

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY

DATE: 26 JUL 2023 DAY: WED

TABLED BY: Hon Kimani Ichunguadi, MP
OF: The leader, majority party
CLERK-AT-THE-TABLE: Miriam Mado

THE AUDITOR-GENERAL

ON

**FRIENDS COLLEGE KAIMOSI (KAIMOSI
COLLEGE OF RESEARCH AND
TECHNOLOGY)**

**FOR THE YEAR ENDED
30 JUNE, 2022**



FRIENDS COLLEGE KAIMOSI

(KAIMOSI COLLEGE OF RESEARCH & TECHNOLOGY)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2022

**FRIENDS COLLEGE KAIMOSI
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

**FRIENDS COLLEGE KAIMOSI
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I. Key Friends College Kaimosi Information and Management

Background information

Friends College Kaimosi is located in Vihiga County, western region of Kenya within Kaimosi Mission Complex along the Kisumu –Kapsabet Road, on a 60 acre piece of land. The College was founded in 1971, when East Africa Yearly Meeting of Friends Church (Quakers), the local community and friends in USA and UK appreciated the value of vocational oriented education with specific emphasis on practical Agriculture, rural leadership, small Business management and entrepreneurship Training, hence the founding of Friends College Kaimosi (FCK). The institution is now focusing its training programmes towards meeting the challenges arising from rapid technological advancement, education policy and labour market changes. As a training institute of technology under the Ministry of Education (MOE), FCK has prioritized institutional capacity building; collaborations and partnerships; good governance and corporate image in line with MOE goals and other Governmental policies.

The College has the following academic and Non academic departments; Building, Automotive, Electrical and electronics, Hospitality, Applied Science, Business, Liberal studies, Food Science & Nutrition, Hair beauty, Civil engineering, Procurement, sports, Guiding and counseling, Research and development, Performance Contracting and Quality assurance.

(a) Principal Activities

Mission

To provide quality technical training and research in science and technology to meet the changing society needs.

Vision

To be a leading institute of skills training in Science and Technology

Core values:

- i. Professionalism:** consistently offer quality training and related services that are market driven
- ii. Teamwork:** Encourage positive team work and positive contribution from its motivated and innovative workforce
- iii. Honesty:** Conduct its business with employees, parents, sponsors, customers and other stakeholders in an honest, fair and caring manner.
- iv. Evidence based decision making:** Observe good corporate governance at all times
- v. Competitiveness:** Practicing fair competition

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- vi. Excellence:** Uphold excellence performance in national examinations and co-curricular activities
- vii. Health and safety:** Embrace internationally accepted health and safety practices in its operations
- viii. Respect for religious affiliation:** Respect the principles and philosophies of the Quaker faith and other religions
- ix. Innovation and creativity:** Promote innovation and creativity in its training programs, service delivery and governance

Objectives:

1. To develop and implement competency based curricular
2. To provide increased training opportunities for trainees that will enable them to be self-reliant
3. To provide technical knowledge, vocational skills and attitudes necessary for national development
4. To provide continuous upgrading of skills and knowledge for the labor market
5. To conduct research in appropriate emerging technologies
6. To integrate ICT training and management systems and provide extension service to the community

(b) Key Management

Friends College Kaimosi is managed by the following key organs:

- Board of Governors
- Principal
- Management Team

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mr. Michael Musuya
2.	Deputy Principal- Administration	Ms. Mabel Wanjala
3.	Deputy Principal -Academics	Mr. Gideon Muguheli
4.	Finance Officer	CPA. Hesborn Ehaji
5.	Procurement Officer	Ms. Jackline Akamala
6.	Registrar	Mrs. Lydia Songole
7.	Dean of Students	Mrs. Gertrude Onyango

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(d) Fiduciary Oversight Arrangements

1. Finance, Infrastructure and Projects BoG committee
2. Human Resource and Training BoG Committee
3. Audit and Risk Management BOG Committee
4. Technical and Vocational Education and Training Authority (TVETA)
5. Kenya Revenue Authority(KRA)
6. Office of the Auditor General(OAG)
7. National Social Security Fund (NSSF)

(e) Friends College Kaimosi Headquarters

Kaimosi Complex Mission
Along Kisumu- Chavakali-Kapsabet Road
Po Box 150-50309
Tiriki, Kenya

(f) Friends College Kaimosi Contacts

Telephone 0735818311

Email: friendscollegেকaimosi@gmail.com, friendscollege@yahoo.com, info@fck.ac.ke

Website: www.fck.ac.ke

(g) Friends College Kaimosi Bankers

KCB BANK KENYA LTD

KAKAMEGA BRANCH

P.O BOX 152-50100

KAKAMEGA

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(h) Independent Auditors

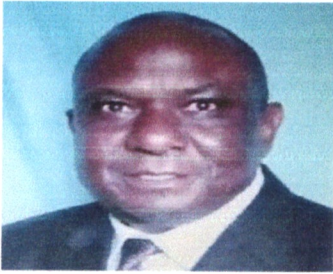

Auditor General
Office of Auditor General
Anniversary Towers
University Way
P.O Box 30084 GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

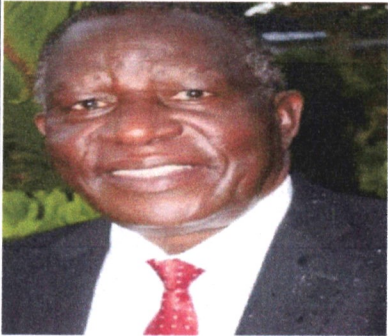

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
CitySquare00200
Nairobi, Kenya

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II. The Board of Governors

Photo, Name and Position	Period of service	Brief Profile
 <p>Prof. Mike Amuhaya Iravo (Chairman)</p>	<p>From Sept 2020</p>	<p>Prof. Mike Amuhaya Iravo was born on 22nd February 1960. Professor Iravo holds a PhD in Human Resource Management. He is currently serving as a Principal at Jomo Kenya University of Agriculture and Technology- Westlands Campus- Nairobi. Prof. Iravo is a member of FMIHR(K), FMPMAK(K) and MERTD (UK). He Joined Friends College Kaimosi Board of Governors in September 2020 and elected as Chairman</p>
 <p>Dr. Peter Kiprop Rutto (Member)</p>	<p>From Sept 2020</p>	<p>Dr. Peter Kiprop Rutto was born on 25th July 1964. Dr. Rutto holds a PhD in Human Resource Management. He is currently the Registrar Administration, Planning and Development at Moi University. Dr. Rutto is a member of the following professional bodies HRM (K), KAPM, KIM, IPM (K). He is a Human Resource expert with an experience of over 30 years. He joined the Board of Governors of Friends College Kaimosi in September 2020. He serves as the Chairman of Human Resource, Education, Training and Innovation Committee and a member of the Finance, Infrastructure and Projects committee.</p>

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 <p style="text-align: center;">Mr. Paul Odhiambo Kokello (Member)</p>	<p style="text-align: center;">From Sept 2020</p>	<p>Mr Paul Odhiambo Kokello was Born on 1st July 1958. Mr Paul Kokello holds a Masters Degree in Education. He is an Educationist having served the Education Sector in Kenya for Over 30years. He Once served as County Education Director among other portfolios.</p> <p>Mr Paul Kokello joined the Friends College Kaimosi BoG in September 2020 and is currently the Chairman of Finance, Infrastructure and Projects committee .</p>
 <p style="text-align: center;">Dr. Mary Teresa Agutu (Member)</p>	<p style="text-align: center;">From Sept 2020</p>	<p>Dr. Mary Teresa Agutu was born on 20th August 1972. Dr Mary Agutu is a holder of PhD. Dr Agutu is also a holder of Masters of Science Degree in Medical Virology. She has experience of over 20 years in the field of Medicine. Dr. Mary is a member of Kenya Veterinary Board. She joined the BoG of Friends College Kaimosi in September 2020. She serves on Audit and Risk committee and Human Resource, Education, Research and Innovation Committee.</p>

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**Eng. Stella Nambuye Sinja
(Member)**

**From Sept
2020**

Eng. Stella Nambuye Sinja was Born on 14th May 1989. She holds a Bachelors Degree of Engineering in Electrical and Electronics. She is Currently working with Heavytec Electrical Company Limited. She is a Member of Engineering Board of Kenya (EBK) with experience of over 6years. She joined the BoG of friends College Kaimosi in September 2020 and Serves on Finance, Infrastructure and Projects Committee.





**Ms Robina Andia Itubako
(Member)**

**From Sept
2020**

Ms Robina Andia Itubako was Born on 22nd April 1981. She holds a Post Graduate Diploma in Law from Kenya School of Law. Ms Andia is an Advocate with Andia & Company Advocates in Kakamega. She is a Member of Law Society of Kenya (LSK) and FIDA. Ms Andia has an experience of over 10 years in legal matters. She joined the BoG of Friends College Kaimosi in September 2020 and serves on the Audit and Risk Committee.

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 <p style="text-align: center;">Mr. Michael Musuya Principal/Secretary BoG</p>	<p style="text-align: center;">From Mar 2021</p>	<p>Mr. Michael Nalianya Musuya was Born in 1963. Mr Musuya is currently pursuing Masters Degree in Industrial Engineering Systems and Management at Egerton University. He Holds a Higher National Diploma in Electrical and Electronics. Mr Musuya has an experience of over 30 years in Technical education having served as A Deputy Principal at Kitale National Polytechnic and a Principal at Kisiwa TTi. Mr. Michael Musuya joined Friends College on 4th March 2021 as Principal. He serves the Board as the Secretary</p>
 <p style="text-align: center;">Mrs. Ruth Mounde Member</p>	<p style="text-align: center;">From July 2021</p>	<p>Mrs. Ruth M. Mounde was appointed to the Board of Friends College Kaimosi in 2021 as an alternate member representing the Principal Secretary State Department for Vocational and Technical Training. She has a Masters Degree in Education from Kenyatta University, a Bachelors Degree in Education from Moi University, a certificate in Strategic Leadership Development Program and Senior Management from the Kenya School of Government . She is a member to the Kenya Counseling and Psychological Association, Kenya Association for Public Administration and Management (KAPAM) and a life member of the Kenya Red Cross Society. Mrs. Ruth M. Mounde has extensive knowledge spanning over 30 years of working experience in various areas in the public sector including, the Teachers Service Commission where she served as a teacher, Deputy Head Teacher and as Principal. She further served in the County Government of Nyamira as an assistant Director of Administration and Accounting Officer for the Department of Education and ICT. She is currently serving at the Ministry of Education head office, State Department for Vocational and Technical Training as a Deputy Director of Technical Education.</p>

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III. Management Team

Photo and Name	Designation and Core Duty
 <p>Mr. Michael Musuya</p>	<p style="text-align: center;">The Principal</p> <ul style="list-style-type: none"> • Accounting Officer • Secretary BOG
 <p>Ms Mabel Wanjala</p>	<p style="text-align: center;">Deputy Principal-Administration</p> <ul style="list-style-type: none"> • Administrative Duties
 <p>Mr. Gideon Mugheli</p>	<p style="text-align: center;">Deputy Principal-Academics</p> <ul style="list-style-type: none"> • Head of Academic matters (Retired in April 2022)

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CPA. Hesborn Ehaji

Finance Officer

- Financial Management & Reporting



**Mrs. Lydia
Songole**

Registrar

- Acted as Deputy Principal- Academics from April 2022
- Admissions and marketing



Mrs. Gertrude Onyango

Dean Of Students

- Students welfare

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Ms. Jackline Akamala

Procurement Officer.

- Advisor in Procurement and supply chain matters

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IV. Chairman's Statement



It is with great pleasure that I present the Friends College Kaimosi Annual and Financial Report for the year ended 30th June, 2022. The College has endeavored to increase the number of programmes to enhance access to technical education. The vision of the College is leading Institute of skills training in Science and Technology that produces qualified and competent graduates of world class standards. Various structures have been developed by the College which include; Academic board, and Top Management to ensure effective and efficient stewardship of the College functions. The College seeks linkages with the private and public sectors to enhance quality of teaching, particularly during attachments.

I wish to appreciate the support of the Government through its capitation programme and organizations like the Higher Education Loans Board, The National Government Constituency Development Fund, County Governments and other Non Governmental Organizations such as CICan and GIZ for continuing to support our college financially. An increasing number of students have difficulties in meeting the cost of education and HELB as well as other bursary providers have assisted in ensuring that our students pursue their studies to completion. I appeal for further support from the private sector and Non-Governmental organizations. A special mention goes to the National Youth Service for having given us over three hundred trainees; this has improved our revenue base tremendously. We sincerely ask the above collaborators to continue supporting us as we endeavor to achieve our vision.

The College Board would like to appeal to the Government to consider enhancing our recurrent and capital development grants to enable the College meet its financial obligations and put up infrastructure to accommodate the rising numbers of trainees in different programmes. The College faces huge challenges in putting up critical infrastructure including learning and accommodation facilities. The College is adversely affected by low support by the Government on infrastructure hence not able to complete stalled projects in time. However I would like to thank the Government for supporting us to put up a storey library which is now complete and ready for use. The college is putting up a hostel that will ease accommodation problems and become an income generating activity.

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I also appreciate all our students, parents, the sponsor, community, and other stakeholders for choosing to invest in our Institution and urge that together we should strive to achieve higher levels of performance excellence in the coming years.

Signature.....Date.....

Prof. Mike Iravo

Chairman Board of Governors

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V .Report of the Principal



During the FY 2021/2022 the College continued to execute its mandate as outlined in its strategic plan. One of the key ingredients of the plan is a system of academic commitment by fostering a climate of Productivity, professionalism, excellence, accountability and transparency, equity, Innovation in order to be competitive. The strategic plan provides for regular review of curricula and the establishment of linkages with institutions in both the public and private sectors.

During the FY 2020/2021 public service performance evaluations conducted by the Public Service Performance Management and Monitoring Unit (PSPMMU) we emerged fourth countrywide with a composite score of 2.5684. Friends College was voted the best TVET institution in meeting its core mandate, which is training. The college has also forged partnerships with the German Society for International cooperation (GIZ) and Colleges and Institutes in Canada (CICan) that have sponsored students in Agriculture and Food Science Technology for short time courses contributing to high enrolment levels.

The College through the Government constructed a storey Library which is now complete. This will enable our trainees to carry out research and enhance their academic standards. The College is also constructing a two Storey Hostel which is 30% complete, this facility will go along way accommodating more students and hence increasing the revenue base of the college. However we have stalled projects which are posing a great challenge, these are the Mechanical and Electrical workshops and Hospitality complex, I believe with the support of the Government, the BOG and other stakeholders we will complete these projects.

The other challenges facing the college include; inadequate training classrooms and workshops, inadequate number of Public Service Commission Trainers (which has resulted into the Board of Governors contracting of BOG Contract trainers) .

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Financial Performance Highlights

The College recorded an improved revenue base because of the expansion on admission Programmes for September and January intakes which increased the number of Students. The increase has also been as a result of the Capitation programme which commenced in September 2018 where the government of Kenya pays **Ksh 30,000** (Thirty thousand only) per student per year. However, the government of Kenya did not disburse the 4th Quarter capitation due to budgetary constraints; this non remittance affected our operations towards the end of the FY 2021/2022. Expansion of programmes has resulted in an increase in operational costs. Our challenge is to develop a way of instituting cost reduction measures, while implementing quality assurance systems that ensure programmes are not compromised. During the Financial Year 2021/2022 the college continued to lay cabros from the college main entrance to the administration, tiled and painted administration blocks, Science complex and refurbished a new ICT centre .

The College received a total revenue of **Ksh 245,178,783.00** This comprises of revenue from Non-exchange transactions of **Kshs.98,616,720.00** and, Revenue from exchange transactions of **146,562,063.00**. The grant accounted for **40 %** of the total receipts by the College while **60%** was generated through internal sources. Although there has been progress; the College still has shortcomings as a result of lack of adequate teaching space, workshops, library, Laboratories as well as offices for academic and administrative staff. This is due to low funding by the exchequer. The college faces a shortage of transport means; currently we have a sixty two sitter bus which cannot transport the increasing number of students.

I would like to thank the Government of Kenya and other stakeholders for their continued financial support during the year under consideration.

Friends College Kaimosi has been mentoring Ebukanga Technical and Vocational College which has a Principal, a constituted BOG, trainers and trainees.

The college enrolment has increased from **2615** in the year 2020 to **4269** in the FY ended **30th June 2022** and this has put a lot of pressure on our infrastructure, hence we intend to put up workshops to ease the pressure. The introduction of many Courses has also forced the management to engage BOG trainers on contract terms hence raising our wage bill. We hope the government will employ more trainers in the FY 2022/2023.

SIGNATURE: _____

Michael Musuya

DATE: _____

4/5/23

Mr. Michael Musuya

Principal & Secretary BoG

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VI. Statement of Performance against Predetermined Objectives FY2021-2022

Friends College Kaimosi has Nine Strategic pillars and objectives in its Strategic Plan 2019-2023. These strategic pillars are as follows;

- Pillar 1. Access and Equity
- Pillar 2. Quality and Relevance
- Pillar 3. ICT Integration into education
- Pillar 4. Science, Technology and innovation development capacities
- Pillar 5. Financial and Human Resources
- Pillar 6. Governance and Management
- Pillar 7. Competency Based Education and Training
- Pillar 8. Environment Sustainability
- Pillar 9. Cross Cutting Issues/Emerging Issues

Friends College Kaimosi develops its work plans based on the above nine pillars. Assessment of the Boards performance against its annual work plan is done on quarterly basis. Friends College Kaimosi achieved its performance targets set for FY 2020/2022 period for its nine strategic Pillars, as indicated in the diagram below:

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Strategic Pillar		Objective	Key Performance Indicators	Activities	Performance
Pillar1:	Access and Equity	To Increase Access and enhance equity in education and training	- No. of Income Generation activities -No. of funding Agencies Sensitized - Target group Sensitized	-Revitalize income generating activities -Harmonize fees to attract Part time trainees	Income has improved despite of the Covid-19 pandemic
Pillar2:	Quality and relevance	To Improve Quality and relevance of Education and Training	No. of Trainers Trained -No. of collaborators	Identifying the Relevant CBET for the trainers -Collaborating with the industry on Training	We are starting CBET Courses
Pillar3:	I.C.T Integration into Education Training Research and innovation	To integrate ICT into education and training	No. of EBooks and Digital content in place -College Research policy in place -No Of research Activities undertaken	Develop the ICT integration framework	We have integrated ICT in training
Pillar4:	Science Technology and Innovation Development capacities	To enhance Development capacities in ST&I	-Increased Science technology and Innovation -Competent Staff -ST&I frame work in place -No. of innovations Infrastructure upgraded and new equipment for ST&I acquired. Project Proposal Percent(%) reviewed No. of AIA programmes implemented -skills gap report in place -interventions reports -No. of recommendations -Intervention training programmes developed -No. of staff trained	Provide Budgetary allocation towards ST&I -Build Capacity for trainers ST&I -Develop and Implement a framework for ST&I infrastructure -Equip the ST&I infrastructure -Broaden the framework for raising the appropriation in aid from college activities	-Our College took part in the Innovations Trade fair at Regional level

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Pillar5:	Strengthen Financial and Human Resources	To enhance the institutions Financial Resources	Number of programs implemented - Training needs Assessment. -	-Review and rationalize College Human Resource requirements for growth and development	-The College employed Human Resource Officer -The College Employed 15 BoG trainers on Contract
Pillar6	Governance and Management	To strengthen Good governance and effective management of the college	-No.of programmes and reforms implemented -No of policies and regulations implemented	Improve on the delivery of internal and cooperate services	A new BoG was inaugurated and inducted All BoG members attended meetings
Pillar7	Competency Based Education and Training	To implement CBET Curricula in the institution	-CBET champion appointed and Trained by CDACC -Trained competent trainers -Registration certificate or License No. of registered assessors -Registration Certificate for assessment centre	-Capacity building of Trainers -Implement Competency base programmes	--The College applied for extra courses.
Pillar8	Environmental Sustainability	To enhance environmental sustainability	-Number of talks conducted -Number of Trees planted in the college -Number of solar powered outlets	-In corporate environmental awareness in our activities	-Planted trees and erected a Boda Boda shed
Pillar9	Cross cutting issues /emerging	To mainstream crosscutting /emerging issues in the institutions programme	-Number of activities undertaken -No. of Sensitization talks -Number of trainings -No. of Sensitization talks Number of activities undertaken	-Enhance HIV/AIDS Prevention activities in the institution -Operationalize the gender policy	-a Policy has been drafted to execute HIV/AIDS issues

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VII. Corporate Governance Statement

The members of the Board have committed themselves to the service of Friends College Kaimosi and to uphold the tenets of good corporate governance by being innovative, transparent, accountable, persons of integrity, socially responsive, as well as promote excellence and exercise fairness in all their dealings.

The Board

The Board consists of nine members inclusive of the Principal as the Secretary. The Board members consist of the following;

No.	Name	Title
1.	Prof. Mike Iravo	Chairman
2.	Mrs. Ruth Mounde	Member- PS representative
3.	Dr. Peter Kiprop Ruto	Member
4.	Mr. Paul Kokello	Member
5.	Ms. Stella Sinja	Member
6.	Ms. Robina Andia	Member
7.	Dr. Mary Agutu	Member
8.	Mr. Michael Musuya	Principal/Secretary

The biographies of the Board Members are published on page vi to ix. These Board Members possess a broad range of skills, qualifications and experiences required to direct the affairs of the College.

Board Responsibilities

The College Board undertakes the following responsibilities:

1. The Board is the governing body of the College through which the College acts and undertakes the following;
 - a) Administers the property and funds of the College in a manner and for the purposes which promote the interest of the College; but the Board does not charge or dispose of immovable property of the College except in accordance with the procedures laid down by the Government of Kenya.
 - b) Receives, on behalf of the College donations, endowments, gifts, grants or other moneys and make disbursements there from the College or other bodies or persons.

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- c) Provides for the welfare of the staff and students of the College.
 - d) May enter into association with other Colleges, training Colleges or other institutions of learning, whether within Kenya or otherwise, as the Board may deem necessary and appropriate and
 - e) May make regulations governing the conduct and discipline of the students of the College.
2. All documents, other than those required by law to be under seal, made on behalf of the Board, and all decisions of the Board may be signed under the hand of the Chairman, the Principal or any other member of the Board generally or specifically authorized by the Board in that behalf.
 3. Ensures that a proper management structure is in place and that the structure functions to maintain corporate integrity, reputation and responsibility.
 4. Monitors and evaluates the implementation of strategies, policies & management criteria and plans of the College.
 5. Constantly review the viability and financial sustainability of the College and does so once every year.
 6. Ensure that the College complies with all the relevant laws, regulations; governance practices; accounting and auditing standards.

Board Committees

The Board Committees facilitate decision-making to assist the Board in the execution of its duties, powers and authority; however delegation of authority to the Committees does not in any way mitigate the discharge by the Board of its duties and responsibilities. Board Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Board.

1. Finance, Infrastructure and Projects.

Membership:

No.	Name	Title
1.	Mr. Paul Kokello	Chairman
2.	Ms. Stella Sinja	Member
3.	Dr. Peter Ruto	Member
4.	Mr . Michael Musuya	Principal/ Secretary BOG

Mandate

The role of Finance and Budgeting Committee is to advise the Board on better financial practices, funding, cost reduction, monitor production units and submit a draft budget to the full board for adoption and approval.

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2. Human Resource, Education, Training and Innovation

Membership:

No.	Name	Title
1.	Dr. Peter Ruto	Chairman
2.	Dr. Mary Agutu	Member
3.	Mrs. Ruth Mounde	Member
4.	Mr. Michael Musuya	Principal/Secretary

Mandate

The mandate of the Human Resource, Education, Training and Innovation advises the full board on matters of personnel, training, teaching and research.

3. Audit and Risk Management Committee

Membership:

NO.	NAME	TITLE
1.	Ms. Robina Andia	Chairperson
2.	Dr. Mary Agutu	Member
3	Mrs. Ruth Mounde	Member
4.	Mr. Brian Chiluba	Member-Internal Auditor/Secretary

Mandate

The core mandate of the Audit Risk management committee is to undertake audit, risk management, internal control management and review audit findings raised by the external auditors.

Full Board of Governors Attendance during the FY 2021/2022

NO.	NAME	1 ST Q	2 ND Q	3 RD Q	4 TH Q
1	Prof. Mike Iravo	√	√	√	√
2	Dr. Peter Rutto	√	√	√	√
3	Mr. Paul Odhiambo Kokello	√	√	√	√
4	Dr. Mary Agutu	√	x	√	√
5	Eng. Stella Sinja	√	√	√	√
6	Ms. Robina Andia	√	√	√	√
7	Mrs. Ruth Mounde	x	√	√	√
8	Mr. Michael Musuya	√	√	√	√

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VIII. Management Discussion and Analysis

During the Financial period ending **30th June 2022**, the College continued to execute its mandate of skills training in Science and Technology. During the financial year 2021/2022 the college was able to collect **Ksh 245,178,783.00** from its two spheres, i.e. Revenue from non exchange transaction and Revenue from exchange transactions. The following projects are in progress, construction of a two storey hostel, one-storey library and a ramp on the Mechanical and electrical workshop. We also continue to mentor Ebukanga Technical and Vocational College; we believe it will stand on its own from the FY 2022/2023

The College is drafting operational policies on diverse aspects that will assist in governance, these are Academic Policy, Finance Policy, Students Fees Policy, Alcohol and Drug Abuse Policy, HIV Aids Policy among others.

During the Financial year under audit, the college complied with the following statutory requirements among others; TVET Act 2013, PFM Act 2012, Public Audit Act 2015, Education Act 2012, Labour Relations Act 2007, PSC Act 2017. We have been able to submit the National Social Security Funds (NSSF), Pay As You Earn (PAYE), National Hospital Insurance Fund (NHIF) dues on behalf of our BOG workers in time and there are no any pending dues which are in arrears.

The Board has also complied with trade union relations regulations by allowing its BOG workers to be members of KUDHEIHA. In the financial year 2021/2022 the college started the process of reviewing and implementing the BOG Collective Bargaining Agreement and hope that the process should be over by the end of FY 2022/2023.

Friends College Kaimosi
Annual Report and Financial Statements for the year
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IX. Environmental and Sustainability Reporting

Friends College Kaimosi exists to transform lives. This is our purpose and the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on five pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

In the effort of the institution to provide quality training and research in science and technology, the top management has put in place mechanisms to ensure that the college has modern and adequate training equipment and tools.

The institute is also in the process of constructing an equipped modern library and a civil engineering workshop to take care of the increased number of trainees in the college.

The government is supporting the college in paying part of the fees of the trainees in the form of capitation which has greatly assisted trainees from poor backgrounds. The Higher Education Loans Board is also offering loans and bursaries to those trainees who cannot afford to pay their fees.

Challenges in sustainability of our programmes include; poor attitude to TVET training, drug abuse & peer pressure among our trainees and inadequate training materials among others

2. Environmental performance

The College has an elaborate Environmental Policy which guides us on issues of conservation and community involvement. During the financial year under review, the college participated in tree planting activities and distributed free tree seedlings to the local community.

The challenges we are facing is finding seeds for nursery management and particularly the indigenous trees, space for planting seedlings and high demand for free seedlings. The weather conditions have also not been favorable in the last financial year.

3. Employee welfare

The College adheres to the OSHA 2007 Act. During the financial year 2021/2022 the college provided protective gear and uniforms to its staff. We also serviced our fire extinguishers and other firefighting equipment. All food handlers were medically tested at by the Public Health Officers of Vihiga County.

4. Market place practices-

Responsible Competition Practice

- Friends College Kaimosi respects its sister Colleges offering similar courses. It collaborates with them to ensure provision of high quality training services to trainees.
- The local political class is involved in the overall management of the College by way of
-

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- membership of the Governor's representative on the board of Governors. The area MP takes part in the nomination of members of the Board of Governors.
 - Integrity is one of the core values of Friends College Kaimosi, corrupt practices are prohibited. A committee to check on any occurrences has been created. It reports its findings to the board of governance
 - The College has an internal auditor who ensures that the internal control systems are complied with.
- (b) The Supply Chain office is manned by qualified officers who ensure compliance with procurement regulations. Procurement of goods and services are through open bidding/tendering system. Successful suppliers are paid on time-within 90 days.
- (c) Our goods and services are advertised through trusted channels – College website, local dailies, magazines and local radio stations. Accurate and reliable information is communicated to allow users make informed decisions.
- (d) Product Stewardship
- Our trainees are attended to by qualified trainers. They have the right to be trained, change course, advance, transfer to other Colleges, sit for examinations when ready, go for attachment to areas of their choice. Through their representatives, the College management is able to attend to their concerns.

5. Community Engagements

The following activities form part of evidence of the College community engagements:

- (a) Giving priority to local community in employment as long as the applicants meet the required qualifications.
- (b) Hiring playgrounds, halls, hostels, buses at affordable rates/low rates.
- (c) Planting tree nurseries and giving to members of the local community so as to increase forest cover/environmental conservation.
- (d) Providing tailor-made courses that meet the needs of the local community such as agriculture courses.

Friends College Kaimosi
Annual Report and Financial Statements for the year
ended 30th June 2022

X. Report of the Board of Governors

The Board members submit this report together with the audited financial statements for the year ended June 30, 2022 which shows the state of Friends College Kaimosi affairs.

Principal activities

The principal activity of Friends College Kaimosi is to provide Technical and vocational training.

Results

The results of Friends College Kaimosi for the year ended 30th June 2022 are set on pages 1 to 31

Board of Governors

The members of the Board who served during the year are shown on page **vi to ix**.

Auditors

The Auditor General is responsible for the statutory audit of Friends College Kaimosi in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and TVET Act, 2013, Certified Public Accountants may be nominated by the Auditor General to carry out the audit of Friends College Kaimosi for the year/period ended June 30, 2022 in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....Date.....

4/5/23

Michael Musuya

Secretary Board of Governors

Friends College Kaimosi
Annual Report and Financial Statements for the year
ended 30th June 2022

XI. Statement of Board of Governors members' responsibilities

Section 81 of the Public Finance Management Act, 2012 and Technical and Vocational Education and Training Act, 2013 - require the Board members to prepare financial statements in respect of Friends College Kaimosi, which give a true and fair view of the state of affairs of Friends College Kaimosi at the end of the financial year 2021/2022 and the operating results of Friends College Kaimosi for year 2021/2022 period. The Board members are also required to ensure that Friends College Kaimosi keeps proper accounting records which disclose with reasonable accuracy, the financial position of Friends College Kaimosi. The Board members are also responsible for safeguarding the assets of Friends College Kaimosi

The Board members are responsible for the preparation and presentation of Friends College Kaimosi financial statements, which give a true and fair view of the state of affairs of Friends College Kaimosi for and as at the end of the financial year (period) ended on June 30, 2022. 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 Friends College Kaimosi; (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 Friends College Kaimosi (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Friends College Kaimosi financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and TVET Act, 2013. The Board members are of the opinion that Friends College Kaimosi financial statements give a true and fair view of the state of Friends College Kaimosi transactions during the financial year ended June 30, 2022, and of Friends College Kaimosi financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Friends College Kaimosi, which have been relied upon in the preparation of Friends College Kaimosi financial statements as well as the adequacy of the systems of internal financial control.

Friends College Kaimosi
Annual Report and Financial Statements for the year
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Nothing has come to the attention of the Board members to indicate that Friends College Kaimosi will not remain a Going Concern for at least the next twelve months from the date of this statement.

Approval of the financial statements.

Friends College Kaimosi financial statements were approved by the Board on 4/5/23
and signed on its behalf by:

M. Musuya

M. Iravo

Prof. Mike Iravo
BoG Chairman

Date.....4/5/23.....

Mr. Michael Musuya
Principal/BoG Secretary

Date.....4/5/23.....

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON FRIENDS COLLEGE KAIMOSI (KAIMOSI COLLEGE OF RESEARCH AND TECHNOLOGY) FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Friends College Kaimosi (Kaimosi College of Research and Technology) set out on pages 1 to 35, which comprise

the statement of financial position as at 30 June, 2022, 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 the Friends College Kaimosi (Kaimosi College of Research and Technology) as at 30 June, 2022, 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0. Inaccuracies in the Financial Statements

1.1. Inaccuracies in the Statement of Changes in Net Assets

The statement of changes in net assets reflects total fair value adjustment reserves and accumulated fund balance of negative Kshs.383,398,111. The balance includes negative Kshs.24,690,392 for the year under review. However, the nature and source of the balance was neither explained nor provided.

1.2. Unsupported Adjustments

The statement of financial performance reflects rental revenue from facilities and equipment of Kshs.735,020 which changed by Kshs.206,813 from Kshs.941,833 in the first presented financial statements. However, the approved journal entries in support of the movement were not provided for audit.

In the circumstances, the accuracy of the revenue of Kshs.735,020 could not be confirmed.

2.0. Irregularities in Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.48,519,878 which, as disclosed in Note 20 to the financial statements, comprises gross amount of Kshs.51,073,555, less provision for bad and doubtful debts of Kshs.2,553,677. The gross amount includes balances that changed from the first presented financial statements as analyzed below:

Receivables from Exchange Transactions	Amount as per 1st Copy of the Financial Statements (Kshs.)	Amount as per the Revised Financial Statements (Kshs.)	Variance (Kshs.)
Student Debtors (Fees arrears)	43,084,241	49,920,350	6,836,109
Farm Debtors	5,100	-	(5,100)
Rent Debtors	116,368	-	(116,368)
Total	43,205,709	49,920,350	6,714,641

However, the supporting journal entries explaining the movements were not provided for audit.

Further, included in the student debtors of Kshs.49,920,350 is Kshs.32,017,500 which the Government did not remit to the College during the year under review and charged to the students.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.48,519,878 could not be confirmed.

3.0. Unsupported Trade and Other Payables from Exchange Transactions and Refundable Deposits

The statement of financial position and as disclosed in Note 26 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.13,578,451 and refundable deposits of Kshs.1,299,089. Included in the balance of Kshs.13,578,451 is trade payables (sundry creditors) of Kshs.8,559,058 and fees paid in advance of Kshs.5,019,393, whose ageing analyses were not provided for audit and, therefore, it was not possible to determine how long they had been outstanding.

In the circumstances, the accuracy and completeness of the payables of Kshs.14,877,540 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Friends College Kaimosi (Kaimosi College of Research and Technology) 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.

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 were no key audit matters to report in the year under review.

Other Matter

1.0. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis amounts of Kshs.239,833,550 and Kshs.245,932,029 respectively, resulting in excess revenue collection of Kshs.4,975,563. Similarly, the College spent Kshs.145,807,055 against an approved budget of Kshs.146,727,867 resulting to an under-expenditure of Kshs.920,812. Further, the above receipts and expenditure budgets indicate an unbalanced budget, contrary to Regulation 33 of the Public Finance Management (National Government) Regulations, 2015, which stipulates that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, the following guidelines shall be observed at all times during budget formulation and approval— (c) budget shall be balanced; and (e) total budget revenue shall cover total budget expenditure. No explanation was provided for having an unbalanced budget.

2.0. Unresolved Prior Year Matters

In the audit report of the previous year, several audit issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources which remained unresolved. Further, the unresolved prior year issues are not disclosed under the implementation status of Auditor-General recommendations section of the financial statements.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for 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 to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0. Property, Plant and Equipment

1.1. Work-In-Progress – Construction of Three Storey Hostel

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.585,440,192 which, as disclosed in Note 23 to the financial statements, includes work-in-progress balance of Kshs.50,990,749 which further includes additions to a three-storey hostel of Kshs.5,529,803. The contract for the construction of the hostel was awarded to a contractor at a sum of Kshs.37,374,088 and was to be executed within one year. Payments totalling to Kshs.16,958,793 had been made as at 30 June, 2022 for certified works. The phase 1 of the contract had an allocation of Kshs.16,375,088 and was to be completed by 22 November, 2020. Review of records further revealed that the contractor applied for an extension of six (6) months to complete

phase 1, phase 2 and phase 3. However, no extension of contract was provided for audit review.

Further, audit inspection of the project in March, 2023 revealed that the project had stalled.

In the circumstances, value for money of the expenditure of Kshs.16,958,793 on the project could not be confirmed.

1.2. Delayed Construction of Ebukanga Technical and Vocational College

The construction of Ebukanga Technical and Vocational College (Mentee) was implemented by Friends College Kaimosi (Mentor) which was appointed as a mentor institution on 13 August, 2014 to oversee the operations of the Mentee. A contractor was awarded a contract for the construction of twin workshop, classrooms and offices at the Mentee on 27 October, 2014 at a contract sum of Kshs.55,055,814, for a contract period of thirty-one (31) weeks. However, the contractor failed to complete the project even after it was granted several extensions. As a result, the contract was terminated on 18 April, 2019 when the contractor had been paid an amount of Kshs.51,015,254 for certified works. Further, the incomplete works were awarded to another contractor at a contract sum of Kshs.3,679,810 without competitive bidding, contrary to Article 227(1) of the Constitution of Kenya, 2010, which provides that when a state organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

The total payments for the construction works at the Mentee amounted to Kshs.63,274,721 against the contract sum of Kshs.55,055,814, resulting in excess expenditure on the contract of Kshs.8,218,907 which was not supported. Further, correspondence provided for audit indicated that as at 6 February, 2023, the works at the Mentee had not been officially handed over by the Mentor, despite the fact that the construction works commenced way back on 27 October, 2014.

In the circumstances, value for money of the expenditure of Kshs.63,274,721 on the project could not be confirmed.

2.0. Non-Compliance with the Law of Ethnic Diversity in Staffing

During the year under review, the College had one hundred and seventy-seven (177) staff members out of whom one hundred and fifty-four (87%) belonged to the same ethnic community, and the remaining 13% was shared by other ethnic communities. This was contrary to section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which state that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

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 Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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 controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls.
- 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 applicable 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 to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 July, 2023

Friends College Kaimosi
Annual Report and Financial Statements for the Year ended 30th June 2022

Xiii. Statement of Financial Performance for the year ended 30 June 2022

Description	Notes	2021-2022 Kshs	2020-2021 kshs
Revenue from Non-Exchange Transactions			
Transfers from other National Government entities: Capitation Grants	6(a)	93,742,500.00	72,652,500.00
Recurrent Grants	6(b)		2,597,500.00
Grants from Donors and other and development partners	7	4,874,220.00	-
Total Revenue from Non- Exchange Transactions		98,616,720.00	75,250,000.00
Revenue from Exchange Transactions:			
Rendering Services-Fees from students	8	144,364,869.00	78,403,483.00
Sale of Goods	9	1,294,559.00	845,845.00
Rental Revenue from facilities and Equipment	10	735,020.00	460,300.00
Other Income	11	167,615.00	220,700.00
Total Revenue from Exchange Transactions		146,562,063.00	79,930,328.00
Total Revenue		245,178,783.00	155,180,328.00
Expenses			
Use of Goods and Services	13	100,246,184.00	43,923,152.00
Employee Costs	14	37,563,216.00	46,305,484.00
Board expenses	15	4,618,686.00	2,504,857.00
Depreciation and Amortization expense	16	31,121,144	29,653,832.00
Repairs and Maintenance	17	3,288,076.00	9,026,014.00
Finance Costs	18	90,893.00	117,077.00
Increase in Provision for Bad and doubtful debts	20	530,967.00	2,022,740.00
Total expenses		177,459,166.00	133,553,156.00
Surplus/(Deficit)		67,719,617.00	21,627,172.00

The notes set out on pages 6 to 38 form integral part of the Annual Financial Statements.

The Financial statements set out on pages 1 to 5 were signed by:

Prof. Mike Iravo
M. Iravo
Chairman BoG

Date.....4/5/23.....

Hesborn Ehaji
ICPAK No.11369
Finance Officer

Date4/5/23.....

M. Muusya
Michael Muusya

Principal
Date.....4/5/23.....

Friends College Kaimosi

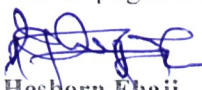
Annual Report and Financial Statements for the Year Ended 30th June 2022

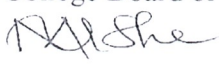
XIV. Statement of financial position as at 30 June 2022

Description	Notes	2021-2022 Kshs	2020-2021 Kshs.
Assets:			
Current assets:-			
Cash and Cash equivalents	19	31,035,637.00	14,326,680.00
Current Portion of receivables from Exchange transactions	20	48,519,878.00	38,432,051.00
Receivables from Non-exchange transactions	21	-	5,310,000.00
Inventories	22	8,163,966.00	4,519,254.00
		87,719,481.00	62,587,985.00
Non-current assets:-			
Property Plant and Equipment-(PPE)	23	585,440,192.00	579,120,439.00
Intangible Assets	24	7,312,586.00	6,316,140.00
Biological Assets	25	8,670,000.00	8,548,000.00
Total Non-Recurrent assets		601,422,778.00	593,984,579.00
Total assets		689,142,259.00	656,572,564.00
Liabilities: Current liabilities:-			
Trade and Other payables from exchange transactions	26	13,578,451.00	25,337,070.00
Refundable deposits	27	1,299,089.00	-
Total Liabilities		14,877,540.00	25,337,070.00
Net assets		674,264,719.00	631,235,494.00
Reserves and Accumulated surplus		254,651,813.00	180,501,444.00
Capital, fund		419,612,906.00	450,734,050.00
		674,264,719.00	631,235,494.00

The Financial Statements set on pages 1 to 5 were signed on behalf of the College Board of Governors by;


Prof. Mike Iravo


Hesborn Ehaji
ICPAK No.11369


Michael Muusya

Chairman BoG
Date 4/5/23

Finance Officer
Date 4/5/23

Principal
Date 04/5/23

Friends College Kaimosi
Annual Report and Financial Statements for The Year
Ended 30th June 2022

XV. Statement of changes in Net Assets for the year ended 30 June 2022

Description	Revaluation Reserve	Fair Value adjustment reserve & Accumulated fund	Retained Earnings	Capital/Development Grant/ Fund	Total
At July, 2020	35,000,000.00	(280,586,463.00)	403,307,404.00	457,508,637.00	615,229,578.00
Revaluation gain(Land)	50,000,000.00				50,000,000.00
Fair value adjustment on Retained earnings and Accumulated capital		(78,121,256.00)			(78,121,256.00)
Total Comprehensive income			21,627,172.00		21,627,172.00
Capital/Development fees received during the year				22,500,000.00	22,500,000.00
Transfer of depreciation/Amortization from Capital fund to retained earnings			29,274,587.00	(29,274,587.00)	0
At June 30,2021	85,000,000.00	(358,707,719.00)	454,209,163.00	450,734,050.00	631,235,494.00
At July, 2021	85,000,000.00	(358,707,719.00)	454,209,163.00	450,734,050.00	631,235,494.00
Revaluation gain(Land)	0	0	0	0	0
Fair value adjustment on Retained earnings and Accumulated capital		(24,690,392.00)			(24,690,392.00)
Total Comprehensive income			67,719,617.00		67,719,617.00
Capital/Development fees received during the year					
Transfer of depreciation/Amortization from Capital fund to retained earnings			31,121,144.00	(31,121,144.00)	0
At June 30,2022	85,000,000.00	(383,398,111.00)	553,049,924.00	419,612,906.00	674,264,719.00

Note : The fair value adjustment of ksh. -24,690,392.00 represent the good will attributable on accumulated earning of Friends College Kaimosi since its inception more than 51 years ago. It has been measured at its fair value

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XVI. Statement of Cash flows for the year ended 30 June 2022

Description	NOT E	2021-2022 Kshs	2020/2021 Kshs
Cash flows from operating activities:			
Receipts:			
Exchange transactions revenue		108,785,897.00	116,670,867.00
Capitation grants		116,332,500.00	-
Net transfers between savings accounts		2,594,802.00	-
		227,713,199.00	116,670,867.00
Payments:			
Compensation of Employees		53,292,411.00	43,327,561.00
Use of goods and services		109,233,527.00	81,323,120.00
Repairs and Maintenance		3,288,076.00	10,266,634.00
Board expenses		4,489,636.00	2,504,857.00
		170,303,650.00	137,422,172.00
Net cash inflows from Operating activities		57,409,549.00	(20,751,304.00)
Cash flows From Investing Activities			
Inflows:			
Disposal of PPE		100,370.00	-
Students Development fees		-	4,836,229.00
Outflows:			
Transfer a/c no. 112026470 to Ebukanga TVC		-	(922,409.00)
Additions on Property Plant& Equipment		(37,993,213.00)	(34,323,046.00)
Additions to Intangible assets		(2,716,856.00)	-
Net cash outflows from Investing Activities		(40,609,699.00)	(30,409,226.00)
Cash flows From Financing Activities			
Finance Costs		(90,893.00)	(117,077.00)
Net cash inflows(outflows)from Financing activities		(90,893.00)	1,603,123.00
Net increase/(decrease)in cash and cash equivalents		16,708,957.00	(51,277,607.00)
Cash and Cash Equivalents 1 st July 2021	17	14,326,680.00	65,604,287.00
Cash and Cash Equivalents 30.06.2022	17	31,035,637.00	14,326,680.00

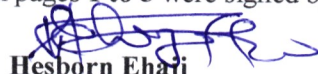
The financial statements set out on pages 1 to 5 were signed by:


Prof. Mike Iravo

Chairman BoG

Date.....

4/5/23


Hesborn Ehaji

ICPAK No.11369

Finance Officer

Date.....

04/5/23

Michael uuya



Principal

Date.....

04/5/23

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XVII. Statement of comparison of budget and actual amounts for the year ended 30th June 2022

Description	Original Budget	Adjustment	Final Budget	Actual on Comparable basis	Performance difference	Utilization Differences
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities	105,000,000.00	-10,000,000.00	95,000,000.00	93,742,500.00	1,257,500.00	1%
Grants from donors and development partners	-	-	-	5,537,021.00	5,537,021.00	1%
Rendering of services- Fees from students	83,593,500.00	59,000,000.00	142,593,500.00	144,364,869.00	-1,771,369.00	-1%
Sale of goods	11,339,400.00	-10,000,000.00	1,339,400.00	1,294,559.00	44,841.00	3%
Other Income	45,361,250.00	-45,200,000.00	161,250.00	167,615.00	-6,365.00	-4%
Rental Revenue from facilities	702,400.00	37,000.00	739,400.00	825,465.00	-86,065.00	-12%
Total income	245,996,550.00	-6,163,000.00	239,833,550.00	245,932,029.00	4,975,563.00	
Expenses						
Compensation of employees	50,812,948.00	-12,812,948.00	38,000,000.00	37,563,216.00	436,784.00	1%
Use of Goods and services	144,770,337.00	-44,000,000.00	100,770,337.00	100,246,184.00	524,153.00	1%
Finance costs	212,000.00	-117,000.00	95,000.00	90,893.00	4,107.00	4%
Remuneration of BoG	2,464,000.00	2,136,000.00	4,600,000.00	4,618,686.00	-18,686.00	0%
Repairs and Maintenance	3,312,530.00	-50,000.00	3,262,530.00	3,288,076.00	-25,546.00	-1%
	201,571,815.00	-54,843,948.00	146,727,867.00	145,807,055.00	920,812.00	
Surplus (Deficit)	44,424,735.00	48,680,948.00	93,105,683.00	100,124,974.00	4,054,751.00	

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XVIII. Notes to the Financial Statements

1. General Information

Friends College Kaimosi is established by and derives its authority and accountability from TVET Act, 2013. Friends College Kaimosi is wholly owned by the Government of Kenya and is domiciled in Kenya. The Friends College Kaimosi's principal activity is provision of Technical and Vocational Training.

2. Statement of compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Friends College Kaimosi accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Friends College Kaimosi

The financial statements have been prepared in accordance with the PFM Act 2012, the TVET Act 2013, and International Public Sector Accounting Standards (IPSAS- Accrual Basis). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of new and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

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Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Friends College Kaimosi “future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Friends College Kaimosi’s risk management strategies and the accounting treatment for Instruments held as part of the risk management strategy. The standard will have no significant impact on Friends College Kaimosi.
<p>IPSAS42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Friends College Kaimosi provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Friends College Kaimosi;</p>

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	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Friends College Kaimosi's Financial performance, financial position and cash flows.</p> <p>The social benefits will affect Friends College Kaimosi since it endeavors to engage workers union to adjust workers salaries and allowances and terminal benefits.</p>
<p>Amendments to Other IPSAS resulting from IPSAS41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. The standard has no impact on Friends College Kaimosi</p>
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government sector</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008)</p> <ul style="list-style-type: none"> • <i>IPSAS39: Employee Benefits</i> Now deletes the term composite social security benefits as is no longer defined in IPSAS • <i>IPSAS 29, Financial instruments: Recognition and Measurement.</i> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023</p>

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IPSAS 43	<p><i>Applicable: 1st January 2025:</i></p> <p>The standard sets out the principles for recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of a Friends College Kaimosi. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities</p>
<p>IPSAS 44: Non-current assets Held for sale and discontinued operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard requires Assets that meet the criteria to be classified as held for sale to be measured at lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and : Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance</p>

iii. Early adoption of standards

The Friends College Kaimosi did not early-adopt any new or amended standard since the year 2022.

a) Revenue recognition

I) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Friends College Kaimosi and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

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ii) Revenue from exchange transactions

Rendering of services

The Friends College Kaimosi 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 Friends College Kaimosi.

Interest income

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

Dividends

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

Rental income

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

(b) Budget in formation

The original budget for FY 2021/2022 was approved by the Board on **11.01.2021**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Friends College Kaimosi upon receiving the respective approvals in order to conclude the final budget. The Friends College Kaimosi's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The

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amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the accruals as per the statement of financial performance has been presented under page 5 of these financial statements.

(c) Taxes

Current income tax

Friends College Kaimosi pays Pay As You Eat (PAYE) tax deducted from its employees.

Sales tax/Value Added Tax

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

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d). Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 10 years.

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

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

e) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, Friends College Kaimosi 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.

Depreciation is calculated on reducing balance method on the following annual rates;

Description	Annual Rate
Buildings	2%
Furniture & Fittings	10%
Motor vehicles	10%
Computers	30%
Plant & Equipment	10%
Library Books	10%
Intangible assets	5%

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(f). Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to Friends College Kaimosi. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. Friends College Kaimosi also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that Friends College Kaimosi will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

(g). Intangible assets

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

(h) Research and development costs.

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

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

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asset

The ability to measure reliably the expenditure during development.

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

(i) Financial instruments

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. Friends College Kaimosi 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 Friends College Kaimosi 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.

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Impairment of financial assets

Friends College Kaimosi assesses at each reporting date whether there is objective evidence that a financial asset or a Friends College Kaimosi of financial assets is impaired. A financial asset or a Friends College Kaimosi of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred „loss event“) and that loss event has an impact on the estimated future cash flows of the financial asset or Friends College Kaimosi of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

The debtors or Friends College Kaimosi of debtors are experiencing significant financial difficulty. Default or delinquency in interest or principal payments The probability that debtors will enter bankruptcy or other financial reorganization Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

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. Friends College Kaimosi 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.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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.

(j) Inventories

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

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

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follows:

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

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

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

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

(k) Provisions

Provisions are recognized when Friends College Kaimosi 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 Friends College Kaimosi 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 Friends College Kaimosi 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

Friends College Kaimosi 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 Friends College Kaimosi 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.

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(l) Nature and purpose of reserves

The Friends College Kaimosi does not create and maintain reserves in terms of specific requirements

(m) Changes in accounting policies and estimates

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

(n) Employee benefits

Retirement benefit plans

Friends College Kaimosi provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Friends College Kaimosi pays fixed contributions into a separate Friends College Kaimosi (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.

(o) Foreign currency transactions

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

(p) Borrowing costs

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

Such borrowing costs are capitalized over the period during which the asset is being acquired or

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constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

(q) Related parties

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

(r) Service concession arrangements

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

(s) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

(t) Comparative figures

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

(u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

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5 Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Friends College Kaimosi'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.

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. Friends College Kaimosi 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 Friends College Kaimosi. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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

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

Friends College Kaimosi applies provision for bad and doubtful debts at a rate of 5 %

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6. Transfers from other National Government entities

Unconditional Grants

Description	2021-2022 kshs	2020-2021 kshs
Unconditional Grants		
a) Capitation Grants:-		
Quarter1	30,862,500.00	22,807,500.00
Quarter2	30,862,500.00	5,497,500.00
Quarter3	32,017,500.00	16,447,500.00
Quarter4	-	22,590,000.00
Accrued Capitation	-	5,310,000.00
	93,742,500.00	72,652,500.00
b) Recurrent Grants:-		
Quarter1	-	882,500.00
(Ebukanga TVC) Quarter2	-	382,500.00
Quarter3	-	897,500.00
Quarter4	-	435,000.00
		2,597,500.00
Total Unconditional Grants	93,742,500.00	75,250,000.00

7. Grants from Donors and Other Development Partners

Description	2021-2022 Kshs	2020-2021 Kshs
GIZ/GFA	4,874,220.00	0
CICan –In –Kind Donations (Computers & Accessories)	662,801.00	0
Total Grants from Development Partners	5,537,021.00	0
<i>Less computers (Capitalised)</i>	(662,801.00)	
	4,874,220.00	

Cican- Computers and Accessories have been capitalized under PPE

Reconciliations of grants from donors and development partners

Description	2021-2022 Kshs	2020-2021 Kshs
Balance unspent at beginning of year	00	0
Current year receipts	5,537,021.00	0
Conditions Met - Transferred to Revenue	5,537,021.00	0
Conditions Yet To Be Met - Remain Liabilities	0	0

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8. Rendering Services-Fees from Students

Description	2021-2022	2020-2021
Tuition fees	35,132,918.00	28,878,353.00
Boarding Fees	907,431.00	6,650,000.00
Business Production Unit	939,981.00	509,328.00
Examination fees	17,532,889.00	3,361,232.00
Library Over -due fees	34,175.00	32,036.00
Part time Tuition fees	321,100.00	266,975.00
PAYE sales	4,257,190.00	1,972,105.00
Town Campus fees	1,633,715.00	760,483.00
Computer Department P.U	96,900.00	61,200.00
Outstanding fees	43,084,241.00	35,517,246.00
Applied Science Production unit	-	128,200.00
Application fees	326,965.00	187,874.00
Mechanical Dept production unit	-	11,000.00
Contingencies	15,453.00	50,840.00
Attachment	71,890.00	16,611.00
CDF and Other sponsorships	8,322,012.00	-
LTT fees	3,242.00	-
Medical fees	6,493.00	-
Library fees	40.00	-
Co-curricular activity fees	1,460.00	-
Staff Gratuity fee	100.00	-
HELB Bursary	30,592,600.00	-
GIZ Students fees	1,081,933.00	-
Caution Money	2,141.00	-
	144,364,869.00	78,403,483.00

9. Sale Of Goods

Description	2021/2022	2020/2021
Farm Sales	1,196,139.00	822,885.00
Sale of Empty Jerri cans	14,940.00	22,960.00
Food and Beverage dept practical sales	83,480.00	-
	1,294,559.00	845,845.00

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10. Rental Revenue from Facilities and Equipment.

Description	2021/2022	2020/2021
Hire of Facilities	287,020.00	116,600.00
Rental Income from College	448,000.00	210,441.00
Houses Rent Arrears	-	133,259.00
	735,020.00	460,300.00

11. Other Income

Description	2021-2022	2020/2021
Salary Advance	-	215,700.00
Sale of Tenders	-	5,000.00
Damages recovery	62,545.00	-
Photocopying services	4,700.00	-
Disposal of fixed assets	100,370.00	-
	167,615.00	220,700.00

12. Students Development Fees

	2021-2022	2020/2021
Development fees	-	22,500,000
		22,500,000.00

13. Use of Goods and Services

	2021-2022	2020-2021
Boarding expenses	1,837,674.00	750,117.00
Examination fees	23,647,180.00	5,513,840.00
PAYE Catering	10,582,116.00	1,877,243.00
Farm Expenses	1,368,610.00	1,368,328.00
Part time Tuition	11,763.00	8,600.00
Town Campus	5,441,111.00	1,476,652.00
Business Department P.U expenses	2,140,887.00	736,165.00
Computer Dept P.U	134,797.00	24,690.00
Hire of Facilities	127,890.00	11,300.00
Tender expenses	30,200.00	425,168.00
Co-curricular activities	5,401,797.00	486,430.00
Students Training expenses	13,827,890.00	6,623,952.00
Motor vehicle running expenses	3,771,995.00	1,638,190.00
Students Council Expenses	2,419,424.00	1,448,542.00
Office expenses	486,242.00	493,570.00
Airtime expenses	937,350.00	1,731,900.00
Attachment expenses	1,631,971.00	785,298.00

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Caution Money expenses	1,500.00	19,500.00
Research and Development	2,326,697.00	533,400.00
Stationery expenses	1,859,238.00	684,487.00
Performance Contracting	1,603,049.00	1,443,454.00
Electricity and Water bills	7,279,491.00	3,419,947.00
NYS Upkeep	4,654,350.00	6,059,251.00
ICT expenses	3,584,131.00	1,162,334.00
Medical Bills	2,130,829.00	290,665.00
CAPA Subscriptions	100,000.00	148,500.00
Insurance expenses	-	359,293.00
Marketing expenses	1,007,265.00	494,155.00
KATTI subscriptions	90,000.00	180,000.00
Guiding and Counseling	119,160.00	15,660.00
Contingencies	125,191.00	96,400.00
QMS	386,900.00	289,320.00
Driving school	0	136,350.00
Consultancy fees	702,700.00	224,042.00
Covid-19 expenses	103,900.00	2,966,409.00
Applied science P.U expenses	96,936.00	-
Engineering depts. PU expenses	231,620.00	-
Application (admission expenses)	745,645.00	-
Helb Bursary refunds	26,400.00	
Corporate Social responsibility	45,000.00	
Valuation of PPE	370,000.00	
GIZ students expenses	156,520.00	
Unpaid invoices	8,559,058.00	
<i>Less 2020/2021 payables paid for in 2021/2022</i>	<i>-22,434,295.00</i>	
Staff travelling expenses	4,867,360.00	
Staff meals expenses	2,432,266.00	
Staff training expenses	4,769,501.00	
Staff welfare	40,000.00	
Staff uniforms	466,875.00	
	100,246,184.00	43,923,152.00

14. Employee Costs

Description	2021-2022	2020-2021
Advance Salary	167,000.00	511,000.00
Salaries and wages	36,829,462.00	34,867,769.00
Staff travelling expenses		4,434,002.00
Staff meals		2,175,452.00
Staff Training expenses		1,456,506.00
Staff welfare		689,331.00
Staff uniforms		28,067.00
Recruitment expense	0	21,000.00
Staff Gratuity	566,754.00	185,082.00
	37,563,216.00	46,305,484.00

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15. Board expenses

Description	2021-2022	2020-2021
BOG expenses	3,949,636.00	4,442,132.00
Chairman's Honoraria	540,000.00	-
BoG Members Inductions, Workshops and Trainings	129,050.00	(1,937,275.00)
	4,618,686.00	2,504,857.00

16. Depreciation and Amortization

Description	2021/2022	2020-2021
Depreciation of PPE (<i>see Note 24</i>)	31,573,091.00	29,274,587.00
Amortization of intangible assets (<i>See Note 21</i>)	451,650.00	379,245.00
	31,121,441.00	29,653,832.00

17. Repairs and Maintenance

Description	2021/2022	2020-2021
Repairs on PPE	11,914,044.00	10,266,634.00
Less		
<i>Building and Maintenance inventories</i>	4,458,870.00	174,700.00
<i>Less capital expenditure to Buildings</i>	4,167,098.00	1,065,920.00
	3,288,076.00	9,026,014.00

18. Finance Costs.

Description	2021-2022	2020-2021
Bank Charges	90,893.00	117,077.15
	90,893.00	117,077.15

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19. Cash and Cash Equivalents

Description	2021-2022	2020-2021
KCB Current account 1101755652-Main	20,152,912.34	8,371,933.99
KCB savings account 1102330329- Devpt	2,653,824.95	4,186,493.00
KCB Savings account 1106471253-Farm/Paye	6,167,331.85	912,978.85
KCB Savings account 1103284290-Projects	1,444,803.68	14,781.88
KCB development current a/c 1274574218	371,634.37	460,699.55
Cash at hand	245,130.00	379,793.25
	31,035,637.19	14,326,680.52

19. (b) Detailed analysis of cash and cash equivalents

Financial institution	Account number	2021/2022 KShs	2020-2021 KShs
a) Current account			
Kenya Commercial bank	1101755652	20,152,912.34	8,371,933.99
Kenya Commercial Bank	1274574218	371,634.37	460,699.55
Sub- total		20,524,546.71	8,832,633.54
b) Savings Account			
Kenya Commercial bank	1102330329	2,653,824.95	4,186,493.00
Kenya Commercial bank	1106471253	6,167,331.85	912,978.85
Kenya Commercial bank	1103284290	1,444,803.68	14,781.88
Sub- total		10,265,960.48	5,114,253.73
c) Others (specify)			
cash in hand		245,130.00	379,793.25
Sub- total		245,130.00	379,793.25
Grand total		31,035,637.19	14,326,680.52

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20. Receivables from Exchange Transactions.

Description	2021-2022	2020-2021
Students debtors(Fees arrears)	49,920,350.00	35,517,246.00
Boarding fees arrears	-	4,425,346.00
Farm debtors	-	18,990.00
Rent Debtors	-	133,259.00
Staff Debtors-Salary advances	86,000.00	295,000.00
Ebukanga TVC	863,365.00	
Un-surrendered imprests	203,840.00	64,950.00
Gross Total	51,073,555.00	40,454,791.00
Less Provision for Bad and Doubtful debts @5%	2,553,677.00	2,022,740.00
Net Total	48,519,878.00	38,432,051.00

Note: Increase in Provision for Bad and Doubtful debts is (2,553,677 -2,022,740.00)=**ksh. 530,967.00**

21. Receivables from Non-Exchange Transactions

Description	2021-2022	2020-2021
GoK Capitation	0	5,310,000.00
	0	5,310,000.00

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22. Inventories

Description	2021-2022	2020-2021
Consumable stores- Stationery	1,788,496.00	557,861.00
Health unit stores	39,720.00	95,962.00
Electrical & Plumbing stores	-	174,700.00
Cleaning materials	369,889.00	402,976.00
Maintenance stores- building	4,458,870.00	1,065,920.00
Catering stores	709,065.00	1,297,802.00
Farm stores	40,828.00	41,110.00
Fashion and design stores	74,545.00	308,163.00
Food stuffs	15,398.00	-
Automotive department stores	360,549.00	502,810.00
Applied Science stores	145,040.00	71,950.00
Food science	49,016.00	
Cosmetology and Hair Dressing	112,550.00	
	8,163,966.00	4,519,254.00

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23. Property, Plant and Equipment

Cost	Land	Buildings	Furniture Fittings	Motor vehicles	Computers	Plant & Equipme nt	W.I.P Ebukanga	W.I.P FCK	Textbooks	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July 2020	100,000,000	303,062,462	9,996,453	14,469,205	5,968,600	174,223,535	59,259,360	8,311,558	4,273,346	679,564,519
Additions	0	9,510,482	239,250	385,000	2,304,404	1,743,183	3,000,821	27,365,130	82,305	44,630,575
Transfers adjustment	50,000,000	-	-	-	-	-	-	-	-	50,000,000
As at 30.6.2021	150,000,000	312,572,944	10,235,703	14,854,205	8,273,004	175,966,718	62,260,181	35,676,688	4,355,651	774,195,094
Additions	-	12,074,179	1,960,920	-	5,540,074	1,964,939	1,014,540.00	15,314,061	124,500	37,993,213
Disposals	-	-	-	-	-	(100,370)	-	-	-	(100,370)
As at 30.6.2022	150,000,000	324,647,123	12,196,623	14,854,205	13,813,078	177,831,287	63,274,721	50,990,749	4,480,151	812,087,937
Depreciation & Impairment										
<i>Dep. Rates</i>	0%	2%	10%	10%	30%	10%	-	-	10%	
At 1 st July 2020	0	24,182,067	5,693,595	8,365,841	6,048,780	120,442,450	0	0	1,067,334	165,800,067
Depreciation & Impairment	0	6,251,459	1,023,570	1,485,421	2,481,901	17,596,672	0	0	435,565	29,274,587
As at 30.6.2021	-	-	-	-	-	-	-	-	-	-
Depreciation and Impairment	-	30,433,526	6,717,165	9,851,262	8,530,681	138,039,122	-	-	1,502,899	195,074,654
As at	0	6,492,942	1,219,662	1,485,420	4,143,923	17,783,129	-	-	448,015	31,573,091
30.06.2022	0	36,926,468	7,936,827	11,336,682	12,674,604	155,822,251	-	-	1,950,914	226,647,745
Netbook Values										
At 30 th June 2021	150,000,000	282,139,418	3,518,538	5,002,944	-257,677	37,927,596	62,260,181	35,676,688	2,852,752	579,120,439
At 30 th June 2022	150,000,000	287,720,654	4,259,795	3,517,522	1,138,473	22,009,036	63,274,721.	50,990,749	2,529,236	585,440,192

NOTE 23(b) . WIP Ebukanga accounts for completion works being carried on Ebukanga TVC which is a Mentee of FCK Whereas WIP FCK entails the on-going constructions of a Library and Hostel.

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24. Intangible Assets

Description	2021-2022	2020-2021
COST		
At Beginning of the year 1.7.2021	6,316,140.00	6,584,900.00
Additions: Upgrade of ABN system.	2,716,856.00	1,000,000.00
At end of the year 30.06.2022	<u>9,032,996.00</u>	<u>7,584,900.00</u>
AMORTIZATION & IMPAIRMENT:		
At the Beginning of the year 1.7.2021	1,268,760.00	889,515.00
Amortization @ 5% (2,716,856.00)	451,650.00	379,245.00
At end of the year 30.6.2022	<u>1,720,410.00</u>	<u>1,268,760.00</u>
Net Book value 30.6.2022	<u>7,312,586.00</u>	<u>6,316,140.00</u>

25. Biological Assets

Description	2021-2022	2020-2021
Farm Trees	2,100,000.00	2,400,000.00
Tea plantation	4,860,000.00	4,860,000.00
Bananas and other crops	910,000.00	600,000.00
Cows	800,000.00	688,000.00
	8,670,000.00	8,548,000.00

26. Trade and Other Payable from Exchange Transactions

Description	2021/2022	2020/2021
(a) Trade and Other payables:		
Trade Payables (Sundry creditors)	8,559,058.00	22,434,295.00
Fees paid in advance	5,019,393.00	2,902,775.00
	13,578,451.00	25,337,070.00
(b) Refundable deposits		
Retention fees (Library Project)	1,299,089.00	-
	1,299,089.00	-
	14,877,540.00	25,337,070.00

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27. Financial Risk Management

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

The Friends College Kaimosi's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Friends College Kaimosi has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Board of Governors sets the College credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Friends College Kaimosi's directors, who have built an appropriate liquidity risk management framework for the management of the Friends College Kaimosi's short, medium and long-term funding and liquidity management requirements. The Friends College Kaimosi manages liquidity risk through continuous monitoring of

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forecasts and actual cash flows.

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the College on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Friends College Kaimosi's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The College Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day today implementation of those policies.

There has been no change to the Friends College Kaimosi's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Friends College Kaimosi has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Foreign currency sensitivity analysis.

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

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a) Interest rate risk.

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

Management of interest rate risk.

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

Sensitivity analysis.

The College analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

v) Capital Risk Management.

The objective of the Friends College Kaimosi's capital risk management is to safeguard the Board's ability to continue as a going concern.

28. Related Party Balances

Nature of related party relationships

Entities and other parties related to the Friends College Kaimosi 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.

Government of Kenya

The Government of Kenya is the principal shareholder of Friends College Kaimosi, holding 100% of the Friends College Kaimosi equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Friends College Kaimosi, both domestic and external. Other related parties include:

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- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of Governors;

29. Events after the reporting period

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

30. Ultimate and holding Friends College Kaimosi

Friends College Kaimosi is a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

31. Currency

The financial statements are presented in Kenya Shillings (Kshs).

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XIX. Appendices

Appendix 1: Implementation status of Auditor- General Recommendations

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

Reference No. on the external audit Report	Issue /Observations from Auditor	Management comments	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)
1.1	Misstatement of revenue and expenditure	-Supporting journals have been made to support the amendments	Hesborn Ehaji- Finance Officer	Resolved	N/A
1.2	Variance on the figure for intangible assets	- Corrections were done	Hesborn Ehaji- Finance Officer	Resolved	N/A
2.0	Unsupported cash and cash equivalents	-The balance of kshs. 1,333,234.00 represented fees deposits which were recognized as fees in the FY 2020/2021	Hesborn Ehaji- Finance Officer	Resolved	N/A
3.1	Unsupported construction works at Ebukanga TVC	-The College wrote to the Ministry of Education to request the Project Management team. The Ministry of public works(Head quarters) seconded officers who are currently managing the Ebukanga TVC Project	Michael Musuya- Principal	Resolved	N/A
4.0	Construction of a Ramp and Library	The Library project was managed by Public works team from Nairobi and the works are complete The contractor for Ramp projected deserted the site and Management in consultation with the Ministry of Public works is planning to take appropriate legal steps.	Michael Musuya- Principal	Not Resolved	By 31 st Dec 2022
5.0 & 6.0	Inaccuracies in the statement of changes in Net assets and statement of cash flows	- The management carried out amendments to support the financial statements figures	Hesborn Ehaji- Finance officer	Resolved	N/A
1.0	Non Compliance with law on Ethnic	The management has set up a policy where all	Michael Musuya- Principal	Resolved	N/A

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	composition	Kenyans are invited to apply for vacancies when they arise.			
2.0	Outstanding imprests	The management has since upgraded its financial management system to manage imprests	Hesborn Ehaji-Finance Officer	Resolved	N/A

Michael Musuya

Principal/Secretary BoG

Date.....04/5/2023.....

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APPENDIX II. Projects Implemented By Friends College Kaimosi

	Project	Total project Cost (Ksh.)	Total expended to date	Completion %to date	Budget	Actual	Sources of funds
1	Three Storey Hostel	37,350,000.00	16,958,793.00	45%	37,350,000.00	16,958,793.00	AIA
2	Library	26,365,000.00	25,065,911.00	100%	26,365,000.00	26,365,000.00	GoK
3	Engineering complex Ramp	4,779,778.50	4,000,000.00	83.6%	1,843,915.00	4,000,000.00	GoK
	Ebukanga TVC Project	56,310,710.00	63,274,721.00	112%	56,310,710.00	63,274,721.00	GoK NGCDF

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APPENDIX III: Inter-Friends College Kaimosi Transfers

	Friends College Kaimosi Name:	Friends College Kaimosi		
	Breakdown of Transfers from the State Department of TVET–Ministry of Education			
	FY2021/2022			
a.	Recurrent Grants			
		Bank Statement Date	Amount(KShs)	The FY to which The amounts relate
	Capitation Grants	01.07.2021	22,590,000.00	2020-2021
	Capitation Grants	19.11.2021	30,862,500.00	2021-2022
	Capitation Grants	02.03.2022	30,862,500.00	2021-2022
	Capitation Grants	03.06.2022	32,017,500.00	2021-2022
		Total	116,332,500.00	

Sign



Finance Officer
 Friends College Kaimosi

Sign-----

Head of Accounting Unit
 Ministry of Education

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature : Recurrent/ Development/Others	Total Amount- KES	Where Recorded/recognized				Total Transferred during the Year	
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables		Others must be specific
Ministry of Education	01.07.2021	Recurrent	22,590,000.00		-	√	-	-	22,590,000.00
"	19.11.2021	Recurrent	30,862,500.00	√	-	-	-	-	30,862,500.00
	02.03.2022	Recurrent	30,862,500.00	√	-	-	-	-	30,862,500.00
"	03.06.2022	Recurrent	32,017,500.00	√	-	-	-	-	32,017,500.00
		Total	116,332,500.00						116,332,500.00

