REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

BOMET CENTRAL TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2022

BOMET CENTRAL TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2022

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

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I. Key Entity Information and Management

(a) Background information

Bomet Central Technical and Vocational College was incorporated/ established under the TVET Act, 2013 on 16th April 2020. The entity is domiciled in Kenya, in Bomet County. The institute is under the Ministry of Education. The college received state of the art institutional management equipment encompassing food and beverage and hairdressing and beauty therapy equipment from China under the Avic International Program. Thus, the institution is a centre of excellence in these two areas. Currently, there are a total of five departments offering different courses accredited by TVETA. The institution continues to roll out more courses with the intention of bridging skills gaps in the market and creating a dynamic workforce that can be relied upon by the nation.

(b) Principal Activities

Vision

To be a centre of excellence in the provision of relevant quality technical skills.

Mission

To develop, innovative and creative human resource competent to meet the dynamic market trends for global requirements.

Core Values

Bomet Central Technical and Vocational College is committed to upholding the following core values:

- Teamwork
- Integrity
- Transparency
- Innovation and creativity
- Customer focus and courtesy
- Professionalism
- Versatility

Principal Mandate and Functions

Bomet Central TVC is mandated to offer courses at Artisan, Certificate and Diploma levels in various disciplines. The college is expected to mainly produce middle level human resources that are well equipped with technical and business skills required in industry, informal sector and service sectors. The institution will produce technicians and technologists who are expected to play a major role towards the attainment of the Kenya's Vision 2030.

Core Functions

i. Provide directly, or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;

ii. Participate in technological innovation as well as in the discovery, transmission and enhancement of knowledge and to stimulate the intellectual life in the economic, social cultural, scientific, and technological development;

iii. Contribute to industrial and technological development of Kenya in collaboration with industry and other organizations through transfer of technology;
iv. Examine and make proposals for new diploma courses and subjects of study, departments, resource and research and innovation;
v. Provide a multi-level system of post-secondary school education and training programmes relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programmes;
vi. Provide high quality educational, research, cultural, social, recreational, sporting and other facilities;
vii. Promote critical enquiry within the college and in the general community and;
viii. Foster the general welfare of all staff and students

(c) Key Management

i. The college's day-to-day management is under the following key organs:
ii. Board of Governors
iii. Accounting officer/ Principal
iv. Heads of various departments

(d) 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	**Jaafar Idd Faraj**
2.	Deputy principal	**Naftal Okoth Ochenya**
3.	Ag. Registrar	**Edmond Chepkwony**
4.	Ag. Dean of students	**William Sitienei**
5.	Head of Finance	**Mercy Chepkirui**
6.	Head of Procurement	**Mercy Chepkorir**

(e) Fiduciary Oversight Arrangements

The oversight organ that held office during the financial year ending 30th/June /2022 was as in the table below.

S/No.	Name of the Sub-committee	Member
1	Finance and Human Resource Management	• Dr Joseph Kipkirui Mutai-Chairperson • Eng. Kipkemoi Ngeno

2	Education, Training and Infrastructure	• Joyce Chepkirui-Chairperson • Eng. Kipkemoi Ngeno • Bency Too
3	Audit and Risk	• Ruttoh Leonard – Chairperson • Franklin Rotich • Joyce Chepkirui

Key Entity Information and Management (Continued)

(f) **Entity Headquarters**

Bomet Central Technical and Vocational College,
P.O Box 117-20400,
BOMET, KENYA.

(g) **Entity Contacts**
Telephone: (254) 740 633 820
E-mail: bometcentraltvc@gmail.com
Website: https://bometcentraltvc.ac.ke

(h) **Entity Bankers**

Kenya Commercial Bank
Bomet Branch
P.O Box 264-20400,
Bomet.
A/C No. 1178002535

(i) **Independent Auditors**

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

(j) **Principal Legal Adviser**

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

II. The Council/Board of Governors

No.	Member/ Director	Position	Details
1.	 Bishop Dr. Augustine K. Rugut	BOG Chairperson	**D.O.B:** 15/11/1965 **Qualifications:** - Bachelor in Biblical Studies - Bsc. Agricultural Engineering **Work Experience:** 21 Years' experience serving under different capacities of theology and administration.
2.	Ms.Bency Too	BOG member	**D.O.B:** 29/07/1976 **Qualifications:** - Undergraduate degree - Diploma in social work **Work Experience:** over 10 years' experience as an administrator at various levels.
3.	 Rutoh Leonard	Chairperson, Audit and Risk sub-committee	**D.O.B:** 3/03/1979 **Qualifications:** - Bachelor In Business Administration (Accounting Option) **Work Experience:** 14 years' experience as an internal auditor.
4.	Dr. Kipkirui Joseph Mutai	Chairperson, Finance and Human Resource Sub-committee	**D.O.B:** 10/10/1962 **Qualifications:** - Ph.D in Business Management - MBA In Human Resource Management majors - Bachelor of Arts in Development Studies **Work Experience:** 29 years' experience serving as an administrator in both the private and public sector.

5.	 Joyce Chepkirui	Chairperson, Education, Training and Infrastructure Sub-committee	**D.O.B:** 1985 **Qualifications:** - Master of Arts in Project planning and Management - Bsc in Computer Science **Work Experience:** 10 years' experience as an administrator.
6.	 Frankline Rotich	BOG member	**D.O.B:** 15/01/1977 **Qualifications:** - Bsc. In Agricultural Engineering **Work Experience:** 20 years' experience in the industry in different capacity.
7.	 Eng. Kipkemoi Ngeno	BOG member	**Qualifications:** - MSc in Structural Engineering **Work Experience:** A registered practising engineer and member of the institute of Engineers of Kenya.
8.	 Jaafar Idd Faraj	Principal/BOG Secretary	**D.O.B:** 20/08/1969 **Qualifications:** - Bsc. In Agricultural Engineering **Work Experience:** 26 years' experience in TVET training, with 13 years as an administrator.

III. Management Team

No.	Member/ Director	Details
	NAME	**AREA OF RESPONSIBILITY**
1.	 Jaafar Idd Faraj	**Principal/BOG Secretary** Bsc in Technical Education Engineering
2.	 Naftal Okoth Ochenya	**Deputy Principal** MSc Chemistry of Natural Product Bed. Chemistry and Mathematics
3.	 William Sitienei	**Ag. Dean of Students** Bsc in Electrical Engineering
4.		

	 Edmond Chepkwony	**Ag. Registrar** Diploma in Technical Education Higher Diploma in Technical Education (Building and Civil Engineering Option)
5.	 Mercy Chepkirui	**Finance Officer** Bsc In Economics and Statistics Certified Public Accountant (Section IV).
6.	 Mercy Chepkorir	**Procurement Officer** Bsc. In Business Management Purchasing and Supplies

IV. Chairman's Statement

I am greatly humbled and grateful to the stakeholders of Bomet Central Technical and Vocational College for granting me the opportunity to serve as the chair of the Board of Governors of this great institution. During the year, various activities took place. The board was inaugurated on 30th June 2021 and consequently took over its activities of oversight and strategic governance of matters relating to the college. The Board is now fully operational and three committees; audit and risk, education, training and infrastructure, and finance and human resource management have been established to provide better governance and oversight roles.

I am highly pleased to give a report pertaining to the financial statements of Bomet Central Technical and Vocational College for the year ended 30th June 2022. The college is in its second year of operation with 208 students. The college currently has five departments offering technical trainings as per the TVET Act 2013. These departments include the following;

i. Information, Communication Technology

ii. Business

iii. Building and Civil Engineering

iv. Electrical and Electronics Engineering

v. Institutional Management

The Board is fully aware of the role played by the college staff in ensuring that well equipped graduates are produced. Thus, it is the Board's responsibility to mobilize resources and utilize them effectively and efficiently to promote technical and vocational training. In this respect, the Board is closely working with the college staff to ensure that the trainings offered are up to the required standards in order to enable the trainees acquire the required skills to become competitive in the job market and consequently, responsible citizens wherever they go.

It is worth noting that the college is still in its early stages of development and thus, is still facing challenges of scarcity of both financial and human resources. There is a heavy reliance on the trainers employed by the Board of Governors. In this regard, most of the financial resources go to the payment of salaries. Delays on the disbursement of capitation funds heavily impacts on service delivery and it is our prayer that the disbursement could be made promptly. Other facilities such as hostels remain a challenge to the institution. However, we have reached out to the community for support and partnering in meeting accommodation needs for the trainees. Particularly, hostels are an area of priority since the college admits students from all over the country through KUCCPS.

Finally, on behalf of the Board of Governors, I wish to extend my sincere gratitude to the Government of Kenya and all other stakeholders for their continued financial support. I also thank the students and the staff for their continued support and dedication.

Bishop Augustine Rugut

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BOARD CHAIRPERSON

Date: 24/05/2023

V. Report of the Principal

I am honoured to present to you the annual financial report for Bomet Central Technical and Vocational College for the year ended 30th June 2022. This is the first annual financial report we have prepared for presentation to you. Bomet Central TVC is one of the new public TVET institutions which commenced its operations on January 2021 under the mentorship of Kaiboi TTI. Before being independent, the institution had an account at Kenya Commercial Bank Eldoret East branch which was managed and operated by the mentor. This account was later transferred to Bomet Central TVC to Kenya Commercial Bank Bomet branch in February 2022. The institution had its first intake of trainees in January 2021. During this intake, the number of trainees received was 19 which later increased to 39 after the May 2021 intake. The number increased gradually and by May 2022, the college had 208 trainees. We anticipate that with more marketing strategies and better training offered, this number will continue to rise. At the present, the college has 7 trainers employed by the Public Service Commission, 12 trainers employed by the BOG, 1 part-time trainer and 9 support staff. All the support staff and BOG trainers were hired by the BOG.

During the year under review, the institution managed to accomplish the following:

i. Procurement of 9 desktop computers for training purposes.
ii. Procurement and installation of computer software.
iii. Fabrication of 2 modern computer lab tables.
iv. Procurement of 20 lecture chairs to aid in learning.
v. Procurement of 2 printers.
vi. Procurement of assorted consumable training materials and equipment to enhance better quality trainings.

This being the first end of year financial report, we have encountered some challenges during the compilation in the recommended format and we hope to improve on this with your assistance and guidance. Another challenge that the institution faced during the year was delay in the disbursement of grants and capitation by the ministry. This being a new institution that heavily relies on the revenue received from the ministry, financial challenges were bound to occur. Lack of accommodation facilities for trainees was another challenge that we hope to resolve in the coming year through partnership with the local community.

In spite of the challenges stated above, we are immensely grateful to the Government of Kenya for the financial support we received in the form of capitation and operational grants. We also extend gratitude to other stakeholders such as the Higher Education Loans Board and the Bomet Central Constituency Development Fund who have supported our trainees by advancing them loans and bursaries.

Jaafar Idd Faraj

Principal / Secretary BOG.

VI. Corporate Governance Statement

The corporate governance policies and structure provides the basis upon which the institution operates works and collaborates with stakeholders. Our core mandate is guided by our vision and mission statements. Our core values form a source of inspiration and our strength. Being one of the public TVET institutions, the college is guided by government policies and specifically, the TVET Act of 2013. The institution has appointed a Board of Governors, which was inaugurated on 30th June 2021. This board comprises nine members, seven being members appointed

All the BOG members have got diverse vast experiences necessary for the development of such a young institution like Bomet Central TVC.

The board has three sub-committees which have been assigned various responsibilities. These include Audit and Risk, Education, Training and Infrastructure, and Finance and Human Resource Management. Each sub-committee has a chairperson and two other members, while the principal sits in all the sub-committee meetings as the secretary.

The full board meetings are held once every quarter. The Audit and Risk, Education, Training and Infrastructure, and Finance and Human Resource Management sub-committees also meet once every quarter, unless on cases occasioned by unavoidable circumstances. Since the inauguration of the board, there have been three full board meetings which took place to plan on the conduct of college activities. Besides that, the manner in which BOG members were to be remunerated was also developed. The Finance and Human Resource Management committee met once during the year to review the 2021/2022 financial year budget.

As per the TVET Act of 2013, the BOG provides oversight roles to the institution and is very instrumental in ensuring that the institution is run in accordance with the set-out government policies and guidelines. The BOG also approves budgets and procurement plans and ensures the prudent use of all the revenues that the college collects and receives. Besides that, the board has been mandated by the TVET Act to recruit trainers on behalf of the Public Service Commission. Moreover, the board recruits and outlined the remuneration of non-academic staff who play important roles in the day-to-day running of the college.

The institution is in the process of developing a strategic plan to provide further governance and guidance to daily operations. Furthermore, the college seeks to further develop the human resource manual, academic, financial management and procurement management policies, which are crucial documents that will guide the institution towards the achievement of its core mandates and bolster service delivery to trainees and other stakeholders. As we get into a new financial year, we hope to have more robust and productive BOG meetings that will develop more policies and guidelines that will steer the institution to higher levels.

As per the TVET act of 2013, the functions of Board of Governors as set out under section 28 (1) shall include -

i. Overseeing the conduct of education and training in the institutions in accordance with the provisions of this Act and any other written law;
ii. Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions; (1) receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
iii. Administering and managing the property of the institutions;
iv. Developing and implementing the institutions' strategic plan;

v. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
vi. Developing and reviewing programmes for training and to make representations thereon to the Board;
vii. Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;
viii. Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
ix. Recruiting and appointing trainers from among qualified professionals and practising trades persons in relevant sectors of industry;
x. Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
xi. Making regulations governing organization, conduct and discipline of the staff and students; Providing for the welfare of the students and staff of the institutions;
xii. Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
xiii. Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
xiv. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
xv. Discharging all other functions conferred upon it by this Act or any other written law.

For the period that the board has been in existence, it has endeavoured to discharge its functions independently, with zeal and utmost passion. Their diligence and prudence has enabled them to been keen in the interpretation of government policies and the TVET Act 2013. Going forward, the board seeks to align its discharge of duties by enhancing its operations in order to render better services to the institution and its stakeholders.

VII. Management Discussion and Analysis

Compliance with Statutory Requirements

The college did not have any compliance issues relating to its statutory requirements.

Major Risks

The institution does not foresee any major financial risks in its financial operations. The institution's credit risk is mitigated and protected by holding deposits in state approved and reputable banking institutions namely; Kenya Commercial Bank. Furthermore, the institution's capital risk was minimal since at the end of the year under review, the institution had no external borrowing.

Material arrears in Statutory/Financial Obligations

The college complied with all laws and key regulation that relate to its statutory obligations under the NSSF, NHIF, INCOME TAX and LABOUR Laws of Kenya. The college has also complied with PFM laws that relate to Public Procurement and Asset Disposal, Annual Estimates and Financial Reporting.

Governance

Notably, Bomet Central TVC has always sought to comply with all the financial and governance policies and laws as stipulated by the constitution of Kenya. The principles of public finance have also been followed through in all the financial decisions undertaken by the college. The BOG and management have also complied with all the provisions of the Public Procurement and Asset Disposal Act, 2015 that preclude any instances of conflict of interest.

VIII. Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of Bomet Central Technical and Vocational College affairs.

Principal activities

The principal activities of the entity are to;
Offer TVET training
Prepare and equip trainees for evaluation and certification by the relevant examining bodies
Promote science, technology and innovation in all the training programmes offered
To develop and nurture trainees' talents in different capacities in order to create a competent human resource to cater for dynamic market trends

Results

The results of the entity for the year ended June 30 2022 are set out on pages 1 - 26

Council/Board of Governors

The members of the Board /Council who served during the year are shown on page vi-vii.

Auditors

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

By Order of the Board

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Secretary of the Board/Council
Nairobi
Date:

IX. Statement of Board of Governors/ Council's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act,2013 - (entities should quote the applicable legislation under which they are regulated)) require the council members to prepare financial statements in respect of Bomet Central Technical and Vocational College, which give a true and fair view of the state of affairs of Bomet Central TVC at the end of the financial year/period and the operating results of the college that year/period. The Council members are also required to ensure that Bomet Central TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Bomet Central TVC. The council members are also responsible for safeguarding the assets of Bomet Central TVC.

The Council members are responsible for the preparation and presentation of Bomet Central TVC's financial statements, which give a true and fair view of the state of affairs of Bomet Central TVC 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 the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for Bomet Central TVC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The council members are of the opinion that Bomet Central TVC's financial statements give a true and fair view of the state of Bomet Central TVC transactions during the financial year ended June 30, 2022, and of Bomet Central TVC financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for Bomet Central TVC, which have been relied upon in the preparation of Bomet Central TVC's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council members to indicate that Bomet Central TVC will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Bomet Central TVC's financial statements were approved by the Board on 28th September 2022 and signed on its behalf by:

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Name BISHOP AUGUSTINE RUGUTT
Chairperson of the Board/Council

....

Name JAAFAR IDD FARAJ
Accounting Officer/Principal

X.

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BOMET CENTRAL TECHNICAL AND VOCATIONAL COLLEGE 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 overall 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 Bomet Central Technical and Vocational College set out on pages 1 to 30, 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 Bomet Central Technical and Vocational College 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. Inaccuracies in the Statement of Financial Position

The statement of financial position reflects accumulated surplus amounting to Kshs.5,925,095. However, statement of financial performance reflected a deficit of Kshs.2,488,790 resulting to unexplained variance of Kshs.8,413,885. Further, the statement reflects capital fund balance of Kshs.105,123,290 which was unsupported and is net of depreciation of Kshs.8,067,895 which has not been explained or supported.

In the circumstances, the accuracy and completeness of the above balances could not be confirmed.

2. Inaccuracies in Capital Grant

The statement of changes in net assets reflects capital grants received during the period amounting to Kshs.113,191,185. However, no capital grant was received in the year under review.

In the circumstances the accuracy and completeness of the capital grants balance of Kshs.113,191,185 could not be confirmed.

3. Unsupported Cash and Cash Equivalent

The statement of cash flows reflects cash and cash equivalent as at 1 July, 2021 amounting to Kshs.345,990. However, the supporting documents were not provided for audit.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.345,990 could not be confirmed.

4. Inaccuracies in Employee Costs

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects employee costs amounting to Kshs.1,126,540 relating to salaries and wages . However, this amount differs with the payroll amount of Kshs.1,061,700 resulting to an unexplained variance of Kshs.64,840. Management explanation that the variance was a result of unreconciled balances was not supported by any verifiable audit evidence. Further, the College has no approved salary structure for its employees.

In the circumstances, the accuracy, completeness and propriety of the employee costs amounting to Kshs.1,126,540 could not be confirmed.

5. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 20 to the financial statements reflects property, plant and equipment balance of Kshs.105,824,040. However, the cost of property, plant and equipment amounting to Kshs.113,891,935 includes transfer/adjustments totaling to Kshs.113,191,185 which were not supported with valuation reports and evidence of ownership. Further, an assets register detailing all the assets owned, costs, additions during the year, accumulated depreciation, charge for the year and net book values were not provided. In addition, the cost does not include the value of parcel of land measuring three (3) acres donated to the College by Ndarawetta primary school.

In the circumstances, the accuracy, valuation and ownership of the property, plant and equipment balance of Kshs.105,824,040 could not be confirmed.

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

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

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.7,657,200 and Kshs.11,818,934 respectively, resulting to an over -funding of Kshs.4,161,734 or 5% of the budget. Similarly, the Institute expended Kshs.6,239,829 against an approved budget of Kshs.7,657,200 resulting to an under-expenditure of Kshs.1,417,371 or 19% of the budget.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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. Irregular Recruitment of Employees

The statement of financial performance reflects employee costs amounting to Kshs.1,126,540. Review of human resource records revealed that twelve (12) employees were recruited and employed on contract during the year under review. However, their vacancies had not been advertised and interviewed for their suitability. This is contrary to Section B.4 (1) of Human Resource Policies and Procedures Manual for the Public Service, 2016 that requires a public entity to advertise all vacant posts in a manner that reaches the widest pool of potential applicants and allow for at least twenty-one (21) days before closing the advert. In addition, the recruitment of the employees was not approved by the Board of Governors.

Further, the Management has not developed and approved human resource plans and policy and staff establishment that could be used in the recruitment, selection, appointment and deployment process. This is Contrary to Section B.2(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 that requires a public entity to prepare Human Resource Plans to support achievement of goals and objectives in their Strategic plan.

In the circumstances, Management was in breach of the law.

2. Non-Compliance with Law on Ethnic Composition

Review of records revealed that the College has twenty-one (21) employees out of which twenty (20) or 95% of the employees are members of the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

In the circumstances, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the 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.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how the entity 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 control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 continue 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

14 June, 2023

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

	Notes	2021/2022
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants/ gifts in kind	6	4,800,000
Total Revenue from non-exchange transactions		**4,800,000**
Revenue from exchange transactions		
Rendering of services- Fees from students and other incomes	7	7,018,934
Revenue from exchange transactions		**7,018,934**
Total revenue		**11,818,934**
Expenses		
Use of goods and services	8	4,620,449
Employee costs	9	1,126,540
Remuneration of directors	10	145,000
Depreciation and amortization expense	11	8,067,895
Repairs and maintenance	12	347,840
Total expenses		**14,307,724**
Net Surplus for the year		**- 2,488,790**

(The notes set out on pages 8 to 29 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 6 were signed by:

…………………………	…………………………	…………………………
Chairman of Council/Board	**Finance Officer**	**Principal**
	ICPAK No	
Date 24/05/2023	**Date** 24/05/2023	**Date** 24/05/2023

XIII. Statement of Financial Position as at 30th June 2022

	Notes	2021/2022
		Kshs
Assets		
Current assets		
Cash and cash equivalents	13	1,559,303
Receivables from exchange transactions	14	4,177,398
Receivables from non-exchange transactions	15	1,000,000
Total Current Assets		**6,736,701**
Non-current assets		
Property, plant and equipment	20	105,824,040
Total Non-current Assets		**112,560,741**
Total assets		**112,560,741**
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	16	1,408,356
Refundable deposits from customers	17	104,000
Total Current Liabilities		**1,512,356**
Total liabilities		**1,512,356**
Capital and Reserves		
Reserves		
Accumulated surplus		5,925,095
Capital Fund	18	105,123,290
Total Capital and Reserves		**111,048,385**
Total Liabilities and Capital & Reserves		**112,560,741**

The Financial Statements set out on pages 1 to 6 were signed by:

....	....	....
Chairman of Council/Board	**Finance Officer**	**Principal**
	ICPAK No	
Date 24/05/2023	**Date** 24/05/2023	**Date** 24/05/2023

XIV. Statement of Changes in Net Asset for the year ended 30 June 2022

	Accumulated surplus	Capital grants	Total
Balance b/f as 1 July 2021	**345,990**	-	**345,990**
Net surplus for the year	- 2,488,790		**- 2,488,790**
Capital grants received during the period		113,191,185	**113,191,185**
Transfer of depreciation from accumulated surpluses to capital grants	8,067,895	(8,067,895)	-
Balance c/d as at June 30, 2022	**5,925,095**	**105,123,290**	**111,048,385**

(Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.

2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).

XV. Statement of Cash Flows for the year ended 30 June 2022

		2021/2022
	Note	Kshs
Cash flows from operating activities		
Net cash flows from operating activities	19	**1,914,063**
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets		(700,750)
Net cash flows used in investing activities		**(700,750)**
Net increase in cash and cash equivalents		**1,213,313**
Cash and cash equivalents at 1 July 2021		345,990
Cash and cash equivalents at 30 June 2022	13	**1,559,303**

((IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

The Financial Statements set out on pages 1 to 6 were signed by:

………………………………	………………………………	………………………………
Chairman of Council/Board	**Finance Officer**	**Principal**
	ICPAK No	
Date 24/05/2023	**Date** 24/05/2023	**Date** 24/05/2023

XVI. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities Govt grants	4,300,000		4,300,000	4,800,000	- 500,000	- 10
Public contributions and donations	-			-	0	
Rendering of services- Fees from students	3,357,200		3,357,200	7,018,934	(3,661,734)	(52)
Total income	**7,657,200**	-	**7,657,200**	**11,818,934**	**(4,161,734)**	
Expenses						
Compensation of employees	1,524,000		1,524,000	1,126,540	397,460	35
Use of Goods and services	5,283,200		5,283,200	4,620,449	662,751	14
Repairs and maintenance	250,000		250,000	347,840	- 97,840	- 28
Remuneration of directors	600,000		600,000	145,000	455,000	314
Total expenditure	**7,657,200**	-	**7,657,200**	**6,239,829**	**1417371**	
Surplus for the period	-	-	-	**5,579,105**	**(5,579,105)**	
Non cash expense - Depreciation	-	-	-	8,067,895	**5,579,105**	
Surplus for the period after depreciation	-	-	-	**(2,488,790)**	**(11,158,210)**	
Capital expenditure				**700,750**	**(5,181,645)**	

(Budget notes)

1. Transfers from other Govt entities Govt grants- only an amount of 1,000,000 for operational grants was budgeted for but 3,000,000 was received inclusive of 1,000,0000 relating to the previous financial year.
2. Rendering of services- Fees from students-there was low payment of fees by students.
3. Compensation of employees- the budgeted figures were implemented in January 2022 instead of July 2021. The delay was occasioned by poor fee payments and lack of sufficient funds by the institution.
4. Use of Goods and services- there were insufficient funds to implement all the budgeted expenditures relating to the use of goods and services.
5. Repairs and maintenance-most of the repairs undertaken were not anticipated
6. Remuneration of directors-there were fewer board meetings than the anticipated ones

XVII. Notes to the Financial Statements

1. General Information

Bomet Central TVC is established by and derives its authority and accountability from TVET Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer trainings on technical skills and knowledge.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.
The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). 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.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** 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 Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful

Standard	Effective date and impact:
	information than IPSAS 29, by: • 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 Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. There is no impact of the standard to the Entity
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. There is no impact on the entity
Amendments to Other IPSAS resulting from	**Applicable: 1st January 2023:** 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.

Standard	Effective date and impact:
IPSAS 41, Financial Instruments	b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 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. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. There is no impact on the entity
Other improvements to IPSAS	**Applicable 1st January 2023** • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • **IPSAS 29: Financial instruments: Recognition and Measurement** Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. There is no impact to the entity
IPSAS 43	**Applicable 1st January 2025** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. There is no impact on the entity
IPSAS 44: Non- Current	**Applicable 1st January 2025** The Standard requires,

Standard	Effective date and impact:
Assets Held for Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: 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. There is no impact on the entity

iii. **Early adoption of standards**

(The entity) did not early-adopt any new or amended standards in year 2022.

4. **Summary of Significant Accounting Policies**

a) Revenue recognition

i) **Revenue from non-exchange transactions**

Transfers from other government entities

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

ii) **Revenue from exchange transactions**

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on 19/11/2021. 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 entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes.

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.

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

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

e) Property, plant and equipment

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

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revaluated amount, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Buildings	2
Plant and machinery	12.5%
Motor vehicles	25
Furniture and fittings	12.5
Computer equipment	30

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit or loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

Notes to the Financial Statements (Continued)

4 **Summary of Significant Accounting Policies (Continued)**

f) **Leases**

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

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

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

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

g) **Intangible assets**

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

h) **Research and development costs**

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

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

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

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

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity 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.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity 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 the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or an entity 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. The Entity determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

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 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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

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

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

Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity 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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. (Entity to state the reserves maintained and appropriate policies adopted).

m) Changes in accounting policies and estimates

The Entity 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

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

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

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 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.

4 Summary of Significant Accounting Policies (Continued)

q) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, 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

The Entity 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, the Entity 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 Entity 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 authorised 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.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity'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. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. 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 Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

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

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2020-2021
	Kshs
Unconditional Grants	
Capitation Grants	**1,800,000**
Operational Grant	**3,000,000**
	4,800,000

7. Rendering of Services

Description	2021-2022
	Kshs
Tuition Fees	6,551,960
Advance repayment by staff	6,000
Computer classes Fees	43,634
Examination Fees	403,340
Tender Fees	14,000
Total Revenue from The Rendering Of Services	**7,018,934**

Notes To The Financial Statements (Continued)

8. Use Of Goods And Services

Description	2021-2022
	Kshs
Tuition	2,411,322
Water and Electricity	103,974
Activity	76,800
Local travel and transport	1,268,460
Bank charges	7,995
Attachment	9,558
Student Union	8,000
Examination	403,340
Student Id	31,000
Mentor Debts Paid	300,000
Total good and services	**4,620,449**

Notes to the Financial Statements (Continued)

9. Employee Costs

Description	2021-2022
	Kshs
Salaries and wages	1,126,540
Employee Costs	**1,126,540**

10. Board/Council Expenses

Description	2021-2022
	Kshs
BOG sitting allowances	145,000
Total	**145,000**

11. Depreciation and Amortization expense

Description	2021-2022
	Kshs
Property, plant and equipment	8,067,895
Total depreciation and amortization	**8,067,895**

12. Repairs and Maintenance

Description	2021-2022
	Kshs
General repairs and maintenance	347,840
Total Repairs and Maintenance	**347,840**

13. Cash and Cash Equivalents

Description	2021-2022
	Kshs
Current Account	1,553,335
Cash at hand	5,968
Total Cash and Cash Equivalents	**1,559,303**

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

14. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

Description	2021-2022
	Kshs
Current Receivables	
Student Debtors	4,177,398
Total Current Receivables	**4,177,398**

15. Receivables from Non-Exchange transactions

Description	2021-2022
	Kshs
Current Receivables	
Operational Grants*	1,000,000
Total Current Receivables	**1,000,000**

(*Receivables on capitation grants are recognised for monies received after year end but relating to the year under review).

16. Trade and Other Payables from Exchange Transactions

Description	2021-2022
	Kshs
Trade Payables	1,242,136
Fees paid in Advance	166,220
Total Trade and Other Payables	**1,408,356**

17. Refundable Deposits from Students

Description	2021-2022
	Kshs
Caution money	104,000
Total Refundable Deposits from Students	**104,000**

18. Capital Grants

Description	2021-2022
	Kshs
Land	4,250,000
Building	54,448,185
Machinery	52,000,000
Furniture	2,333,000
Equipments	160,000
Less: depreciation charge	(8,067,895)
Net capital grants	**105,123,290**

19. Cash Flows from Operating Activities

Description	2021-2022
	Kshs
Surplus for the year	(2,488,790)
Adjusted for:	
Depreciation and amortisation	8,067,895
Working Capital adjustments	
(Increase) in receivables	(5,177,398)
Decrease in payables	1,512,356
Net Cash Flows from Operating Activities	**1,914,063**

Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

	Land	Buildings	Furniture, fittings and other equipment	Computers	Plant and equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs
Rate	0%	2%	12.50%	30%	12.50%	
At 1st July 2021	-	-	-	-	-	-
Additions			245,250	455,500		**700,750**
Transfer/adjustments	4,250,000	54,448,185	2,493,000		52,000,000	**113,191,185**
At 30th June 2022	**4,250,000**	**54,448,185**	**2,738,250**	**455,500**	**52,000,000**	**113,891,935**
Depreciation and impairment						-
At 1st July 2021	-	-	-	-	-	-
Depreciation		1,088,964	342,281	136,650	6,500,000	**8,067,895**
At 30 June 2022	-	**1,088,964**	**342,281**	**136,650**	**6,500,000**	**8,067,895**
Net book values						-
At 30th June 2022	**4,250,000**	**53,359,221**	**2,395,969**	**318,850**	**45,500,000**	**105,824,040**

21. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company 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 entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity 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.

21. Financial Risk Management (Continued)

(i) Credit risk (continued)

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 recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months
	Kshs	Kshs
At 30 June 2021		
Trade Payables	-	-
Current Portion Of Borrowings	-	-
Provisions	-	-
Deferred Income	-	-
Employee Benefit Obligation	-	-
Total	**-**	**-**
At 30 June 2022		
Trade Payables	-	**1,408,356**
Current Portion Of Borrowings	-	-
Provisions	-	-
Deferred Income	-	-
Employee Benefit Obligation	-	-
Total	**-**	**1,408,356**

21. Financial Risk Management (Continued)
(iii) Market risk
The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

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

22. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity 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 Bomet Central TVC, holding 100% of Bomet Central TVC's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

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

The transactions and balances with related parties during the year are as

	2021-2022
	Kshs
Transactions with related parties	
a) Grants /Transfers from the Government	
Grants from National Government	**4,800,000**
Total	**4,800,000**

23. Events After the Reporting Period

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

24. Ultimate And Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

25. Currency

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

XVIII. 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	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		This was the first audit of the institution, hence there were no prior audit issues.		

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Jaafar Idd Faraj,
Accounting Officer
Principal
Date 24/05/2023.

APPENDIX II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the Department Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
MOE - TVET		Recurrent Grant	500,000	500,000	-	-	-	-	500,000
MOE - TVET		Recurrent Grant	500,000	500,000	-	-	-	-	500,000
MOE - TVET		Recurrent Grant	1,000,000	1,000,000	-	-	-	-	1,000,000
MOE - TVET		Capitation Grant	540,000	540,000	-	-	-	-	540,000
MOE - TVET		Capitation Grant	540,000	540,000	-	-	-	-	540,000
MOE - TVET		Capitation Grant	720,000	720,000	-	-	-	-	720,000
MOE - TVET		Recurrent Grant	1,000,000	1,000,000	-	-	-	-	1,000,000
Total			**4,800,000**	**4,800,000**					**4,800,000**

During the year under review, the institution opened a NG-CDF Development account (A/C no. 1220282363840) and received Ksh. 1,000,000 out of which 403,340 was used to pay exams for KNEC July series and the account balance of this account as at 30th June 2022 was Ksh. 594,550.