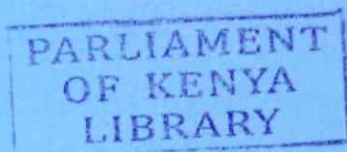


REPUBLIC OF KENYA



Enhancing Accountability

REPORT




OF

THE AUDITOR-GENERAL

ON

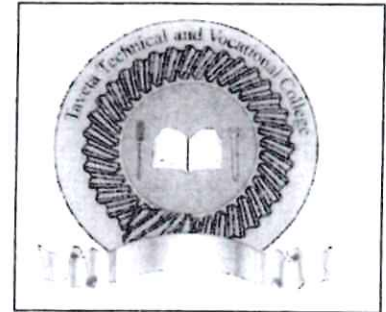
**TAVETA TECHNICAL AND
VOCATIONAL COLLEGE**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 MAR 2025	
DAY: Thursday	
TABLED BY:	Hon. Naomi Wager, MP Deputy Majority Party Whip
CLERK-AT THE-TABLE:	A. Shubuto



 **ARTHUR CONSULTING
ASSOCIATES**
CERTIFIED PUBLIC ACCOUNTANTS (K)
P. O. Box 1523 - 00100, NAIROBI
TEL: +254 722 447779
Email: info@artcass.com



TAVETA 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)

Faveta Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute 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 Institute
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

Taveta Technical and Vocational College was established under the TVET Act 2013, on 13th July 2017. TTVC is domiciled in Kenya and has no branches presently. TTVC is under the Ministry of Education, under the State Department of Vocational and Technical Training.

Taveta Technical and Vocational College is committed to provide quality Education and training in Technical Courses, namely Electrical Engineering, Information and Communication Technology, Tourism Management, Food and beverage management and Human resource management. The college which started with only two department has grown and as now four departments. The departments are electrical engineering, building and construction technology, business management and tourism institution management. The four departments have now the total of sixteen (16) PSC Trainers, two BOM trainers and two hundred and fifty six (256) trainees. The young college is in cognition of the demand for quality and competent human labour force from TVET Institutions and has fully engaged in high skills training using the modern industrial training equipment from China supplied by the Ministry of Education.

(b) Principal Activities

The Principal activities of Taveta Technical and Vocational College are to teach and train in Technical and Vocational Education.

(i) Vision statement.

A leader in provision of quality technical and vocational training in Kenya and beyond.

(ii) Mission Statement.

To empower and produce highly innovative and competent graduates through quality training.

(iii) Strategic Objectives

I To promote efficient finance management and sustainability

II To promote information communication technology and innovations in the college and enhance

Corporate image.

III To improve training and learning through research and development.

IV . To continuously improve the college's Human Resource Capacity for effective service delivery

(c) Key Management

Taveta Technical and Vocational Training College day-to-day management is under the following key organs:

- i. Board of Governors(BOG)
- ii. The Principal
- iii. Top Management team

(d) Fiduciary Management

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

Designation	Name
1. Principal	Mr. David Murungah
2. Deputy Principal	Ms. Evelyne Mwongeli
3. Ag. Registrar	Mr. Fredrick Ouma.
4. Ag. Dean of Trainees	Ms. Andrew Tarus
5. Ag. ILO	Mr. Roger Makove Wambua

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Audit Committee activities

The responsibilities of the Committee are:

- i. Perform an independent review of the Financial Statements that ensures integrity of financial reports.
- ii. Review the adequacy and effectiveness of the Institution internal controls.
- iii. Monitor the effectiveness of the institutions internal audit functions.
- iv. Review audit issues by the internal/external audit and ensure external recommendations are fully addressed.
- v. Regulatory compliance: ensure the institution complies with the relevant legislative requirements.
- vi. Reviewing and assessing the quality, reliability and integrity of institutions risk management. -To monitor and ensure optimal composition of assets and liabilities.

(f) Entity Headquarters

TAVETA TECHNICAL AND VOCATIONAL COLLEGE
P.O. Box 441-80302
MOKINI RD OFF.TAVETA. HOLILI ROAD TAVETA, KENYA

(g) Entity Contacts

Telephone: (254) 748290567
E-mail: tavetatvc2018@gmail.com
Website: www.go.ke

(h) Entity Bankers

Kenya Commercial Bank
P.O BOX 48400-00100
NAIROBI KENYA

Email: contactcentre@kcbgroup.com.
Mobile + (254) 0711087000 or 0732187000
www.kcbgroup.com

(i) Independent Auditors

Auditor-General
Office of Auditor General
Anniversary Towers, Institute 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

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Annual Report and Financial Statements for the year ended 30th June 2023


3. The Council/Board of Governors

Name	Position	DOB	Qualifications	Work experience
 1. Leonard Saning'o Ngaluma	Chairman	15.12.1966	-Master's in Business Administration -Bachelors of Arts (Hon) Majoring in History & Kiswahili	2012-date: Commission on Administrative Justice 2010-2012: Senior deputy secretary (operations) 2002-2010: District Commissioner/Senior District Commissioner
 2. Rosina Nasigha Mruttu	Education, Training & Development Committee Member		-Masters in counselling studies -Degree in leadership and management -Higher diploma in psychological counselling	2016-Date: Centre of victims of torture(CVT) Nairobi 2015-2016: Centre of victims of torture(CVT) Dadaab 2011-2015: Kenya counselling and psychological association (KCPA)



Taveta Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

 <p>3. Athumani Omar Sheria</p>	<p>Education, Training & Development Committee Member</p>	<p>1978</p>	<p>-MSc in electrical & electronics engineering (Power system option) (pending g thesis) -Bachelor's degree in electrical & electronic engineering (power option) -Diploma in Medical Engineering.</p>	<p>2017-Date: Kenya power & lightning company 2010-2015: Technologist Technical University of Mombasa 2013: Consultant Kubase(K) International limited</p>
 <p>4. David Ochieng Okoth</p>	<p>Administrati on & Finance Committee Member</p>	<p>1979</p>	<p>-Bachelor of commerce degree (finance option) -Master of Business Administratio n (ongoing) Diploma in Business Management</p>	<p>2010-date: Kenya College of Management 2006-2009: Piaggio services company</p>


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 Annual Report and Financial Statements for the year ended 30th June 2023

 <p>5. Dr. Merenga Abdallah Sarroney</p>	<p>Education, Training & Development Committee Member</p>	<p>23.03.1962</p>	<p>-PhD (Plastic Physics) MSc (Physics) B.Ed. (Science)</p>	<p>2002-date: Senior lecturer department of Physics Kenyatta University 1996-2002: Lecturer department of Physics Kenyatta University 1996: Assistant Lecturer Egerton University</p>

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 6. Farida Abdalla Soud	Administration & Finance Committee Member	11.01.1970	-MSc in Financial Service Management -Certified Public Accountant (CPA)	2015-Date: Group Financial Controller Heritage Hotels East Africa, Kenya 2015: Chief accountant/Preopening accountant Multi-property Makkah, Saudi Arabia 2007-2008: Financial controller. Fairmont Group of Companies Zanzibar.
7.  Susan Boke Wangwe	Administration & Finance Committee Member	1978	Bachelor of Business Administration Diploma in Cooperative Management	2015-2016: Credit Administration Manager Sidian Bank 2009-2015: Relationship Manager SME Banking 2006-2009: Senior Business Development officer Sidian Bank

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 8. Mr David Murungah	Secretary	12.02.1965	-B.E.D Technology -Diploma Technical Education -Certificate in solar installation Technology	17/10/2020- Principal TTVC 2019. Deputy Principal TTVC 2014-2019- HOD Electrical Dep. C.I.T- Voi
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Taveta Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

4. Key Management Team

Taveta Technical and Vocational Training College day-to-day management is under the following key organs:

- i. Board of Governors(BOG)
- ii The Principal
- iii. Top Management team

No	Name	Designation
1	Mr. Leonard S. Ngaluma	B.O.G Chairperson
2	Mr. David Murungah	principal
3	Madam. Everlyne Nzioka	Deputy principal
4	Mr. Fredrick Odhiambo	registrar
5	Mr. Andrew Tarus	Dean of students
6.	Mr. Jonah mwambua	Examination officer

5. Chairman's Statement

The tenure of the board is soon coming to an end having been launched in 2018. Being the first board for the institution, as our term was to come to an end on 4th October 2021, but it was extended. We look back and appreciate the far we have come despite the many challenges including the low enrolment and inadequate and inadequate funding. The institution has continued to develop with training offered in fields ranging from information Technology, Tourism, Electrical Engineering, Human Resource Management, Food and beverage management and Building and Civil Engineering. We have also realised provision of basic facilities including playing fields, college fence and gate house. Adequate water supply to the institution remains a major challenge. The 2022/2023 financial year witnessed smooth training of government sponsorship of trainees, However as a board, we appreciate what the government, through the ministry of education state department of vocational and Technical Training was able to offer through Kuucps capitation, direct grants and HELB Loans to the trainees

I take this opportunity to present the Institute's Annual Report for the year 2022/2023. On behalf of the Board, I wish to sincerely thank all the stake holders who have continued to provide support which has enable the institution to grow. It should be noted that the training institute was only launched in 2018.

Taveta Technical and Vocational College (TTVC) is committed to be part of the National Government vehicle in delivering the dreams of the Big Four Agenda especially in Technology and innovations. The 2022/2023 Financial Year started well with high expectations in the college getting appropriate funding from the Government forums of financial aids and human resources.

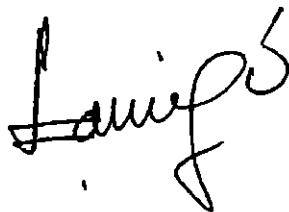
However, financial aid in terms of student loans and tuition capitalization has not covered all students who have reported in Taveta Technical and Vocational College. This has caused some decline in steady growth of student's population as some trainees stay due to lack of fees.

I am highly optimistic that the supply of clean water will be completed this year because it is again captured in the 2022/2023 budget. The College is also expected to record improved enrolment of trainers because marketing and advertising budget has been put in place.

I sincerely thank the National Government for continuous support in provision of trainers and equipment and hope that some more trainers will be posted especially in the main course of Electrical Engineering. We thank the County Government of Taita Taveta for upgrading the road to the college. Finally, we also thank Taveta Constituency MP through CDF for the chain-link fence, entry gate and gate house and workshop.

Thank you.

LEORNARD S. NGALUMA, MBS
B.O.M CHAIRMAN



6. REPORT OF THE PRINCIPAL

On behalf of the board of Governors, trainers and trainees. I wish to thank the National Government through the Ministry of Education, State department of vocational and Technical Training for the continued support extended to Taveta TVC. The college received Government support to a total of one hundred and thirty seven (137) trainees in the fourth quarter of the financial year 2020/2021. We had a total population of one hundred and seventy six (176) trainees Taveta Technical and vocational College has grown where there are now five departments form the initial two departments. We have Electrical and Electronic Engineering, Hospitality and institution management, Information and Communication Technology (ICT), Business studies and Building and civil Engineering. The National Government has posted trainers in each of the stated five departments although some of the departments like Electrical and Hospitality and institution Management do not have enough trainers. During the Financial Year 2020/2021, the improved budget boosted the operation of the college where key sections of the college amenities were improved on. The playing fields took a budget of about Kshs 80,000, Library books costed about Kshs 100,000 and wifi hot points were also improved on after the expenditure of about ksh 22,500. The college started a course in food and beverage Management after walk in enquiries indicated that there were people willing to pursue the course. The Food and Beverage course took a budget of Kshs 107,000 to purchase basic equipment and needed an average of kshs 7,000 per week for practical learning. Despite some improvement in fees collection through HELB and KUCCPS trainees still owe the college about 3,000,000 in fees arrears. The challenge has been that trainees sent away to collect fees walk out of training which is a negative effect to the intended goals of the institution which is to train youths who have transited from high schools. The COVID- 19 pandemic affected training programs where the online training could not be achieved well especially in practical training programs. However, the areas of training, like Tourism and Human Resource Management which didn't require practical training were smoothly done. The resumption of face to face training in May was well executed until the end of the term in July, 2021. Despite the economic hardship experienced by our sponsors and sponsors of our trainees, we look with great hope that continuous support from the Government agents such as kuccps and HELB would still come to our aid. The management of the college has engaged in guiding and counselling the trainees so that they don't abandon learning/training due to lack of fees but seek support from NG-CDF offices and HELB loans



David Murungah
Principal/Secretary - Board of Governors

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of **TAVETA TECHNICAL AND VOCATIONAL COLLEGE** are as follows:-

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Constituency Program	Objective	Outcome	Indicator	Performance
Education	1. Increase access to education at tertiary level	Increased enrolment in tertiary institutions	- number of usable physical infrastructure build in the institution ie, twin workshop	In the FY 2021/2022 Currently we have 380 trainees in our institution
Security	1. Enhanced security and peaceful	Increased and effective	Fencing of the institution funded by Taveta National	Security at the gate and

Taveta Technical and Vocational College
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	coexistence in the institution	service delivery	Government Constituencies Development Fund gate and security house	its environs enhanced
Environment	1.Promotion of environmental conservation initiatives	Installation of water tank and gutters at the institution to improve water availability and planting of trees	Improved water availability and trees planted in line with vision 2030	Availability of water enhanced and compound well covered with trees
Sports	Promotion of sports and cultural activities	Increased participation in sports and cultural activities	Number of sports activities supported	The institution has very strong team which participated in regional level
Disaster Management	Promotion of disaster mitigation strategies	Increased awareness of disaster preparedness measures	Number of public awareness meetings and training conducted	In the FY 2021/2022 we conducted 5 ward meetings where members of the public were sensitized on disaster mitigation measures focusing on floods, drought, fire

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				and earthquakes.
Youth Empowerment	Creation of employment activities for the youth	Establishment of constituency innovation hubs	Number of ICT hubs established in the constituency	We encourage our ict students to visit constituency innovation hubs where youths are trained on use of internet to do online jobs

8. CORPORATE GOVERNANCE STATEMENT

Section 27 of the Technical and Vocational Education and Training Act, 2013 states that training in institutions under section 26.

(1) (a) Shall be governed and managed in accordance with the provisions of this Act and any instrument of governance approved by the board Part (2) of this section 27 states that The governance and management structures of all institutions shall aim at;

- (i) Encouraging co-operation and collaboration among all stakeholders for effective representation in governance and management of the institution
- (ii) Decentralizing decision-making authority with regard to financial matters, human resource issues, and other relevant matters
- (iii) Enhancing the culture of accountability, democracy and management of the institutions.
- (iv) Ensuring effective and efficient education and training.
- (v) Ensuring the participation of and consultation with the stakeholders at the county, national and international level.

Taveta Technical and Vocational College is committed to the highest standards of corporate governance and ethics in discharge of its functions. The college takes recognition of the various stakeholders. The funding agencies and the regulations therefor, relating to its obligations as provided in the TVET Act, 2013 for the FY 2022/2023, the college complied with all regulatory provisions set out in the applicable statutes. The Board of Governors (BOG) is responsible for overall day to day administration of the college under the supervision of the principal who is the secretary to the BOG.

The responsibility that relate to the proper conduct of college business, policy development, strategic planning, monitoring effectiveness and performance, finance, audit human resource management, diversity, student welfare health and safety and the appointment of college staff support team is vested in the BOG The BOG has;

- (a) Finance and Administration Committee.
- (b) Education and Training Committee.

The BOG committee report to the BOG full board meeting through board reports and presented by a committee member. All resolutions of the BOG are executed by the BOG secretary who is the principal of Taveta TVC.

Taveta technical and Vocational College has held student election in June 2021 to form a student's to help in administrative matters related to students' welfare this will improve in sorting out administrative matters or issues affecting students and provide a forum for consultative between administration and student fraternity.

MEMBERS PERFORMANCE

NAME	POSITION	MEETING ATTENDED	GENDER	COUNTY	SUB COUNTY
1. Leonard S. Ngaluma	Chairman	3/4	Male	Taita/ Taveta	Taveta
2. Rosina N. Mruttu	Member	3/4	Female	Taita/ Taveta	Taveta
3. Athumani O. Sheria	Member	3/4	Male	Kwale	Kubo
4. David O. Okoth	Member	3/4	Male	Migori	Nyatike
5. Dr. Mereng A. Sarroney	Member	4/4	Male	Taita/Taveta	Taveta
6. Farida A. Soud	Member	3/4	Female	Mombasa	Kisauni
7. Susan B. Wangwe	Member	3/4	Female	Kuria	Kehacha
8. Ibrahim Nyambu	Secretary	3/4	Male	Taita/Taveta	Mwatate
9. Peter Mwangi Wangai	County Director TVET	3/4	Male	Mombasa	Mombasa

The members of Board of Governors are appointed by the Cabinet Secretary Ministry of Education in accordance with TVET Act, 2013. The Board members are appointed for a period of 3 years. The Board of Governors for Taveta Technical and Vocational College was inaugurated on 4th February 2019, its term is expected to end on 5th October 2021. The Board is currently composed of nine members.

Training and Induction

The members of the Board attended an induction training from 1st -3rd April, 2019 at the Kenya School of Government, Mombasa. They were inducted on the principle of governance based on the Mwongozo principle. The other areas of training were in:

(i) Human Resource Management

- a) Management of Trainers and support staff
- b) Recruitment
- c) Staff Motivation
- d) Discipline
- e) Student Management

(ii) Financial Management

- a) Approval of Budget
- b) Sourcing of Funds
- c) Approval of use of funds
- d) Audit and oversight

(iii) Public Procurement and Asset Disposal Act 2015

- a) Key charges in PPAD Act, 2015
- b) Methods of procurement
- c) Procurement process
- (iv)** Financial management in TVET institutions □ Public Finance Management Reforms.
- (v)** Legal framework
- (vi)** Project Management

Functions of the Board

- a. Overseeing the conduct of education and training in the institution in accordance with the provisions of TVET Act, 2013 and any other written law.
- b. Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with TVET Act, 2013 and any other written law.
- c. Administering and managing the institution's property.
- d. Developing and implementing the institution's strategic plan.
- e. Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institution.

- f. Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other money and to make disbursement to the institution or other bodies or persons.
- g. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act, 2013.
- h. Mobilising resources for the institution.
- i. Developing and reviewing programmes for training and to make representation thereon to the Board.
- j. Regulating the admission and exclusion of students from the institution, subject to qualifications framework and the provision of TVET Act, 2013.
- k. Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board.
- l. Recruiting and appointing trainers from among qualified professionals and practising trade persons in relevant sectors of industry.
- m. Determining suitable terms and conditions of services for support staff, trainers and instructors and remunerating the staff of the institution, in consultation with the Authority.
- n. Making regulations governing the 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 submit the same to the Board.
- p. Providing for the welfare of the students and staff of the institution.
- q. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution.
- r. Discharging all other functions conferred upon it by the TVET Act, 2013 or any other written law

9. MANAGEMENT DISCUSSION AND ANALYSIS

In the Finance Year ended 30 June, 2023, Taveta Technical and Vocational College had an increase in both sectors ie, grants from 500,000 as at last financial year 2021/2022 to 1,000,000 current year 2022/2023

Total income analysed as follows Helb Loan of Ksh 2,919,200 capitation of Ksh 3,580,000 bursary of Ksh 490,137.80 while there was an increase of Government Grants from kshs: 500,000 to kshs: 1,000,000 current financial year.

Taveta Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Total expenses increased from Kshs 7,132,130 in previous year to Ksh 8,612,450.60 in the reporting year.

RENDERING OF SERVICES- 2022/ 2023	RENDERING OF SERVICES 2021/2022
Grants- KShs 1,000,000	Grants -Ksh 500,000
Tuition fee -Kshs917,764.00	Tuition fee -KShs 2,614,744
HELB -Kshs 2,919,200	HELB -Kshs 2,538,800
Bursary-Kshs490,137.80	Bursary -KShs 647,312
Capitation -Kshs 3,580,000	Capitation -Kshs 6,232,500
Exam fee- Kshs 220,688	Exam fee- Kshs831,900
Total Kshs:9,127,789.80	Totals:13,410,257

Finance Risks

College financial risks includes credit and liquidity risk and effects of government policy of funds disbursement.

- i. Credit risk – extended to customers – trainers in form of fees payment extended periods. Some customers default to pay fees as agreed in the payment agreement.
- ii. Liquidity Risks – the ultimate liquidity risk management responsibility is in the hands of principal and the board of governors. The college manages liquidity risk through continuous monitoring of forecasts and actual cash flows in the college accounts

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

TAVETA TECHNICAL AND VOCATIONAL COLLEGE exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely, Education & Training, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

1. Sustainability strategy and profile -

To ensure sustainability of TAVETA TECHNICAL AND VOCATIONAL COLLEGE, the Institution supports the following key sectors with the following sustainable priorities.

- a. **Education and Training:** TAVETA TECHNICAL AND VOCATIONAL COLLEGE focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.

- b. **Environment:** The Institution acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the institution has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion
- c. **Sports:** The TAVETA TECHNICAL AND VOCATIONAL COLLEGE has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

Environmental performance.

1. Environmental performance

Taveta Technical and Vocational College promotes tree planting and roof water harvesting to increase forest cover and reduce soil erosion caused by runoff water. Management team encourage trainers and trainees to plant tree seedlings during the rainy seasons every year. The policy statement of Taveta Technical and vocational college Includes;

- Regular communicating of our environmental performance to our stakeholders
- Monitoring and improving of our environmental performance
- Developing our management processes to ensure that environmental factors are considered during planning and implementation.
- Comply with all relevant environmental legislation, regulations and approved codes of practice.

2. Employee welfare

We invest in providing the best working environment for our employees. TAVETA TECHNICAL AND VOCATIONAL COLLEGE recruitment is guided by Employment Act, and other regulations as issued from time to time. In line with the law and regulations, the institution offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for

exemplary performance. The reward and sanctions system is based on performance appraisal.

The Employees are encouraged and supported to continually build on their skills and knowledge. The Institution invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

The institution has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Institution has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

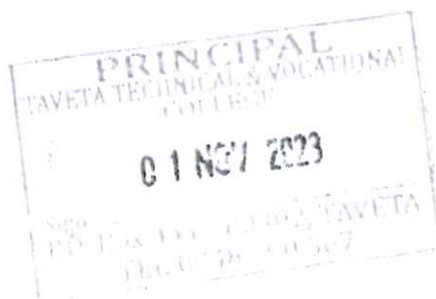
Public Awareness

This includes mechanisms for participation and cooperation with local, regional and national agencies, and for conducting community-based needs assessments and public awareness on different courses offered in Taveta Technical and Vocational College

.....


Name: David Murungah

PRINCIPAL



11. REPORT OF THE BOARD OF GOVERNORS

The Board members submitted their report together with the audited financial statements for the year ended June 30, which show the state of the Taveta Technical and Vocational College affairs.

Principal activities

The principal activities of Taveta Technical and Vocational College continues to be training in Vocational and Technical Education.

Taveta Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Results

The results of Taveta Technical and Vocational College for the year ended 30 June 2023 are set on page 21-53.

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page.

Auditors

The Auditor General is responsible for the statutory audit of the Taveta 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

Corporate Secretary

Nairobi

Date:

12. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act 2012, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the members to prepare financial statements in respect of that Taveta Technical and Vocational College, which give a true and fair view of the state of affairs of the Taveta Technical and Vocational College at the end of the financial 2022/2023 and the operating results of the Taveta Technical and Vocational College for that 2021/2022. The Board members are also required to ensure that Taveta Technical and Vocational College keeps proper accounting records which discloses with reasonable accuracy the financial position of the Taveta Technical and Vocational College. The Board members are also responsible for safeguarding the assets of the Taveta Technical and Vocational College.

The Board are responsible for the preparation and presentation of the Taveta Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of Taveta Technical and Vocational College for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period ;(ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that they are free from material misstatements, whether due to error or fraud ; (iv) safeguarding the assets of the Taveta Technical and

Taveta Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Vocational College,(v) selecting and applying appropriate accounting policies and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Taveta Technical and Vocational College 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 Board members are of the opinion that the Taveta Technical and Vocational College financial statements give a true and fair view of the state of Taveta Technical and Vocational College transactions during the financial year ended June 30, 2022 and of the Taveta Technical and Vocational College financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Taveta Technical and Vocational College, financial statement 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 Taveta Technical and Vocational 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 Taveta Technical and Vocational College financial statements were approved by the Board on 1/11/2023 and signed on its behalf by:

DAVID O. OKOTH

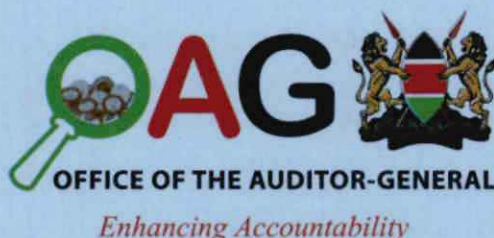
DAVID W. MURUNGAH

ROSINA N.

MRUTTU

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TAVETA 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 the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and do not present a true and fair view in accordance with the applicable financial reporting framework. An Adverse Opinion indicates that the financial statements exhibit significant misstatements with the books of accounts and the underlying accounting records. There is significant disagreement between the financial statements and the underlying books of accounts and/or standards. These problems are widespread, persistent and require considerable intervention by the Management to rectify.

The Adverse Opinion should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the report on the 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

Adverse Opinion

The accompanying financial statements of Taveta Technical and Vocational College set out on pages 24 to 82, 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 Arthur Consulting Associates, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Taveta 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 Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccurate Statement of Changes in Net Assets

The statement of changes in net assets reflect net balance as at 30 June, 2023 of Kshs.47,285,541 consisting of Kshs.528,889 and Kshs.46,378,771 in respect of retained earnings and capital grants respectively. However, recalculation of the totals shows Kshs.7,042,566 and Kshs.98,112,101 in respect of retained earnings and capital grants resulting to unexplained variances of Kshs.6,783,677 and Kshs.51,733,330 respectively.

In the circumstances, the accuracy of the statement of changes in net assets could not be confirmed.

2. Inaccurate Intangible Assets Balance

The statement of financial position and Note 32 to the financial statements reflects intangible assets balance of Kshs.1,258,000. However, the movement schedule excludes the opening balance of Kshs.1,808,000. Further, the statement of financial performance reflects amortization and impairment charge for the year of Kshs.550,000 which was not explained or supported by management report on impairment.

In the circumstances, the accuracy of the intangible assets balance of Kshs.1,258,000 could not be confirmed.

3. Inaccurate Statement of Cash flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.1,071,750. However, the opening balance of cash and cash equivalents reflected as Kshs.542,861 differs with prior year audited balance of Kshs.876,272 resulting to a variance of Kshs.333,411. Further, the closing balance as at 30 June, 2023 differs with Kshs.1,699,325 reflected in the statement of financial position and Kshs.1,891,733 reflected in Note 26 to the financial statements resulting to variances of Kshs.627,575 and Kshs.819,983 respectively which have not been reconciled or explained.

Further, net cash flows from investing activities reflects Kshs.550,000 for purchase of software. The balance excludes additions for fixed assets and other intangible assets of Kshs.2,997,400 and Kshs.1,808,000 resulting to a variance of Kshs.2,997,400 and Kshs.1,258,000 respectively.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.1,071,750 could not be confirmed.

4. Inaccurate Statement of Financial Performance

The statement of financial performance reflects total expenses of Kshs.8,612,450. However, the amount excludes depreciation charge of Kshs.6,567,688 for property, plant, and equipment as disclosed in Note 31 to the financial statements resulting in understatement of total expenses by a similar amount. Further, the statement reflects employee costs of Kshs.2,259,988 which differs with the recalculated balance under Note 16 to the financial statements of Kshs.2,430,828 resulting to a variance of Kshs.170,840. In the circumstances, the accuracy of the statement of financial performance could not be confirmed.

5. Inaccurate Trade and Other Payables from Exchange Transactions

The statement of financial position and Note 35 to the financial statements reflects trade and other payables from exchange transactions of Kshs.155,304 which differs with the balance of Kshs.6,639,929 reflected in Note 35 resulting to a variance of Kshs.6,484,625. Further, fees paid in advance of Kshs.257,531 was erroneously deducted from trade payables for the current year and prior year resulting to understatement of trade and payables by Kshs.257,531 (2021/2022 Kshs.1,026,257).

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.155,304 could not be confirmed.

6. Omission of Assets from Fixed Asset Register

The statement of financial position and Note 31 to the financial statements reflects property, plant and equipment balance of Kshs.35,747,042. However, the balance excludes unknown value of assets including land, furniture, equipment and computers.

In the circumstances, the accuracy, completeness and valuation of property, plant and equipment balance of Kshs.35,747,042 could not be confirmed.

7. Unsupported Receivables from Exchange Transactions

The statement of financial position and Note 27 to the financial statements reflects receivables from exchange transactions of Kshs.8,127,789. However, the balance was not supported by a detailed listing and ageing analysis. Further, no individual student ledgers were provided for audit confirmation of fees billed, amounts paid and outstanding balances.

In the circumstances, the accuracy and completeness of trade receivables from exchange of Kshs.8,127,789 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Taveta 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 summary statement of comparison of budget against actual amounts reflect final receipts budget and actual on comparable basis of Kshs.14,105,000 and Kshs.9,141,340 respectively resulting to an under-funding of Kshs.4,963,660 or 35% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in

the basis of adverse opinion section, I have determined that there were no other key audit matters to report in the year under review.

Other Information

The Board of Governors are responsible for the other information set out on page 1 to 22 which comprise of Key Entity Information and Management, The Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors, Statement of Board of Governors Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute'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 and 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 conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Approve the Budget

The statement of comparison of budget and actual amounts reflects total income and total expenses budget of Kshs.14,105,000 and Kshs.15,365,000 respectively. However, the Management collected income and incurred expenses without an approved budget by the Cabinet Secretary, contrary to the provisions of Section 22(1)(2) of the Second Schedule of the Technical and Vocational Education and Training (TVET) Act of 2013, which

requires that the budget for institutions under the Act must be approved by the Cabinet Secretary before it can be implemented.

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

2. Late Submission of the Financial Statements.

The financial statements for the year ended 30 June, 2023 were submitted on 3 November, 2023 for audit, two months after the statutory deadline of 30 September, 2023. This delay is in contravention of Section 47(1) of the Public Audit Act, 2015 which requires the financial statements to be submitted to the Auditor-General within three months after the end of the financial year.

In the circumstances, Management was in breach of the law

3. Lack of Effective Accounting System

Review of accounting records and systems in place revealed that the institution did not have a robust accounting system, leading to manual recording of transactions, which resulted in inaccuracies and raised concerns about the competency of the institution's accounting practices. This is contrary to Section 68 (1) of the Public Finance Management Act, 2012 which requires public entities to ensure that accounting systems are robust, integrated and capable of generating accurate, timely, and reliable financial reports.

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

The audit was conducted in accordance with ISSAIs 3000 and 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 THE 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, because of the significance of the matters discussed in the Basis of Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Segregation of Duties.

Review of the financial records revealed that transactions were neither prepared nor authorized by different officers but were solely signed by the Principal. Additionally, all cash withdrawals for payment of goods and services were made in the principal's name, without established controls to monitor the handling or use of the funds. This is contrary to Regulation 23(1)(c) of the Public Finance Management (National Government) Regulations, 2015, which requires Accounting Officers to be accountable to the National Assembly for maintaining effective systems of internal controls and measures taken to ensure that they are effective.

In the circumstances, failure to segregate duties hinders effective and accountable service delivery.

2. Lack of Key Departments.

Review of the organogram of the institution revealed that it had not established key departments such as procurement, finance and human resources which could effectively allocate roles and ensure responsibilities were effectively and efficiently executed.

In the circumstances, the effectiveness of service delivery could not be guaranteed.

3. Lack of Key Management Policies

Review of the Institution's structures revealed lack of established policies and regulations including finance, procurement, human resource, risk management policies and the Board charter. Additionally, essential policies for a TVET institutions such as the student admission policy, academic policy and others are yet to be approved.

In the circumstances, effectiveness and efficiency in operations could not be confirmed.

4. Lack of Internal Audit Department and Audit Committee

Review of Internal controls in place revealed that the institution lacked an internal audit department to regularly assess internal controls, risk management practices and operational efficiency. This is contrary to Section 73 of the Public Finance Management Act, 2012, which requires a National Government entity to maintain internal auditing arrangements.

In the circumstances, internal controls and risk management could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Taveta 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 adverse opinion.

Responsibilities of the Management and the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal 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's 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.

The Board of Governors is responsible for overseeing the college's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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 February, 2025

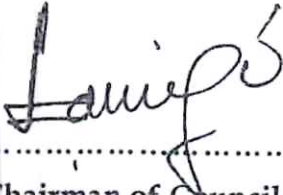
Taveta Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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

	Notes	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	1,000,000	500,000
Grants from donors and development partners-Equity Bank	7	8,000	0
Transfers from other levels of government	8	0	0
Public contributions and donations	9	0	0
		1,008,000	500,000
Revenue from Exchange transactions			
Rendering of services- fees from students, Capitation, Bursaries and HELB	10	8,127,789.80	13,410,257
Other Income(FB sales, recovery of items, cattle grazing)	11	5,550	235,550
Rental revenue from facilities and equipment	12	0	0
Finance income	13	0	0
Miscellaneous income	14	0	0
Revenue from Exchange transactions		8,133,339.80	13,145,807
Total Revenue		9,141,339.80	13,645,807
Expenses			
Use of goods and services	15	5,237,262.60	4,024,267
Employee costs	16	2,259,988.00	1,380,780
Board /Council Expenses	17	487,500.00	429,250
Depreciation and amortization expense(Software)	18	550,000.00	1,150,000
Repairs and maintenance	19	77,700	147,833
Contracted services	20	0	0
Grants and subsidies	21	0	0
Finance costs	22	0	0
Total Expenses		8,612,450.60	7,132,130
Other Gains/(Losses)			
Impairment loss	25	0	0
Total Other Gains/(Losses)			


Taveta Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Net surplus/(deficit) for the year		528,889.20	6,513,677
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Chairman of Council/Board

Date 1/11/2023


.....

Finance Officer

ICPAK No

Date 1/11/2023


.....

Principal

Date 1/11/2023

15. Statement of Financial Position as at 30th June 2023

Description	Notes	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	26	1,699,325.10	876,271.90
Receivables from exchange transactions	27(a)	8,127,789.80	9,352,240
Receivables from non-exchange transactions	28	0	500,000
Inventories	29	0	186,340
Investments in financial assets	30	0	0
Total Current Assets		9,827,114.90	10,194,852
Non-Current Assets			
Property, plant, and equipment	31	35,747,042	50,051,381.00
Intangible assets	32	1,258,000.00	1,808,000.00
Total Non-Current Assets		37,005,042	51,859,381.00
Total Assets		46,832,156.90	62,054,233
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	35	155,304	1,000,177
Refundable deposits from customers	34	298,081	71,700
Total Current Liabilities		453,385	1,071,877
Non-Current Liabilities			
Total non-current liabilities			
Total Liabilities		453,385	
Net Assets			
Accumulated Surplus		528,889.20	6,513,677
Capital Fund		46,378,771.90	51,741,220

**Taveta Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023**

Description	Notes	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Total Capital and Reserves		46,907,661.10	58,254,897
Total Net Assets and Liabilities		47,285,541.90	51,859,381

Lauigo
.....
Chairman of
Council/Board

[Signature]
.....
Finance Officer

[Signature]
.....
Principal

Date *1/11/2023*

ICPAK No
Date *1/11/2023*

Date *1/11/2023*

16. Statement of Changes in Net Asset For The Year Ended 30 June 2023

Description	Retained Earnings	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022 (previous year)	-	-	51,733,330	51,733,330
Surplus/(deficit) for the year	6,513,677	-	-	6,513,677
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	6,513,677	-	51,733,330	58,247,007
At June 30, 2022				
At July 1, 2023(current year)	6,513,677	-	-	6,513,677
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	528,889	-	46,378,771.90	528,889
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2023	528,889	-	46,378,771.90	47,285,541.90

Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).

Taveta Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

17. Statement of Cash Flows For The Year Ended 30 June 2023

Description		FY 2022/2023	FY 2021/2022
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	1,000,000	500,000
Grants from donors and development partners(Equity bank)	7	8,000	0
Rendering of services- fees from students(Capitation,HEL,Bursaries)	10	8,127,789.80	13,410,257
Other income	11	5,550	235,550
Total Receipts		9,141,339.80	13,645,807
Payments			
Use of goods and services	15	5,237,262.60	4,024,267
Employee costs	16	2,259,988.00	1,380,780
Board /Council Expenses	17	487,500.00	429,250
Amortization and impairment expenses	18	550,000	1,150,000
Repairs and maintenance	19	77,700.00	147,833
Total Payments		8,612,450.60	7,132,130
Net Cash Flows from operating activities		1,078,889.20	6,513,677
Cash flows from investing activities			
Purchase of Software		(550,000)	(1,500,000)
Proceeds from sale of property, plant and equipment			
Net cash flows used in investing activities		(550,000)	(1,500,000)
Cash flows from financing activities			
Proceeds From Borrowing			
Repayment Of Borrowings			
Net cash flows used in financing activities		528,889.20	5,363,677
Net Increase/(Decrease) in Cash and Cash equivalents			
Cash and Cash equivalents at 1 JULY 2022		542,861.00	542,861
Cash and Cash equivalents at 30 JUNE 2023		1,071,750.20	876,272

18. 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 Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other National Government entities	7,500,000	0	7,500,000	1,000,000	6,500,000	87%
Grants from donors and development partners- equity Bank				8,000	8,000	
Other income				5,550	5,550	
Rendering of services- fees from students	6,605,000	0	6,605,000	8,127,790	1,522,789	(23%)
Total Income	14,105,000	0	14,105,000	9,141,340	8,036,339	57%
Expenses						
Use of goods and services	9,992,600	0	9,992,600	5,237,263	4,755,337	48%
Employee costs	2,342,400	0	2,342,400	2,259,988	82,412	4%
Board /Council Expenses	1,520,000	0	1,520,000	487,500	1,032,500	68%
Repairs and maintenance	250,000	0	250,000	77,700	172,300	69%
Amortization and impairment expenses	1,258,000.00	0	1,258,000.00	550,000	708,000	77%
Total expenses	15,363,000	0	15,365,000	8,612,450.60	6,752,549.40	78%
Surplus For the Period	(1,258,000.00)	0	(1,258,000.00)	528,889.20	-1786,889.20	(30%)

(Budget notes)

1. *The difference between budgeted amount with actual on comparable basis is as a result of students debts and also delay in receiving funds in time from the Government*
2. *There was improvement in absorption of funds*

19. Notes to the Financial Statements

1. General Information

Taveta TTVC is established by and derives its authority and accountability from 2013 Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to teach and train in Technical and vocational education.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, (*Taveta TVC*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

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>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>Amendments to Other IPSAS</p>	<p>Applicable: 1st January 2023:</p>

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Standard	Effective date and impact:
resulting from IPSAS 41, Financial Instruments	<p>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.</p> <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 cash flows 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	<p>Applicable 1st January 2025</p> <p>The Standard requires, 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>

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Standard	Effective date and impact:
Discontinued Operations	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. <i>State the expected impact of the standard to the Entity if relevant</i>

iii. Early adoption of standards

(The entity) did not early-adopt any new or amended standards in year 20xx./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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Council or Board on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxx on the FY 2022/2023 budget following the Council/Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 xx under section xxx of these financial statements.

c) Taxes

Current income tax

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over 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.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition 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.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over

the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. **Notes to the Financial Statements (Continued)**

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) 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

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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 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

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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.

j) Inventories

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

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

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

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*.

k) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

The *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Entity* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the

asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) 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)

m) 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*).

n) 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.

o) 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*)

p) 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.

q) 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.

r) 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)

s) 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.

t) 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

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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.

u) Comparative figures

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

v) 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:

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

Provisions

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

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

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

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants		
Operational Grant	1,000,000	500,000
Total unconditional Grants		
Conditional Grants amortised/ recognised in revenue		
Library Grant		
Hostels Grant		
Administration Block Grant		
Total Government Grants and Subsidies	1,000,000	500,000

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(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					
Ministry					
Total					

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry.)

**Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached.*

(NB: Total of column 1 should tie to the first part of note 6 on unconditional grants)

The details of the reconciliation have been included under appendix

Notes to the Financial Statements (Continued)

7. Grants from Donors and Development Partners

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Equity Banks Donation	8,000	0
Total Grants from Development Partners	8,000	0

8. Transfers from Other Levels of Government

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfer from County	0	0
Total Transfers	0	0

9. Public Contributions and Donations

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Public Donations	0	0
Other Donations		
Total Donations and Contributions	0	0

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Notes to the Financial Statements (Continued)

10. Rendering of Services

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Tuition Fees	58,278.80	1,080,344
Activity Fees	48,400	163,600
Industrial Attachment Fees	132,500	70,000
Examination Fees	26,230	831,900
Student ID Card	32,000	81,800
Caution fee	33,000	18,000
Registration Fees	33,500	61,000
Higher Education Loans Board(HELB)	2,919,200	2,583,800
Bursaries	481,057.80	647,312
Opening Balances	12,250	0
Fees prepayment	257,531	0
Student union	23,880	0
Medical	24,000	14,120
RMI	27,900	86,000
Contingencies	19,800	60,400
Personal Emolument	535,120	1,201,000
Internet	22,230	122,700
Insurance	17,000	86,000
Electricity, Water and Conservancy(EWC)	59,720	38,988
Local Tour and Travelling(LTT)	54,760	30,793
Capitation	3,580,000	6,232,500
Total Revenue from The Rendering of Services	8,127,789.80	13,410,257

11. Sale of Goods

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Cafeteria sales	3,550	235,550
Recovery from stolen item in college	1,000	0
Cattle grazing	1,000	0
Total Revenue from Sale of Goods	5,550	235,550

Cafeteria sales this is income from sale of food and beverage and Artisan practical.

12. Rental revenue from facilities and equipment

Description	FY 2022/2023	FY 2022/2023
	Kshs	Kshs
Hire of Facilities and Equipment	0	0
Total	0	0

*(Provide brief explanation for this revenue. *Contingent rentals include hire grounds, institutional facilities like halls, kitchen etc.)*

Notes to the Financial Statements (Continued)

13. Finance Income

Description	FY 2022/2023	FY 2022/2023
	Kshs	Kshs
Cash investments and fixed deposits	0	0
Total finance income	0	0

(Provide brief explanation for this revenue.)

14. Miscellaneous Income

Description	FY 2022/2023	FY 2022/2023
	Kshs	Kshs
Insurance recoveries	0	0
Consultancy fees	0	0
Income from sale of tender	0	0
Services concession income	0	0
Reimbursements and refunds	0	0
Graduation fees	0	0
Total other income	0	0

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified.)

Notes to the Financial Statements (Continued)

15. Use of Goods and Services

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Teaching and learning materials	410,000	95,840
Accreditation of college	0	0
Healthy and safety	0	0
Water	5,250	0
Accommodation	87,300	13,500
Electricity	137,239.10	170,592
Security	386,210.50	275,736
Registration fee to KUCCPS	0	22,380
Marketing and Advertising	85,600	57,080
Administration Utensils	15,500	0
Exam meals	7,250	0

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Text books	108,400	0
Extra- Curriculum activities	425,640	48,170
Examination fees	581,020	302,200
Catering(FB practical's)	55,005	0
Allowances	207,350	0
Travelling and Subsistence	2,040,934	744,280
Contingencies	62,500	14,040
Bank charges	17,354	0
Service charter	41,800	0
Fuel and oil	17,200	2,000
Insurance	23,500	0
Play ground	0	8,300
Metal Grill	0	10,100
Postage	10,315	8,575
Printing and stationery	128,680	22,830
Bush Clearing ,Tree planting and Land scapping	42,800	32,700
NITA Exams	0	73,600
KATTI Subscription	130,800	67,000
Internet expenses	0	93,420
Training expenses	0	64,450
Repair and maintenance	77,700	
General Expense	0	949,927
Miscellaneous Expenses	131,915	947,547
Total good and services	5,237,262.60	4,024,267

Notes To the Financial Statements (Continued)

16. Employee Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Salaries and wages	2,051,560	1,210,590
Employee related costs - contributions to pensions and medical aids	379,268	170,190
Employee Costs	2,259,988	1,380,780

17. Board/Council Expenses

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Board Allowances	487,500	429,250
Total	487,500	429,250

18. Depreciation and Amortization expense

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Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property, plant and equipment		
Amortization and Impairment	550,000	1,150,000
Investment property carried at cost		
Total depreciation and amortization	550,000	1,150,000

19. Repairs and Maintenance

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property	77,700	147,833
Computers and accessories		
Total Repairs and Maintenance	77,700	147,833

Notes To the Financial Statements (Continued)

20. Contracted Services

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Actuarial valuations		
Investment valuations		
Property valuations		
Other (specify)		
Total contracted services		

21. Grants and Subsidies

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Community Development		
Education Initiatives and Programs		
Social Development		
Social benefits expenses		
Community Trust		
Sporting Bodies		
Total Grants and Subsidies		

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

22. Finance Costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Borrowings (Amortized Cost)*		
Finance Leases (Amortized Cost)		
Unwinding of Discount from lease liabilities		
Interest on Bank Overdrafts		
Interest on Loans from Commercial Banks		
Total Finance Costs		

(*Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

Notes To the Financial Statements (Continued)

23. Gain On Sale of Assets

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property, Plant and Equipment		
Intangible Assets		
Other Assets not capitalised		
Total Gain On Sale of Assets		

24. Gain/(loss) on Fair Value Investments

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Fair value on equity investments		
Fair value arising from investment property		
Fair value arising from biological assets		
Fair value- other financial assets (specify)		
Total Gain		

25. Impairment Loss

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Property, Plant and Equipment		
Intangible Assets		
Total Impairment Loss		

26. Cash and Cash Equivalents

Description	FY 2022/2023	FY 2021/2022
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	Kshs	Kshs
Current Account		
On - Call Deposits		
Fixed Deposits Account		
Staff Car Loan/ Mortgage		
Others (Specify)		
Total Cash and Cash Equivalents		

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

Notes To The Financial Statements (Continued)

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

Financial Institution	Account number	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1253860238	1,699,325.10	876,271.90
Equity Bank, etc.	1420284048076	192,408.00	0
Sub- Total		1,891,733.10	876,271.90

Notes to the Financial Statements (Continued)

27. Receivables from Exchange transactions

27 (a) Current Receivables from Exchange transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Current Receivables		
Student Debtors	8,127,789.80	9,316,300
Imprest		35,940
Total Current Receivables	8,127,789.80	9,352,240

27 (b) Long- term Receivables from Exchange transactions

Description	FY2022/2023	FY 2021/2022
	Kshs	Kshs
Non-Current Receivables		
Refundable Deposits	40,550	0
Advance Payments	257,531	
Total		

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Current Portion Transferred To Current Receivables		
Total Non-Current Receivables		
Total Receivables	298,081	0

27 (c) Ageing Analysis of Receivables from Exchange transactions

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
	Current	% of total	Comparative FY	% of total
Less than 1 year				
Between 1- 2 years				
Between 2-3 years				
Over 3 years				
Total (a+b)				

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27 (d) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
At the beginning of the year		
Provisions during the year		
Recovered during the year		
Write offs during the year		
At the end of the year		

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

28. Receivables from Non-Exchange transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Current Receivables		
Capitation Grants*		500,000
Transfers from Other Govt. entities		
Undisbursed Donor Funds		
Other Debtors (Non-Exchange Transactions)		
Less: Impairment Allowance		
Total Current Receivables		500,000

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

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

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
0-1 year	2,807,922	41%		%
Between 1- 2 years	0	0%		%
Between 2-3 years	4,089,538	59%		%
Over 3 years	0	0%		%
Total	6,897,460	100%		%

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

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
At the beginning of the year		
Additional provisions during the year		
Recovered during the year		
Written off during the year		
At the end of the year		

29. Inventories

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Stationery	128,680	186,340
Maintenance stores		
Total Inventories at lower of Cost and Net Realizable Value	128,680	186,340

Notes to the Financial Statements (Continued)

30. Investments in financial assets

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
a) Investment in Treasury Bills and Bonds		
Financial Institution		
CBK		
CBK		
Sub- Total		
b) Investment with Financial Institutions/ Banks		
Bank X		
Bank Y		
Sub- Total		
c) Equity Investments (Specify)		
Equity/ Shares in Company Xxx		
Sub- Total		
Grand Total		

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

d) Shareholding in other entities

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

Name of Entity where Investment is Held	No of Shares				Fair Value of Shares	Fair Value of Shares
	Direct Shareholding	Indirect Shareholding	Effective Shareholding	Nominal Value of Shares	Insert Current FY	Insert Comparative FY
	%	%	%	Kshs	Kshs	Kshs
Entity A						
Entity B						

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	0	51,733,330	0	0	0	0	0	51,733,330
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfers/ Adjustments		0						0
At 30 th June 2022	0	51,733,330	0	0	0	0	0	51,733,330
Additions	0	2,997,400	0	0	0	0	0	2,997,400
Disposals	0	0	0	0	0	0	0	0
Transfer/ Adjustments	0	0	0	0	0	0	0	0
At 30 th June 2023		54,730,730	0	0	0	0	0	54,730,730
Depreciation And Impairment								
At 1 Jun 2021	0	6,208,000	0	0	0	0	0	6,208,000
Depreciation	0	6,208,000	0	0	0	0	0	6,208,000
Disposals	0	0	0	0	0	0	0	
Impairment								
At 30 Jun 2022	0	12,416,000	0	0	0	0	0	12,416,000
Depreciation	0	6,567,688	0	0	0	0	0	6,567,688
Disposals								
Impairment								
Transfer/ Adjustment								
At 30 th Jun 2023	0	18,983,688	0	0	0	0	0	18,983,688
Net Book Values								
At 30 th Jun 2022	0	39,317,330	0	0	0	0	0	39,317,330
At 30 th Jun 2023	0	35,747,042	0	0	0	0	0	35,747,042

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by xxx professional valuers on xxx. These amounts were adopted in the financial statements on xxx.

31 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land			
Buildings			
Plant And Machinery			
Motor Vehicles including Motorcycles			
Computers and Related Equipment			
Office Equipment, Furniture, And Fittings			
Total			

32. Intangible Assets

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Cost		
At beginning of the year		
Additions	1,808,000	2,958,000
At end of the year	1,808,000	2,958,000
Additions-internal development		-
At end of the year	1,808,000	2,958,000
Amortization and impairment	550,000	1,150,000
At end of the year	1,258,000	1,808,000

Notes to the Financial Statements (Continued)

33. Investment Property

Description	FY 2021/2022	FY 2021/2022
	Kshs	Kshs
At beginning of the year		
Additions		
Disposal during the year		
Depreciation		
Impairment		
Gain or loss on fair value- if fair value is elected		
At end of the year		

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

34. Biological Assets

	FY 2021/2022	FY 2021/2022
	Kshs	Kshs
Cattle		
Trees		
Others (Specify)		
Total		

35. Trade and Other Payables

Description	FY 2022/2023		FY 2022/2023	
	Kshs		Kshs	
Trade payables	6,897,460		2,026,433	
Fees paid in advance	(257,531)		(1,026,257)	
Salary deductions				
Third-Party Payments				
Other Payables				
Total Trade and Other Payables	6,639,929		1,000,177	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year		%		

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1-2 years		%		
2-3 years		%		
Over 3 years		%		
Total (to tie to totals above)		%		

36. Refundable Deposits from Customers/Students

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
Consumer deposits			10,700	
Caution money			61,000	
Students refund	40,550			
Total Deposits	40,550		71,700	
	Current FY	% of the Total	Comparative FY	% of the Total
Ageing analysis:				
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total (to tie to totals deposits above)		%		%

37. Current Provisions

Description	Leave provision	Bonus provision	Gratuit y Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at The Beginning of The Year					
Additional Provisions					
Provision Utilised					
Change Due To Discount And Time Value For Money					
Transfers From Non -Current Provisions					
Total Provisions					

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38. Finance Lease Obligation

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
At the start of the year		
Discount interest on Lease Liability		
Paid during the year		
At end of the year		

Maturity Analysis

Period	Amount
	Kshs
Year 1	
Year 2	
Year 3	
Year 4	
Year 5 and Onwards	
Less: Unearned Interest	
Total	

Analysed as:

Description	Amount
	Kshs
Current	
Non- Current	
Total	

39. Deferred Income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
National Government		
International Funding Bodies		
Public Contributions and Donations		

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Total Deferred Income		
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Notes to the Financial Statements (Continued)

The deferred income movement is as follows:

Description	National government	International funders/donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward				
Additions during the year				
Transfers to capital fund				
Transfers to income statement				
Other transfers				
Balance carried forward				

Include columns as needed for the various sources of income deferred.

Analysed as:

Description	Amount
	Kshs
Current	
Non- Current	
Total	

40. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation					
Non-Current Benefit Obligation					
Total Employee Benefits Obligation					

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 20xx. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

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An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Discount Rates		
Future Salary Increases		
Future Pension Increases		
Mortality (Pre- Retirement)		
Mortality (Post- Retirement)		
Withdrawals		
Ill Health		
Retirement		

Recognition of Retirement Benefit Asset/ Liability

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

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
The return on defined plan assets		
Actuarial gains/ losses arising from changes in demographic assumptions		
Actuarial Gains/ Losses Arising From changes In Financial Assumptions		
Actuarial gains and losses arising from experience adjustments		
Others (<i>specify</i>)		
Adjustments for restrictions on the defined benefit asset		
Remeasurement of the net defined benefit liability (asset)		

- b) Amounts recognised in the Statement of Financial Position

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Present value of defined benefit obligations(a)		
Fair value of plan assets(b)		
Funded status(=a-b)		
Restrictions on asset recognised		

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Others		
Net asset or liability arising from defined benefit obligation		

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The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. XXX per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

41. Payments received in advance.

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
Fees received in advance				
Others (Specify)				
Total				
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total		%		%

42. Non-Current Provisions

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

(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 36)

43. Borrowings

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Balance at beginning of the year		
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year		
Balance at end of the year		

43 a) Analysis of External and Domestic Borrowings

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
External borrowings		
Dollar denominated loan from 'xx organization'		
Sterling pound denominated loan from 'yyy organization'		
Euro denominated loan from zzz organization'		
Domestic borrowings		
Kenya shilling loan		
Total balance at end of the year		

43 b) Breakdown of Long and Short-Term Borrowings

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Short Term Borrowings(Current Portion)		
Long Term Borrowings		
Total		

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

44. Service Concession Arrangements

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

45. Social Benefit Liabilities

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
People Living with disabilities benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		
Total		
Current social benefits		
Non- current social benefits		
Total (tie to totals above)		

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Notes to the Financial Statements (Continued)

46. 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 (previous year)				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				
At 30 June 2023 (current year)				
Receivables from exchange transactions				

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.

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)			
Liabilities			
Trade and Other Payables			
Borrowings			
Net Foreign Currency Asset/(Liability)			

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

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

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%		
Usd	10%		
2023			
Euro	10%		
Usd	10%		

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20XX: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20XX - Kshs xxx)

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	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Revaluation Reserve		
Retained Earnings		
Capital Reserve		
Total Funds		
Total Borrowings		
Less: Cash and Bank Balances		
Net Debt/(Excess Cash and Cash Equivalents)		
Gearing		

47. Related Party Balances

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the *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;

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Notes to the Financial Statements (Continued)

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

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

48. Segment Information

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

Notes to the Financial Statements (Continued)

49. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements		
Assets arising from determination of Court Cases		
Reimbursable Indemnities and Guarantees		
Others (<i>Specify</i>)		
Total		

Contingent Liabilities

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Contingent Liabilities		
Court Case Xxx against (<i>The Entity</i>)		
Bank guarantees in favour of subsidiary		
Contingent liabilities arising from Contracts including PPPs		
Others (<i>Specify</i>)		
Total		

(Give details)

50. Capital Commitments

Capital Commitments	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Authorised for		
Authorised and Contracted for		
Total		

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

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Notes to the Financial Statements (Continued)

51. Events After The Reporting Period

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

52. Ultimate And Holding Entity

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

53. Currency

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

20. 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)
4.1	Lack of a risk management policy	We concur with the audit observation that we do not have a Risk Management Policy but we have a risk management framework each year to undertake risk assessment. The issue has been communicated to the Board of Governors and we are hereby unanimously agreed to form a Risk Management policy to guide on management of risks as occurred in our institution. We are also ready to form risk management committee that will review the policy and report on risk matters on quarterly year basis.	Not resolved	30 th June, 2024

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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)
4.2	Lack of Segregation of Duties	Inability to segregate duties was due to government failing to employ enough staff in the institution. Through the board of governance, we are in process of getting finance manager from the parent institution as we wait for the government to deploy one. We wrote to government to look deep into that matter through a letter requesting for four lap on the same.	Note resolved	30 th June, 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;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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Name
Accounting Officer
(Enter title of Head of entity)
Date

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Appendix II: Projects Implemented by (The Entity)

Projects

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

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

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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Appendix III- Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 20xx 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 <i>[Insert name of beneficiary Entity]</i> as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30th June 2023				Amount Received by <i>[Beneficiary Entity]</i> (Kshs) as at 30 th June 20XX (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Entity:

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Name	Sign	Date
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Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments