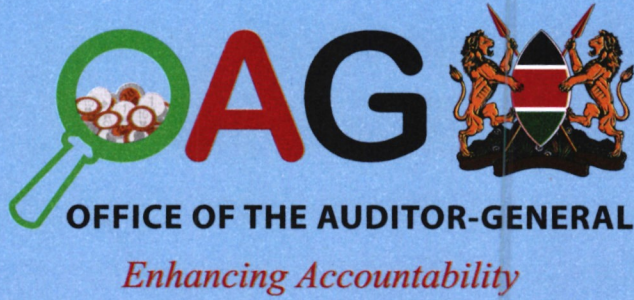


REPUBLIC OF KENYA



REPORT

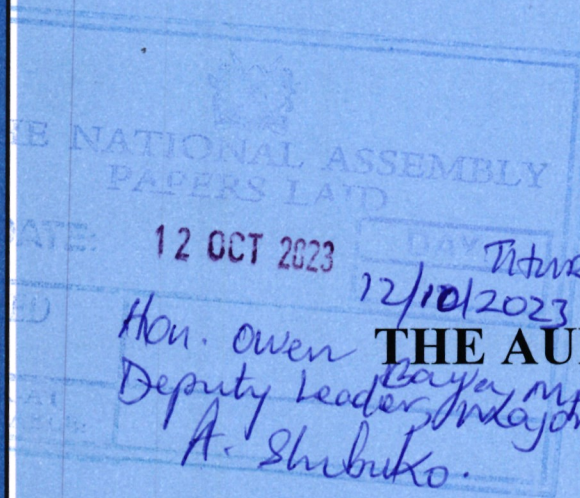
OF

THE AUDITOR-GENERAL

ON

KERICHO TEACHERS TRAINING COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2021**





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
31 AUG 2023
RECEIVED



KERICHO TEACHERS TRAINING COLLEGE

AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30/JUNE /2021**

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kericho Teachers' Training College was established under the Basic Education Act 2013. The College is domiciled in Kenya and is under the Ministry of Education.

(b) Principal Activities

The college purpose

To provide quality and transformative education and training.

Core Mandate of Kericho T.T.C

Kericho T.T.C was established through the Education Act of 1968. The college is mandated to carry out the following responsibilities:

- To train teachers.
- To carry out co-curriculum activities.
- To instil discipline.
- To award and present certificates

The college Motto

Kericho T.T.C's motto is "Elimisha wajelimishe".

Vision statement

A model institution in the training and development of competent and Multi-skilled teachers.

Mission statement

To provide quality training and equip teachers with practical and theoretical knowledge, skills and positive attitudes for professional competence and integrity to meet the needs of a dynamic society.

Strategic Objectives

- a) To train and develop competent and multi-skilled teachers.
- b) To expand training opportunities and enhance discipline.
- c) To develop and maintain quality infrastructure.
- d) To ensure compliance with the established quality assurance standards in education and training and enhance research and consultancy.
- e) To increase the efficiency and effectiveness of human resource.
- f) To ensure prudent utilization of resources and fully embrace the use of ICT.

Philosophy statement

Excellence in teacher training and management.

The college core values/ guiding principles

The college, in cognizant of the following values, will strive to achieve its goals as illustrated below:

Customer focus

It is a series of activities designed to deliver customer satisfaction based on the understanding of what the customer wants and needs. The management shall ensure that student requirements are met with an aim of enhancing their

satisfaction, security and sustainability for instance teacher availability, improved infrastructure, access to information and effective complaint-handling process, transparency and accountability.

Integrity and ethics

It is adherence to moral and ethical values. It means being true to ourselves and being honest, upright and decent in our dealing with others. It is consistency of actions, values, methods, measures, principles, expectations, and outcomes. Factors such as corruption, immorality, theft, poor time management and gossip are likely to affect the achievement of the college objectives. Kericho Teachers' Training College shall aspire to adapt to the above moral values to totally discourage concepts that may hinder the development of good morals.

Resilience

It is the ability to withstand and cope with stress and challenges of all kinds. The college will ensure that human resource is able to utilize their skills and strengths to cope and recover from challenges encountered. The challenges such as corruption, procrastination, fear, misuse of college resources, negative attitude and rigidity are likely to hinder the achievements of institutional objectives.

Timeliness

It refers to the principle where information is presented to the users in time to fulfil their decision making needs. The concepts of timeliness include meeting deadlines, security of information, mode of information delivery and feedback of information. The college will put measures that ensure timeliness is observed.

Teamwork

It is a combined effort of a group of individuals towards achieving institutional objectives. It is a cooperative and coordinated effort on part of a group of persons acting together in the interest of a common cause. Feedback, responsibility, coordination, monitoring, communication, cooperation and shared objectives are components that the college aspires to achieve.

(c) Key Management

- Board of Management
- Accounting officer/ Principal

(d) Fiduciary Management

The board has the overall mandate of ensuring the sound management of the college. These includes: approving budgets and procurement plan, approving policies, strategic plan, review management implementation of strategies, policies and plans

(e) KERICHO TEACHERS COLLEGE

Kericho Town

(f) KERICHO TEACHERS COLLEGE Contacts

P.O. Box 10 – 20200 KERICHO

Telephone: (254)721457785

E-mail: kerichottc@yahoo.com

(g) KERICHO TEACHERS COLLEGE- Bankers

S/N	BANK NAME	BRANCH	ACCOUNT NUMBER	ACCOUNT TYPE
1	KCB BANK K LTD	KERICHO	1107170168	CURRENT
2	KCB BANK K LTD	KERICHO	1107169887	CURRENT
3	KCB BANK K LTD	KERICHO	1102279323	SAVINGS
4	KCB BANK K LTD	KERICHO	1215778686	CURRENT
5	KCB BANK K LTD	KERICHO	1102695270	SAVINGS

(h) Principal Legal Adviser

The State Counsel

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

2. BOARD OF MANAGEMENT**i. FINANCE, PROCUREMENT AND GENERAL PURPOSE**

S/N	NAME	DESIGNATION
1	Prof. Charles Tibbs	Chaiperson
2	Mr. Rasto Chepkwony	Member
3	Mr. Abdallah Bii	Member

ii. ACADEMIC STANDARDS, QUALITY AND ENVIRONMENT

S/N	NAME	DESIGNATION
1	Dr. Cecilia Sang	Chairperson
2	Dr. Naaman Rop	Member
3	Dr. Daniel Nyongesa	Member

iii. DISCIPLINE, ETHICS AND INTEGRITY

S/N	NAME	DESIGNATION
1	M/s Stella Koech	Chairperson
2	Mrs. Martha Sandagi	Member
3	Mr. Joel Mitei	Member

iv. AUDIT






S/N	NAME	DESIGNATION
1	Dr. Vicky Chepkorir	Member
2	Prof. Charles Tibbs	Chairperson

v. HUMAN RIGHTS AND STUDENT WELFARE

S/N	NAME	DESIGNATION
1	Mr. Abdallah Bii	Chairperson
2	Ms. Stella Koech	Member
3	Mr. Joel Mitei	Member
4	Dr. Vicky Chepkorir	Member




KERICHO TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

THE BOARD OF MANAGEMENT TEAM Category of persons	Name of persons	Gender	Photo	Highest Education Qualification	Professional Qualification	Current occupation	COUNTRY
Representatives of parents/local community	Eng. Joseph Mitei	M		Degree	Engineer	MD Uniliver	Kericho
	Dr. Cicilia Sang	F		Phd	lecturer	Registrar Kabianga University	Kericho
	Ms. Stella Koech	F		Degree	Lawyer	Advocate	Kericho
	Mr. Rasto Chepkwony	M		Masters	Masters in distrib. technology	Director – KEWASCO	Kericho
One representative of Teaching staff	Mrs. Martha Sandagi	F		Degree	Tutor	Tutor	Vihiga
Three representative of sponsors	Dr. Charles Yugi Tibbs	M		Phd.	Lecturer	Lecturer MMUST	Kisumu
	Mr. Abdallah Cheruiyot	M		Degree	Lawyer	Deputy Director, legal services- National Commission for science, technology and innovation	Nairobi
	Dr. Vicky B. Chepkorir	F		Phd	Education	Asst. Director Kenya Water	Bomet

KERICHO TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

						Towers Agency	
One representative with special interest group	Dr. Daniel Nyongesa	M		Masters	Medical Doctor	Consultant surgeon Kericho Referral Hospital	Bungoma
One representative of person with special needs	Joel Mitei	M		O-level	Certificate	Retired Telecom employee/Farmer	Kericho
Principal/Secretary to the Board	Ms. Achungo E. P	F		Masters	Lecturer	Chief Principal	Kericho

3. MANAGEMENT TEAM

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

S/N	Name	Designation
1	Ms. Elda P. Achungo	Chief Principal
2	Mr John Chesiror	Deputy Principal
3	Mr Fredrick Nyawanda	The Dean of Curriculum
4	Mr Geoffrey Ngeno	The Dean of Students
5	Mr Daniel Keter	Finance and Administrative Officer
6	Mr Geoffrey langat	Procurement Officer

4. CHAIRMAN'S STATEMENT

Kericho Teachers' Training College share in the belief that with enabling environment, we can face future challenges in the field of teacher-training programs. With the right ingredients, we can leap forth to higher levels of educational, socio-cultural, economic and political development. We hope that in making this leap, students and teachers, policy and decision makers and others will find this Annual report and financial statements useful for future management of our day-to-day activities.

This report aims at streamlining the activities of Kericho T.T.C in the education sector to suit the 21st century education challenges. It underpins the pedagogies and sophisticated modern tools that learners and teachers can embrace during the teaching and learning sessions. The bottom-line is production of quality teachers who are able to deliver the

Competence Based Curriculum (CBC) and the unique needs of our nation in the 21st century economy driven by relevant skills, knowledge and positive attitudes.

The Kenya Vision 2030 blue print recognizes human resource development as key to rapid development. Highly trained, yet flexible human resource that has the relevant knowledge and skills requires sustained and continuous learning and relearning of content developed in close consultation with industry players. Kericho T.T.C will continue to be guided in the implementation of its curriculum by the needs of industry and advances in knowledge in the world in general.

The vision of Board of Management (BoM), Administration and Stakeholders is to develop quality teachers and workforce required at various levels of our economy. Quality programs will be developed and given priority. The Board of Management (BoM) will address pertinent issues and craft policies and strategies appropriate for implementation of its planned activities.

5. REPORT OF THE PRINCIPAL

Kericho Teachers' Training College is a public college established in 1964 to provide quality teacher education, training, research and innovation for the advancement of individual and society.

Currently, it has over 850 students, 49 academic staff and 61 non-teaching staff.

All over the world, colleges have always been strategic national institutions whose developments have punctuated the advancement of nations with progressive economies. Such countries would not have developed as much as they have without allocating significant investment in teacher-preparedness. Education in Kenya is a costly investment and Kericho T.T.C is faced with scarcity of resources. The high cost of infrastructure development and equipment to adequately meet the requirements for quality education has made it difficult for any institution to be absolutely self-sufficient in meeting all its requirements.

Kericho Teacher's training College has actively participated in the implementation of the wider government of Kenya policies and the Vision 2030 Strategy among others. In this regard, the college embarked on reviewing its annual report and financial statement in tandem with new government policies and priorities in order to enhance efficiency and effectiveness in teacher training management program. This has been done in keeping with its vision statement "To be a leading developer of quality teachers for a dynamic society".

The college will endeavour to establish the basis for ensuring that efficient and effective services are delivered to Kenyans in line with the provisions of the Constitution of Kenya 2010 that enable innovativeness and adaptability of public services to the needs of the Constitution and by requiring Kericho T.T.C to adapt systems that it uses.

The Challenge for the college is therefore to develop and review its annual report and financial statements in line with its mandate, its Vision, National Government agenda, Vision 2030 Blue print and the "Big Four Initiatives" of the GOK; and to develop appropriate implementation of current Competence Based Curriculum that will anticipate infrastructural,

social-cultural, economic, political and technological changes and identify relevant opportunities outside the traditional work practices. The development of this report has therefore become a priority if the college is to realize its strategic goals in line with the Basic Education Act of 2013.

The college envisage to engage the use of digital technologies and the internet, which are, potentially powerful enabling tools for educational change especially in implementing the new curriculum and reforms that will help expand access to education, strengthen the relevance of education to increasingly digital work place and raise educational quality among others, helping make teaching and learning into an engaging, active process connected to real life.

I expect a paradigm shift in curriculum and pedagogy, institutional readiness, teacher competencies and effectiveness, cost, equity and sustainability, among others.

I urge all stakeholders to join me in taking our institution to greater heights of success through implementation of this report and other relevant policies.

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity’s performance against predetermined objectives.

Kericho Teachers Training College has **4** strategic pillars and objectives within current Strategic Plan for the Financial Year 2019- 2020. These strategic pillars are as follows:

Pillar 1: Conduct training programs based on Diploma in Primary Teacher Education and Diploma in Early Childhood Teacher Education curriculum

Pillar 2: To construct, modernize infrastructure and improve physical environment

Pillar 3: To enhance safety and security in the college

Pillar 4: To enhance leadership and governance

Kericho Teachers Training college develops its annual work plans based on the above 4 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2021/212period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar / 1	To enhance safety and security in the college			
	-Enhance fencing -Install modern security gadgets and programs	-Proper fence Kei-apple (Kayaba) Chain link -Gadgets (Biometric kit -Pass words) -Programs	- Demarcate - Type of fencing -Identify and fence - Frequent repairs	-Secure environment -Serene environment Improved skills in disaster management

KERICHO TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

			Receipts Delivery notes -Rumps -Doors and windows opening outside	- Install gadgets -Identify areas of sensitization -Resource persons - Fire drills	-Peaceful co-existence
Pillar / 2	To enhance leadership and governance				
	-Capacity build the Board of Management	-Good leadership and governance	Handbook Minutes Budget	- Meetings - Build capacity	Management skills -Motivated managers -Improved discipline -Efficient college management

7. CORPORATE GOVERNANCE STATEMENT

The current Board of Management was appointed into office in 27th June, 2021 and upon appointment immediately took charge of their mandate to steer the college forward through application of best governance practices and standards.

One of the core values is effective corporate governance. There are benefits of a properly implemented effective corporate governance system as it provides stakeholders confidence.

The College has built its operations on very strong corporate governance principles based on the application of high and consistent ethical standards in its relationships with all customers, employees and other stakeholders. This is consistent with the institutions core values of effective corporate governance that has led to a strong commitment to conduct business in accordance with best business practices based on principles of transparency, accountability and responsibility, monitoring compliance with relevant laws and regulations, risk management, appropriate checks and balances and the delivery to commitments to all stakeholders.

Ethical leadership and integrity, socio-environmental responsibility and determination of group strategy are the key principles that are taken into account while setting governance standards for the group. The College has kept abreast with international developments in corporate governance for the promotion of enhanced transparency, integrity and rule of law.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The college operational and financial performance

The operational and financial performance of Kericho Teachers college is set out in pages 1 to 30.

In the year under review, Coronavirus Disease (COVID-19) affected the college operations

College compliance with statutory requirement

Kericho Teacher college financial statements have been prepared in accordance with Section 81(3) of the Public Finance Management Act of 2012. The college complied with statutory obligation of its employees from time to time.

Reporting framework

The college adopts International Public sector accounting standards (IPSAS) Accrual basis in the 2020-2021 financial year for the first time.

The presentation of financial statements under review is in conformity with International Public sector accounting standards (IPSAS) 1 on the presentation of financial statements. Additionally, each material class of similar items has been presented separately in the financial statements while dissimilar items have been aggregated only if they are immaterial on an individual basis International Public sector accounting standard (IPSAS 1(13))

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Kericho Teachers Training college exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on five pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements during the year under review.

1) Environmental performance

The college has laid down a policy of planting trees within the water catchment areas and ensures 75% survival rate.

2) Market place practices-

Being a public Institution, there is the perception that there is a lot of resources to be utilised. The reality is far from that and the resources we have are carefully managed to have the most impact. To this end we carry out the following exercises to get the best partners for continued provision of goods and services.

a) Supplier prequalification

We are guided by the Public Procurement and asset Disposal act,2015 and Regulations of 2020 and the PPRA guidelines on how to identify suppliers. This is an open and public process and takes into consideration the reservations for youth, women and people with disabilities.

b) With our prequalified suppliers, we endeavour to meet our obligations on time so that we may be able to sustain relations for future partnerships.

c) Being a national Government entity's the college makes a nationwide advert through newspaper and use of the local administration notice boards, social media to market opportunities in the College.

d) List of registered tenderers

KERICHO TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The college also maintains and updates the list of registered tenderers as per the requirements of PPRA.

10. REPORT OF THE BOARD OF MANAGEMENT

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of KETECO's affairs.

11. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government—grants	6	8,055,152	8,864,530
Total Revenue from non-exchange transactions		8,055,152	8,864,530
Revenue from exchange transactions			
Rendering of services- Fees from students	7	8,139,811	43,681,873
Sale of goods	8	953,256	0
Rental revenue from staff houses	9	1,213,240	484,250
Other income	10	1,724,200	5,285,736
Revenue from exchange transactions			
Total revenue		20,085,659	58,316,389
Expenses			
Use of goods and services	11	9,745,859	
Employee costs	12	11,240,641	

KERICHO TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Board expenses	13	0	
Depreciation and amortization expense	14		
Repairs and maintenance	15	4,609,976	5,693,214
Covid -19	16	1,249,077	
Grants (contra entry)	17		
Total expenses		26,845,553	
Net surplus /(deficit) for the year		-5,510,817	

KERICHO TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Principal activities

The principal activities of KERICHO TEACHERS COLLEGE continue to:-

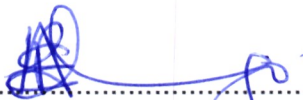
- Train teachers.
- Carry out co-curriculum activities.
- Instil discipline.
- Award and present certificates

Auditors

The Ministry of Education and Office of Auditor are responsible for the statutory Audit of the college financial books.

The Auditor General is responsible for the statutory audit of the Kericho Teachers College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out audit of Kericho Teachers College for the year ended 30 June 2021, in accordance to section 23 of the Public audit Act 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By order of the Board



.....
Secretary of the Board of Management
Kericho Teachers College

Date 30/03/2023.

12. STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Basic Education Act 2013 require the Board of Management to prepare financial statements in respect of Kericho Teachers’ Training College which give a true and fair view of the state of affairs of Kericho Teachers’ Training College at the end of the financial year 2020/2021 and the operating results of *KETECO* for 2020/2021. The Board of Management are also required to ensure that the *KETECO* keeps proper accounting records which disclose with reasonable accuracy the financial position of *KETECO*. The Board of Management are also responsible for safeguarding the assets of *KETECO*.



The Board of Management are responsible for the preparation and presentation of *KETECO’s* financial statements, which give a true and fair view of the state of affairs of *KETECO* for and as at the end of the financial year 2020/2021 ended on June 30, 2021. 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 *KETECO*; (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 *KETECO*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

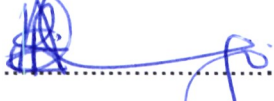
The Board of Management accept responsibility for *KETECO’s* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Basic Education Act 2013. The Board of Management are of the opinion that the *KETECO’s* financial statements give a true and fair view of the state of *KETECO’s* transactions during the financial year ended June 30, 2021, and of *KETECO’s* financial position as at that date. The Board of Management further confirm the completeness of the accounting records maintained for *KETECO*, which have been relied upon in the preparation of *KETECO’s* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

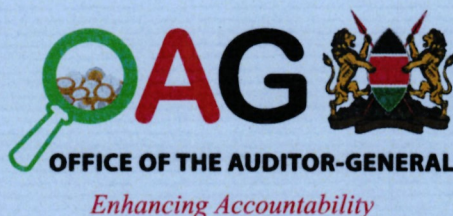
Kericho Teachers’ Training College financial statements were approved by the Board on 30TH June 2021 and signed on its behalf by:

1. 
 Chairperson of the B.O.M

2. 
Principal/Secretary BOM

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KERICHO TEACHERS TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kericho Teachers Training College set out on pages 1 to 27, which comprise of the statement of financial position as

at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of 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 Kericho Teachers Training College as at 30 June, 2021, 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 Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of financial statements presented for audit revealed variances between the financial statements balances and the ledger balances as summarized below:

Notes	Financial Statement Component	Financial Statement Balance (Kshs.)	General Ledger Balance / Master Payroll (Kshs.)	Variance (Kshs.)
11	Activity Expenses	80,250	10,000	70,250
8	ESD Project	272,280	248,000	24,280
15	Repairs and Maintenance	4,609,976	2,791,105	1,818,871
12	Employee Costs-Salaries and Wages	8,993,137	11,240,641	2,247,504
23	Sundry Creditors	7,675,038	6,296,020	1,379,018

In the circumstances, the accuracy of the balances reflected in the financial statements could not be confirmed.

2. Inaccuracies in the Statement of Changes in Net Assets

The financial statements presented for audit includes the statement of changes in net assets. However, all the components in the statement of changes in net assets had nil balances.

In the circumstances, the accuracy and completeness of the balances in the financial statements could not be confirmed.

3. Unsupported Property, Plant and Equipment

The statement of financial position and Note 21 to the financial statements reflects property plant and equipment balance of Kshs.830,771,760. However, the college did not maintain an asset register as required. In addition, the college did not have assets depreciation policy in place and the asset balances were reported at cost instead of net book values.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.830,771,760 could not be confirmed.

4. Unsupported Receivables

The statement of financial position and Note 18 to the financial statements reflects receivables from exchange transactions balance of Kshs.37,240,953. However, the balance was not supported with an ageing analysis. In addition, the college did not have a policy on provision for bad and doubtful debts.

In the circumstances, the accuracy and recoverability of receivables balance of Kshs.37,240,953 could not be confirmed.

5. Unsupported Cash and Cash Equivalents

The statement of financial position and Note 17 to the financial statements reflects cash and cash equivalents balance of Kshs. 723,530. However, the college did not prepare monthly bank reconciliation statements for five (5) bank accounts to support the balance.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.723,530 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kericho Teachers Training College 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.

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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Internal Audit Function

The College did not have an internal audit unit to give reasonable assurance through the audit committee on the state of risk management, control and governance within the organization as outlined in Regulation 160(1)(b) of Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the existence of effective system of internal controls and risk management could not be confirmed.

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

Responsibilities of Management and the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to 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 controls 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

25 September, 2023

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government—grants	6	8,055,152	8,864,530
Total Revenue from non-exchange transactions		8,055,152	8,864,530
Revenue from exchange transactions			
Rendering of services- Fees from students	7	8,139,811	49,798,959
Sale of goods	8	953,256	0
Rental revenue from staff houses	9	1,213,240	484,250
Other income	10	1,724,200	5,285,736
Revenue from exchange transactions		12,030,507	50,643,890
Total revenue		20,085,659	59,508,420
Expenses			
Use of goods and services	11	9,745,859	27,094,547
Employee costs	12	11,240,641	22,389,365
Board expenses	13		
Depreciation and amortization expense	14		
Repairs and maintenance	15	4,609,976	5,408,770
Covid -19	16	0	
Total expenses		25,596,476	54,892,682
Net surplus /(deficit) for the year		-5,510,817	4,626,737.90

The notes set out on pages 6 to 29 form an integral part of the Annual Financial Statements.

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15. STATEMENT OF FINANCIAL POSITIONS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17.	723,530.45	683,957.73
Current Receivables/Debtors	18	37,240,952.85	272,346.30
Investment	19	97,191.85	97,191.85
Inventories	20	1,518,654	1,518,500
Total current assets		39,580,329.15	38,014,273.65
Non-current assets			
Property, plant and equipment	21	830,771,760	829,235,381.75
Total assets		870,352,089.15	867,520,879.40
Liabilities			
Current liabilities			
Bus a/c	22		2,691,292.38
Sundry creditors	23	7,675,038.25	2,277,851
Farm a/c	24	11,392,880.50	11,392,880.50
Total current liabilities		19,067,918.75	
Total liabilities		19,067,918.75	16,362,023.88
Net assets		20,512,410.4	22,521,473.77
Accumulated fund	26	20,388,038.22	21,599,855.12
Capital Fund	25	830,771,760.00	829,559,000.00
Total net assets and liabilities		870,227,716.97	867,520,879.40

The Financial Statements set out on pages 2 to 5 were signed on behalf of the College Board of Management by:


Mr SAMMY KIRUI

Chairman of BOM

Date 30/08/2023


DANIEL KETER

Finance Officer

ICPAK No. 13664
 Date 30/8/2023


M/S ACHUNGO E.P.

Chief Principal/Secretary BOM

Date 30/08/2023

**16. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021**

	Ordi	Reval	Fair	Reta	Prop	Capital	To
At July 1, 2020	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-
Capital/Development grants received	-	-	-	-	-	-	-
Transfer of depreciation/amortisation	-	-	-	-	-	-	-
Dividends paid – 2018	-	-	-	-	-	-	-
Interim dividends paid – 2019	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
At June 30, 2021	-	-	-	-	-	-	-
At July 1, 2021	-	-	-	-	-	-	-
Issue of new share capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entity	6	8,055,152	14,390,427
Rendering of services- Fees from students	7	8,139,811	35,384,730
Sale of goods	8	953,256	820,350
Rental revenue from facilities	9	1,213,240	457,250
Other income	10	1,724,200	130,000
Total Receipts		20,085,659	51,182,757
Payments			
Use of goods and services	11	9,745,859	26,416,497
Compensation of employees	12	11,240,641	15,476,548
Board expenses	13	0	
Repairs and maintenance	15	4,609,976	5,408,770
Covid-19	16	0	
Total payments		25,596,476	47,301,815
Net cash flows from operating activities		-5,510,817	3,880,942
Less adjustment of items not involving movement of cash			
Depreciation and amortization expense	14	0	
Movement in working capital			
Increase/Decrease in receivables-purchase of plough		-	120,000

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Increase/Decrease in inventory-		154	(611,000),
Increase in trade debtors (rent and students fees)		1,868,675.30	1,596,329
Increase / decrease in creditors		1,334,443.30	4,565,257
Changes in working capital		534,177.00	
cash flow from investing activities		-	
Purchase of assets		120,000	
Disposal		611,000	
Net cash flow from investing activities		1,025,177	
Cash flow from financing activities		0	
Development funds		0	
Net cash flows used in financing activities		1,025,177.00	
Net increase/(decrease) in cash and cash equivalents		4,548,426	
Cash and cash equivalents as at 1 July 2021		723,530.45	
<u>Cash and cash equivalents as at 30 June 2022</u>		<u>723,530.45</u>	

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18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from government	16,400,000			8,055,152.00	-8,344,848.00
Rendering of services- Fees from students	28,813,760			9,154,011.00	-19,659,749.00
Other Income	987,200			953,256.00	-33,944.00
Disposal				654,000.00	654,000
Sale of goods	2,712,000			2,028,390.00	-683,610.00
Rental revenue from facilities					
Total income	48,912,960.00			20,844,809.00	28,068,151.00
Expenses					
Compensation of employees	16,125,120.00			9,159,354.00	-6,965,766.00
Use of goods and services	32,787,840			10,141,146.00	-22,646,694.00
Repairs and maintenance				2,107,313.00	2,107,313.00
Board expenses					
Farm operation					
Grants contra entry					
Covid-19					
Total expenditure	48,912,960.00			21,407,813.00	27,505,147.00
Surplus/deficit				-563,004.00	

BUDGET NOTES

The Ministry of Education delayed the remittance of the 3rd and 4th quarter grants for the period under review

30% of expected income from students was not received during the period. The arrears therefore will be collected before release of P1 Certificates

18. NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Kericho Teachers College- is established by and derives its authority and accountability from Basic Education Act, 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College principal activity is training teachers.

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 College's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

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

The financial statements have been prepared in accordance with the Public Finance Management Act, the State Corporations Act, 2004, the Basic Education Act, 2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ADOPTION OF NEW AND REVISED STANDARDS

Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> <p><i>(Entity to state the impact of the amendments to the financial statements))</i></p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1 January 2021:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2021</p> <p>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:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and <p>I The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the entity if relevant)</i></p>

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2021:</p> <p>Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p>

Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

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 College 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

Revenue from exchange transactions

Rendering of services

KETECO recognizes revenue from rendering of services.

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, it includes sale of farm produce and ESD goods.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

Revenue from exchange transactions (continued)

Rental income

Rental income arising from staff living in college houses.

Budget information

The original budget for Financial Year 2020-2021 was approved by the Board on 6th July, 2021. Subsequent revisions of the budgets were made to the approved budget. Amended budget was approved on 27th November 2021 with a students population of 850 students from a previous 1000 students.

Taxes

Current income tax

KETECO is exempt from paying taxes as per Income Tax Act Cap.470

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax.

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.

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

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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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For annual depreciation, the college will formulate a policy on how to depreciate its fixed assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories (Continued)

Provisions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature and purpose of reserves

KETOCO creates and maintains reserves in terms of specific requirements. The College has Retained Earnings as a reserve and the purpose of this is to clear any pending bills accrued in the prior financial year once income is realized.

Changes in accounting policies and estimates

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

Employee benefits

Retirement benefit plans

KETECO provides retirement benefits in form of gratuity for its employees.. 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Related parties**

KETECO regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the College, or vice versa. Members of key management are regarded as related parties and comprise the Board of Management, the Chief Principal and Senior Managers.

Service concession arrangements

KETECO analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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 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.

Comparative figures

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

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the KETECO financial statements in conformity with International Public Sector Accounting Standard 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 College based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the College. Such changes are reflected in the assumptions when they occur. 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 College

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	Kshs	KShs
Ministry grants	8,055,152	8,864,530
Total government grants	8,055,152	8,864,530...

7. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	Kshs	KShs
Boarding equipment and stores	2,008,046	13,935,463
Tuition ,equipment and stores	492,058	1,173,337
Local Transport and Travelling	491,345	2,683,654
Medical fee	4,172	26,968
Activity	435,854	2,323,477
Administrative/ contingencies	239,950	780,073
Teaching Practice	402,238	300
Electricity, water and conservancy	411,665	1,326,787
Computer studies	214,311	2,316,907
Per. Emolument	785,828	15,117,994
Student Ids		3,800
Uniforms		56560
Examination	886,240	
Repairs, maintenance and improvements	206,054	602,398
Motor vehicle Repairs	244,078	2,738,494
Gratuity	211,185	592,484
Arrears	803,979	
Vehicle Replacement	302,808	
Rehabilitation		1,185,708
Total revenue from the rendering of services	8,139,811	44,865,404

8. SALE OF GOODS

SALE OF GOODS	Kshs	Kshs
Sale of milk	680,396	
ESD project	272,860	
Total revenue from sale of goods	953,256	

9. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	Kshs	Kshs
Rental fees	1,213,240	484,250
Total rentals	1,213,240	484,250

10. OTHER INCOMES

Description	2020-2021	2019-2020
	Kshs	Kshs
Income from sale of tender forms	56,000	
Hosting /facilitation	1,014,200	4,211,336
Disposal of idle assets	654,000	10,100
Fields		130,000
Graduation fee		934,300
Total other income	1,724,200	5,285,736

11. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	Kshs	Kshs
Boarding expenses	2,834,983	9,470,475
Teaching, equipment expenses	594,139	1,148,688
Local Transport and Travelling expenses	1,486,930	1,362,170
Medical expenses	3,930	165,581
Activity expenses	80,250	2,746,200
Administrative / Contingencies expenses	571,215	1,329,005.1
Teaching Practicums expenses	137,837	2,872,492
Electricity, water and conservancy	1,888,107	3,384,686
Computer studies expense		715,798
Graduation expenses	7,390	820,500
Creditors	0	
Examination expenses	886,240	
Sale of tenders expenses	51,528	
ESD Project	152,280	
Hosting /Facilitation	1,051,030	2,167,141
Students Ids, registration		233,760
Total goods and services	9,745,859	26,416,497

12. EMPLOYEE COSTS

	2020-2021	2019-2020
	Kshs	Kshs
Salaries and wages	8,993,137	15,476,548
Salary in arrears may & June 2021	2,247,504	
Medical allowance		
House allowance		
Employer NSSF		
Gratuity		
Employee costs	11,240,641	15,476,548

13. BOARD ALLOWANCES

	2020-2021	2019-2020
	Kshs	Kshs
Board allowances	0	
Total director emoluments		

14. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	Kshs	Kshs
Property, plant and equipment		
Total depreciation and amortization		

15. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	Kshs.	KShs
Repairs and rehabilitation	1,821,479	651,576
Repairs of staff house (rent)		202,568
Motor Vehicles Repairs And Insurances	340,784	3,223,567
Vehicle Replacement	568,000	
Rehabilitation Fund	1,879,713	1,331,059
Total repairs and maintenance	4,609,976	5,408,770

16. COVID-19

Description	2020-2021	2019-2020
	Kshs	KShs
Covid-19 expenses	0	-
Total expenses	0	-

17. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Current account		
Savings account		
cash in hand		
Total cash and cash equivalents		

17(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020-2021	2019-2020
Financial institution	Kshs	Kshs
Current account		
Kenya Commercial bank - 1107169887	99,222.5	-271,224
Kenya Commercial bank- 1107170168	(500)	946,481.73
Kenya Commercial bank -1215778686	180,637.95	
Kenya Commercial bank 1102279323	97,560	
Savings account		
Kenya Commercial bank1102695270	387,688	
Sub- total		
Others(specify)		
cash in hand	66,940.00	8,700
Grand total	723,530.45	683,957.73

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS**Current Receivables from Exchange Transactions**

Description	2020-2021	2019-2020
	Kshs	Kshs
Current receivables		
Student debtors/rent b/f 1.07.2021	35,372,277.55	35,372,277.55
Add: fees arrears 2021	3,946,428.00	
Add: rent arrears 2021	484,800.00	
Less; fees arrears received	(2,520,369.00)	
Less:rent arrears received	(314,530.00)	
Less bad debts written off		
Other receiveables	272,346	
Total current receivables	37,240,952.85	35,372,277.55

19. INVESTEMENT

Description	2020-2021	2019-2020
	Kshs	Kshs
Current receivables	97,191.85	97,191.85
Total Current receivables		

20. INVENTORIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Boarding Equipment stores (catering stores)	360,000	360,000
Maintenance stores	560,000	560,000
Electrical	12,500	12,500
Teaching Equipment stores (consumable stores)	300,000	300,000
Cleaning materials	56,000	56,000
Medical stores (Health unit stores)	230,154	230,000
Total inventories at the lower of cost and net realizable value	1,518,654	1,518,500

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21. PROPERTY, PLANT AND EQUIPMENT

Asset	Motor Vehicles	Furniture and Kshs	Computers Kshs	Books Kshs	Plant and Kshs	Other Assets Kshs	Land and buildings Kshs	TOTALS Kshs
As at 1st July 2020	21,550,000	5,000,000	2,500,000			1,000,000	800,000,000	830,050,000
Additions								
As at 30 June 2021	21,550,000	5,000,000	2,500,000			1,000,000	800,000,000	830,050,000
Accumulated depreciation as at 1 July 2021								
Depreciation for the year								
Additional			652,560	835,200	120,000	725,000		
Disposal	611,000							
Accumulated depreciation 30 June 2020								
Net Book Value 30 June 2021	20,939,000	5,000,000	3,152,560	835,200	120,000	725,000	800,000,000	830,771,760

22. BUS ACCOUNT

Description	Kshs	Kshs
	2020-2021	2019-2020
Balance B/F		2,691,292.38

23. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	Kshs	Kshs
	2020-2021	2019-2020
Trade payables 1.07.2021	6,137,380	2,777,810
Add; unpaid bills 2022	5,687,157.94	6,296,020
Less; payment made	6,397,003.69	2,436,450
Salary in Arrears (for two months)	2,247,504	
Total trade and other payables	7,675,038.25	6,137,380

24. FARM ACCOUNT

Description	2020-2021	2019-2020
	Kshs	Kshs
BALANCE BROUGHT FORWARD	11,392,880.50	11,392,880.50

25. CAPITAL FUND

Description	2020-2021	2019-2020
	Kshs	Kshs
Capital fund brought forward as at 1 st July, 2020	830,771,760	830,050,000
Add purchase		120,000
Less disposal		(611,000)
Total deposits	830,771,760	829,559,000

26. ACCUMULED FUND

Description	2020-2021	2019-2020
	Kshs	Kshs
Balance brought forward as at 1 st July,2020	25,898,855.22	39,328,622
Less prior year adjustment		(14,429,771)
Surplus/(deficit) for the year	-5,510,817.00	
Total deposits	20,388,038.22	25,898,855.22

EMPLOYEE BENEFIT OBLIGATIONS

Retirement benefit Asset/ Liability

KETECO contributes to the National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act.

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The college is submitting its financial records to the Auditor General for the first time hence the table below is blank as no report has been issued in respect to all audit of the college

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>

Guidance Notes:

Use the same reference numbers as contained in the external audit report;

Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

M/s ACHUNGO. E. P

Chief Principal/Secretary to the Board

Signature 