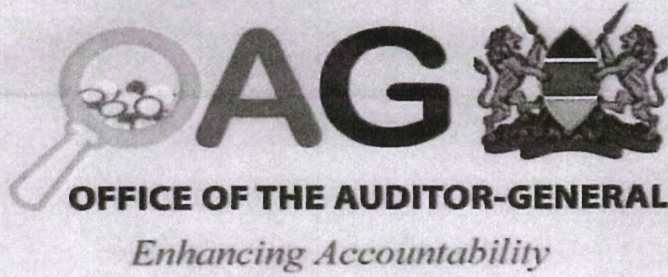


REPUBLIC OF KENYA



# REPORT

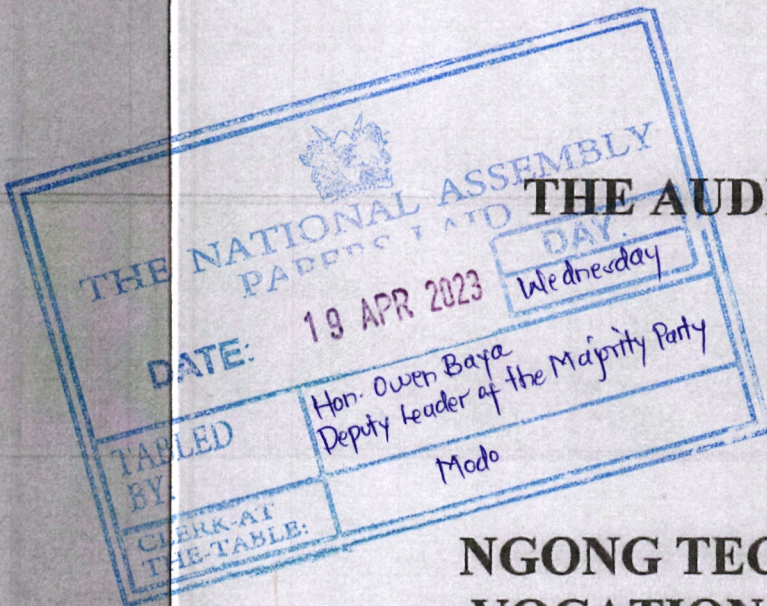
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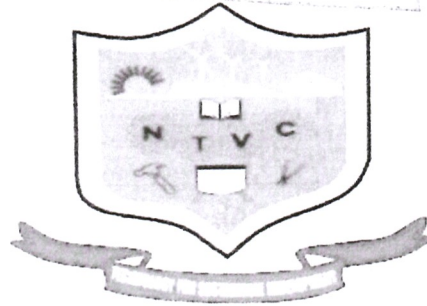
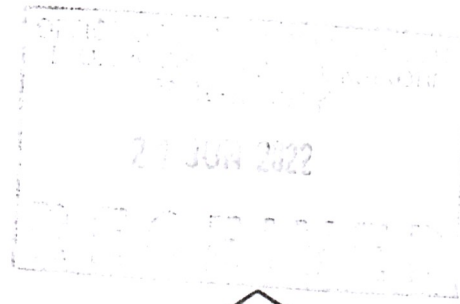
**THE AUDITOR-GENERAL**

ON

**NGONG TECHNICAL AND  
VOCATIONAL COLLEGE**

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





**NGONG TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2021**

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

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30 JUNE 2021**

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

- Accounting officer/Principal
- Management Team
- Lecturers
- BOG staff

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	Dr. Jane Tei M'ringera
2.	Head of Finance	Bahati Wamae Nyaga
3	D/Principal	Charles Chivasti
5	Registrar	Mary Muthoni Njogu
6	Dean of Students	Alice Wangari Maina

*(Include all positions regarded as top management in your organisation).*

**(e) Fiduciary Oversight Arrangements**

• **Finance, Administration and Infrastructure Committee.**

- (i) Maintaining accurate and complete financial records.
- (ii) Preparing and presenting accurate, timely and meaningful financial statements to the board.
- (iii) Helping the board understand the organization's finances.
- (iv) Budgeting and anticipating financial problems.

• **Education, Training and Research Committee.**

- (i) Members of the committee give their suggestions and directions for the development of the college in academic aspect;
- (ii) Review the academic and other related activities of the institute;
- (iii) Review the students and departmental development programs;
- (iv) Visualize and formulate perspective plans for the development and growth of the institute;
- (v) Prepare and review Academics Calendar and Class Routine for the institute;
- (vi) Review and update the institute Prospectus
- (vii) Promote research and extension activities in the institute;
- (viii) Plan for sustaining the quality of education, quality improvement and growth of the institute;
- (ix) institute;
- (x) Keep vigilance on the attendance of teachers and regularity in taking the classes;
- (xi) Review student's attendance/malpractices in examinations;
- (xii) Oversee the internal examinations/evaluation/recording;

## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

Ngong Technical and Vocational College (NTVC) is a public Technical and Vocational Education and Training (TVET) Institution established under the Ministry of Education, State Department of Technical and Vocational Training. The Institution was established under the TVET Act, 2013 in the year 2018. The entity is domiciled in Kenya and situated in Kajiado County, Kajiado North Constituency in Ngong town, about 23 km from Nairobi Central Business District. The College is governed by a Board of Governors appointed by the Cabinet Secretary for Education. It consists of Six (6) academic and four (4) non-academic departments as listed below;

#### Academic includes:

1. Electrical and electronics
2. Building and Civil Engineering
3. Mechanical
4. Applied science
5. ICT
6. Business

#### Non-Academic:

1. Administration
1. Guidance & Counselling
2. Industrial Liaison Office (ILO)

### (b) Principal Activities

#### **Mission**

To be the International Center of Excellence in Technical and Vocational Training.

#### **Vision**

To produce competent and innovative manpower in Technical and Vocational disciplines to meet the dynamic needs of industry and society.

#### **Core Values:**

- Accountability
- Excellence
- Innovativeness
- Integrity
- Professionalism
- Team work

### (c) Key Management



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- (xiii) Take disciplinary action to the students for violation and disobedience to the institute rules.

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**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(f) Entity Headquarters**

(g) P.O. Box 1170-00208  
(h) Kajiado-North Constituency  
(i) Off Ngong-Kiserian  
Rd Ngong Hills,  
KENYA

**(j) Entity Contacts**

Telephone: (254)  
0781012977  
E-mail: [ngongtvc@gmail.com](mailto:ngongtvc@gmail.com)  
[info@ngongtvc.ac.ke](mailto:info@ngongtvc.ac.ke)  
Website: [www.ngongtvc.ac.ke](http://www.ngongtvc.ac.ke)

**(k) Entity Bankers**

Cooperative Bank Ngong branch  
P.O. Box 48231-00100  
NAIROBI.

Equity Bank (Kenya), Limited  
Ngong Branch  
P.O. Box 30311-00100,  
NAIROBI.

**(l) Independent Auditors**

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

**(m) Principal Legal Adviser**

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



## 11. THE COUNCIL/BOARD OF GOVERNORS

<p>1.</p>  <p>Eng. Arthur Anam Rateng DoB 1953</p>	<p>Eng. Arthur Anam Rateng is the Chair BOG. He holds a masters degree in Entrepreneurship Education from University of Illinois, USA and Post-graduate Certificate in Applied Management Studies, Queens University, Ontario, Canada. He has a Bachelor of Education (Technical-Vocational), University of New Brunswick, NB, Canada. He also holds certificate in Computer-Aided Design and Manufacturing (CAD/CAM), Camosun College, Victoria, BC, Canada and in Machine Shop Training, Assiniboine College, Brandon, Manitoba, Canada. He has a Diploma in Technical Education and Ordinary Diploma in Electrical and Mechanical Engineering from Kenya Polytechnic.</p> <p>Arthur has worked in various capacities including Director of Technical Education in the Ministry of Education, Science and Technology, Chief Principal, Machakos TTI, Deputy Director of Technical Training, Ministry of Science, Technical Training and Applied Technology, Principal, Mawego TTI, Head of Kenya Technical Teachers College (KTTC) Production Unit, Principal Lecturer and Head of Mechanical Engineering, KTTC, Principal Lecturer in Industrial Engineering and Entrepreneurship, KTTC, Senior Lecturer in Mechanical Engineering and Head of Production Engineering Section at KTTC, Lecturer in Technical Education and Mechanical Engineering at KTTC and High School Teacher in Electrical and Mechanical Engineering at Kisumu Technical School.</p> <p>Arthur Rateng has broad experience and relevant qualifications in policy formulation, strategic analysis, program development and project management.</p>
<p>2.</p>  <p>Dismas Oyieko DoB 26/03/1959</p>	<p>Dismas Oyieko is a member of the Board and a member Finance, Administration and Infrastructure Committee. He holds Masters Degree, MsoSc (Development Finance) University of Birmingham (U.K), and Bachelors Degree, Bcom (Accounting Option) from the University of Nairobi.</p> <p>Dismas has attended various courses among them performance Contracts, The Future of DFIs in the Emerging Markets, Results Based Management &amp; Performance Appraisal Systems, Corporate Governance, Customer Service Courses, Management Development Courses and Organization and Methods study skills.</p> <p>He has worked at Industrial and Commercial Development Corporation (ICDC) where he held senior positions namely; Loans and Investments Manager, Investments Manager, Equity Manager, Corporate Planning Manager and Principal Organization and Methods Officer.</p>
<p>3.</p>  <p>Eng. George Mwangi Kiiru DoB 03/07/1958</p>	<p>Eng. George Mwangi Kiiru is a member of the Board and serves as the chairman of the Finance, Administration and Infrastructure Committee. He holds Msc (Highway Eng.), from University of Birmingham (UK) and Bsc (Civil), University of Nairobi.</p> <p>Worked in the Roads Department of the Ministry of Roads holding various posts namely Project Engineer, Resident Engineer and Materials Engineer for various road construction projects; Provincial Roads Engineer (Nairobi and Nyanza); District Works Officer (Samburu and Mt. Elgon). Worked at the Kenya National Highways Authority (KeNHA) as Manager (Design &amp; Construction) and General Manager, Maintenance.</p> <p>Has experience in the project cycle of Planning, Design, Implementation (Project Construction Management) and Maintenance. Conversant with procurement systems and contracting conditions of various Development Partners like AfDB, KfW, European Union and BADEA.</p>
<p>4.</p>	<p>Dr. Fridah Wilumila Mugo is member of the Board and serves as the chairman of</p>



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 <p>Dr. Fridah Wilumila Mugo D.o.B 11/05/1959</p>	<p>Education, Training and Research committee. She holds a Ph.D. in Natural Resource Policy and Management, Cornell University, MSc. in Natural Resource Policy and Management, Cornell University, M.A. in Urban and Regional Planning, UON, B.Sc. in Agriculture, UON and Certificate in Environmental Impact Assessment and Audit.</p> <p>In her career, Dr. Fridah has worked as a Senior Lecturer, Department of Urban and Regional Planning, UON, Development and Environmental Consultant, working with Thuiya Development and Environmental Consultants (T-DEC) as Team Leader, Socio-Economic Consultant working with the International Centre for Research in Agroforestry (ICRAF) and Agroforestry Extension and Training Coordinator-Ministry of Energy, Government of Kenya.</p>
<p>5.</p>  <p>Nancy Watiri Shikuku DoB 1967</p>	<p>Nancy Watiri Shikuku is a BOG member serving in the Finance, Administration and Infrastructure Committee. She holds ACII (115 Points), Chartered Insurance (UK), DIP CII Chartered Insurance Institute (UK), Master's Degree (Corporate Law), University of South Africa, Bachelor of Law Degree, (LLB) UON, Diploma in Law, Kenya School of Law, and Certified Public Secretary She is an associate member of Chartered Institute of Arbitrators.</p> <p>Nancy is a legal professional with extensive exposure in the insurance industry and in civil litigation. She has held senior positions in both legal and claims. She has experience in company secretarial duties, management of claims process, strategy policy review and implementation, preparation of board papers, litigation in both civil and criminal matters, corporate legal matters and review of process and procedures to enhance efficiency.</p>
<p>6.</p>  <p>Mabel Adhiambo Wendo DoB 01/05/1957</p>	<p>Mabel Adhiambo Wendo is member of the Board and serves in Education, Training and Research committee. She holds a Masters in Community Health and Development, Diploma in Care and Management of People Living with HIV and AIDS; Training of Trainers Course validated by Manchester university, U.K, Higher Diploma in Advanced Nursing; UON. Diploma in Midwifery Course; Medical Training College -KNH, and Diploma in Registered Nursing Training; Medical Training College-KNH. Mabel is a member of the National Nurses Association of Kenya.</p> <p>Mabel is a Community Health and Development specialist and Educationist with experience in community program initiation dynamics, including community based health program actions for different models of partnerships in working with communities. Experience in curriculum design and development for different settings-health professionals, education and training, Community Health Workers for Sensitization for Health and Development focusing on HIV and AIDS, Malaria, Reproductive health and child survival.</p>
<p>7.</p>  <p>Rev. Fr. John Kimunya Kariuki DoB 1971.</p>	<p>Rev. Fr. John Kimunya Kariuki is a BOG member serving in the Education, Training and Research committee. He holds Bachelor of Sacred Theology and Philosophy and a Diploma in sacred Theology (St. Thomas Aquinas Seminary). He also holds a certificate of Philosophical and religious Studies (Augustine Philosophical seminary). In his career, Rev. Fr. John has worked as Father in Charge and Assistant Father in charge, Teacher in Systematic Theology, a Dean for Ngong Deanery and A diocesan choir Chaplain.</p>



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<p>8.</p>  <p>Olivia Ondogo DOB 1962</p>	<p>Olivia Ondogo is the County director Kajiado-Narok</p>
<p>9.</p>  <p>Dr. Jane Tei M'Ringera DOB 14/11/1965</p>	<p>The Principal &amp; secretary of the Board PhD Plant Ecology, UON Msc Plant Ecology, UON</p>

**II. MANAGEMENT TEAM**

<p>1.</p>  <p>Dr. Jane Tei M'Ringera PhD Plant Ecology, UON Msc Plant Ecology, UON</p>	<p>The Principal &amp; Secretary of the Board</p>
<p>2.</p>  <p>Charles Chivatsi Mbovu Masters of Science, KU. B.Ed. (Science), KU.</p>	<p>Deputy Principal</p>
<p>3.</p>	

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 <p>Mary Muthoni Njogu Bachelor in <b>Business Information Technology (BBIT)</b>. Diploma in Technical Education (Computer Studies, EP)</p>	Registrar
4.  <p>Alice Wangari Maina M A Religious Education Bed Arts in Counselling</p>	Dean of Students

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**III. CHAIRMAN'S STATEMENT**

We have come to the end of the financial year 2020/21 and I have every reason to thank God.

I thank the board for the tremendous work during this year. Being the first board of the Institution, it has laid a strong foundation on which we are committed to build a vibrant institution in line with our vision and mission.

I thank you for your commitment to duty that is clearly evident. The Institute has experienced growth in terms of student population, infrastructure and quality of service in course of the year. We are called upon to sustain the upward trajectory.

I wish to thank the management of the Institute led by the Principal for their commitment to the day to day operations of the Institute. I want to assure you of our full support as a board.

I take note of the serious impact of the COVID 19 pandemic. The pandemic led to the closure of all learning institutions in Kenya and all over the world. This had a negative impact on our operations in that we have not been able to copiously carry out our key mandate of training. It has also impacted on trainees' enrolment which significantly declined. However, the pandemic has served as an eye opener for our preparedness in future. It has also given us an opportunity to embark on online teaching which applies under various conditions.

I note with gratitude the financial support that we received during the 2020/2021 financial year. We received capitation for the four quarters and grants for quarters 1, 2 and 3.

It is my prayer and belief that despite the challenges posed by the COVID 19 pandemic, we shall excel in our mandate.

Eng. Arthur Anam Rateng



*for* **Board Chairman**  
**Ngong TVC**

## V. REPORT OF THE PRINCIPAL

Ngong Technical and Vocational College (NTVC) is a public Technical and Vocational Education and Training (TVET) Institution under the Ministry of Education, State Department of Technical and Vocational Training. The Institution was founded in 2018 and is situated in Kajiado County, Kajiado North Constituency in Ngong town, about 23 km from Nairobi Central Business District.

The Institute land (five acres) was allocated to the Government of Kenya by the Catholic Church for a public utility as a TVET Institution in the year 2016. However, about three quarters of the land cannot be utilized as it is occupied by the huge Ngong dumpsite. The title of the land which is jointly owned by the Church, College, Ngong Township Secondary and Primary School remains in the name of the Catholic Church. The institute has an allotment letter.

The Government of Kenya and Kajiado-North Constituency Development Fund (CDF) provided grants which were used to construct the Administration cum Tuition Block. GOK in conjunction with China Government equipped and installed laboratories and workshops with Agriculture Value Addition Equipment and the college opened its doors in 2019.

Ngong TVC is a Government middle level Technical and Vocational College. It is established under the Ministry of Education (TVET Act 2013). It offers a variety of courses at Diploma, Craft, Artisan and Trade levels. Ngong TVC operates under TVET as stipulated in the laws of Kenya. The Institute's operations are also carried out in accordance with the Government policies and procedures as spelt out in official documents and circulars.

To strengthen the management of the Institute, the Board of Governors has employed a number of staff in various sections of tuition, support and Security. Current population stands at  
PSC teaching staff, Twenty-four (24)  
BOG teaching staff, One (1)  
BOG non-teaching staff, Three (3)  
Student enrolment, seventy (70). Students are all non-boarders.

Like all other training Institution, the normal operations of the Institute were interrupted due to the Covid-19 Pandemic. However, the Institute was able to embark on online teaching to curb the situation.



Dr. Jane M'Ringer

### Principal Ngong TVC

## V. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Ngong Technical & Vocational 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, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

The Institution's strategic plan communicates a desire to strengthen our efforts towards sustainability. The sustainability strategic objectives are (i) achieving financial sustainability ii) achieving technical and

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				<p>Institution. The Sustainability office is working closely with management and provides an annual update on the Institution's progress towards sustainability.</p> <p>-Investing in sustainability has ensured a better environment, benefit from healthier and safer working conditions and have positioned the institution to have a competitive advantage over others.</p>	
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**VI. CORPORATE GOVERNANCE STATEMENT**

S/NO	DATE	ATTENDANCE	PURPOSE
1	13/8/2020	7	Full Board Virtual Meeting
2	4/11/2020	4	Finance, Administration and Infrastructure Committee meeting.
3	6/11/2020	4	Education, Training and Research committee meeting.
4	17/12/2020	9	Full Board Virtual Meeting
5	02/03/2021	5	Finance, Administration and Infrastructure Committee meeting.
6	23/3/2021	7	Full Board face-to-face Meeting

**VII APPOINTMENT OF THE BOARD MEMBERS**

The appointment of the Board of Governance is done in accordance with the second schedule of the Technical and Vocational Education and Training (TVET) ACT No.29 of 2013. The appointing authority

is the Cabinet Secretary and is in accordance with Section 28 (3) and the second Schedule Part (1) and (2) (a) of the TVET Act. The term of office is three (3) years effective from the date of letter of appointment.

#### **VIII ROLE AND FUNCTIONS OF THE BOARD**

The role and functions of the Board of Governors include:

- (a) Overseeing the conduct of education and training in the institution in accordance with the provisions of the TVET Act and any other written law.
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institution in accordance with the TVET act and any other written law.
- (c) Administering and managing the property of the institutions.
- (d) Developing and implementing the institutions' strategic plan.
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions.
- (f) Approval of the Institution's budget and procurement plans.
- (f) Receiving on behalf of the institution, fees, grants, subscription, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons.
- (g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this act.
- (h) Mobilizing resources for the institutions.
- (i) Developing and reviewing programmes for training and to make representation thereon to the TVET board.
- (j) Regulating the admissions and exclusion of students from the institution, subject to a qualification framework and the provisions of the TVET act.
- (k) Approving collaboration or association with other institutions and industries inside and outside Kenya subject to prior approval by the TVET board.
- (l) Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry.
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of all the institutions in consultation with the TVET Authority.
- (n) Making regulations governing organizations conduct and discipline of all the staff and the students.
- (o) Preparing comprehensive annual report on all areas of their mandate, including education and training services and submits the same to the TVET board.
- (p) Providing for the welfare of the students and staff of the institutions.
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution.
- (r) Discharging all other functions conferred upon it by the TVET act or any other written law.

The Board remuneration is done based on attendance of the meetings where they sign the meeting attendance form.

## IX MANAGEMENT DISCUSSION AND ANALYSIS

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### Key projects and investment decisions the institute has implemented

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1. The key projects currently under consideration by the Directorate of TVET are on Institutional development.
2. The Institute during this year constructed a perimeter wall and storm water drainage which is ongoing.
3. Major risk facing the Institute is the huge Ngong dumpsite that sits on more than half of Institute land.

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## X ENVIRONMENTAL AND SUSTAINABILITY REPORTING

### (a) Sustainability strategy and profile

Ngong Technical & Vocational 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, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

The Institution's strategic plan communicates a desire to strengthen our efforts towards sustainability. The sustainability strategic objectives are:

1. Achieving financial sustainability
2. Achieving technical and environmental sustainability
3. Achieving academic sustainability and

Achieving organisational and institutional sustainability

**Financial sustainability** aims at Improving Efficiency through cutting costs leading to reduced wastage of resources

**Academic Sustainability** aims at sustaining results at the level of education, training and research. The sustainability of the educational results (occupational standards, curricula, teaching and learning materials, assessment tools) is guaranteed as we adhere to the regulations and procedures set by TVETA and TVET-CDACC as far as TVET-level programs are concerned. The institution has also invested in blended learning to ensure continuity in training and learning.

**Technical and environmental sustainability** focuses on applying sustainability principles and practices within the structures, philosophies and services, learning processes and physical sites. We have employed key environmental strategies, e.g. on the use of environmentally friendly technologies such as rain water harvesting and also using best practices in waste disposal especially in this COVID 19 era.

**(b) Environmental Performance**

The Institute has developed environmental policy to guide the organisation in our environmental performance in addition to environmental guidelines issued by NEMA. We also have an internal environment office that oversees the enforcement of the environmental policies and guidelines.

The institute has increased its Green spaces. These are areas of trees, grass, and other types of vegetation. In addition to being a welcome aesthetic and a change of face from the concrete and buildings, green spaces also provide real value in terms of sustainability. They help to improve air quality, recharge supplies of groundwater, reduce air temperature, and protect streams from polluted runoff. They also prevent soil erosion and help maintain the quality of water in the area.

Environmental Literacy has also been incorporated in technical education in the CDACC/CBET programs currently being rolled out in the institution. This will improve the awareness in management/conservation of the environment in the trainers and trainees.

The institution is in the process of developing an occupational safety and health policy. There is a committee that oversees the implementation and enforcement of the OSHA Act 2007 guidelines.

**(c) Market place practices-**

A research on market demand has helped the institution offer courses that would shape business strategies and practices, and the context in which they operate, to take explicit account of their social, economic, and environmental impacts. There has been increased level of engagement with high schools and the general public as the source of our new students and for increase in brand awareness of Ngong Technical & Vocational College as a TVET institution of choice in the region and beyond.

School and church visits have given opportunities for career guidance. These opportunities have a direct impact on the students and parents where information is shared.

Training staff on customer care and public relations is also an important strategy that the institute plans to employ to build capacity of staff to handle clients and guarantee return customers.

Use of Social media. The Website, Facebook, WhatsApp and Twitter are a continuous source of critical information for our customers.

In regard to responsible Supply chain and supplier relations, the institution places its adverts for tenders on the daily's and on its website for access to all. Payment to suppliers is done within the limited period of less than Ninety days' other guidelines like Presidents directive on Special category tender opportunities are adhered to.

The Institution ensures that all the courses offered are accredited by the relevant bodies for example: KASNEB, KNEC, NITA, and Pharmacy & Poison's Board

**(d) Employee Welfare**

***Recruitment procedures:***

In line with the Constitution 2010 and Employment Act 2007, HRM policies and Staff Establishment are used in providing guidelines for the above procedure.

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Fair competition and meritocracy are the guiding principle for all staff appointment and advancement in the Institute.

Head of Departments developed human resource plans indicating the skill gaps that were there and how these gaps could be filled. This was submitted to the HR for compilation and submission to the Board through Principal/BOG Secretary for consideration.

Open advertisement was conducted for same The institute has so far recruited 8 interns in Hospitality, Finance, Building and Construction Library and Electrical and Electronics Department this happened where vacant positions were filled through internal advertisement. Letters of appointment were issued by the Secretary to the Board through the HR Department based on the decision of the Board.

The Head of Human Resource and Administration notified the successful candidates and they were engaged.

N/B: Ngong Technical & Vocational College considers the one third gender rule and person with disabilities are given priority in accordance to the labour law.

### **Corporate Social Responsibility / Community Engagements**

*During the year there were no CSR activities.*

## **XI REPORT OF THE COUNCIL/BOARD OF GOVERNORS**

The Board members submit their report together with financial statements for the year ended 30<sup>th</sup> June 2021, which show the state of the institute's affairs.

The principal activities of the institute are outlined below:

### **11.1 Principal activities**

The principal activities that enable the institution to produce competent and innovative manpower in technical and vocational disciplines to meet the dynamic needs of industry and society are: -

- Provide a conducive environment for teaching and learning.
- Promote leadership by providing opportunities for students' representation in clubs and classes.
- Provide adequate training materials.
- Adhere to the Government regulations and policies.
- Ensure syllabus coverage by optimizing and time utilization.
- Ensure all industrial attachees are posted and assessed.
- Ensure standard evaluation through continuous assessment tests and examination.
- Conduct annual staff performance appraisal.
- Ensure prompt payments for supplies and services.
- Make the institution a center of excellence for all through enhanced publicity, high levels of

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performances, quality service and integrity.

- Improve the rate of conveying information and adequate communication channels.
- Provide timely response to all enquiries.
- Provide quarterly and annual performance reports to the Ministry of Education.

**Results**

The results of the entity for the year ended June 30<sup>th</sup> June, 2021 are set out on page 1 to 56.

**COUNCIL/BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page viii. During the year 2020/2021 none of Governors retired or resigned.

**Auditors**

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

By Order of the Board  
Corporate Secretary  
Nairobi.

## XII STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES

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

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

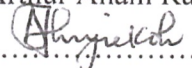
The council members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act). The council members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity'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 institute will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

Ngong TVC financial statements were approved by the Board on 29<sup>th</sup> September 2021 and signed on its behalf by:

Name: Eng. Arthur Anam Rateng

Signature.....

 Board Chairman

Name: Jane Tei M'Ringera

Signature.....

Principal

**NGONG TECHNICAL & VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2021**

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**XIII REPORT OF THE INDEPENDENT AUDITOR ON NGONG VOCATIONAL &  
TECHNICAL COLLEGE**

# REPUBLIC OF KENYA

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-mail: info@oagkenya.go.ke  
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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NGONG TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021**

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### **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 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 Ngong Technical and Vocational College set out on pages 1 to 45, which comprise the statement of financial position as at 30 June, 2021, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts

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*Report of the Auditor-General on Ngong Technical and Vocational College for the year ended 30 June, 2021*

for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Ngong Technical and Vocational 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Financial Statements**

The statement of financial position reflects accumulated surplus of Kshs.1,890,648 while the statement of financial performance reflects a deficit of Kshs.7,928,010. However, the College was in its first year of operation and could not have accumulated any surplus. Further, the statement of financial position reflects total net assets and liabilities totalling to Kshs.53,361,364 while the statement of changes in net assets reflect a total balance of Kshs.53,126,337, resulting in unexplained and unreconciled variance of Kshs.235,027.

In addition, the statement of comparison of budget and actual amounts reflects actual on comparable basis income and expenses totalling Kshs.15,505,366 and Kshs.6,218,859 respectively. However, a recast of income and expenditure amount in the statement adds to Kshs.15,467,266 and Kshs.6,020,098 respectively, resulting in unexplained and unreconciled variances of Kshs.38,100 and Kshs.198,761.

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

#### **2. Unsupported Remuneration of Directors**

The statement of financial performance reflects remuneration of Directors' expenditure amounting to Kshs.158,000. However, legality of the Board of Governors was not confirmed as gazette notices of the members' appointment were not provided for audit review. Further, the remuneration payments of Kshs.158,000 to the Directors were not supported by attendance registers as proof of meetings and other Board activities.

In the circumstances, the accuracy and validity of the remuneration of Directors' amount of Kshs.158,000 during the year under review could not be ascertained.

#### **3. Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.6,085,039. According to Note 25 to the financial statements, the balance comprised of cash held in two bank accounts and cash at hand as at 30 June, 2021. However, cash

books in respect of one of the bank account with a balance of Kshs.3,940,663 was not provided for audit review.

In addition, review of bank reconciliation statement for the second bank account revealed un-presented cheques totalling Kshs.159,570 whose payment dates were not indicated. Further, the same bank account reflected cash withdrawals totalling Kshs.225,727 whose authority and purpose was not provided for audit review.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.6,085,039 could not be confirmed.

#### **4. Property Plant and Equipment**

The statement of financial position reflects property plant and equipment balance of Kshs.43,888,582. However, an amount of Kshs.3,615,857 relating to work in progress was expensed in the statement of financial performance. Further, examination of records provided for audit review revealed that the College occupies a five-acre parcel of land located in Ngong Town which is owned by the Catholic Church as per the allotment letter for the land. In addition, approximately three quarters ( $\frac{3}{4}$ ) of the land was occupied by a dumpsite.

Further, review of the asset register, revealed that the College owns food processing equipment of undetermined value. No explanation was provided for failure to value the food processing equipment and disclose the same in the financial statements.

In the circumstances, the accuracy, ownership and completeness of the property, plant and equipment balance of Kshs.43,888,582 could not be ascertained.

#### **5. Unsupported Receivables**

The statement of financial position reflects receivables from exchange transactions and receivables from non-exchange transactions amounting to Kshs.2,272,743 and Kshs.1,115,000 respectively. However, a debtor's ledger or schedule of outstanding debtors and a debtor's ageing analysis were not provided for review. In addition, a policy on debtors and provision for bad and doubtful debtors thereof was not provided for audit nor disclosed in the summary of significant accounting policies section of the financial statements.

Further, the Management has not demonstrated efforts made to recover the outstanding amounts.

In the circumstances, the accuracy, validity of trade and other receivables amounting to Kshs.3,387,743 as at 30 June, 2021 could not be confirmed.

#### **6. Trade and Other Payables**

The statement of financial position reflects current liabilities totalling Kshs.235,027. The amount, as disclosed in Note 34 to the financial statements, includes fees paid in advance amounting to Kshs.56,177. However, schedules provided for audit in respect to fees paid

in advance reflected a total of Kshs.474,912 resulting in unreconciled and unexplained variance of Kshs.418,212.

Further, the trade payables did not include an amount of Kshs.3,098,897 owed to PC Kinyanjui Technical Training Institute, the mentor Institution for the College.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.235,027 could not be ascertained.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.35,404,950 and Kshs.15,505,366 respectively resulting to an under-funding of Kshs.19,899,584 or 56% of the budget. Similarly, the College expended Kshs.6,218,859 against an approved budget of Kshs.28,414,938 resulting to an under-expenditure of Kshs.22,196,079 or 78% of the budget.

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Irregular Recruitment**

The statement of financial performance reflects employee costs amounting to Kshs.360,280. Review of the payroll data and personal files of employees provided in support of the expenditure revealed the following anomalies:

- i. An approved establishment indicating vacancies existing in departments or sections to justify the need for recruitment of five (5) Board of Governors employees during the year was not provided for audit review. In addition, human resource planning documents including annual recruitment plan were not provided for audit verification and thus the need for the positions filled could not be established.
- ii. There was no documentary evidence provided to indicate that a committee was established by the Board of Governors to carry out shortlisting of for the positions applied, and whether the Board convened an interviewing panel for shortlisted applicants.
- iii. There were no documents provided in support of the existence of a Staff Advisory Committee responsible for advising the Board on matters relating to staff including promotion, discipline, and transfer of employees.
- iv. Guidelines issued by the Ministry of Health and the Government on COVID-19 containment measures in workplaces during the year under review banned all physical gatherings. However, it was not clear how the recruitment process was conducted without evidence of interviews being conducted and in the absence of an interviewing panel.

In the circumstances, it was not confirmed whether the recruitment process was done procedurally.

### **2. Failure to Maintain an Imprest Register**

During the financial year under review, the College reported an expenditure of Kshs.219,980 on local travel and subsistence allowances as disclosed in Note 14 to the financial statements. However, the College did not maintain an imprest register for the allowances as required by Regulation 93(4) of the Public Finance Management (National Government) Regulations, 2015 which provides that before issuing temporary imprests, the Accounting Officer shall ensure that the applicant is recorded in the imprest register including the amount applied for. It was therefore not determined whether all imprests issued during the financial year were surrendered and correctly accounted for.

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

### **3. Non-Compliance with Law on Ethnic Composition**

During the year under review, the total number of employees of the College was thirty-eight (38) out of which sixteen (16) or 42% of the total number were members of the same ethnic community contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the

diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community”.

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

#### **4. Irregular Procurement of Goods and Services**

The statement of financial performance reflects use of goods expenditure amounting to Kshs.1,803,525. Review of the payment documents provided for audit revealed that procurement of various goods and services during the year were not carried out in line with the Public Procurement and Asset Disposal Act, 2015 as detailed below;

- i. There were no appointment letters for the evaluation committee members for the various procurements undertaken.
- ii. There were no request for quotations for procurement of hardware materials and burglar proof doors, therefore, the method used to invite quotations from suppliers was not confirmed.
- iii. Bidders evaluated for supply of hardware materials and supply of chemicals were not in the list of pre-qualified suppliers and therefore, it was determined how they were identified.
- iv. The evaluation committee for burglar proof doors recommended an award to a supplier who was not the lowest bidder, basing the award on previous work at the College. This was contrary to the Act which requires awards be made to the lowest evaluated bidders. Further, the category of supply was not in the pre-qualification list provided for audit review and therefore, it was determined how the bidders were identified. In addition, there was no request for quotations documents sent to the bidders.
- v. The College sent request for quotations to 3 bidders for building and civil engineering works who were not in the category of suppliers for building and civil engineering works
- vi. The list of pre-qualified suppliers provided for audit review did not have a category for the supply of furniture, however, the College sent request for quotations documents to bidders and awarded the supply to one bidder. It was not determined how the bidders were identified for the category.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters 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

#### 1. Lack of Operational Manuals and Policies

Review of the College's internal controls revealed lack of basic controls that would enable the College to function effectively. The College lacked a financial procedure manual, fraud prevention guidelines, risk assessment and management strategy, training need assessment tools, approved organization chart, disaster recovery plan, approved human resource manual and an annual staff training program.

In absence of the operational manuals and policies, achievement of the College's goals and performance targets may not be coordinated.

#### 2. Lack of Internal Audit Function

During the year under review, the College did not have in place an Internal Audit function contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which provides that every government entity shall have appropriate arrangements in place for conducting internal audit according to the guidelines of the accounting standards board.

In the circumstances, the College lacks internal structures which could provide advice and assurance to the Management regarding systems of internal control and risk management.

#### 3. Non-Establishment of Audit Committee

As at the time of audit, the College had not established an Audit Committee as required by Section 73(5) of the Public Finance Management Act, 2012 which stipulates that every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations. The audit committee would have performed various functions stipulated by Regulation 175 of Public Finance Management (National Government) Regulations, 2015 including supporting the Accounting Officer on matters of risk evaluation and control, governance and associated assurance.

In the circumstances, oversight and overall governance of the Institute could not be confirmed.

#### **4. Lack of Segregation of Duties**

Review of staffing and roles allocation in the accounts department revealed that the department had one staff who was performing duties of recording transactions, disbursing funds, making entries in the cashbook, reconciling cashbooks with bank balances, and making payments. Without segregation of duties in key processes, the College might be exposed to the risk of fraud and errors in financial transactions.

Consequently, the internal control was not adequate to mitigate potential threats that may arise.

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 Board of Governors**

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

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

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

The Board of Governors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems

are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the college to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

28 July, 2022

NGONG TECHNICAL & VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2021

**XIV STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE  
2020/2021**

<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>			
	<b>Note</b>	2020-2021	2019-2020
		Shs	Shs
Transfers from National Govern-operational grants	6	3,335,000	0
Transfers from National Govern-Development grants		0	0
Transfers from CDF		0	
<b>Subtotal</b>		<b>3,335,000</b>	<b>0</b>
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Rendering of services-Fees from students	9	4,575,746	0
<b>Subtotal</b>		<b>4,575,746</b>	<b>0</b>
<b>Total revenue</b>		<b>7,910,746</b>	<b>0</b>
<b>Expenses</b>			
Use of Goods and Services	14	1,803,525	0
Employee costs	15	360,280	0
Remuneration of Directors	16	158,000	0
Depreciation and amortization	17	9,818,658	0
Repairs and maintenance	18	82,436	0
WIP		3,615,857	
<b>Total expenses</b>		<b>15,838,756</b>	<b>0</b>
<b>Surplus for the period</b>		<b>(7,928,010.25)</b>	<b>-00</b>

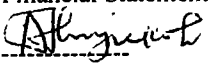
The notes set out on pages 6 to 44 form an integral part of the Annual Financial Statements.


NGONG TECHNICAL & VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021


XV STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2021

Assets	Note	2020-2021	2019-2020
		Shs	Shs
<b>Current assets</b>			
Cash and cash equivalents	25	6,085,039	0
Receivables from exchange transactions			0
(a) Student debtors	27	2,272,743	0
Receivables from non-exchange transactions	28	1,115,000	0
<b>Total current asset</b>		<b>9,472,782</b>	<b>0</b>
<b>Non-current assets</b>			
Property, plant and equipment	31	43,888,582	0
<b>Total assets</b>		<b>53,361,364</b>	<b>0</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Unclaimed bursaries	34	106,000	0
Prepaid	34	56,177	0
Trade and other payables from exchange transactions	34	72,850	0
<b>Total current liabilities</b>		<b>235,027</b>	<b>0</b>
<b>Non-current liabilities</b>		0	0
<b>Total liabilities</b>		<b>235,027</b>	<b>0</b>
<b>Net Assets</b>			
Reserves			
Accumulated surplus		1,890,648	0
Capital fund		51,235,689	0
<b>Total Net Assets &amp; Liabilities</b>		<b>53,361,364</b>	<b>0</b>

The Financial Statements set out on pages 1 to 48 were signed on behalf of the Institute Council/ Board of Governors by:

*f/w*   
Chairman of Council/Board of Governors

  
Accountant

  
Principal

Date... 20/6/2022

Date... 20/6/2022

Date... 20/06/2022

**NGONG TECHNICAL & VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2021**

**XVI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021**

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>At July 1, 2020</b>	0	0	0	53497826.91	53497827
Revaluation gain	0	-	0	-	0
Fair value adjustment on quoted investments	-	0	0	-	0
Total comprehensive income	-	-	(7,928,010.25)	-	-7928010
Capital/Development grants received during the year	-	-	-	7556520	7556520
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	9818653	-9818658	0
<b>At June 30, 2021</b>	0	0	1890647.75	51235688.91	53126337

Note:

*The amount of Kshs 53,497,826.91 relates to the value of the building at cost. The depreciation of the building has been provided on PPE schedule provided on note 31*

**NGONG TECHNICAL & VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2021**

**XVII STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		<b>Cumulative</b>	<b>Actual Audited</b>
	<b>Note</b>	<b>Current year</b>	
<b>Cash flows :operating activities</b>			-
<b>Receipts</b>			-
Transfers-Government grants and subsidies	6	2,220,000	-
Rendering of services-Fees	9	2,303,003	-
Prepayments	34	56,177	-
Other payments-CDF Funds		7,556,520	-
Other payments-Unclaimed bursaries	34	106,000	-
<b>TOTAL</b>		<b>12,241,700</b>	-
<b>Payments</b>			-
Use of Goods and services	14	1,730,675	-
Compensation of employees	15	360,280	-
Repair and Maintenance	18	82,436	-
Remuneration of Directors	16	158,000	-
<b>TOTAL</b>		<b>2,331,391</b>	-
<b>Net cash flows :operating activities</b>		<b>9,910,309</b>	-
<b>Cash flows from investing activities</b>			-
<b>Purchase of PPE</b>			-
a. CDF wall project	31	3,615,857	-
b. Furniture & Fitting	31	80,500	-
c. Computers	31	129,000	-
<b>Net cash flows from investing activities</b>		<b>3,825,357</b>	-
<b>Net Change in cash &amp; cash equivalents</b>		<b>6,085,039</b>	-
<b>Cash and cash equivalents at start of Period</b>		<b>87</b>	-
<b>Cash and cash equivalents at end of period</b>	9	<b>6,085,039</b>	-

**NGONG TECHNICAL & VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2021**

**XVII 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		Utilization Difference		Explanation Notes of the Variances
	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	%	
<b>Revenue</b>													
Transfers from MDAs-Operations	10,000,000		0		10,000,000		3,335,000		6,665,000.00		-33.35%		The variance resulted from low enrollment compared to actual
Transfers from MDAs-Development	9,000,000		0		9,000,000				9,000,000.00		-100.00%		The institution did not receive any Development funds as it was projected on the budget
CDF capital funding	8,484,950		0		8,484,950		7,556,520		928,430.00		89.05%		The CDF received was less than projected in the budget
Rendering of services	7,920,000		0		7,920,000		4,575,746		3,306,154.00		58.25%		Due to closure of the institution during Covid-19 the institution spent less than it was projected on the budget
<b>Total income</b>	<b>35,404,950</b>		<b>0</b>		<b>35,404,950</b>		<b>15,505,366</b>		<b>19,899,584.00</b>		<b>13.21%</b>		The institution did not
<b>Expenses</b>													
Compensation of employees	1,624,920		0		1,624,920		360,280		1,264,640.00		22.17%		During the year under review the new employees were not employed as the budget projected
Use of Goods and services	17,544,753		0		17,544,753		1,803,525		15,542,467.00		11.41%		Use of goods and services and a variance that resulted from closure of the institution during Covid-19 hence leading to low usage of goods as projected
Repair and maintenance	760,315		0		760,315		82,436		677,879		10.84%		The variance resulted from less repairs requirement since the food processing equipment were not in use during the year under review
Remuneration of directors	0		0		0		158,000		158,000		-100%		The variance is as a result of budgeting Directors remuneration on administration expenses
CDF capital project	8,484,950		0		8,484,950		3,615,857		4,869,093		42.61%		The contractor had not issued payment certificates for the work that had been done hence the variance
<b>Total expenditure</b>	<b>28,414,938</b>		<b>0</b>		<b>28,414,938</b>		<b>6,218,859</b>		<b>22,196,079</b>		<b>21.88%</b>		There was low enrollment than projected on the budget hence less usage of goods and services
<b>Surplus for the period</b>	<b>6,990,012</b>		<b>0</b>		<b>6,990,012</b>		<b>9,286,507</b>		<b>2,296,495.00</b>				

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

### **1. GENERAL INFORMATION**

Ngong TVC is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to produce competent and innovative manpower in Technical and vocation discipline to meet the dynamic needs of industry and society.

### **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 Ngong TVC accounting policies.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) 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>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. 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>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. 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>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. 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><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b> 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"> <li>•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;</li> <li>•Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>•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.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b> 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> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on <i>hedging and credit risk</i> which were <i>inadvertently omitted</i> when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) 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.</li> </ol>

iii. Early adoption of standards

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

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

###### Transfers from other government entities

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

##### ii) Revenue from exchange transactions

###### Rendering of services

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

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

###### Sale of goods

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

###### Interest income

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

###### Dividends

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### a) Revenue recognition (Continued)

##### ii) Revenue from exchange transactions (continued)

##### **Rental income**

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

#### b) Budget information

The original budget for FY 2018/2019 was approved by the Council or Board on *xxxx*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of *xxxx* on the FY 2018/2019 budget following the Council/ Board's approval.

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

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

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

#### c) Taxes

##### ***Current income tax***

The entity is exempt from paying taxes as per schedule *xxx* of the *xxx* Act.

## 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, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

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

#### d) Investment property

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

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

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

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

#### e) Property, plant and equipment

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Leases**

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

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

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

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

**g) Intangible assets**

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

**h) Research and development costs**

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

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

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

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### i) Financial instruments

###### *Financial assets*

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

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

###### *Loans and receivables*

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

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

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

###### *Impairment of financial assets*

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

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### i) Financial instruments (Continued)

###### *Financial assets (Continued)*

###### *Impairment of financial assets (Continued)*

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

###### *Financial liabilities*

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

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

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

###### *Loans and borrowing*

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

##### i) Inventories

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i) Inventories (Continued)

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

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

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

#### j) Provisions

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

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

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

#### *Contingent liabilities*

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

#### *Contingent assets*

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### k) Nature and purpose of reserves

The Entity does not have reserves.

#### l) Changes in accounting policies and estimates

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

#### m) Employee benefits

##### Retirement benefit plans

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

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

#### n) 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.

#### o) 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)**

**p) Related parties**

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

**q) Service concession arrangements**

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

**r) 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.

**s) Comparative figures**

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

**t) 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, 2021.

## 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

### Useful lives and residual values

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

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

### Provisions

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

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

## 6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
<b>Unconditional grants</b>		
Capitation grants	1,335,000	0
Operational grant	2,000,000	0
<b>Total government grants and subsidies</b>	<b>3,335,000</b>	<b>0</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
Ministry Education/State Department Vocation	3,335,000	0	0	3,335,000	0
<b>Total</b>	<b>3,335,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

7. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2020-2021 KShs	2019-2020 KShs
	-	-
Transfer from County xxx	-	-
Transfer from xxx University	-	-
Transfer from xxx institute	-	-
<b>Total Transfers</b>	<b>-</b>	<b>-</b>

8. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2020-2021 KShs	2019-2020 KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from alumni	-	-
Other donations	-	-
<b>Total donations and sponsorships</b>	<b>-</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition Equipment and Stores (TES)	1,672,988.00	0
Personnel Emoluments (PE)	907,510.00	0
Repair, Maintenance & Improvements (RMI)	57,710.00	0
Local Transport and Travel (LT&T)	127,977.00	0
Electricity, Water and Conservancy (EWC)	119,121.00	0
Activity (Sports/Games/Clubs)	114,175.00	0
ICT Infrastructure and Continued Learning	33,082.00	0
EXAMS	106,310.00	0
Caution Fees	137,682.00	0
Admission	176,548.00	0
Students welfare	67,250.00	0
Students ID	33,825.00	0
Industrial attachment	49,773.00	0
Medical	34,082.00	0
Library	33,082.00	0
Insurance	10,225.00	0
Development	894,406.00	0
<b>Total revenue from the rendering of services</b>	<b>4,575,746</b>	<b>0</b>

10. SALE OF GOODS

Description	2020-2021	2019-2020
	KShs	KShs
<b>Sale of goods</b>		
Sale of books	-	-
Sale of publications	-	-
Sale of farm produce	-	-
Cafeteria	-	-
Other(include in line with your organisation)	-	-
<b>Total revenue from the sale of goods</b>	<b>-</b>	<b>-</b>

11. HIRE OF FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	KShs	KShs
Hire of facilities and equipment	-	-
Contingent rental	-	-
operating lease revenue	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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12. FINANCE INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	<b>-</b>	<b>-</b>

13. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Insurance recoveries	-	-
Consultancy fees	-	-
Income from sale of tender	-	-
Services concession income	-	-
Reimbursements and refunds	-	-
Graduation fees	-	-
Miscellaneous ( <i>Specify</i> )	-	-
<b>Total other income</b>	<b>-</b>	<b>-</b>

14. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition Equipment and Stores (TES)	898,218	0
Administration	359,478	0
Local Travel & Transport	219,980	0
Electricity Water & Conservancy	94,620	0
ICT infrastructure and continued Learning	162,229	0
Covid 19 Containment	56,000	0
Refunds	13,000	0
<b>Total good and services</b>	<b>1,803,525</b>	<b>0</b>

The amount of 129,000 that relate to PPE is exclusive and accounted as a balance sheet item and Ksh 72,850 was accrued amount as 30<sup>th</sup> June 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	337,060	0
NSSF	17,220	0
NHIF	6000	0
<b>Employee costs</b>	<b>360,280</b>	<b>0</b>

16. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria	0	0
Directors emoluments	158,000	0
Other allowances	0	0
<b>Total director emoluments</b>	<b>158,000</b>	<b>0</b>

17. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2021	2019-2020
	KShs	KShs
Property, plant and equipment	9,818,658	0
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>9,881,658</b>	<b>0</b>

Depreciation Ksh 9,807,919 relates to revaluation of the building and 10739 is depreciation for the PPE purchased in the year under review

18. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Property	82,436	0
Investment property – earning rentals	0	0
Equipment and machinery	0	0
Vehicles	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
Other	0	0
<b>Total repairs and maintenance</b>	<b>82,436</b>	<b>0</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. CONTRACTED SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	-
<b>Total contracted services</b>	-	-

20. GRANTS AND SUBSIDIES

Description	2020-2021	2019-2020
	KShs	KShs
Community development	-	-
Education initiatives and programs	-	-
Social development	-	-
Community trust	-	-
Sporting bodies	-	-
<b>Total grants and subsidies</b>	-	-

21. FINANCE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Borrowings (amortized cost)*	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount	-	-
Interest on Bank overdrafts	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	-	-

22. GAIN ON SALE OF ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
<b>Total gain on sale of assets</b>	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2020-2021	2019-2020
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	-	-

24. IMPAIRMENT LOSS

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total impairment loss</b>	-	-

25. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Co-operative Bank A/C	2,137,436	0
Cash at hand	6,940	0
Equity Bank CDF A/C	3,940,663	0
<b>Total cash and cash equivalents</b>	<b>6,085,039</b>	<b>0</b>

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

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
<b>a) Current account</b>			
Co-operative bank	01129842414000	2,137,436	0
Equity Bank, etc	0730279951998	3,940,663	0
Cash at hand		6,940	
<b>Grand total</b>		<b>6,085,039</b>	<b>0</b>

27. RECEIVABLES FROM EXCHANGE TRANSACTIONS

(a) Current Receivables from Exchange Transactions

Description	2020-2021	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Student debtors	2,272,743	-
Rent debtors	0	-
Consultancy debtors	0	-
Other exchange debtors	0	-
Less: impairment allowance	0	-
<b>Total current receivables</b>	<b>2,272,743</b>	-

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(b) Long- term Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
<b>Non-current receivables</b>		
Refundable deposits	-	-
Advance payments	-	-
Public organizations	-	-
Less: impairment allowance	-	-
<b>Total</b>	-	-
Current portion transferred to current receivables	-	-
<b>Total non-current receivables</b>	-	-
<b>Total receivables</b>	-	-

(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Description	2020-2021	2020-2021
	KShs	KShs
At the beginning of the year	-	-
Provisions during the year	-	-
Recovered during the year	-	-
Write offs during the year	-	-
At the end of the year	-	-

28. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
<b>Current receivables</b>		
Capitation grants*	615,000	-
Transfers from other govt. entities	500,00	-
Undisbursed donor funds	-	-
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>1,115,00</b>	-

\*Receivables on capitation grants is recognised for monies received after year end but relating to the year under review.

(a) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. INVENTORIES

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	-	-
Maintenance stores	-	-
Health unit stores	-	-
Electrical stores	-	-
Cleaning materials stores	-	-
Catering stores	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

30. INVESTMENTS

Description	2020-2021	2019-2020
	KShs	KShs
<b>a) Investment in Treasury bills and bonds</b>		
<b>Financial institution</b>		
CBK	-	-
CBK	-	-
<b>Sub- total</b>	-	-
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank x	-	-
Bank y	-	-
<b>Sub- total</b>	-	-
<b>c) Equity investments (specify)</b>		
Equity/ shares in company xxx	-	-
<b>Sub- total</b>	-	-
<b>Grand total</b>	-	-

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Shs	Current year	Prior year
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
Entity D	-	-	-	-	-	-
	-	-	-	-	-	-

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31. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	WIP	MV	Furniture & Fittings	Computers	Plant & Equipment	Total
Rate	0	5%	0%	25%	20%	33.30%	15%	
Cost at 1st July 2020	-	53,497,740	3,615,857	-	80,500	129,000	-	57,323,097
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustment	-	-	-	-	-	-	-	-
At 30 June 2021	-	53,497,740	3,615,857	-	80,500	129,000	-	57,323,097
Depreciation and impairment								
At 4 October 2017		53,497,740						
Depreciation	-	1,783,258	-	-	-	-	-	1,783,258
Impairment		-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-
At 30 June 2018	-	51,714,482	-	-	-	-	-	1,783,258
Depreciation and impairment								
At 1 July 2018	-	-	-	-	-	-	-	-
Depreciation		2,674,887.00	-	-	-	-	-	2,674,887



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At 30 June 2020	-	48,147,966	-	-	-	-	-	-	-	48,147,966
At 30 June 2021	-	43,689,821	3,615,857	-	80,500	118,261	-	-	-	47,504,439

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Valuation**

Land and buildings were not valued by independent valuer in the year under review

**31 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	0	0	0
Buildings	53,497,740	9,818,658	43,689,082
Plant and machinery	0	0	0
Motor vehicles, including motorcycles	0	0	0
Computers and related equipment	129,000	10,739	118,261
Office equipment, furniture, and fittings	80,500	0	80,500
<b>Total</b>	<b>53,707,240</b>	<b>9,829,397</b>	<b>43,808,082</b>

**32. INTANGIBLE ASSETS-SOFTWARE**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
<b>At end of the year</b>	-	-
Additions—internal development	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization	-	-
<b>At end of the year</b>	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. INVESTMENT PROPERTY

Description	2020-2021	2019-2020
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
At end of the year	-	-

34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2020-2021
	KShs	KShs
Trade payables	72,850	-
Fees paid in advance	56,177	-
Employee advances	-	-
Third-party payments	-	-
Other payables	106,000	-
<b>Total trade and other payables</b>	<b>235,027</b>	<b>-</b>

Before the institution was able to pay for expenses the mentor institution Kinyanjui TTI had spent on behalf of the institution Kshs 3,98,897 as at 30<sup>th</sup> June 2021 which is payable to them

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2022	2019-2022
	KShs	KShs
Consumer deposits	-	-
Caution money	-	-
Other refundable deposits	-	-
<b>Total deposits</b>	<b>-</b>	<b>-</b>

36. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Transfers from non -current provisions	-	-	-	-	-
<b>Total provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. FINANCE LEASE OBLIGATION

Description	2020-2021	2019-2020
	KShs	KShs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity Analysis

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: Unearned interest	-
	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
<b>Total</b>	-

38. DEFERRED INCOME

Description	2020-2021	2019-2020
	KShs	KShs
National government	1,335,000	-
International funders	-	-
Public contributions and donations	-	-
<b>Total deferred income</b>	1,335,000	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National government	International funders/donors	Public contributions and donations	Total
Balance brought forward	0	-	-	0
Additions during the year	1,335,000	-	-	1,335,000
Transfers to Capital fund	0	-	-	0
Transfers to income statement	1,335,000	-	-	1,335,000
Other transfers	0	-	-	0
Balance carried forward	1,335,000	-	-	1,335,000

39. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2020-2022	2019-2022
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-	-

Retirement benefit Asset/ Liability

The college does not operate a defined benefit scheme.

	2020-2021	2019-2020
	Kshs	Kshs
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill health	-	-
Retirement	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

	2020-2021	2019-2022
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (Specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
<b>Premeasurement of the net defined benefit liability (asset)</b>	-	-

b) Amounts recognised in the Statement of Financial Position

	2020-2021	2019-2022
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded Status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

40. NON-CURRENT PROVISIONS

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: Current portion	-	-	-	-	-
<b>Total deferred income</b>	-	-	-	-	-

41. BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Balance at beginning of the year	-	-

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External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the year	-	-

41 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2020-2021	2019-2020
	KShs	KShs
<b>External Borrowings</b>	-	-
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
<b>Total balance at end of the year</b>	-	-

41 b) BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

42. SERVICE CONCESSION ARRANGEMENTS

Description	2020-2021	2019-2020
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

43. CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
	KShs	KShs
<b>Surplus for the year before tax</b>		
<b>Adjusted for:</b>		
Depreciation	-	-
Non-cash grants received	-	-
Contributed assets	-	-

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Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**44. FINANCIAL RISK MANAGEMENT**

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

The entity's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

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

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

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 20xx</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 20xx</b>	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**44. FINANCIAL RISK MANAGEMENT (Continued)**

**(i) Credit risk (continued)**

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

The entity has no significant concentration of credit risk.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2020</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**44. FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

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

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

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

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

a) Foreign currency risk

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

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2020</b>			
Financial assets (investments, cash, debtors)	-	-	-
	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
	-	-	-
Net foreign currency asset/(liability)	-	-	-

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2020</b>			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2020</b>		-	-
Euro	10%	-	-
USD	10%	-	-
<b>2020</b>		-	-
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

*Management of interest rate risk*

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

b) Interest rate risk(continued)

*Sensitivity analysis*

The sensitivity analysis was not conducted

**iv) Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2021-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
	-	-
<b>Total funds</b>	-	-
	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. RELATED PARTY BALANCES

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

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

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

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

	2020-2021	2019-2020
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify)	-	-
<b>Total</b>	-	-
<b>b) Purchases from related parties</b>	-	-
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (specify)	-	-
<b>Total</b>	-	-
<b>b) Grants /Transfers from the Government</b>	-	-
Grants from National Govt	-	-
Grants from County Government	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>	-	-
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>	-	-
Directors' emoluments	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

**46. SEGMENT INFORMATION**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)*

**47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

**Contingent Assets**

	2020-2021	2019-2020
	Kshs	Kshs
<b>Contingent assets</b>		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

**Contingent Liabilities**

	2020-2021	2019-2020
	Kshs	Kshs
<b>Contingent liabilities</b>	-	-
Court case xxx against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

**48. CAPITAL COMMITMENTS**

<b>Capital commitments</b>	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
<b>Total</b>	-	-

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the entity but at the end of the year had not been contracted or those already contracted for and ongoing)*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**49. DEFERRED TAX LIABILITY**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2020-2021	2019-2020
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
	-	-
<b>Net deferred tax liability/(asset)</b>	-	-
	-	-
The movement on the deferred tax account is as follows:	-	-
	-	-
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
	-	-
Balance at end of the year	-	-

*[In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)*

**50. EVENTS AFTER THE REPORTING PERIOD**

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

**51. ULTIMATE AND HOLDING ENTITY**

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

**52. CURRENCY**

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

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

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

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Accounting Officer

Name

(Jane Tei M’Ringera)

Signature

Date.

**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Perimeter Wall/Storm water drainage	6,484,955.00	3,588,543.00	55.33%	6,484,955	3,588,543.00	Ngong-CDF Kajiado North
2							
3							

**APPENDIX III: INTER-ENTITY TRANSFERS**

Ngong Technical & Vocational College				
Break down of Transfers from the State Department of Technical & Vocational Training				
FY 2020/2022				
a. Recurrent Grants				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
	22/01/2021	500,000.00	FY 2020/2021	
	10/03/2021	240,000.00	FY 2020/2021	
	22/03/2021	740,000.00	FY 2020/2021	
	30/03/2021	740,000.00	FY 2020/2021	
	<b>Total</b>	<b>2,220,000.00</b>		

**The above indicted amount of 2,220, 000.00 is exclusive of accrued amount of 1,115,000**

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager  
Ngong TVC

Sign



Head of Accounting Unit  
Education Ministry

Sign-----

NGONG TECHNICAL & VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Education	22/01/2021	Recurrent	500,000.00	Yes	0			500,000.00
Ministry of Education	10/03/2021	Recurrent	240,000.00	Yes	0			240,000.00
Ministry of Education	22/02/2021	Recurrent	740,000.00	Yes	0			740,000.00
Ministry of Education	30/03/2021	Recurrent	740,000.00	Yes	0			740,000.00
Ministry of Education	As at 30 <sup>th</sup> June 2021	Recurrent		Yes	0	1,115,000.00		1,115,000.00
<b>Total</b>			<b>2,220,000.00</b>			<b>1,115,000.00</b>		<b>3,335,000.00</b>