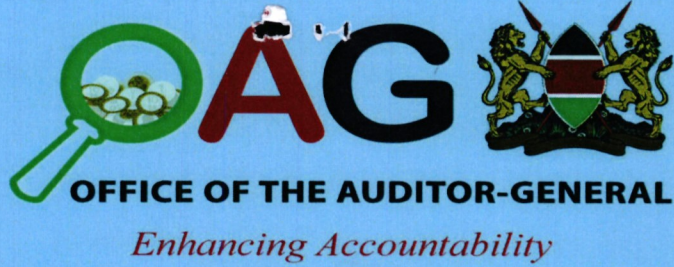


REPUBLIC OF KENYA



REPORT


OF

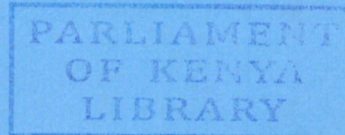
THE AUDITOR-GENERAL

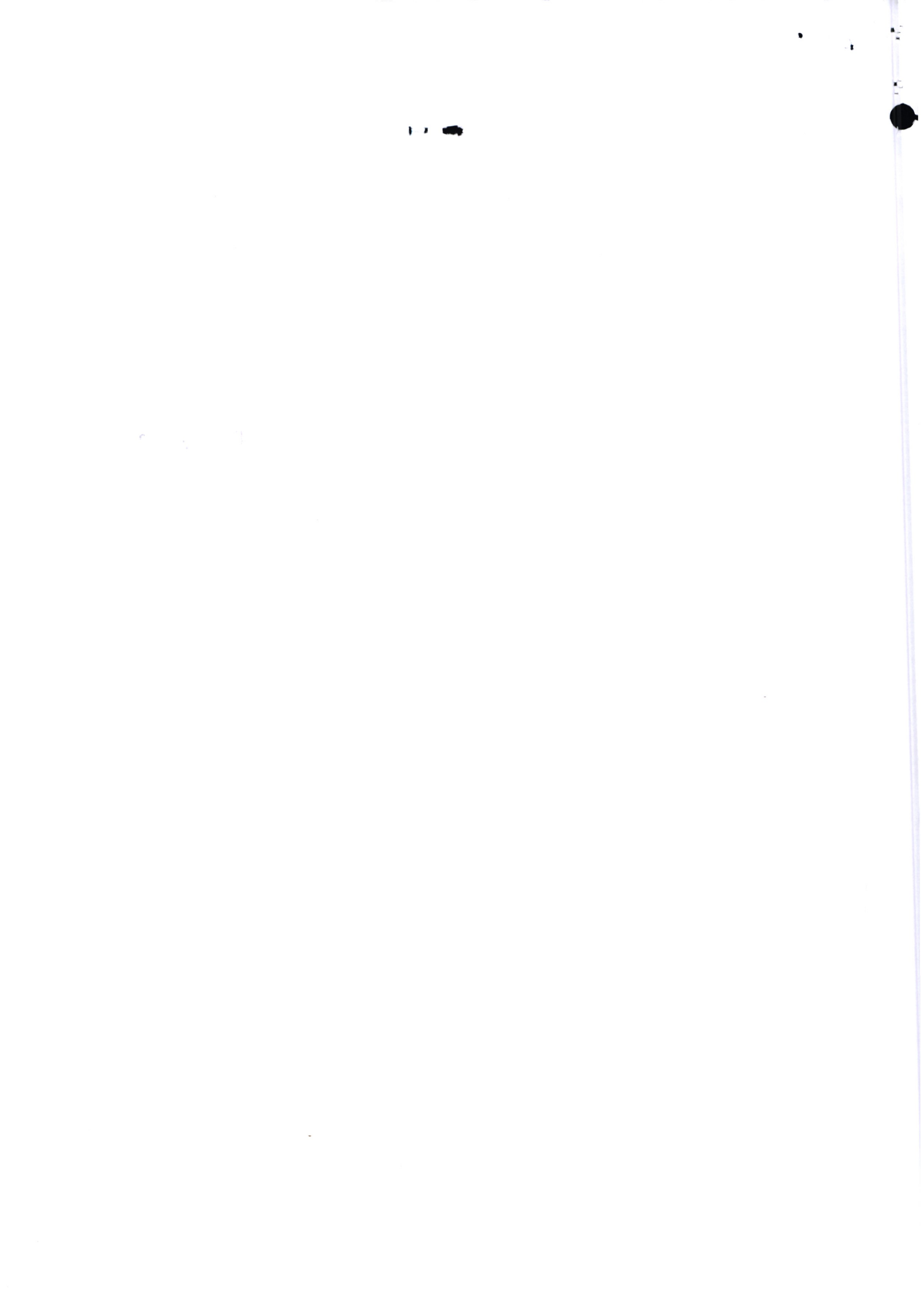
ON

**UGENYA TECHNICAL AND
VOCATIONAL COLLEGE**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 09 FEB 2022	DAY: Wed
TABLED BY:	LDM
CLERK AT THE TABLE:	S. Kalama







UGENYA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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



**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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KEY UGENYA TECHNICAL & VOCATIONAL COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

Ugenya Technical and Vocational College is established under the TVET Act 2015. The college opened its doors for the first intake of students on 1st September 2018. The college is domiciled in Kenya under the Ministry of Education. In executing its core mandate, the college offers the following courses:

- **Electrical Engineering**
- **Building and Civil Engineering**
- **Plumbing Technology**
- **Business Management**
- **Supply Chain Management**
- **Human Resource Management**
- **Social Work and Community Development**
- **Refrigeration and Air Conditioning**
- **Mechanical Engineering**
- **General Agriculture**
- **Agricultural Engineering**

(b) Principal Activities

The principal mandate of Ugenya Technical and Vocational College is to offer Technical and Vocational Training.

(c) Management

The college's day-to-day management is under the following key organs:

- **Board of Governors.**
- **Accounting officer/ Principal**
- **Principal Management Committee(PMC)**

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Dr. John O. Abuto,PhD.
2.	D/Principal	Agatha Odhiambo
3	Head of Finance	Simon Njoga
3.	Head of Procurement	Bethsheba Oyuga

f) College main Campus

P.O. Box 74 -40614
Along Kisumu- Busia Highway
Sega, Kenya

g) College Contacts

Telephone :(254)765840772
E-mail: ugenya.techcollege@gmail.com

h) College's Bankers

Kenya Commercial Bank
P.O. Box
Siaya, Kenya



i) Independent Auditors

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

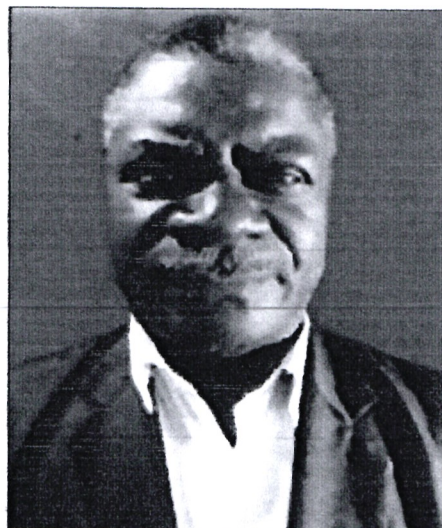
j) Principal Legal Adviser

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

THE BOARD OF GOVERNORS

BOG's passport-size photo and name.	Description of each BOG's date of birth, key qualifications and work experience.
 <p>1. Satwinder Singh Rupra BOG Chairperson</p>	<p>D.O.B 4th August, 1985 Qualifications: Msc Information Technology Work Experience: Director and Chief Technical Officer, Sumo Computers – 2008 to Date Director and Chief Executive Officer, Selectric Limited – 2016 to Date Part-time Lecturer -2015 to May 2017 Broadband Internet technologies-3 years IP PBX Setup and Management-2 years Joomla Website Design and Management-1 year IP and Analogue Surveillance Systems (CCTV)- 1 year Mikrotik Routers Setup and Configuration-2 years Fiber Optics and Copper Installations-5 years</p>
 <p>2. Dr. John Obiero Abuto, PhD. Principal/BOG Secretary</p>	<p>DOB : 16th September, 1967 Qualifications: PhD: Management majoring in Operations Management /Operations Research- 2013-2017 MBA: Production and Operations Management. 2010- 2012 Bed. Technology (Mechanical Engineering Technology)- 1999- 2002 Diploma Technology Education. (Mechanical Engineering Production)- 1992- 1993 Technician Course Level I & II (Mechanical Engineering Production)- 1989- 1991 Certificate in Foundry Technology and Management-1988- 1988 Work Experience: Principal Ugenya Technical and Vocational College- Dec 2017 – To date Head of Department Mechanical Engineering –The Kisumu National Polytechnic-2002- Dec 2017 Deputy Head of Department Mechanical Engineering-1996- 2002 Lecturer Mechanical Engineering-1994- 1996 Maintenance Technician (Machine Fitter)- 1991- 1992 Turner Machine fitter- 1989-1991 Welder fitter general: Premier Refrigeration and Air conditioning Limited.- 1989- 1989 Degree & Master Degree Part time Lecturer 2013 – 2017 Diploma & Higher Diploma level 1994 - 2017</p>

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
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**3. Francis Ochieng
BOG Member**

DOB: 05th May 1957

Qualifications:

Master of Education in Educational Administration-2000-2007

B.E.D (Science)-1981-1985

Diploma in Education(Science) -1979-1981

Work Experience

Part-Time Lecturer, Kenyatta University - 2012 to Date:

Assistant Director Quality Assurance and Standards-2013-2017.

Assistant Director Quality Assurance and Standards - 2008-2013

District Education Officer Kuria East - 2003-2007

District Education Officer - Bunyala.

Deputy D.E.O Ministry of Education 1985-1999

Assistant Lecturer in Science -1981

Teacher of Chemistry and Biology - 1979

DOB: 23rd May, 1957

Qualifications:

Bed. Arts -2007

PI Course- Adult Literacy – 1981

Work Experience

C.S.O. - 2013 - 2017

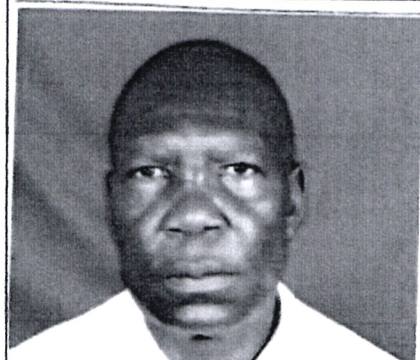
A.E.O. - 2010 -2012

Tactutor - 1996 – 2012

Head teacher: 1995

Deputy Headteacher: 1990 – 1994

Teacher:1981 – 1994



**4. William O. Mola
BOG member**

DOB: 13th August, 1991

Qualifications:

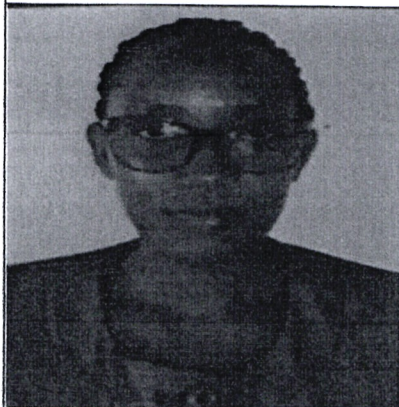
Bachelor of Science in Nursing

Community Health Nursing

Work Experience

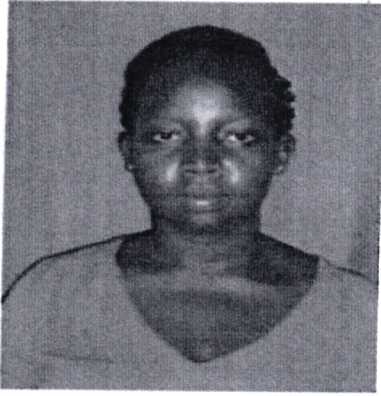
Kenya Journal of Midwifery and Nursing(Application of cultural competence and its provision of health care) - 2016

Annual Baraton international interdisciplinary Research conference - 2017



**5. Nancy RubiSamwel
BOG member**

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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6. Phylis Kaptuya Boronjo
BOG member

Qualifications:

Bachelor of Technology in Civil and Structural Engineering - 2013

Work Experience:

**Water Engineer(Living Water Service Centre, Kisumu field office) 2013
to Date**



7. Anthony Clement Odhiambo
BOG member

DOB: 6th April 1982

Qualifications:

Bachelor of Commerce Finance Option.

Work Experience:

Fixed Asset Accountant with Safaricom Ltd

Treasury Accountant with Safaricom Ltd

Principal manager supply chain business with Safaricom to Date



8. Walumbe Gift Eunice
BOG member

Qualifications:

Masters in Public Health.




Work Experience:

Manager of several projects supervised by the global fund.

Deputy Research Manager –USAID – AMPATH- to Date.

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

PRINCIPAL'S MANAGEMENT COMMITTEE (PMC)

<p>PMC passport-size photo, name, and key Professional/Academic qualifications</p>	<p>Responsibility</p>
 <p>Dr. John Obiero Abuto, PhD. Principal/BOG Secretary PhD: Management majoring in Operations Management /Operations Research</p>	<p>Chief Executive Officer/Principal General management of the college</p>
 <p>Agatha Odhiambo The Deputy principal Bachelor of Arts (Economics and Mathematics)</p>	<p>The principal assistant to the Principal and coordinates all aspects of trainings.</p>
 <p>Simon Njoga Accountant CPA SEC.III</p>	<p>In charge of preparation of financial statements.</p>

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**



**Bethsheba Oyuga
Supply Chain Officer
Diploma in Supply Chain**

In charge of procurement

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

CHAIRMAN'S STATEMENT

The college admitted its first cohort of students in September – November term 2019. The Board of Governors were appointed by the Cabinet Secretary ministry of Education in line with the TVET act 2015 in January 2019.

The Board of Governors comprises ten members including the Principal and the County Director TVET, who is the representative of the Permanent Secretary in the board. The main function of the board is to supervise the management activities of the college. The board oversees the management of the college to ensure proper financial stewardship and ensuring that the institution does its mandate as required by the government of Kenya through the Cabinet Secretary Ministry of Education

During the financial year 2018/2019, the college had only one Public Service Commission (PSC) employee i.e. the Principal. Having admitted students in the various trade areas, the board therefore had to engage trainers on BOG terms amid meagre resources.

The college had conducted interviews for trainers through the Public Service Commission advertisement in May 2019 and the trainers had not yet reported by the time we closed the financial year 2018/2019.

The student population as at now stands at one hundred and fifty three. As a board, we have laid down various strategies to ensure that we enrol a big number of students in the next financial year.

On infrastructure, the college managed to construct the student's washrooms, gate, water tower and packing shade through constituency development fund. We are also in the process of fencing the college compound using internally generated development fund.

The college managed to offer extension services to the community using the tractors that were provided by the ministry of Education and therefore to a little extent we are trying to achieve corporate social responsibility.

The major challenge that the institution faced was lack of funds. This was due to reduction in operational grant, poor fees payment by parents and sponsors, late submission of capitation fees and HELB. As a result, the college could not meet its budget obligations forcing the board to only finance the mandatory core training activities.

The BoG therefore have appealed to the parents, sponsors and other government agencies to release funds in good time to help the college provide; better and timely service.

Sign _____



Date _____

30/08/2019

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

REPORT OF THE PRINCIPAL

The college started its operations in the year 2018 making its first admission in September 2018.

The student population by end of the financial year 2018/2019 stood at 153. These admissions were made in September-November, January-March and May- July terms with major admission in technical courses.

The college enrolled a total of 43 candidates for the July 2019 National examination series. Out of this population, 31 candidates were technical students while 12 were business courses students.

The college received training equipment from the ministry of education. With these equipment, we intend to facilitate Competency Based Education Training (CBET), so as to conform to global skills requirement. The college has relied majorly on the trainers engaged on board of governors terms because up to the end of the financial year 2018/2019 the government had not posted any of the trainers recruited for the college in May 2019.

There has been a lot of challenges, as the college could not raise enough money to help sustain the staff payroll. We appreciate the fact that the government have recruited ten trainers, though they have not been posted to the institution. This move by the government would reduce the shortage of trainers in the institution and help us reduce operation expenses.

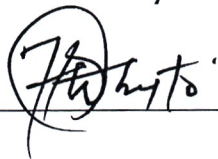
On environmental, we have managed to plant seven hundred trees in line with National Environment Management authority requirement. This is also meant to control the soil erosion since the college is situated in a steep slope. Being a centre of excellence in Agriculture and Agricultural Engineering, the college has laid down strategies to ensure that the community around the college also benefit from the agricultural activities and initiatives offered

To achieve corporate social responsibility, the college managed to offer extension services to the community using the tractors that were provided by the ministry for training. This has enabled the community around to comparatively improve on their farm produce.

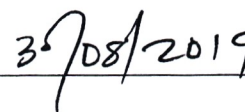
The major challenge that the institution faced was lack of funds. This was due to reduction in operational grant, poor fees payment by parents and sponsors, late submission of capitation fees and HELB. As a result, the college could not meet its budget obligations forcing the board to only finance the mandatory core training activities.

To address this, the college has come up with various marketing strategies to ensure that college admits as many students as possible during the 2019/2020 financial year. And also to improve on farm activities within the community.

Sign _____



Date _____



**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

CORPORATE GOVERNANCE STATEMENT

The College Board of Governors is constituted of ten members including the Principal who acts as the Secretary and the County Director Technical and Vocational Education Training. The board was formed in January 2019 with the inauguration conducted on 23rd January 2019. The inauguration was attended by the following board members;

Present

- | | |
|----------------------------|----------------------|
| 1) Satwinder Singh Rupra | Chairperson |
| 2) Dr. John Obiero Abuto | Secretary |
| 3) Lucas Ocharo | County Director TVET |
| 4) Francis Onyango Ochieng | Member |
| 5) William O. Mola | Member |

Absent with Apology

- | | |
|----------------------------|--------|
| 1) Nancy Ruby Samuel | Member |
| 2) Phyllis Kaptuya Boronjo | Member |
| 3) Clement Ochieng | Member |
| 4) Anthony Odhiambo | Member |

This was the first meeting held. At the time the members did not meet a quorum to form committees. The Board then was scheduled to be inducted. The induction of the Board of Governors was done between 22nd – 26th April 2019.

In May 2019, a few board members were engaged in the short listing and subsequent interview of trainers by the Public Service Commission (PSC). The Board was then scheduled to meet after the KNEC exam on the 31st July 2019, but was postponed on the request of the TVET County Director and the Chairman. The following meeting was rescheduled for 21st August, 2019 to approve the institution budget and to form the various committees of the board.

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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MANAGEMENT DISCUSSION AND ANALYSIS

The college commenced its operations by admitting students in September- November 2019 term. During the term, the college managed to register 119 students. As at end of the current year, the college had managed to register a total of one hundred and fifty three students. Of these students, one hundred and nineteen managed to register with Kenya Universities and Colleges Central Placement Services getting the government capitation fees. Because of the economic status of the community around the college, there has been poor fees payment trend by the students forcing them to rely majorly on the HELB to help bridge the fees of Kshs.26,420.00. The budget projection for the Fiscal year 2018/2019 was Kshs. 16,624,073 while the actual collection was Kshs.4,358,010.00 This was caused by reduction in grant from kshs.8,000,000.00 to kshs.2,000,000.00 and the students fees arrears not yet received by end of June 2019. This posed a major challenge to the college forcing the management to only consider core training activities and to shelve others in execution of the budget.

On infrastructure, the college managed to construct the student's washrooms, gate, water tower and packing shade through constituency development fund. We are also in the process of fencing the college compound using the internally generated development fund.

In compliance with the statutory requirements, the college has fully complied in submitting the monthly pay as you earn, national social security fund, national hospital insurance fund including annual regulatory requirements.

The college also had challenge on trainers but that is currently being addressed by the ministry of Education and Public Service Commission. If the lack of trainers is addressed fully, we shall reduce the cost of hiring BOG trainers. This money would be ploughed to other areas that need improvement like college library which is yet to be operationalized.

We have also put in place an elaborate procurement plan for the financial year 2019/2020. This will regularize our spending and improve on the institutions financial stewardship.

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITYREPORTING

It's worth noting that during the financial year 2018/2019, the college carried out a number of outreach programmes to the community around the college as follows:

- 1) **Ploughing services** – the college did at subsidy ploughing to a few household that were seen to be needy and requested for the ploughing services. The decision to assist and was decided as at a time there was no standard criterion for identification. The college did this to about ten households that approached us for the same.
- 2) **Water** – Due to water shortage in the area, the college allows the surrounding household to draw water from its well as at when they require.
- 3) **Environmental conservation** – The College planted a total of seven hundred trees in the college compound as first step to restore the indigenous trees brought down during the construction of the college building. This was also intended to reduce the soil erosion and provide water catchment for the community as the college is situated in a steep slope.

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, June 2019 which show the state of the college's affairs.

Principal activities

The principal activity of the college is training and research.

Results

The results of the college for the year ended June 30, 2019 is not applicable as the college is to have the first National Examination sitting in July 2019.

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page 4-5. During the year 2018/2019 it was when all the board members were appointed by the Cabinet Secretary.

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

Corporate Secretary
Nairobi

Date:.....

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect of Ugenya Technical and Vocational College, which give a true and fair view of the state of affairs of the College at the end of the financial period and the operating results of the College for that period. The Board members are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Board members are also responsible for safeguarding the assets of the College.

The Board members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial period ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 college; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the college's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013. The Board members are of the opinion that the college's financial statements give a true and fair view of the state of college's transactions during the financial year ended June 30, 2019, and of the college's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the college's financial statements as well as the adequacy of the systems of internal financial control.

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

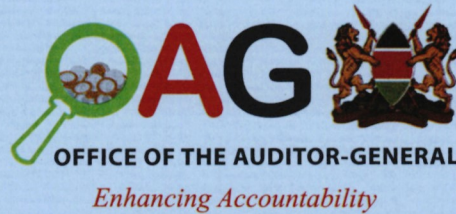
Approval of the financial statements

The College's financial statements were approved by the Board on 30/08/2019 2019 and signed on its behalf by:

 ----- PRINCIPAL/BOG SEC		 ----- CHAIRMAN	 ----- BOG MEMBER
---	---	--	--

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 UGENYA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ugenya Technical and Vocational College set out on pages 1 to 16, which comprise the statement of financial position as at 30 June, 2019, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ugenya Technical and Vocational College as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Accuracy of the Financial Statements

The statement of comparison of budget and actual amounts reflects Kshs.657,280 in respect to performance difference of total expenditure. However, re-computation of the balances gave Kshs.2,498,388 resulting to an unexplained variance of Kshs.1,841,108.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed.

2. Valuation of Assets- Property, Plant and Equipment

As disclosed in Note 13 to the financial statements, the statement of financial position as at 30 June, 2019 reflects Kshs.53,635,305 on property, plant and equipment which comprised of the valued balance of Kshs.55,159,669 less depreciation of Kshs.1,524,364.

However and as disclosed in the statement of changes in net assets, the Kshs.55,159,669 may not be reliable as the assets were valued by a committee formed by the College Principal without a professional valuer.

In the circumstances, the completeness, accuracy and authenticity of the Kshs.53,635,305 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ugenya 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 judgement, 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 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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

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 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 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing Ugenya Technical and Vocational College and Technology's ability to sustain 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 Ugenya Technical and Vocational College and Technology or cease to operations.

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Ugenya Technical and Vocational 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the Ugenya Technical and Vocational College ability to continue as a going concern or 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 Ugenya Technical and Vocational 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 Ugenya Technical and Vocational College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

11 November, 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

Details	2018/2019	
	Note	Amount (KShs)
Revenue from non-exchange transactions		
Operational Grant	1	500,000.00
Revenue from exchange transactions		
Use of Goods and Services	2	5,027,320.00
Other incomes - Production unit	3	632,870.00
Total revenue		6,160,190.00
Expenses		
Use of goods and services	4	3,651,957.00
Employee Costs	5	1,523,630.00
Board Of Governors costs	6	764,000.00
Repair Maintenance and Improvements	7	841,661.00
Contracted services	8	180,000.00
Depreciation charge	13	1,524,364.00
Total expenses		8,485,612.00
Surplus for the period		(2,325,422.00)

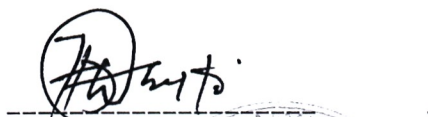
The notes set out on pages 6 to 16 form an integral part of the Annual Financial Statements.

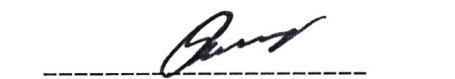
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2019

Details		2018/2019
Assets	Note	Amount (Kshs)
Current assets		
Cash and cash equivalents	9	425,871.00
Receivables from exchange transactions	11	669,310.00
Inventories	12	198,030.00
Total Current Assets		1,293,211.00
Non-Current Assets		
Property, Plant & Equipment	13	53,635,305.00
Total Assets		54,928,516.00
Liabilities		
Current liabilities		
Trade and Other Payables from Exchange Transactions	14	1,106,799.00
Payments Received in Advance	15	987,470.00
Revenue Reserve		(2,325,422.00)
Capital Reserve Fund		55,159,669.00
Total Equity		54,928,516.00

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


 Finance Officer
 Date: 30/08/2019


 Principal
 Date: 30/08/2019


 Chairman of Board of Governors
 Date: 30/08/2019

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

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

Details	Capital Reserve	Revenue Reserve	Total
	Kshs	Kshs	Kshs
Balance 1st July 2018	-	-	-
Deficit for year		(2,325,422.00)	(2,325,422.00)
Capital Reserve Fund	55,159,669.00	-	55,159,669.00
Total		(2,325,422.00)	52,834,247.00

NOTE

The Capital Reserve Fund in the table above was valued by a committee formed by the principal without the input of a government expert on valuation of Assets. This was prompted by the advice of the treasury officials and need to forward the report for planning by the ministry and treasury. The figures quoted therefore, are not accurate as the college is yet to acquire the services of an expert in evaluation. The college has now factored in the evaluation expenses in the next financial year Budget.

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

STATEMENT OF CASH FLOWS AS AT 30TH JUNE, 2019

	Notes	2019
Cash flows from operating activities		
Surplus/(deficit) for the year		(2,325,422.00)
Add back : Depreciation and Amortization	13	1,524,364.00
Operating cash before working capital changes		(801,058.00)
(Increase)/Decrease in Inventory		(198,030.00)
(Increase)/Decrease in Receivables	18&19	(669,310.00)
Increase /(Decrease) in Payables	24-28	1,106,799.00
Increase /(Decrease) in Payables(Prepaid)		987,470.00
Net changes in working capital		1,226,929.00
Net Cash flow from operating activities		425,871.00

**UGENYA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2019**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30TH JUNE, 2019

Details	Final budget	Actual on comparable basis	Performance difference
	KShs	KShs	KShs
Revenue			
Government Operational Grants	8,000,000.00	500,000.00	(7,500,000.00)
Use of Goods and Services	2,984,000.00	5,027,320.00	2,043,320.00
Other Incomes - Production Unit	0	632,870.00	632,870.00
Total Income	10,984,000.00	6,160,190.00	(4,823,810.00)
Expenses			
Use of Goods and Services	4,023,785.00	3,651,957.00	371,828.00
Employee costs	4,254,000.00	1,523,630.00	2,730,370.00
Board Of Governor Costs	945,000.00	764,000.00	(181,000.00)
Repair, Maintenance & Improvements	1,401,215.00	841,661.00	(559,554.00)
Contracted services	360,000.00	180,000.00	(180,000.00)
Depreciation on PPE	-	1,524,364.00	(1,524,364.00)
Total expenditure	10,984,000.00	8,485,612.00	657,280.00
Deficit for the period		(2,325,422.00)	(4,166,530.00)

The notes of the above statement of comparison of budget and actual amounts are given below;

1. The college received the third quarter disbursement through Siaya Institute of Technology. The first and second quarter were received and spent by Siaya Institute of Technology on behalf of Ugenya Technical and Vocational College. The money received was used to support the daily operations of the college in accordance with the budget provisions. The variation has been caused by reduction in government funding of colleges operation grants caused by introduction of capitation fees.
2. There is a variation in the projected revenue and the actual revenue received during the year because of the new fees structure introduced by the Government in September 2018 after the college budget was done based on a lower fees structure of kshs.15,300.00 and kshs.13,300.00 for Technical and Business courses respectively. The change has also been caused by the increase in the number of students from 100 projected to 154 students that joined the college.
3. During the preparation of the budget, the college had not envisaged the possibility of having other sources of internally generated revenue and therefore their estimates were never included in the budget.
4. The deviation realised in the employee costs was as a result of other employee costs being met by the mentoring institution, Siaya Institute of Technology, on behalf of our institution that started its full operations in January 2019 on having its Board of Governors.
5. The B.O.G Members had only had one meeting since they came into office in January 2019 and public service recruitment meetings in Kisumu.
6. Irrespective of other costs being met by the mentoring institution, the college had just started its operations and due to lack of funds the college managed only to finance the core training areas.
7. By the time this report was being prepared, the college had not received the fourth quarter disbursement.
8. The contracted security services for the 1st and 2nd quarter had been taken care of by Siaya Institute of Technology living only the 3rd and 4th quarters to be taken care of by our college hence the deviation.
9. The budget projection could not be accomplished therefore most activities were shelved to only fund core training activities.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Uguya Technical and Vocational College is established by and derives its authority and accountability from TVET Act 2015. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is Training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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 PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3 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

b) Budget information

The original budget for FY 2018/2019 was approved by the Board on 20/08/2018 Subsequent revisions or additional appropriations were not made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no additional appropriations added to the original budget by the College in order to conclude the final budget.

The College's budget is prepared on the same 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 as well as the budget is prepared on accrual basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, was then presented in the statement of comparison of budget and actual amounts.

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.

Investment property

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

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

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.

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.

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.

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

Research and development costs

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

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. 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 college determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The college assesses at each reporting date whether there is objective evidence that a financial asset or college financial assets is impaired. A financial asset or a 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:

The debtors or a 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 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.

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

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

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

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

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.

Contingent liabilities

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

Contingent assets

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

Nature and purpose of reserves

The college has not created and maintained reserves in terms of specific requirements.

Changes in accounting policies and estimates

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

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.

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.

Related parties

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

Service concession arrangements

The college 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 college 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 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 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.

Comparative figures

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

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, 2019.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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. Additional disclosure of these estimates of provisions is included in note 16.

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. The college has provided for cost of assets a waiting valuation by the Government experts. This provision was based on the prevailing market rates.

1. OPERATIONAL GRANT

Description	2018/2019
	KShs
Unconditional grants	
Transfers From National Government (Ministries Education)	500,000.00
Total government grants and subsidies	500,000.00

The college received the third quarter disbursement through Siaya Institute of Technology. The first and second quarter were received and spent by Siaya Institute of Technology on behalf of Ugenya Technical and Vocational College. The money received has been used to support the daily operations of the college in accordance with the budget provisions. By the time this report was being prepared, the college had not received the fourth quarter disbursement.

2. USE OF GOODS AND SERVICES

Description	2018/2019
	KShs
Tuition/S.E.S.and other related charges Actual receipts	4,358,010.00
Tuition/S.E.S. and other related charges Receivables	669,310.00
Total	5,027,320.00

The table above shows the receipts during the year based on the accrued basis of Accounting.. There is accumulation of fees arrears since the college had partly received the capitation fees and HELB fees for the students who applied.

3. OTHER INCOME

Description	2018/2019
	KShs
Tender	2,500.00
Tractor services	630,370.00
Total Revenue From service provision	632,870.00

The college offers ploughing services to the community at a subsidised rate. During the financial year 2018/2019 the college realised kshs.2,500.00 from the sale of tender. This was due to lack of knowledge by the public on the existence of the college. We project better sales on tenders in future.

4. USE OF GOODS AND SERVICES

Description	2018/2019
	KShs
Training Materials and other related costs	1,922,182.00
Local Transport & Travel	262,400.00
Utilities (Electricity, Water and Conservancy)	153,699.00
Administrative Expenses	643,146.00
Activity (sports and recreational activities)	368,890.00
Students Organization(welfare meetings and club costs)	21,300.00
Library fees(modification of library shelves)	280,340.00
Total	3,651,957.00

5. EMPLOYEE COSTS

	2018/2019
	KShs
Salaries and wages	1,379,690.00
Employee related costs-contributions to pensions and medical aids	143,940.00
Total	1,523,630.00

6. BOARD OF GOVERNORS COSTS

Description	2018/2019
	KShs
Sitting Allowance	694,000.00
Transport Allowance	70,000.00
Total Board emoluments	764,000.00

7. REPAIRS, MAINTENANCE & IMPROVEMENTS

Description	2018/2019
	KShs
Cleaning Materials	110,504.00
Building Materials	65,720.00
Electrical Plumbing Materials	418,271.00
Fabrication of Furniture	247,166.00
Total Repairs and Maintenance	841,661.00

8. CONTRACTED SERVICES

Description	2018/2019
	KShs
Security Guards	180,000.00
Total contracted services	180,000.00

9. CASH AND CASH EQUIVALENTS

Description	2018/2019
	KShs
Current account	338,807.00
Cash at Hand	87,064.00
Total Cash and Cash Equivalents	425,871.00

10. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2018/2019
		KShs
a) Current account		
Kenya Commercial bank	1238447694	338,807.00
Sub- total		338,807.00
b) Others		
cash in hand		87,064.00
Sub- total		87,064.00
Grand total		425,871.00

11. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018/2019
	KShs
Current Receivables	
Student debtors	669,310.00
Total current receivables	669,310.00

12 INVENTORIES

Description	2018/2019
	KShs
Stationeries	55,633.00
Practical materials	142,397.00
Total inventories at the lower of cost and net realizable value	198,030.00

13 PROPERTY, PLANT AND EQUIPMENT

SCHEDULE OF FIXED ASSET

	Land	Buildings	Plant & Equipment	Catering Equipment & Cutlery	Computers	Furniture & Fittings	Total
Cost							
At 1 July 2018	-	-	-	-	-	-	-
Additions	1,920,000	52,153,964	936,455	15,250	6,500	127,500	55,159,669
Transfers	-	-	-	-	-	-	-
At 30 June 2019	1,920,000	52,153,964	936,455	15,250	6,500	127,500	55,159,669
Depreciation							
At 1 July 2018	-	-	-	-	-	-	-
Charge for the Year	-	1,303,849	181,523	7,492	1,300	30,200	1,524,364
At 30 June 2019	-	1,303,849	181,523	7,492	1,300	30,200	1,524,364
Net Book Value At 30 June 2019	1,920,000	50,850,115	754,932	7,758	5,200	97,300	53,635,305
At 30 June 2018	-	-	-	-	-	-	-

14 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018/2019
	KShs
Trade Creditors	805,287.00
P. Emoluments	301,512.00
Total	1,106,799.00

15 PAYMENTS RECEIVED IN ADVANCE FROM STUDENTS

Description	2018/2019
	KShs
Prepaid Fees	987,470.00
Total	987,470.00

16 FINANCIAL RISK MANAGEMENT

The college activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The college'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 college does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The college financial risk management objectives and policies are detailed below:

i) Credit risk

The college 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 Board of Governors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the college's management based on prior experience and their assessment of the current economic environment.

ii) Liquidity risk management

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

iii) Interest rate risk

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

iv) Management of interest rate risk

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

17 EVENTS AFTER THE REPORTING PERIOD

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

18 ULTIMATE AND HOLDING ENTITY

The college is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

19 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs)