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THE MAJORITY PARTY

OF
SPEAK-AT
THE-TABLE:

WILLIS OBIERO

THE AUDITOR-GENERAL

ON

**NUU TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2023**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.
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Revised Template: 30th June 2023



NUU TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

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

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	College of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training College
TTC	Teacher Training College
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

2. Key Entity Information and Management

(a) Background information

The *institution* was incorporated/ established under the TVET Act No 29 of 2013 on 2014. The College is under the Ministry of Education. The government advertised the first 60 Technical and Vocational Colleges in 2014. Nuu Technical and Vocational College was Tender No. MOEST/TVET/16/2014-2015. The BOM of Nuu Secondary School donated 1.03 hectares of land for the construction of the college. The Principal was posted in January 2018, however, the first student joined the college in January 2019.

(b) Principal Activities

Mandate

Provide Technical, Vocational Education and Entrepreneurship Training geared towards Self-Reliance to meet the Labour Market needs.

Vision Statement

A Centre of Excellence in the provision of innovative Technical, Vocational Education and Training (TVET) programs.

Mission Statement

To provide TVET skills and competencies, nature innovation, research and technology for self-reliance and national development.

Core values

- Professionalism and integrity
- Team work and commitment to duty
- Quality service delivery
- Transparency and Accountability
- Innovativeness and creativity
- Social responsibility

College Motto

Fostering Talents and Technical Skills

Objectives

1. To enhance access and equity in Technical Vocational Education and Training (TVET)
2. To promote institutional corporate governance
3. To enhance skills and expertise in Technical Vocational Education and Training (TVET) courses
4. To Create collaborations and linkages with labour markets and partners
5. To promote optimistic attitude towards science, technical and research.

(c) **Key Management**

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

- (1) The Principal/Accounting Officer
- (2) The Deputy Principal
- (3) Head of Departments
- (4) Finance Officer

(d) **Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

SN	Designation	Name
1.	Principal	Mr Michael Maina
2.	Deputy principal Finance	Mr Daniel Manthi
4	Registrar (s)	Mr Oristar Wambua
5	Dean of students	Ms Lucy Wambua
6	Head of Finance	Mr Shadrack Maleve

(Include the positions that are regarded as top management in your organisation).

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Finance committee of the BOG

The Committee shall exercise all the powers of Board of Governors in financial matters except in relation to the items which are reserved to Board of Governors in these Standing Orders, on which the Committee shall advise Board of Governors.

Terms of Reference

The role of the Committee shall be to monitor the financial status of the College on behalf of Board of Governors. In addition to advising Board of Governors on those matters referred to above, the Committee's responsibilities shall include:

- a) To monitor and facilitate the implementation of the College's strategy with regard to financial matters.
- b) To receive reports from the Principal and the accounts Officer.
- c) To monitor implementation of the strategy for the College estate.
- d) To receive reports of the extent and condition of the College estate including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- e) To consider the adequacy of the College estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- f) To determine the fees and charges made for College services and facilities.
- g) To supervise the financial administration of the College and make recommendations to Board of Governors where appropriate.
- h) To supervise the arrangements for safeguarding the College's assets.
- i) To ensure the proper financial evaluation and control of projects.
- j) To supervise the arrangements for investing the College's funds, including monitoring the performance of investments.
- k) To ensure the appropriate exploitation of the College's intellectual property.
- l) To make recommendations to Board of Governors on the financing of projects.
- m) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the College.
- n) To supervise the College's purchasing procedures and practices.
- o) To submit an annual statement on its activities to Board of Governors.
- p) To keep under review the activities of the College's various department

Academic committee activities

The academic committee of the Board is entrusted with the following roles and functions:

- a) To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings thereon to the Board.
- b) To propose regulation for consideration by the Board regarding the eligibility of persons for admission to a course of study,
- c) To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in each examination for a Diploma, certificate or other award.

- d) To approve programmes of study, regulate admission of persons to Nuu TVC and determine their continuance or discontinuation in such programmes.
- e) To determine the Academic policy of Nuu TVC and to advise the Board on the provision of facilities to carry out that policy,
- f) To direct and regulate the teaching and instruction within the College subject to the powers of the Board.

Management Committee Activities

The main purpose of the Senior Management Team is to:

- 1) Ensure that Nuu TVC's Board of Governors is able to take strategic decisions relating to Nuu TVC's activities
- 2) Provide leadership in communicating Nuu TVC's mission, values, plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- 3) Be accountable for the development and implementation of Nuu TVC's strategic, corporate and business plans in line with the mission and values;
- 4) Take a strategic overview of performance in all areas of Nuu TVC's activities.

Specifically the Senior Management Team:

- 1) Makes recommendations to the Council on the implementation and achievement of the Board of Governors' Strategic Framework;
- 2) Agrees Nuu TVC's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- 3) In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- 4) Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of Nuu TVC, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;
- 5) Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organisation and regularly reviewing the corporate risk register;
- 6) Oversees and monitors Nuu TVC's joint work with the other stakeholders
- 7) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board of Governors and/or its relevant Committees.
- 8) Leads all senior managers in motivating and developing Nuu TVC staff to deliver the highest standards of performance and customer service.

Audit Committee

The activities of the Audit Committee include:

1. Governance initiatives:

Review and provide oversight on governance initiatives established by the BOG and maintained by the organization.

2. Risk management:

Review and provide oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management, and risk reporting practices.

3. Internal control framework:

Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.

4. Audit activity:

Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk-based and supported by appropriate risk assessments.

5. Follow up on management action plans:

The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.

6. Financial statements and public accountability reporting:

The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

Government oversight activities

The Government of Kenya's oversight role include provision of Grants for both Operations and Development as well as provision of the regulatory framework.

The audit of the Instructional activities is undertaken by the Office of the Auditor General

(f) Entity Headquarters

P.O. Box 376-90400, Mwingi
Nuu Technical and Vocational College Building
Off Mwingi-Garissa Highway, Two Kilometres from Nuu Town, Kenya.

(g) Entity Contacts

Telephone: (254) 758001730/715308670
E-mail: nuutvckitui@gmail.com
Website: www.nuutvc.ac.ke

(h) Entity Bankers

Kenya Commercial Bank(KCB)
Mwingi Branch
A/C No.1254590196



(i) Independent Auditors

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




Key Entity Information and Management (Continued)

- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya




3.The Council/Board of Governors

SN	Member/ Director	Details
1.	 <p>Mr. Michael Nduli Chairman Board of Governors</p>	<p>Chairman Board of Governors Bachelors of arts (Building Economics) Bachelor of law</p>
2.	 <p>Ibrahim M.Roble Chairperson Academic Committee</p>	<p>Masters of Arts (Planning and Management)</p>

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<p>3.</p>	 <p>John M. Ndirangu BOG member</p>	<p>Bachelors of Business Management</p>
<p>4.</p>	 <p>Kennedy Mwendwa BOG member</p>	<p>Bachelor of Science(Civil and Industrial Construction)</p>
<p>5.</p>	 <p>Brenda A. Ndede BOG member</p>	<p>Bachelor of Commerce (banking)</p>

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<p>6.</p>	 <p>Mary K. Marete BOG member</p>	<p>Bachelor of Commerce (Marketing)</p>
<p>7.</p>	 <p>Matilda F. Mulwa BOG member</p>	<p>Bachelor of Commerce (Accounting and Marketing)</p>
<p>8.</p>	 <p>Mr. Michael Maina Principal/Secretary BOG</p>	<p>Principal/ Secretary BOG Bachelors of Education</p>

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4. Key Management Team

SN.	Member/ Director	Details
1.	 Michael Maina Principal	Overall in Charge of College Affairs
2.	 Mr Daniel Manthi Deputy Principal	Planning, Administration & Finance
3.	 Mr Shadrack Maleve Finance officer	Financial management of the college

5. Chairman's Statement

Preamble

Nuu Technical and Vocational College was established with the aim of providing knowledge and skills to the people of the larger Kitui and beyond. The mandate of the College is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable socio-economic development.

Key Activities

During the FY-2022/2023, the College undertook the following activities:

1. Partnership with Nuu Sub-County Hospital, National and International bodies.
2. Undertook regional Athletics Championships

Successes

The College has been successful in the following areas:

- i. Construct a six door pit latrine for trainees.
- ii. Equip secretarial class with five desktop computers and five computer tables.
- iii. Equip ICT laboratory with five desktop computers and five computer tables.
- iv. To equip Automotive workshops

Challenges

During the FY -2022/2023 the College faced the following challenges:

- i. Inadequate water supply
- ii. Inadequate physical Infrastructure- lecture rooms, workshops and hostels.
- iii. Inadequate Land for expansion
- iv. Inadequate staff , both trainers and support
- v. Inadequate furniture
- vi. Delayed GOK funding

Way forward/ Future Outlook

In order to address the above challenges, the College has planned to carry out the following activities during the FY 2022/2023

1. Construct Perimeter fence
2. Purchase furniture for ICT lab
3. Strengthen the College financial base through increasing trainee's admissions.

The College also plans to increase industrial linkages and partnerships so as to enhance training. Finally it is the ambition of the College to increase the enrolment as the time goes by.

Signature



Michael Nduli
Board Chairman

6. Report of the Senior Principal

Preamble

Nuu Technical and Vocational College was established with the aim of providing knowledge and skills to the people of the larger Kitui County and beyond. The mandate of the College is to train, impart skills, knowledge and institutionalize effective research and development agenda geared towards production of competent graduates who will contribute to high and sustainable socio-economic development.

Key Activities

During the FY-2022/2023, the College undertook the following activities:

1. Undertook exhibitions in TVET Fair and robotics, athletics and ball games

Successes.

- i. Construct a six door pit latrine for trainees.
- ii. Equip secretarial class with five desktop computers and five computer tables.
- iii. Equip ICT laboratory with five desktop computers and five computer tables.
- iv. To equip Automotive workshops

Challenges

During the FY 2022/2023 the College faced the following challenges:

i. Inadequate water supply

The College is located in a semi-arid area and hence we face major water challenge due to the inadequate and unreliable water supply.

ii. Infrastructure

We are facing a major challenge in physical infrastructure due to the growing numbers. There is need for more classrooms, workshops, offices, hostels and staff houses.

iii. Inadequate land for expansion

The College has limited land for expansion which is only 1.03 hectares.

iv. Inadequate staff

The College has inadequate teaching staff with some departments such as hair dressing & beauty therapy as well as food & beverage have no single trainer employed by the Public Service Commission. The college usually employ BOG trainers to train in such departments.

v. Inadequate furniture.

Furniture for both teaching staff and trainees is inadequate due to the growing college population.

vi. Delayed GOK recurrent funds.

The delayed disbursement of recurrent funds by the government affects the way the college implements its budget.

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Our trainees come from poor background hence they are not able to meet all financial obligations.

Way forward/ Future Outlook

In order to address the above challenges, the College has planned to carry out the following activities during the FY 2022/2023

- i. Drill a borehole in order to ensure the water supply is adequate and reliable
- ii. Construct a perimeter fence and gate to address the problem of uncontrolled entry points and boost security.
- iii. Construct hostels. This will help to increase enrolment of trainees.
- iv. To equip Electrical , Automotive, Building and Plumbing workshops
- v. Fence the land. The remaining land that will not be covered by the perimeter wall will be fenced with a chain link.
- vi. Purchase furniture. More lecture chairs, desks and tables for staff and trainees will be purchased.
- vii. Strengthen the College financial base through increasing income generating activities. We shall seek collaborations and partnerships with National and County governments by writing proposals for donor funding

Financial Performance of the College

In the FY 2022/2023 the college targeted to raise A.I.A (Appropriation in Aid) of Kshs. **18,885,990**. By the end of the financial period the college had collected A.I.A amounting to Kshs **12,955,711**.

The college also plans to increase industrial linkages and partnerships so as to enhance training.

Signature.



Mr Michael Maina
PRINCIPAL/ SECRETARY BOG

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7. Statement of Performance against Predetermined Objectives

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

Nuu Technical and Vocational College has three strategic pillars and objectives within its Strategic Plan for the FY 19/20- 23/24. These strategic pillars are as follows:

Pillar 1: Access and equity

Pillar 2: Corporate governance

Pillar 3: Public, Private partnerships

Nuu technical and Vocational College develops its annual work plans based on the above *three* pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *College* achieved its performance targets set for the FY 20/21 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Access and equity	To promote access and equity with focus to youth, women and PLWDS	<ul style="list-style-type: none"> • Access to loans, bursaries and sponsorships • Application of modern techniques in teaching 	<ul style="list-style-type: none"> • Increase access to relevant TVET education • Enhance quality of curriculum delivery 	<ul style="list-style-type: none"> • Increased access to TVET programs • Improved training methods
Pillar 2:	Corporate governance	To enhance inclusivity in institutional corporate governance	<ul style="list-style-type: none"> • Involvement of both BOG and management in key decision making process 	<ul style="list-style-type: none"> • Provide leadership in making key strategic decisions 	<ul style="list-style-type: none"> • Prudent results
Pillar 3:	Public, private partnership	To encourage collaboration and linkages with County Government and stakeholders	<ul style="list-style-type: none"> • Lobby for bursaries from the county government kit • Create opportunities for provision of products and services mutual to all players. 	<ul style="list-style-type: none"> • Collaborate with County Government in ensuring that youth access TVET. • Partner with industry on areas of research, job absorption 	<ul style="list-style-type: none"> • Higher access to TVET • Efficient trainers equipped with skills

8. Corporate Governance Statement

i. Appointment of BOG Members

The Cabinet Secretary, MOE appoints members of the Board following proposals from the principal of the College. The board consists of nine members. The Boards of Governors for NUU TECHNICAL VOCATIONAL COLLEGE serves for three years. The Board may set up such committees and assign such responsibilities as it may deem fit.

ii. Role and Functions of Board of Governors

The functions of the organs set out under section 28 (1) shall include —

- a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this TVET Act and any other written law;
- b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law;
- c) and managing the property of the institution;
- 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) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- 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 TVET Act; 855 2013 Technical and Vocational Education and Training No. 29
- h) Mobilizing resources for the institutions;
- i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- k) Approving collaboration or association with other institutions and industries in and outside Kenya
- l) Recruiting and appointing trainers from among qualified professionals and practising trade's 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 the institutions, in consultation with the TVET Authority;
- n) Making regulations governing organization, conduct and discipline of the staff and students;
- o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry
- p) for the welfare of the students and staff of the institutions;
- q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and

iii. Board of Governors Allowances

The College gives sitting allowances to board members to cater for their transport.

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iv. Meetings

- a. Full board meetings - are held once every term and
- b. Board committee meetings- once every term

9. Management Discussion and Analysis

i. Operational Performance;

Management has worked hard to make living of the trainees in the college. The focus is to continue working so hard to see if they can get a hostel and also borehole for adequate supply of water.

ii. Financial Performance

The entity is fairly stable financially .It operates on fees received from trainees, G.O.K grants and capitation, H.E.L.B Funds.

Table of comparison in financial performance between FY 2022/2023 and 2021/2022

Items	2022/2023	2021/2022	Difference	Percentage change
Revenue				
Recurrent grants and capitation	5,277,000	4,172,500	1,104,500	26.47
Appropriation in Aid	9,678,711	5,452,933	4,225,778	77.5
Total	14,955,711	9,625,433		
Expenditures				
Compensation to employees	3,187,627	2,515,708	671,919	26.71
Use of goods and services	9,173,376	9,496,092	(322,716)	3.40
Remuneration to directors	869,310	192,000	677,310	352.77
Repair maintenance and improvement	164,125	366,379	(202,254)	55.20
Total	15,703,352	5,999,103		

The recurrent grants and capitation increased by 26.47% due to disbursement of quarter three and four recurrent grant amounting to Ksh. 1,000,000 for FY 2021/2022. On the other hand the A-I-A increased by 77.50% due to increased application of HELB product among trainees.

During the year, the institution recruited five trainers and two security officers this led to increase in compensation to employees by 26.71%.

The use of goods and services decreased significantly by 3.40% due to use of readily available materials.

The remuneration to Board of Governors increased by 352.77% because of induction of the new BOG, also during the year the BOG held there meetings as per the requirements of the TVET Act, 2013, as compared to the previous year were they met only once because the BOG term had expired on 5th October, 2021 and the appointed of the new board was done in May, 2022.

The repairs and maintenance cost decreased by 55.20% because there were no major repair and maintenance undertaken during the year.

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iii. College's compliance with statutory requirements

The College complies with making statutory payments before the relevant deadlines .the College workers' pay P.A.Y.E Tax as generated on the I-tax portal.

iv. Major risks facing the entity

Financial litigation – due to limited finances, the College has not been able to start major projects.

Poor enrolment –due to acute water shortage in the area and lack of Hostels.

v. Material arrears in statutory /financial obligations

At end of the financial year the college had constructed six-door pit latrine and cabling of the VDI laboratory.

Market place practices-

Nuu technical and Vocational College maintains corporate social responsibility in the market place practices through:-

The College and the suppliers take responsibility to do no harm to the environment, to reduce waste and pollution as well as complying with the government regulations. In order to stay away in the competition, the College determines its strategies and plan their relevant activities

Corporate Social Responsibility / Community Engagements

Nuu technical and Vocational College seeks and maintain important links with the community. The College combine with the public, business and civil constituencies who engage in voluntary, mutual beneficial, innovative relationships to address common societal aims through combining their resources and competencies.

Nuu Technical and Vocational College engage in community developments as follows;

- *Training of community professionals in computer support and maintenance*
- *Students performs voluntary projects during vacations to the community where they share experiences, knowledge and sustainable practices within the community.*
- *Students support vulnerable communities in the development and improvement of their housing spaces*
- *Giving out hay to the community.*

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10. Report of the Council/Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the *entity's* affairs.

Principal activities

The core mandate of the College is providing knowledge and skills to the people of the larger KITUI County and beyond.

The Mandate of NUU TECHNICAL VOCATIONAL COLLEGE is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable social-economic development.

Results

The results of the entity for the year ended June 30, 2023 are set out on page 1 and 2.

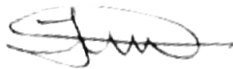
BOARD OF GOVERNORS

The members of the Board who served during the year are as shown on page viii to ix. During the year that ended 30 June 2021, none of members retired/ resigned.

Auditors

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

By Order of the Board



Michael Maina
PRINCIPAL/SECRETARY BOG
Mwingi
Date: 14/03/2025

Nuu Technical and vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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

The BOG members are responsible for the preparation and presentation of NuU TVC financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year (period) ended on June 30, 2022. The BOG 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 College;
- 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. Safe guarding the assets of the *College*;
- v. Selecting and applying appropriate accounting policies; and
- vi. accounting estimates that are reasonable in the circumstances.

The BOG 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 TVET Act 2013*). The BOG members are of the opinion that the *College's* financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2022, and of the *College's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *College*, which have been relied upon in the preparation of the *College's* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *Board approved the NuU Technical and Vocational college financial statements* on 14th March 2025 and signed on its behalf by:



Name: Michael Nduli

Chairperson of the Board/Council



Name: Michael Maina

Accounting Officer/Principal

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NUU TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

The accompanying financial statements of Nuu Technical and Vocational College set out on pages 1 to 42 which comprise of the statement of financial position as at

30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by MGI ALEKIM LLP, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

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 Nuu Technical and Vocational College as at 30 June, 2023 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. Undisclosed Property, Plant and Equipment

The statement of financial position and as disclosed in Note 17 of the financial statements reflect property, plant and equipment balance of Kshs.55,173,680 which excludes the value of land measuring approximately 1.03 hectares on which the building is located. Further, the College does not have a fixed assets register to record all the assets owned by the College in terms of the year of acquisition, location, identification number and value.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.55,173,680 could not be confirmed.

2. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects net cash flows from operating activities amount of Kshs.1,561,273 which differs with Note 21 to the financial statements which reflects Kshs.(1,603,421) resulting to unexplained variance of Kshs.3,164,694.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nuu Technical and Vocational College Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total expenditure of Kshs.15,703,352 against total receipts of Kshs.13,955,711 resulting to an over-expenditure of Kshs.1,747,641 or approximately 13% of the total receipts. The approval for the over-expenditure was not provided for audit review.

In the circumstances, the over-expenditure was irregular and in violation of budgetary control and performance.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the report on Financial Statements, Report on lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of internal Controls, risk Management and Governance which have remained unresolved as at 30 June, 2023.

Other Information

The Management is responsible for the other information set out on pages vi to xxiv which comprise of Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman's Statement, Report of the Senior Principal, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors and the Statement of Board of Governor's Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion, 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. Failure to Comply with National Industrial Training Authority (NITA) Regulations

Review of the employees cost records revealed that the College did not remit NITA levy to the Commissioner General of Kenya Revenue Authority (KRA) for the period July 2022 to June 2023. This is contrary to Section 5B (3) of the Industrial Training (Amendment) Act, 2022 which stipulates that an employer shall pay the training levy to the Commissioner General at the time when an employee's salary is payable and shall be remitted to the Commissioner General not later than the fifth day of the month following the month in which the levy becomes due.

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

2. Late Remittance to National Social Security Fund (NSSF)

During the year under review, contributions to NSSF were remitted late for fourteen (14) months. This is contrary to Section 20 1A of the NSSF Act, 2013 which provides that an employer shall pay the contribution under subsection (1) on the ninth day of each month or on such later date as the Board may, in consultation with the Cabinet Secretary, prescribe.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion, I

confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Ineffective Committees of the Board

Review of records revealed that the Board has three committees, Finance and Development Committee, Academic and Human Resource Committee and Audit and Risk management Committee. However, the committees did not hold any meetings during the year under review since minutes for the meetings were not provided for audit review. Further, the Board did not undertake an annual performance evaluation of its performance contrary to section 1.12 of Mwongozo Code of Governance which requires the Board to undertake an annual evaluation of its performance.

In the circumstances, the effectiveness of the governance measures put in place could not be confirmed.

2. Lack of Internal Audit Function

The College has not established an internal audit function. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function. As such the College did not benefit from the assurance and advisory services from the internal audit function.

In the circumstances, the existence of an effective system of internal control could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the College ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the College 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 April, 2025

Nuu Technical and vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

1. Statement of Financial Performance for the Year Ended 30 June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	10,290,000	7,760,000
		10,290,000	7,760,000
Revenue from Exchange transactions			
Rendering of services- fees from students	7	10,069,990	6,372,980
Miscellaneous income	8	26,000	54,500
Revenue from Exchange transactions		10,095,990	6,427,480
Total Revenue		20,385,990	14,187,480
Expenses			
Use of goods and services	9	10,762,982	9,496,092
Employee costs	10	3,928,827	2,515,708
Board /Council Expenses	11	869,310	192,000
Depreciation and amortization expense	12	1,535,740	0
Repairs and maintenance	13	164,125	366,379
Total Expenses		17,260,984	12,570,179
Net surplus/(deficit) for the year		3,125,006	1,617,301

(The notes set out on pages 26 to 30 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 2 were signed by:



Chairman of Council/Board



Finance Officer



Principal

ICPAK No: ASSOC/3580

Date: 14/03/2025

Date:14/03/2025

Date: 14/03/2025

Nuu Technical and vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

2.Statement of Financial Position as At 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	8,853	1,612,274
Current portion of receivables from exchange transactions	15(a)	10,874,806	2,144,307
Receivables from non-exchange transactions	16	500,000	3,587,500
Total Current Assets		11,383,659	7,344,081
Non-Current Assets			
Property, plant, and equipment	17	55,173,680	0
Total Non-Current Assets		55,173,680	0
Total Assets		66,557,339	7,344,081
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	18	4,527,363	265,851
Refundable deposits from customers	19	108,800	108,800
Current provisions	20	1,308,375	1,308,375
Total Current Liabilities		5,944,538	1,683,026
Net Assets (TOTAL ASSETS-TOTAL LIABILITIES)		60,612,801	5,661,055
surplus for the year		3,125,006	1,617,301
Accumulated Surplus b/d		5,661,055	4,043,754
Capital Fund		51,826,740	0
Total Net Assets and Liabilities		60,612,801	5,661,055


Nuu Technical and vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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



Chairman of Council/Board

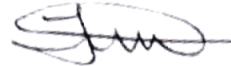
Date: 14/03/2025


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Finance Officer

ICPAK No: ASSOC/3580

Date: 14/03/2025



Principal

Date: 14/03/2025

Nuu Technical and vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

3.Statement of Changes in Net Asset for the Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2021(<i>previous year</i>)	0	4,043,754	0	4,043,754
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	1,617,301	0	1,617,301
Capital grants received during the year	0	0	0	0
Transfer of depreciation/amortisation from capital fund to Retained earnings	0	0	0	0
At June 30, 2022	0	5,661,055	0	5,661,055
At July 1, 2022 (<i>current year</i>)	0	5,661,055	0	5,661,055
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	3,125,006	0	3,125,006
Capital grants received during the year	0	0	51,826,740	51,826,740
Transfer of depreciation/amortisation from capital fund to Retained earnings	0	0	0	0
At June 30, 2023	0	8,786,061	51,826,740	60,612,801

Nuu Technical and vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

4.Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities		5,277,000	4,172,500
Rendering of services- fees from students		9,678,711	5,452,933
Total Receipts		14,955,711	9,625,433
Payments			
Use of goods and services		9,173,376	9,496,092
Employee costs		3,187,627	2,515,708
Board /Council Expenses		869,310	192,000
Repairs and maintenance		164,125	366,379
Total Payments		13,394,438	12,570,179
Net Cash Flows from operating activities		1,561,273	(2,944,746)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(3,164,694)	(0)
Net cash flows used in investing activities		(3,164,694)	(2,944,746)
Net Increase/(Decrease) in Cash and Cash equivalents	21	(1,603,421)	(2,944,746)
Cash and Cash equivalents at 1 JULY	14	1,612,274	4,557,020
Cash and Cash equivalents at 30 JUNE	14	8,853	1,612,274

Nuu Technical and vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

5. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization on Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other National Government entities	7,500,000	(0)	7,500,000	4,277,000	(3,223,000)	42.97%
Grants from donors and development partners	0	(0)	0	0	0	0%
Transfers from other levels of government	0	(0)	0	0	0	0%
Public contributions and donations	0	(0)	0	0	0	0%
Rendering of services- fees from students	7,184,000	(0)	7,184,000	9,678,711	2,494,711	34.73%
Sale of goods	0	(0)	0	0	0	0%
Rental revenue from facilities and equipment	0	(0)	0	0	0	0%
Finance income	0	(0)	0	0	0	0%
Miscellaneous Income	0	(0)	0	0	0	0%
Total Income	14,684,000	(0)	14,684,000	13,955,711	(728,289)	5%
Expenses						
Use of goods and services	7,317,545	(0)	7,717,545	10,945,090	(3,227,545)	41.82%
Employee costs	4,164,000	(0)	4,164,000	3,928,827	235,173	5.65%
Board /Council Expenses	790,000	(0)	690,000	665,310	24,690	3.58%
Repairs and maintenance	470,000	(0)	170,000	164,125	5,875	3.46%
Contracted services	0	(0)	0	0	0	0%
Grants and subsidies	0	(0)	0	0	0	0%
Total Expenditure	12,741,545	(0)	12,741,545	15,703,352	(2,961,807)	32.43%
Surplus For the Period	1,942,455	-	1,942,455	(1,747,641)	(3,690,096)	50.24%
Capital Expenditure	1,782,135		1,782,135	4,882,680	(3,100,545)	173.98%

Nuu Technical and vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

(Budget notes)

The difference in transfer from national government was led by non-disbursed of capitation amounting to Ksh. 5,543,000 by Directorate of Technical Education.

The rendering of services actual amount exceeded the budget amount because the enrolment during the year exceeding the budget population of the trainees and fees prepayment from trainees.

The use of goods and services was led by Equiping of Fashion design and clothing Technology, Automotive Engineering, Food and Beverage Management for them to be accredited by TVETA Authority.

The capital Expenditure exceeded the Budgeted amount due to furnishing, trunking and cabling of VDI laboratory as per the executive order which had not been initially budget for.

6. Notes to the Financial Statements

1. General Information

Nuu Technical and Vocational College is established by and derives its authority and accountability from TVET Act No.29 of 2013. Nuu Technical and Vocational College is under the Ministry of Education, State department of Technical and Vocational Training. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is to train competent Human Resource for social economic development at TVET level

2. Statement of Compliance and Basis of Preparation

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

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

The financial statements have been prepared in accordance with the PFM Act No.18 of 24th July 2012, the State Corporations Act, the TVET Act 2013 and International Public Sector Accounting Standards (IPSAS). The Institution adopted IPSAS in the year 2019 following elevation into a SAGA. 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 2023.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Entity)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from</p>	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

Nuu Technical and vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Standard	Effective date and impact:
IPSAS 41, Financial Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>State the impact of the standard to the Entity if relevant</i></p>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

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

iii. Early adoption of standards

(The entity) did not early-adopt any new or amended standards in year 2023./the entity adopted standard xx and xx. The impact of these standards on entity's financial statements is xx.(amend appropriately)

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance 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.

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.

Nuu Technical and vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

b) Budget information

a) Budget information

The original budget for FY 2022/2023 was approved by the Council or Board on **28/06/2022**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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 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 on page *I* under section *XVII* of these financial statements.

b) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule **section sub-section a and b** of the **income tax Act**.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) 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 an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (entity to amend appropriately).* 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.

d) 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. 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.

e) 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 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

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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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

f) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

g) 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.

h) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction

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costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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.

k) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

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

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. (The entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)

o) Foreign currency transactions

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

p) Borrowing costs

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

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

q) Related parties

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) Service concession arrangements

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

s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

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.

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	8,790,000	5,760,000
Operational Grant	1,500,000	2,000,000
Total unconditional Grants	10,290,000	7,760,000

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of Vocational and Technical Training	10,290,000	0	0	4,277,000	5,172,500
Total	10,290,000	0	0	4,277,000	5,172,500

The details of the reconciliation have been included under appendix III

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Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees collections	7,708,800	5,018,140
Industrial Attachment Fees	160,250	40,000
Examination Fees	1,794,740	1,314,840
KATTI Northern Region	406,200	0
Total Revenue from The Rendering of Services	10,069,990	6,372,980

8. Miscellaneous Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Income from sale of tender	26,000	54,500
Total other income	26,000	54,500

9. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	2,647,433	2,267,081
Industrial attachment costs	67,200	61,900
Bank charges	9,227	13,667
Water	790,655	278,298
Performance contracting	39,500	426,095
HELB refund	19,500	27,400
Activity	394,281	1,017,055
Administration expenses	2,621,191	2,448,026
Examination fees	1,802,590	1,259,920
KATTI N	381,000	329,920
Travelling and accommodation	1,818,450	1,320,380
Advertising	148,900	40,000
Insurance	23,055	6,350
Total good and services	10,762,982	9,496,092

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Notes to the Financial Statements (Continued)

10. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	3,401,827	1,971,458
NHIF	139,700	79,450
NSSF	231,800	50,400
PAYE	5,500	2,500
Wages	150,000	411,900
Employee Costs	3,928,827	2,515,708

(Provide brief explanation for this revenue)

11. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Transport Allowances	850,000	192,000
Other Board/Council Expenses	19,310	0
Total	869,310	192,000

Notes to the Financial Statements (Continued)

12. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property	164,125	366,379
Total Repairs and Maintenance	164,125	366,379

(Provide brief explanation for this revenue.)

13. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Property	164,125	366,379
Total Repairs and Maintenance	164,125	366,379

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Notes To the Financial Statements (Continued)

14. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	6,553	1,610,494
Cash in hand	2,300	1,780
Total Cash and Cash Equivalents	8,853	1,612,274

Notes To the Financial Statements (Continued)

14 (a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank		6,553	1,610,494
Sub- Total		6,553	1,610,494
b) Others(Specify)			
Cash in Hand		2,300	1,780
Sub- Total		2,300	1,780
Grand Total		8,853	1,612,274

15. Receivables from Exchange transactions

15 (a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	10,874,806	2,144,307
Total Current Receivables	10,874,806	2,144,307

15 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023		2021-2022	
	Kshs	% of total	Kshs	% of total
	Current FY	% of total	Comparative FY	% of total
Less than 1 year	9,518,526	87.53	1,760,560	82.10
Between 1- 2 years	1,356,280	12.47	383,747	17.90
Total (a+b)	10,874,806	100	2,144,307	100

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16. Receivables from Non-Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Capitation Grants*	0	2,587,500
Transfers from Other Govt. entities	500,000	1,000,000
Total Current Receivables	500,000	3,587,500

16 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	2022-2023		2021-2022	
	Kshs	% of the total	Kshs	% of the total
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	500,000	100	2,485,790	69.29
Between 1- 2 years	0	0	1,101,710	30.71
Total	500,000	100	3,587,500	100

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17. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Office equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	-	0	0
Disposals	(0)	(0)	0	-	(0)	-	(0)	(0)
Transfers/Adjustments	0	(0)	0	0	0	0	0	0
At 30th June 2022	0	0	0	0	0	0	0	0
Additions	0	53,782,772	0	1,358,560	1,361,088	207,000	0	56,709,420
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/Adjustments	(0)	(0)	0	(0)	(0)	(0)	0	(0)
At 30th June 2023	0	53,782,772	0	1,358,560	1,361,088	207,000	0	56,709,740
Depreciation And Impairment								
At 1 Jun 2021	-	0	0	0	0	-	0	0
Depreciation	-	(0)	0	0	0	0	0	0
Disposals	-	0	-	-	0	0	0	0
Impairment	-	0	-	-	0	0	0	0
At 30 Jun 2022		0	0	0	0	0	0	0
Depreciation	0	1,075,655	0	163,027	272,218	24,840	0	1,535,740
Disposals	-	-	-	-	0	-	0	0
Impairment	-	(0)	-	-	0	-	-	0
Transfer/Adjustment	-	0	0	0	0	0	0	0
At 30th Jun 2023	-	1,075,655	0	163,027	272,218	24,840	0	1,535,740
Net Book Values	0	52,707,117	0	1,195,533	1,088,870	182,160	0	55,173,680
At 30th Jun 2022	0	0	0	0	0	0	0	0
At 30th Jun 2023	0	52,707,117	0	1,195,533	1,088,870	182,160	0	55,173,680

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17 (a) 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:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	53,782,772	1,075,655	52,707,117
Plant And Machinery	207,000	24,840	182,160
Computers and Related Equipment	1,361,088	272,218	1,088,870
Office Equipment, Furniture, And Fittings	1,358,560	163,027	1,195,533
Total	56,709,420	1,535,740	55,173,680

18. Trade and Other Payables

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade payables	3,902,672		0	
Fees paid in advance	478,571		265,851	
Salary deductions	146,120		0	
Total Trade and Other Payables	4,527,363		265,851	
Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	4,361,712	96.34	265,851	100
1-2 years	165,651	3.66	0	0
Total (to tie to totals above)	4,527,363	100	265,851	100

19. Refundable Deposits from Customers/Students

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Cautio money	108,800		108,800	
Total Deposits	108,800		108,800	
Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the Total
1-2 years	108,800	100	46,900	43.11%
Total (to tie to totals deposits above)	108,800	100	108,800	100%

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20. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at The Beginning of The Year	0	0	0	1,308,375	1,308,375
Additional Provisions	0	0	0	0	0
Provision Utilised	(0)	(0)	(0)	(0)	(0)
Change Due To Discount And Time Value For Money	(0)	(0)	(0)	(0)	(0)
Transfers From Non -Current Provisions	0	0	0	0	0
Total Provisions	0	0	0	1,308,375	1,308,375

21. Cash generated from operations.

Surplus for the year before tax	2022-2023	2021-2022
	Kshs	Kshs
Adjusted for:	3,125,006	1,617,301
Depreciation	1,535,740	0
Non-Cash grants received	(0)	(0)
Contributed assets	(4,882,680)	(0)
Impairment	0	0
Gains and Losses on Disposal of Assets	(0)	(0)
Contribution to provisions		0
Contribution to impairment allowance	0	0
Finance Income	(0)	(0)
Finance Cost	0	0
Working Capital Adjustments		
Increase in Inventory	(0)	(0)
Increase in Receivables	(5,642,999)	(4,630,097)
Increase in Deferred Income	0	0
Increase in Payables	4,261,512	(476,480)
Increase in Payments received in advance	0	61,900
Net Cash Flow from Operating Activities	(1,603,421)	(2,944,746)

Notes To the Financial Statements (Continued)

22. 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	2,194,307	2,194,307	0	0
Receivables from non-exchange transactions	3,587,500	3,587,500	0	0
Bank balances	1,612,274	1,612,274	0	0
Total	7,394,081	7,394,081	0	0
At 30 June 2023				
Receivables from exchange transactions	10,874,806	10,874,806	0	0
Receivables from non-exchange transactions	500,000	500,000	0	0
Bank balances	8,853	8,853	0	0
Total	11,383,659	11,383,659	0	0

Notes to the Financial Statements (Continued)
Financial risk management (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 significant concentration of credit risk on amounts due from xxxx

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.

26 (a). Detailed Analysis of Cash and Cash equivalents

Description	Less than 1 month	Between 1- 3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	0	265,851	0	265,851
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	1,308,375	1,308,375
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	265,851	1,308,375	1,574,226
At 30 June 2023				
Trade Payables	0	0	4,527,363	4,527,363
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	1,308,375	1,308,375
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	5,835,738	5,835,738

Notes to the Financial Statements (Continued)
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.

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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:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets (Investments, Cash, Debtors)	11,383,659	0	11,383,659
Liabilities			
Trade and Other Payables	5,944,538	0	5,944,538
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	5,439,121	0	5,439,121

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.

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.

Currency	Change in currency rate	Effect on Profit before tax	Effect on Equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	0	0
Usd	10%	0	0
20xx			
Euro	10%	0	0
Usd	10%	0	0

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.

Sensitivity analysis

The sensitivity analysis does not apply to the entity.

Notes to the Financial Statements (Continued)
Financial risk management (continued)

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:

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	3,125,006	1,617,301
Capital Reserve	0	0
Total Funds	3,125,006	1,617,301
Total Borrowings	0	0
Less: Cash and Bank Balances	(8,853)	(1,612,274)
Net Debt/(Excess Cash and Cash Equivalents)	3,116,153	5027
Gearing	1%	0.003%

23. 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.

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Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity'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;

Notes to the Financial Statements (Continued)

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	0	0
Rent income from govt. agencies	0	0
Water sales to govt. agencies	0	0
Others (<i>specify</i>)	0	0
Total	0	0
B) Purchases from related parties		
Purchases of electricity from kplc	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Others (<i>specify</i>)	0	0
Total	0	0
b) Grants /Transfers from the Government		
Grants from National Govt	4,227,000	4,172,500
Grants from County Government	0	0
Donations in Kind	0	0
Total	4,227,000	4,172,500
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees	0	0
Payments for Goods and Services for XX	0	0
Total		
d) Key Management Compensation		
Directors' emoluments	760,310	192,000
Compensation to Key Management	0	0
Total	760,310	192,000

24. Events After The Reporting Period

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

25. 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.

26. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

7. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Presentation and accuracy of the financial statement	The management is the process of ensuring all its non-current assets are valued	Not resolved	30/05/2024
	Report on lawfulness and effectiveness in use of public resources	The management has ensured compliance with law on Ethnic composition	Resolved	
	Report on effectiveness of internal control, Risk Management and Governance	The management is in process of ensuring that it puts in place Effective Internal Controls by employee more staff and ensure the Risk management policy is approved.	Not Resolved	30/05/2024

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;

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

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

Name: Michael Maina

Accounting Officer

Principal

Date : 14/03/2025

Appendix III- Inter-Entity Confirmation Letter



MINISTRY OF EDUCATION
NUU TECHNICAL AND VOCATIONAL COLLEGE

P.O. Box 376 – 90400, Mwingi Tel: 0758001730
 Email: nuutvckitui@gmail.com, Website: www.nuutvc.ac.ke



Nuu Technical and Vocational College
P.o Box 376-90400
Mwingi.

The department of technical education wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Nuu Technical and Vocational College as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by Nuu Technical and Vocational College (Kshs) as at 30 th June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	06/07/2022	500,000	0	0	500,000	500,000	0
	06/07/2022	500,000	0	0	500,000	500,000	0
	24/10/2022	500,000	0	0	500,000	500,000	0
	25/10/2022	725,000	0	0	725,000	725,000	0
	16/01/2023	500,000	0	0	500,000	500,000	0

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	26/01/2023	1,276,000	0	0	1,276,000	1,276,000	0
	29/06/2023	1,276,000	0	0	1,276,000	1,276,000	0
Total		<u>5,277,000</u>	<u>0</u>	<u>0</u>	<u>5,277,000</u>	5,277,000	0

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name ...Michael Miana..... Sign .....Date