254) 202349256

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

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  
Kakamega 50100

Kenya Commercial Bank  
Kakamega Branch  
PO BOX 152  
Kakamega 50100

### **(j) Independent Auditors**

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

### **(k) Principal Legal Adviser**

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

## **II. THE BOARD OF DIRECTORS**

<b>Name</b>	<b>Designation</b>	<b>Period Served</b>
1. Dr. Noah Wekesa	Chairman	Mar 2015- to date
2. Mrs. Caroline Ngunjiri	Alt. Director Livestock	Sept. 2008 to date
3. Eng. Nicholas Inyende	Director-Agricultural Industry	Sept. 2012 – Sept 2015
4. Mr. Bonventure Achong'a	Alt. PS- Ministry of Agriculture	July 2014 – Jan 2016
5. Mrs. Ruth Mwangi	Alt. Ministry of Agriculture	July. 2013 – Jan 2016
6. Prof. Mary A.O. Onyango	Director-Public universities	Sept. 2012 – Sept 2015
7. Dr. Victoria E. Anjichi	Director-Public universities	Sept 2012- Sept 2015
8. Mr. Elly Ongei	Alt. PS- Ministry of Finance	Sept. 2012 – to date
9. Dr. Foustine Wandera	Alt. Director KARI	2008 - to date
10. Prof. Dr. Philip Wandahwa	Alt. Director - Public University Rep	1-Feb-2016
11. Mrs. Catherin Ng'ang'a	Alt. PS Ministry of Agriculture	11-Nov-2015
12. Dr. Teresa Tumwet, PhD	Alt. Director - Ministry of Agriculture	11-Nov-2015
13. Mrs. Mary Wangari Ndia	Alt. Director - Public Service	1-Feb-2016
14. Dr. Arnold Opiyo, PhD	Public University Rep	26-Feb-2016
15. Mr. Tom Otieno Olango	Alt. Director – EDUC (TVET)	4-Feb-2016
16. Mr. Justus Simiyu	Principal	2008 – June 2016
17. James Etemesi	Member	23-Jun-2015



Dr. Arnold Opiyo, PhD  
Director Public University Rep  
From: 26-Feb-2016



Dr. Noah Wekesa  
Chairman- From: March 2015- to date



Mr. Justus Simiyu - Principal/CEO  
From: 2008 – June 2016



Mrs. Caroline Ngunjiri  
Alternate/ Director State  
Department of Livestock  
From: Sept. 2008 to date



Dr. Foustine Wandera  
Alternate Director KARLO.  
From: Sept 2008 - to date



Mr. Elly Ongei; Alternate/ PS –  
National Treasury From: Sept.  
2012 – to date



Mrs. Mary Wangari Ndia  
Alternate Director Public Service  
From: 1-Feb-2016 to date



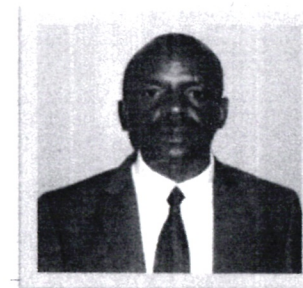
Mrs. Catherin Ng'ang'a -  
Alternate/PS-griculture'  
From: 11-Nov-2015 to date



Mr. Joseph Ngaah  
Director: Kenya National Farmer  
Union. From: March 2016- to date



Prof. Dr. Philip Wandahwa  
Rep- Public University Rep  
From: 1-Feb-2016 to date



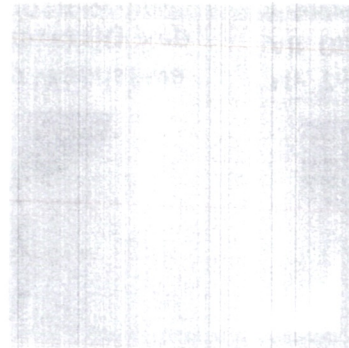
Mr. Tom Otieno Olango  
Alt. Director – Ministry of  
Education 4-Feb-2016 to date



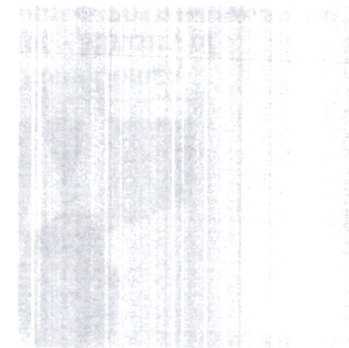
Mr. Richard Wekesa  
Principal/CEO - From  
June 2016 to date



Mr. James Etemesi  
Registrar/Member  
From: 23-Jun-2015  
to date



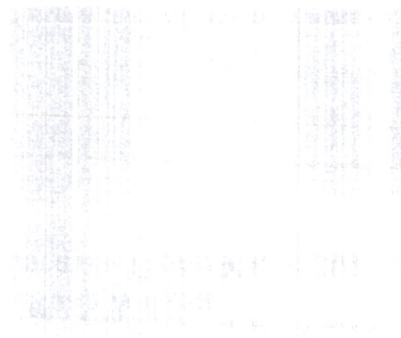
Eng. Nicholas Inyende  
Director Agricultural  
Industry From: Sept. 2012 -



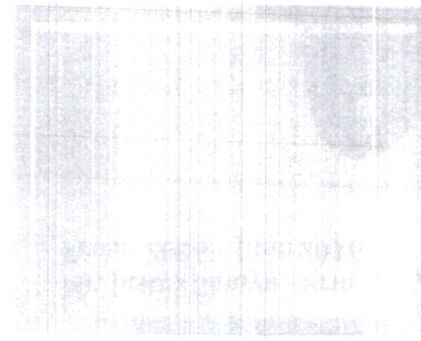
Mr. Bonventure Achong'a  
Alternate/PS -  
Agriculture From: July 2014 -



Prof. Mary A.O. Onyango  
Director  
Public universities  
From: Sept. 2012 -  
Sept 2015



Dr. Victoria E. Anjichi  
Director  
Public universities  
From: Sept 2012 -  
Sept 2015



Mrs. Ruth Mwangi  
Alternate Director  
State Department of Agriculture  
From: July. 2013 - Jan 2016

### III. MANAGEMENT TEAM

Mr. Justus Simiyu  
Dr. Beatrice Osumbah  
Mr. Samuel Okero  
Mr. James Etemesi  
Mr. John Suge  
Mr. Jairus Okacha  
Mrs. Roselyn Ambani  
Mr. Richard Wekesa

Principal/CEO  
Deputy Principal  
Ag. Finance & Administration Officer  
Registrar  
HOD-AERD  
HOD-BAAS  
Dean Of Students  
HOD -AAS



Mr. Justus Simiyu  
Principal/CEO



Dr. Beatrice Osumbah  
Deputy Principal



Mr. Samuel Okero - Finance  
& Administration Officer



Mr. James Etemesi  
Registrar



Mr. John Suge- HOD-  
Agricultural Education &  
Rural Development



Mr. Jairus Okacha  
HOD - Basic & Applied  
Sciences



Mrs. Roselyn Ambani  
Dean Of Students



Mr. Richard Wekesa - HOD -  
Agriculture & Animal Sciences

#### IV. CHAIRMAN'S MESSAGE

##### **Opening Statement**

I am pleased to present the College's Annual Report and Financial Statement for the year ended 30<sup>th</sup> June 2016. This is my second as Chairman of Bukura Agricultural College Board of Governors but my first full trading year report.

On behalf of the Board of Governors, I hereby report mixed results in the 2015/2016 Financial Year. The year was characterized by cash flow problems occasioned by decline in exchequer inflows and decline in internal revenue generation. The decline in internal revenue generation was due to low students' enrolment and the winding up of the NUFFIC funded NICHE project hence low inflows from these sources.

The College recorded a deficit of **Ksh 9.7M** from its operations against a surplus of **Ksh 10.7M** in the previous year.

##### **Operating Environment**

Our operating environment was dynamic and was influenced by macro-economic, social-political and regulatory factors among others. The Gross Domestic Product (GDP) grew by **5.6%** in 2015 compared to **5.3%** in 2014. This expansion was due to significant growth in agriculture among others. Inflation eased from **6.9%** in 2014 to **6.6%** in 2015. The Kenya shilling depreciated due to lower energy and transport costs against major currencies but appreciated against the Euro, South African and Japanese run.

##### **College Performance**

During the year under review the College recorded a revenue of **Ksh 92.2M** compared to **Ksh 125M** in 2014 representing a decline of **26%**. The decline is attributed to reduction in exchequer funding, decline in students' enrolment and ceasation of donor funding as the NIFFIC funded NICHE project was coming to an end.

The College plays an important role towards the realization of vision 20130 by providing the necessary manpower to drive the agriculture sector in 2015/2016FY, the College released **618 graduates** into the sector compared to **586** in 2014/2015FY representing a modest growth of 5.5%.


The College continues to perform exceptionally well in Performance Contract. In 2015/2016 contract year the College achieved most of the targets and maintained a rating of very good.

### **Future Outlook**

To expand its revenue base the College, with support of development partners, has completed the construction of a milk processing plant. The plant should start operating in 2016/2017FY and is projected to contribute **Ksh 169M** in net revenue in the next **8 years**. The College Farm is also on a revival path and should contribute significantly to revenue. The completion of the Education Complex should contribute to College revenue by providing more teaching facilities.

### **Tribute**

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

  
Hon. Dr. Noah M. Wekesa, EGH  
**CHAIRMAN**

## **V. MESSAGE FROM THE PRINCIPAL**

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

### **Our Competitive Environment**

On the social scene the number of public Technical Vocational Education Training (TVET) institution rose by **15.6%** in the year 2015. Most of these TVETs are now offering training in agriculture, implying that the College is faced with challenges of competing for potential trainees. The College has an ambitious plan to have all its existing curricula modularised and aligned to the needs of the agricultural sector. This will ensure that the College gets a steady increase of students.

Our ability to deliver on our vision also strongly depends on complying with the regulatory environment. The College is in the process of complying with the requirements of the Kenya Veterinary Board before it can launch training programmes in Animal Health.

Access to quick and steady source of funds is key in the training industry. To support the College budget, the College managed to secure a donor grant from the Dutch Government aimed at capacity building of the College. The donor Project that ends in November 2016 has been of great assistance to the College through which teaching facilities were improved alongside capacity building of College Staff. Additional donor support from the German Government enabled the College to put up a housing unit for milk processing plant and a GIS laboratory.

### **Securing the Future**

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

We are aware that challenges lie ahead but we remain focussed on achieving our vision of being the training institution of choice in practical agricultural

sciences. We recognise the fact that our customers demand for graduates who are competent and entrepreneurial. In the coming years we will continue to make progress on our strategy implementation and manage the complex set of associated risks. We will re-engineer our training programs and introduce new ones.

### **Appreciation**

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

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



Richard Wekesa  
**Principal/CEO**

## **VI. CORPORATE GOVERNANCE**

### **Board Manual**

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

### **Compliance**

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

### **Board Composition**

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

### **Separation of Power and Duties of the Chairman and the Principal**

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

### **Responsibilities of Board Members**

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

- (i) Setting the strategic direction of the College, its objectives and values. It ensures that procedures and practices are in place to protect the Colleges assets and reputation. The Board reviews the strategic direction and

adopts business plans proposed by Management, reviews processes for the identification and management of business risk and compliance with key regulatory and legal issues. It also provides oversight role of performing against set targets and objectives.

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

### **Board Appraisal**

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

### **Conflict of Interest and Declaration of Interest**

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

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

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

### **Board Committees**

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

## **VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

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

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

## VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2016 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 June 30, 2016 are set out on page 14-36. The members of the Board of Directors who served during the year are shown on page 3 In accordance with Section 7(1) of the Bukura Agricultural Act 1999.

### Auditors

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

By Order of the Board

Chairman.....

Date: **30<sup>th</sup> November 2016**

## **IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The Directors are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year (period) ended on June 30, 2016. 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 June 30, 2016, 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 thwe College and all efforts are being made to ensure that the College becomes fortunetly sustainable in the next twelve months.

### **Approval of the financial statements**

The College's financial statements were approved by the Board on **12th August 2016** and signed on its behalf by:

  
.....  
**Chairman**

  
.....  
**Director**

  
.....  
**Principal/CEO**



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR GENERAL ON BUKURA AGRICULTURAL COLLEGE FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Bukura Agricultural College set out on pages 16 to 38, which comprise the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity, statement of cash flows 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.

#### Management's Responsibility for the Financial Statements

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

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

#### Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Adverse Opinion**

#### **1. Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalent balance of Kshs.4,931,408 as at 30 June 2016. However, analysis of the cash books revealed that four bank accounts cash book opening balances differed with the audited closing figures for the year ended 30 June 2015 as detailed below;

<b>Account Name</b>	<b>Account No.</b>	<b>Audited Balance 30/6/2015  Kshs</b>	<b>Opening Balance 1/7/2015 Cash Book Kshs</b>	<b>Closing Balance 30/6/2016 Kshs</b>
Current Account	1120165111000	4,330,117.27	5,740,127.73	-630,329.02
Co-op.Savings Account	0110016511100 0	35,970.84	28,170.84	781,740.14
Co-op Farm Account	0110016511100 1	87,763.18	45,008.00	163,820.19
Students' Account	1119291623	72,753.95	5,934,611.00	1,385,106.05
<b>Total</b>		<b>4,526,605.24</b>	<b>11,747,917.57</b>	<b>-5,299,662.64</b>

Further, no prior year adjustment was provided for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.4,931,408 could not be ascertained.

#### **2. Sustainability of Services/Going Concerns**

During the year under review, the College recorded a loss of Kshs.9,731,771 (2015: Surplus of Kshs.10,671,028) which increased the accumulated losses to Kshs.36,988,667 (2015: Kshs.27,256,896) as at 30 June 2016. Further, the College operated on unfavourable cash flow and was unable to meet its obligations as and when they fell due. In particular it could not pay trade and other payables from exchange of Kshs.24,763,666 (2015: Kshs.27,491,551).

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

#### **3. Stalled Construction of Education Complex Centre**

The College commenced the construction of an Education Complex Centre at a cost of Kshs.189,118,238 in May 2010 but Kshs.137,496,644 has been spent to date. However,

the project stalled at 73% with pending works costing Kshs.51,621,594 due to underfunding. Consequently, the College has not gotten value for money from the expenditure incurred in the stalled Education Complex Centre.

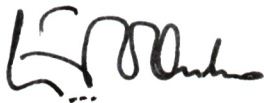
#### **4. Budgetary Control and Performance**

During the year under review, the College's budgeted revenue receipts amounted to Kshs.204,226,865 against an actual collection of Kshs.185,211,232, resulting into a short fall of Kshs.19,015,633. The short fall was attributed to inadequate funding from the National Treasury.

As a result, the College did not achieve its budgeted targets and its service delivery obligations to the public.

#### **Adverse Opinion**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of Bukura Agricultural College as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012.



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

**Nairobi**

**05 January 2017**

## BUKURA AGRICULTURAL COLLEGE

### X. STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>Revenue from non-exchange transactions</b>			
Government Grants	3	92,944,000	92,944,000
Donor Grant	4	272,043	12,380,974
		93,216,043	105,324,974
<b>Revenue from exchange transactions</b>			
Fees from students	5	68,697,500	86,514,200
Rental revenue from facilities	6	7,355,454	6,263,232
Finance income-interest income	7	-	120,793
Other income	8	15,942,355	20,079,262
		<b>91,995,309</b>	<b>112,977,487</b>
<b>Total revenue</b>		<b>185,211,352</b>	<b>218,302,461</b>
<b>Expenses</b>			
Bulk purchases of electricity	9	3,466,157	3,286,862
Employee costs	10	103,679,711	103,632,112
Remuneration of Directors	11	7,637,762	5,176,482
Depreciation and amortization expense	12	18,291,614	20,349,015
Repairs and maintenance	13	6,283,195	2,489,845
Contracted services	14	9,529,653	9,978,529
Agricultural materials	15	3,670,380	5,567,344
Training expenses	16	15,082,456	8,363,984
General expenses	17	27,302,195	48,787,260
<b>Total expenses</b>		<b>194,943,123</b>	<b>207,631,433</b>
<b>Surplus/deficit for the period</b>		<b>(9,731,771)</b>	<b>10,671,028</b>

## BUKURA AGRICULTURAL COLLEGE

### I. XI. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	4,931,408	7,073,893
Receivables from exchange transactions	19	35,334,252	20,741,777
Inventories	20	4,679,258	5,469,897
		<b>44,944,918</b>	<b>33,285,567</b>
<b>Non-current assets</b>			
Property, plant and equipment	21	681,682,504	694,472,714
Biological Assets	22	34,288,380	31,575,400
		<b>715,970,884</b>	<b>726,048,114</b>
<b>Total assets</b>		<b>760,915,802</b>	<b>759,333,681</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	23	24,763,666	27,491,551
Provisions	24	5,808,501	5,084,681
Deferred income	25	-	272,043
<b>Total liabilities</b>		<b>30,572,167</b>	<b>32,848,275</b>
		<b>730,343,635</b>	<b>726,485,406</b>
<b>Net assets</b>			
Reserves		767,332,302	753,742,302
Accumulated surplus		(36,988,667)	(27,256,896)
<b>Total net assets and liabilities</b>		<b>760,915,802</b>	<b>759,333,681</b>

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

Chairman of the Board

Sign:.....  
Date: 30<sup>th</sup> November 2016

Principal/CEO

Sign:.....  
Date: 30<sup>th</sup> November 2016

## BUKURA AGRICULTURAL COLLEGE

### XII. Statement of Changes in net Assets for the year ended 30th June 2016

	Capital reserves	Revenue Reserves	Capital grants	Accumulated Funds
	Kshs	Kshs	Kshs	Kshs
Balance as at 30 JUNE 2014	568,742,302	(37,927,924)	170,000,000	<b>700,814,378</b>
<b>Surplus for the period</b>	-	<b>10,671,028</b>	-	<b>10,671,028</b>
Capital Grants	-		15,000,000	15,000,000
Balance as at 30 JUNE 2015	568,742,302	(27,256,896)	185,000,000	726,485,406
<b>Surplus for the period</b>	-	<b>(9,731,771)</b>	-	<b>(9,731,771)</b>
Capital Grants			13,590,000	<b>13,590,000</b>
Balance as at 30 JUNE 2016	568,742,302	(36,988,667)	198,590,000	<b>730,343,635</b>

<b>XIV. BUKURA AGRICULTURAL COLLEGE STATEMENT OF CASH FLOWS</b>			
	<b>Notes</b>	<b>2015 Kshs.</b>	<b>2014 Kshs.</b>
<b>Cash flows from operating activities</b>			
Surplus/Deficit for the year		(9,731,771)	10,671,028
<b>Adjustments</b>			
Depreciation charges	12	18,291,614	20,349,015
<b>Operating Cash before working capital changes</b>			
		<b>8,559,843</b>	<b>31,020,043</b>
Increase in Provisions	24	723,820	(285,821)
Decrease in Inventory	20	790,639	(3,816,101)
Increase in Receivables	19	(14,592,475)	4,333,417
Decrease in Deferred Income	25	(272,043)	(10,409,473)
Decrease in Payables	23	(2,727,885)	(4,986,603)
<b>Cash generated from operations</b>			
		<b>(7,518,101)</b>	<b>15,855,462</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant and Equipment	21	(5,501,404)	(19,787,320)
Biological Assets	22	(2,712,980)	(18,418,200)
<b>Cash flows from financing activities</b>			
Capital Grants		13,590,000	15,000,000
<b>Cash flows from Changes in Equity</b>			
<b>Net Increase in cash and cash equivalents</b>			
		<b>(2,142,485)</b>	<b>(7,350,058)</b>
<b>Movement in Cash and cash Equivalents</b>			
Cash and cash Equivalents at the beginning		7,073,893	14,423,951
Net Increase		(2,142,485)	(7,350,058)
<b>Cash and cash Equivalents at the end</b>			
		<b>4,931,408</b>	<b>7,073,893</b>
<b>Presented by:</b>			
<b>Cash and Bank</b>			
Balances	18	4,931,408	7,073,893
<b>Total</b>		<b>4,931,408</b>	<b>7,073,893</b>

**BUKURA AGRICULTURAL COLLEGE**

**XV. STATEMENT COMPARISON OF BUDGET AND ACTURAL AMOUNTS**

	<b>Original Budget 2015-2016 Kshs.</b>	<b>Adjustments 2015-2016 Kshs.</b>	<b>Final budget 2015-2016 Kshs.</b>	<b>Actual On Comparable Basis 2015-2016 Kshs.</b>	<b>performance Difference 2015-2016 Kshs.</b>
<b>Revenue</b>					
Government grants	92,944,000	-	92,944,000	92,944,000	-
Donor grant	-	-	-	272,043	(272,043)
School fees	96,000,000	(13,197,250)	82,802,750	68,697,500	14,105,250
Other Income	60,465,960	(31,985,845)	28,480,115	23,297,809	5,182,306
<b>TOTAL INCOME</b>	<b>249,409,960</b>	<b>(45,183,095)</b>	<b>204,226,865</b>	<b>185,211,352</b>	<b>19,015,513</b>
<b>Expenses</b>					
Personel emoluments	112,332,726	1,379,385	113,712,111	103,679,711	10,032,400
Operating expenses	80,241,700	(8,166,130)	72,075,570	50,251,580	21,823,990
Technical Expenses	15,479,150	135,180	15,614,330	15,082,456	531,874
Board Expenses	9,490,000	-	9,490,000	7,637,762	1,852,238
Depreciation	-	-	-	18,291,614	(18,291,614)
<b>Total Expenditure</b>	<b>217,543,576</b>	<b>(6,651,565)</b>	<b>210,892,011</b>	<b>194,943,123</b>	<b>15,948,888</b>
<b>Surplus for the Period</b>	<b>31,866,384</b>	<b>-</b>	<b>(6,665,146)</b>	<b>(9,731,771)</b>	<b>3,066,625</b>

## **XVI. NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

### **2. Summary of significant accounting policies**

#### **(a) Revenue recognition**

##### **i) Revenue from non-exchange transactions – IPSAS 23**

###### **Grants and donations**

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

###### **Transfers from other government entities**

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

## **ii) Revenue from exchange transactions – IPSAS 9**

### ***Rendering of services***

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

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

### ***Sale of goods***

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

### ***Interest income***

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

### ***Rental income***

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

## **(b) Budget information – IPSAS 24**

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

**(c) Investment property - IPSAS 16**

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

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

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

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

**(d) Property, plant and equipment - IPSAS 17**

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

	<b>Rate %</b>
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%

**(e) Intangible assets-IPSAS 31**

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

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

**(f) Research and development costs**

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

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

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

period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

## **(g) Financial instruments – IPSAS 29**

### ***Financial assets***

#### ***Initial recognition and measurement***

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

#### ***Loans and receivables***

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

#### ***Held-to-maturity***

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

### ***i) Financial liabilities***

#### ***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as

appropriate. The College determines the classification of its financial liabilities at initial recognition.

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

#### **(h) Inventories – IPSAS 12**

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

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

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

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

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

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

#### **(i) Provisions – IPSAS 19**

Provisions are recognized when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be

required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

### ***Contingent liabilities***

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

### ***Contingent assets***

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

### **(j) Nature and Purpose of Reserves**

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

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

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

## **(l) Employee Benefits – IPSAS 25**

### **Retirement benefit plans**

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

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

## **(m) Foreign currency transactions – IPSAS 4**

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

## **(n) Related parties – IPSAS 20**

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

**(o) Cash and cash equivalents**

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

**(p) Comparative figures**

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

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

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

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

***Estimates and assumptions***

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

***Useful lives and residual values***

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

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

### **Provisions**

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

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

### **(r) Subsequent events - IPSAS 14**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>3. Government Grants</b>		
First Quarter	23,236,000	23,236,000
Second Quarter	23,236,000	23,236,000
Third Quarter	23,236,000	23,236,000
Fourth Quarter	23,236,000	23,236,000
<b>Total</b>	<b>92,944,000</b>	<b>92,944,000</b>
<b>4. Donor Grant</b>		
Deffered income b/f	272,043	10681517
Received	-	1,971,500
Less: Deferred Income c/f	-	( 272,043)

	<b>272,043</b>	<b>12,380,974</b>
<b>5. Students Fees</b>		
School fees	68,697,500	86,514,200
	<b>68,697,500</b>	<b>86,514,200</b>
<b>6. Rental Revenue</b>		
Staff Houses	2,401,960	1,221,960
Students Hostels	4,953,494	5,041,272
	<b>7,355,454</b>	<b>6,263,232</b>
<b>7. Finance income-Interest income</b>		
Interest on fixed deposit	-	120,793
	-	<b>120,793</b>
<b>8. Other Income</b>		
Farm Income	7,074,605	9,442,731
BAC/MMUST Collaboration	2,418,600	1,987,700
Short courses	3,052,000	1,538,594
Catering income	1,340,435	4,310,948
Student tours	-	388,200
Sale of boarded items	488,355	96,860
Sundry income	1,568,360	2,314,229
	<b>15,942,355</b>	<b>20,079,262</b>
<b>9. Purchases of Electricity</b>		
Electricity	3,466,157	3,286,862
	<b>3,466,157</b>	<b>3,286,862</b>
<b>10. Employee costs</b>		
Salaries and wages	87,784,925	85,947,076
Contributions to pensions schemes	7,035,315	6,945,374
Basic Wages	4,772,502	7,415,081
Remuneration of part time lecturers	2,858,955	2,271,266
Gratuity	1,228,014	1,053,315
<b>Employee costs</b>	<b>103,679,711</b>	<b>103,632,112</b>
<b>11. Remuneration of Directors</b>		
Sitting Allowances	2,025,000	1,605,000
Travel Allowance	2,150,562	1,511,482
Accommodation Allowance	2,709,200	1,720,000

Chairman Honorarium	527,000	120,000
Meal Allowance	226,000	214,000
Airtime Allowance		6,000
<b>Total</b>	<b>7,637,762</b>	<b>5,176,482</b>

### 12. Depreciation Expense

Property ,plant and equipment	18,291,614	20,349,015
<b>Total</b>	<b>18,291,614</b>	<b>20,349,015</b>

### 13. Repairs and Maintenance

Buildings	2,863,651	763,915
Plant and machinery	1,206,514	443,003
Equipment	512,637	263,344
Vehicles	1,700,393	1,019,583
<b>Total Repairs and Maintenance</b>	<b>6,283,195</b>	<b>2,489,845</b>

### 14. Contracted Services

Professional services	2,050,825	4,093,195
Security	3,960,000	3,293,600
Cleaning and sanitation	3,518,828	2,591,734
<b>Total Contracted Services</b>	<b>9,529,653</b>	<b>9,978,529</b>

### 15. Agricultural Materials

Agricultural inputs, veterinary and fungicides supplies	3,670,380	5,567,344
<b>Total</b>	<b>3,670,380</b>	<b>5,567,344</b>

### 16. Training Expenses

Research & development	151,055	0
Graduation expenses	1,381,698	813,852
Education aids and materials	2,030,616	1,640,480
Lab materials, small equipment, education & Library supplies	1,123,138	586,987

Scholarships and other educational benefits	1,429,725	1,678,075
Field Attachment allowance	3,764,780	2,168,710
Field trips allowance	3,066,084	984,070
Training (tuition and accommodation)	2,135,360	491,810
<b>Total training expenses</b>	<b>15,082,456</b>	<b>8,363,984</b>

## 17. General Expenses

The following are included in general expenses:

Advertising	1,057,987	1,019,256
Accommodation	5,296,960	1,916,850
Audit fees	464,000	464,000
Courier & postal services	183,684	89,754
Daily subsistence allowance	893,715	570,770
Food , rations and catering services	3,083,124	4,332,640
Fuel and oil	2,874,648	2,714,855
Hire of transport, equipment and other facilities	40,000	1,117,500
Insurance	1,590,158	8,194,841
Legal dues , arbitration and compensation payments	-	3,447,330
Medical drugs and other non-pharmaceuticals	292,494	218,808
MMUST collaboration	529,100	649,351
Telephone, telex, mobile phones	74,760	250,740
Networking computers & subscription to internet	1,697,450	676,781
Water and sewerage services	48,970	139,246
Sundry expenses	32,128	23,000
Publishing and printing	1,947,698	860,291
Travel costs	813,056	454,470
General office supplies and accessories to computers	2,620,583	2,892,732
Subscriptions to newspapers	271,485	166,030
Purchase of uniforms	309,440	354,090
Student council allowances	695,470	594,250

Bank commissions	129,290	155,361
NICHE Expenses	2,355,995	17,484,314
<b>Total general expenses</b>	<b>27,302,195</b>	<b>48,787,260</b>

#### **18.Cash and cash equivalents**

Farm Account	183,365	87,863
Savings Account	142,744	35,971
Current Account	3,916,322	4,330,117
Donor Account (GIZ)	586	-
Student fees Collection Account	362,233	72,754
Donor Account (NICHE)	272,088	2,541,374
Mpesa	27,880	-
Cash in hand	26,190	5,814
<b>Total cash and cash equivalents</b>	<b>4,931,408</b>	<b>7,073,893</b>

#### **19.Receivables from exchange transactions**

Students fees	29,088,417	17,013,899
Unsurrendered imprest	235,560	138,255
MMUST students	6,010,275	1,987,700
Sundry debtors (water)	-	25,000
Bukura Educational Complex	-	1,576,923
<b>Total</b>	<b>35,334,252</b>	<b>20,741,777</b>

#### **20.Inventories**

General stores	4,679,258	5,469,897
<b>Total</b>	<b>4,679,258</b>	<b>5,469,897</b>

## 21 . Property,Plant and Equipment

	Land	Buildings	W.I.P	Machinery	Furniture& Equipment	Computers	Motor Vehicles	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At1July2014	141,600,000	385,100,000	158,604,683	13,097,075	7,756,279	9,065,999	13,860,725	729,084,761
Additions	-	-	7,799,640	11,130,000	80,000	777,680	0	19,787,320
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>At30 June2015</b>	<b>141,600,000</b>	<b>385,100,000</b>	<b>166,404,323</b>	<b>24,227,075</b>	<b>7,836,279</b>	<b>9,843,679</b>	<b>13,860,725</b>	<b>748,872,081</b>
Additions	-	-	-	2,755,000	206,740	508,500	2,031,163	5,501,403
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
<b>At30 June2016</b>	<b>141,600,000</b>	<b>385,100,000</b>	<b>166,404,323</b>	<b>26,982,075</b>	<b>8,043,019</b>	<b>10,352,179</b>	<b>15,891,888</b>	<b>754,373,484</b>
<b>Depreciation and impairment</b>								
At1July2014	-	-17,505,000	-	-3,009,625	-1,830,895	-6,024,469	-5,680,363	-34,050,352
Depreciation	-	-9,627,500	-	-3,028,384	-979,535	-3,248,414	-3,465,181	-20,349,014
Impairment	-	-	-	-	-	-	-	-
<b>At30 June2015</b>	<b>-</b>	<b>-27,132,500</b>	<b>0</b>	<b>-6,038,009</b>	<b>-2,810,430</b>	<b>-9,272,883</b>	<b>-9,145,544</b>	<b>-54,399,366</b>
Depreciation	-	-9,627,500	-	-3,372,759	-1,005,377	-313,005	-3,972,972	-18,291,614
Transfer/adjustment	-	-	0	-	-	-	-	-
<b>At30 June2016</b>	<b>0</b>	<b>-36,760,000</b>	<b>0</b>	<b>-9,410,768</b>	<b>-3,815,807</b>	<b>-9,585,888</b>	<b>-13,118,516</b>	<b>-72,690,980</b>
<b>Netbookvalues</b>								
At30 June2016	141,600,000	348,340,000	166,404,323	17,571,307	4,227,212	766,291	2,773,372	681,682,504
At30 June2015	141,600,000	357,967,500	166,404,323	18,189,066	5,025,849	570,796	4,715,181	694,472,715

## 22. Biological Assets

	2015-2016 Kshs	2014-2015 Kshs
Dairy animals	7,964,480	7,135,000
Other animals	686,900	820,400
Coffee	600,000	412,500
Horticulture	362,000	430,000
Maize	3,900,000	4,500,000
Hay	4,375,000	3,500,000
Sugarcane	1,500,000	577,500
Other plantations(trees both exotic and indigenous)	14,900,000	14,200,000
<b>Total</b>	<b>34,288,380</b>	<b>31,575,400</b>

## 23. Trade and other payables from exchange transactions

Creditors	11,829,990	14,557,875
Retention fund	12,469,676	12,469,676
Audit fees	464,000	464,000
<b>Total</b>	<b>24,763,666</b>	<b>27,491,551</b>

## 24. Current Provisions

	Cautious Money Kshs	Gratuity Kshs	Performance MMUST/BAC Kshs	
Bal at the beginning of the year	1,464,000	827,521	2,913,411	<b>5,209,258</b>
Additional provision raised	1,292,000	1,228,014	680,927	<b>3,200,941</b>
Provision utilized	(1,172,000)	(896,272)	(529,100)	<b>(2,597,372)</b>
<b>Balance as at 30 June 2016</b>	<b>1,584,000</b>	<b>1,159,263</b>	<b>3,065,238</b>	<b>5,808,501</b>

## 25. Deferred income

	2015-2016 Kshs	2014-2015 Kshs
Deffered income b/f	272,043	10,681,514
Donor grant Received	-	1,971,500

Less: Grant Utilized	(272,043)	(12,380,970)
<b>Total deferred income c/f</b>	<b>-</b>	<b>272,044</b>

## 26. Related Party Disclosures

During the financial year the College paid the member of the Board of Directors remuneration amounting to **Ksh 7,637,762.00** in various allowances.

## 27. Commitments and Contingencies

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

## 28. Taxation

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

#### XIV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Sustainability of Services/Going Concern	Introduced more courses and operationalized milk processing plant to increase revenue and hence sustainability	Richard Wekesa - Principal	Not Resolved	30 <sup>th</sup> June 2020
2	Budget Control and Performance Compliance	The College to review its budget periodically to be able to accurately project the income and expenditures	Richard Wekesa, Principal	Ongoing	30 <sup>th</sup> June 2017

**Chairman of the Board**

Sign.....

**Principal/CEO**

Sign.....

Date: 30<sup>th</sup> November 2016

Date: 30<sup>th</sup> November 2016