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REPORT

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DATE: 26 SEP 2023	DAY: Tuesday
TABLED OF	Hon. Kimani Ichung'uwa (Leader of the Majority Party)
CLERK AT THE TABLE:	Inzefu Mwale

THE AUDITOR-GENERAL

ON

**SABAKO VOCATIONAL
TRAINING CENTRE**

**FOR THE YEAR ENDED
30 JUNE, 2022**

Revised Template: 30th June 2022



**TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET)
(SABAKO VTC)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2022**



Sabako Vocational Training Centre

Annual Report and Financial Statements for the year ended 30th June 2022

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I. Key Sabako VTC Information and Management

(a) Background information

Sabako Vocational Training Centre is located in Kisumu West Sub County. It is situated off Obambo market centre – Osiri route from Kisian –Holo Highway. The school was established in the year 2018 September by Free Pentecostal Fellowship Churches of Kenya (FPFCK), Local community, Political good will and friends who saw the importance of starting technical training Sabako VTC offering demanding technical courses to the community and outside the county of Kisumu. This led to the establishment of Sabako VTC. Sabako VTC is fully registered by TVET authority certificate number TVETA/ PUBLIC/ VTC/ 0201/ 2019

Courses offered

1. Motor Vehicle Technology
2. Building Technology (Masonry)
3. Electrical Installation
4. Fashion Design and Garment Making
5. Hairdressing and Beauty Therapy
6. Plumbing Technology
7. Computer Packages
8. Food and Beverage

(b) Principal Activities

The principal activity/mission/ mandate of the Sabako VTC include:

- Skill training
- Skill development

VISION

A leading Sabako VTC offering Quality Practical, Entrepreneurial Skills and Training in modern Science and Technology for sustainable Livelihood and holistic development.

MISSION

To offer and provide best knowledge and attitude, practical skills, quality training

In modern science, appropriate technology and Research for sustainable and development.

(c) Key Management

The Sabako VTCs day-to-day management is under the following key organs:

- Board of Governors/ Council/ Management etc.
- Accounting officer/ Principal
- Centre Management
- County Directorate

Sabako Vocational Training Centre

- Annual Report and Financial Statements for the year ended 30th June 2022

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Centre Manager	Yvonne Nyakwmba
2.	Deputy Manager/ Masonry	Maxswel Okoth
3.	Hairdressing & Beauty Therapy	John Okumu
4.	Light Weight Mechanic	Mark Felix Otieno
5.	Electrical Installation	Zablone Akatch
6.	Plumbing Technology	Kevin Odhiambo
7.	Food & Beverage	Evelyn Adera
8.	Dress Making	Maurine Achieng'

(e) Fiduciary Oversight Arrangements

- *Audit committee activities*
- *Finance and operations committee activities*
- *Academic committee activities*
- *Development partner oversight activities*

Key Sabako VTC Information and Management (Continued)

(f) Sabako VTC Headquarters

P. O. Box 7942-40100
KISUMU

(g) Sabako VTC Contacts

Telephone: (+254) 729 370 997
E-mail: sabakovtc@gmail.com

(h) Sabako VTC Bankers

Kenya Commercial Bank
P.O BOX 17-40100
KISUMU

(i) Independent Auditors

Sabako Vocational Training Centre

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

(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 2022

II. The Council/ Board of Governors



No.	Member/ Director	Details
1.	<p>Mr. Elias Aono Oganda</p> 	<p>Mr. Elias Aono Oganda was appointed the chairperson of the Board of Governors on 7th July, 2022. He holds a Bachelor of Education. He is the B.O.G Chairperson.</p>
2.	<p>Mr. John Oyombe</p>	<p>Mr. John Oyombe was born on 7th November, 1979. He holds a Bachelor of Business Administration with IT (Finance) from Jaramogi Oginga Odinga University of Science & Technology. He also holds Diploma in Business Management from Kenya Institute of Management. He is representing Leadership and Management.</p>
3.	<p>Mdm. Susan Atieno Ouma</p> 	<p>Mdm. Susan Atieno Ouma was born on 28th April, 1984. She holds a Bachelor of Commerce from KCA University. She also has a CPA part III section 5, CPA part II section 3 & 4, CPA part I section 1 & 2 and A.T.C. She has over two years experience of working in the field of accounting. She is representing Finance.</p>
4.	<p>Mr. Joseph Ameso Osamo</p> 	<p>Mr. Joseph Ameso Osamo was born on 13th September, 1962. He holds a Diploma in Food & Beverage Service and Sales from Kenya Utalii College. He has over ten years experience working in the foods sector. He is a member representing Technology.</p>
5.	<p>Mdm. Florence Atieno Ouma</p> 	<p>Mdm. Florence Atieno Ouma was born in 1966. She holds a Bachelor of Education (Arts) from Kampala International University. She also holds Diploma in Education Management from Kenya Education Management Institute. She has over twenty years experience working in the Education sector as a teacher. She is representing Industry.</p>

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6.	<p>Mr. Fredrick Mwalo</p> 	<p>Mr. Fredrick Mwalo is a Diploma holder in Electronics Engineering from Technical University of Mombasa. He is representing I.C.T.</p>
7.	<p>Mr. Alexander Muge</p> 	<p>Mr. Alexander Muge was born on 16th August, 1990. He holds a Diploma in Architecture from Jomo Kenyatta University of Agriculture and Technology. He has over five years experience of working in the field of Architecture and Construction Technology. He is representing Engineering.</p>
8.	<p>Mdm. Celestine Mary Atieno</p>	<p>She is the director responsible for Vocational Education & Training at the County Government of Kisumu.</p>
9.	<p>Mdm. Yvonne Nyakwamba</p> 	<p>Mdm. Yvonne Nyakwamba is the Secretary of Board of Governors and also the Centre Manager. She was born on 6th September, 1969. She holds a Bachelor of Science in Clothing Textile and Interior Design from Egerton University.</p>

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III. Management Team

No.	Member/ Director	Details
1.	Centre Manager 	Mdm. Yvonne Nyakwamba is the Secretary of Board of Governors and also the Centre Manager. She was born on 6 th September, 1969. She holds a Bachelor of Science in Clothing Textile and Interior Design from Egerton University. She is in charge of the centre.
2.	Deputy Centre Manager 	Mr. Maxswel Okoth Olilo is the deputy centre manager. He was born on 14 th September, 1997. He holds a Diploma in Architecture from Eldoret Technical Training Institute & ETTI-TTC. He assists the manager to execute management duties.
3.	-	-

IV. Chairman's Statement

On behalf of the members of the management team of Sabako VTC wish to state that we are humbled by your recognition to have us serve various capacities in the facility.

The future of this country lies in the innovation and skilled labour. Today in the state of worrying joblessness our hope lies in the VTCs. The demand for skilled labour in our thriving construction industry is unmet. The demand for skilled personnel in the services industry mostly graduates of VTCs in gain rising by the day.

However, even with this glaring opportunity to succeed, either in employment or personal enterprise, our VTCs struggle to attract students. Our society has stigmatised the centres and labelled them as Sabako VTCs of those who have failed academically.

Far from it these are the current ensured drivers of national growth. These graduates of VTCs are future employers and employees and they would have the society see the potential value in what can be realized from the VTCs.

Key Development Projects

1. Construction of garment workshop
2. Construction of 2 number door pit latrine with one bathroom
3. Fencing of the compound
4. Renovation of Motor Vehicle and Food and Beverage workshops

Sabako Vocational Training Centre

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Other Projects

1. Rebranding of the institution

Tools and Equipment

1. Shelves
2. Modern tables and chairs
3. Tools and Equipment in various departments

Trainees' Enrolment

Our trainees' enrolment has steadily improved over the years to the current 160 trainees. This was achieved by B.O.G's deliberate effort in publicizing the VTC through the use of social local community, social media, posters and flyers.

Co- Curriculum Activities

1. Football boots
2. Games kits for both boys and girls
3. Volleyball net
4. Training cones
5. Balls

Partnerships

1. County Government of Kisumu

CHALLENGES

- Due to inadequate instructional workshops which are the most urgent, we find it difficult to deliver the content i.e. two classes against six offered courses.
- On accommodation, there is need for hostel, both male and female trainees as this is hindering the enrolment especially those who are coming from far.
- There is a need for constant water supplies, currently school depend only on rain catchment with one tank of 5,000 litres.
- Due to most vulnerable trainees we were having, payment of fee becomes a problem, therefore there is need for continuous subsidies to the trainees by the government for their success and to enable the school pay BOG instructors.
- There is a need for more trained teachers for quality training.
- There is urgent need for a piece of land for expansion of Sabako VTC

My prayer is that we will work together with all stakeholders to achieve the goals and challenges of Sabako VTC.

Thank you and god bless you.



.....
Elias Oganda

Chairperson

V. Report of the Centre Manager

Sabako Vocational Training Centre

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Staffing

Sabako VTC is a county government project offering employable skills to youths in various trades. The Sabako VTC is headed by the manager and 7 staff members;

S/NO	NAME	POSITION/ TRADE	EMPLOYER
1.	Yvonne Nyakwamba	Manager/ED&GM Instructor	CGK
2.	Maxswel Okoth	Deputy/ Building Instructor	BOG
3.	Mark Felix	Motor Vehicle Instructor	BOG
4.	John Okumu	Hairdressing Instructor	BOG
5.	Maurine Achieng'	Fashion Design Instructor	BOG
6.	Zablone Akatch	Electrical Instructor	BOG
7.	Evelyn Adera	Food & Beverage	BOG
8.	Kevin Odhiambo	Plumbing Instructor	BOG

The above BOG instructors are volunteers and there is a need for the county government to employ at least instructors per department being that the enrolment is keeping on increasing for proper delivery of the content.

INFRASTRUCTURE/ FACILITIES

Sabako VTC has the following existing structures;

- i. The classrooms (4 in number, staffroom and the manager's office in against seven courses we offer.
- ii. Baby care unit
- iii. The complete practical shade for MVM and Masonry
- iv. Four Door pit latrine
- v. Two Door pit latrine
- vi. Tailoring workshop

As a result of the ever increasing number of trainees and expansion in the fields of training, there is a significant strain on the available facilities hence urgent need for more facilities including:

Sabako Vocational Training Centre

Annual Report and Financial Statements for the year ended 30th June 2022

1. An administration block
2. Additional classrooms at least four (4) in number
3. Modern workshops and tools for the following courses:
 - i. Electrical and Electronics Technology
 - ii. Building Technology (Masonry and Plumbing)
 - iii. Fashion Design and Garment Making Technology (Tailoring and Dressmaking)
 - iv. Hairdressing and Beauty Therapy
 - v. Motor Vehicle Technology
 - vi. Plumbing
4. Kitchen
5. Modern Furniture
6. Modern Computers and printer
7. Dormitory for both male and female trainees.
8. Nets (Volleyball and Netball)
9. footwear

CHALLENGES

- Due to inadequate workshops which are the most urgent, we find it difficult to deliver the content i.e. 4classes against six courses offered
- On accommodation, there is need for hostel, both male and female trainees as this is hindering the enrolment especially those who are coming from far.
- There is a need for constant water supplies, currently school depend only on rain catchment with 3 tank of 5,000 litres.
- Due to most vulnerable trainees we were having, payment of fee becomes a problem, therefore there is need for continuous subsidies to the trainees by the government for their success and to enable the school pay BOG instructors.
- There is a need for more trained teachers for quality training.
- There is need of county security officers

Future Outlook

With the new strategic plan, we look forward to improving physical infrastructure of the centre and putting up key facilities for quality training.

In conclusion, I take this opportunity to thank my colleagues in the Board for supporting me in providing leadership. I also commend management and staff for working tirelessly to achieve the objectives of the centre despite the limited resources. I am confident that we will continually spare no effort to attain and surpass the targets set for the new financial year. I also appreciate the County Government of Kisumu, the community at large and all other stakeholders for supporting us.



.....
YVONNE NYAKWAMBA
Centre Manager

Sabako Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

VI. Statement of Performance against Predetermined Objectives

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

SABAKO VTC has 3 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 00- FY 00. These strategic pillars are as follows:

- Pillar 1: High Training Standards
- Pillar 2: Infrastructure Development
- Pillar 3: Trainees' Enrolment

SABAKO VTC develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The SABAKO VTC achieved its performance targets set for the FY 2021/2022 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: High Training Standards	To ensure that the institution achieves high training standards.	<ul style="list-style-type: none"> - Positive exam results - High skilled graduates. 	The staff commits itself to the effective and efficient utilization of resources to achieve high training standards.	100% in National Exams
Pillar 2: Infrastructure Development	To improve physical facilities and acquire modern tools and equipment	<ul style="list-style-type: none"> - Asset inventory 	Construction of: <ul style="list-style-type: none"> - Tailoring workshop - Baby care unit - MVM and building workshops - Toilets 	<ul style="list-style-type: none"> - Tailoring workshop constructed - Baby care unit - MVM and building workshops constructed - Toilets constructed
Pillar 3: Trainees' Enrolment	To increase the number of trainees who are ready to acquire practical	100 more trainees enrolled	Records of Enrolment: <ul style="list-style-type: none"> - Admission book - Class 	100 more trainees enrolled

Sabako Vocational Training Centre

Annual Report and Financial Statements for the year ended 30th June 2022

	competency skills		attendance register	
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VII. Corporate Governance Statement

Appointment of Board of Governors

The current BOG members were appointed in accordance with the First schedule section 28 (1) (a) and the second schedule section 1 and 2 of TVET Act No 29 of 2013 on 31st May 2019.

Membership of board of governors is as follows:

- a) A chairperson
- b) A representative of the minister/ CECM in the department responsible for technical and vocational training
- c) A representative of the county governor; and
- d) Six other persons appointed on the basis of their knowledge and experience in-
 - i. Leadership and Management
 - ii. Financial Management
 - iii. Technology
 - iv. Industry
 - v. Engineering
 - vi. Information Communication Technology

Responsibility of the Board of Governors

The board is responsible for:

1. The mission and vision of the centre
2. Promoting the aims and objectives of the centre
3. Setting strategic directions for the centre
4. Monitoring performance against strategic objectives
5. Extending links and communication between the centre and the wider community
6. Fundraising and resource mobilization

Remuneration of the Board of Governors members

The BOG members are paid a sitting allowance for every meeting attended. The sitting allowance paid to the members is disclosed in the financial statements.

The Board of Governors Meetings

The meetings of the full board are held at least once every quarter in a calendar year.

In order to facilitate the smooth running of its affairs, the BOG establishes such committees with the membership and with such terms of reference as it may deem fit.

The following committees were in place during the 2021/2022 financial year

1. Finance and Strategic Planning Committee
2. Innovation and Infrastructure Committee

Finance and strategic planning committee is responsible for the following;

- i. Overseeing the preparation and annual review of five-year rolling strategic plan

Sabako Vocational Training Centre

Annual Report and Financial Statements for the year ended 30th June 2022

- ii. Making recommendations to the BOG on annual budget in the light of the overall plan, the annual operating budgets and other relevant information.
- iii. Giving advice to the BOG on the needs of the centre as established by its plans.
- iv. Reviewing the centre's financial strategy for approval by the BOG.
- v. Dealing with strategic issues concerning financial risk management and advising the BOG appropriately.
- vi. Reviewing the centre's annual financial statements and reporting to the BOG.

VIII. Management Discussion and Analysis

Key performance during the financial year is as follows; construction of the skeleton practical shade for masonry and motor vehicle mechanics departments, security office, two door pit latrine for staff, purchase of tools and equipment for learning and instructional materials.

IX. Environmental and Sustainability Reporting Statement

Sabako VTC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives;

Sustainability strategy and profile

Sabako VTC engages the community members as casual labourers and parents participating in sensitization of the community about the benefits of technical courses and to provide the peaceful learning environment.

Environmental performance

Sabako VTC engages the community members as casual labourers and parents participating in sensitization of the community about the benefits of technical courses and to provide the peaceful learning environment.

Employee welfare

Employees' welfare is looked at through providing safety protective clothes during delivery of content, motivation through giving them priority in training their sons and daughters and motivating them in good performance in their duties.

Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- d) Product stewardship- outlines efforts to safeguard consumer rights and interests.

(The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, water and sanitation initiatives)

Corporate Social Responsibility / Community Engagements

Sabako VTC engages the community members as casual labourers and parents participating in sensitization of the community about the benefits of technical courses and to provide the peaceful learning environment.

X. Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of Sabako VTC affairs.

Principal activities

The principal activities of Sabako VTC are (continue to be)

Results

The results of Sabako VTC for the year ended June 30 are set out on page

Council/Board of Governors

The members of the Board /Council who served during the year are shown on page v above have achieved the following; mobilization of trainees which led to the increased number of enrolment, they have managed to start a new course that is Motor Vehicle Technology due to increased number of demand to that course, through their effort they managed to employ an instructor being paid by the board and finally they have managed to start lunch programme through parents involvement and to construct the security office and two door pit latrine.

The BoG through the manager, has also managed to purchase enough learning materials in MVM department.

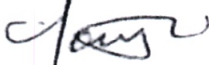
Auditors

Sabako Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

The Auditor General is responsible for the statutory audit of Sabako VTC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out audit of Sabako VTC for the year/ period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Date



22/07/2022

.....
Yvonne Nyakwamba
BOG Secretary

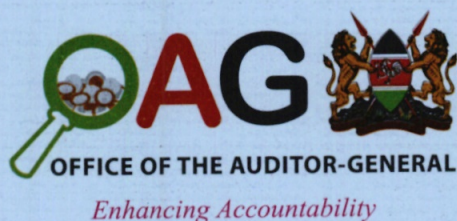
XI. Statement of Board of Governors/ Council's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and require the council members to prepare financial statements in respect of that Sabako VTC, which give a true and fair view of the state of affairs of the Sabako VTC at the end of the financial year/period and the operating results of Sabako VTC for that year/period. The Council members are also required to ensure that Sabako VTC keeps proper accounting records which disclose with reasonable accuracy the financial position of Sabako VTC. The council members are also responsible for safeguarding the assets of e Sabako VTC.

The Council members are responsible for the preparation and presentation of Sabako VTC financial statements, which give a true and fair view of the state of affairs of Sabako VTC for and as at the end of the financial year (period) ended on June 30, 2022. 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 Sabako VTC, (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 Sabako VTC, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for Sabako VTC's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and. The council members are of the opinion that Sabako VTC's financial statements give a true and fair view of the state of Sabako VTC's transactions during the financial year ended June 30, 2022, and of Sabako VTC's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for Sabako VTC, which have been relied upon in the preparation of Sabako VTC's financial statements as well as the adequacy of the systems of internal financial control.

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON SABAKO VOCATIONAL TRAINING CENTRE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sabako Vocational Training Centre set out on pages 17 to 56, which comprise of the statement of financial position

as at 30 June, 2022, the statement of financial performance, the statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Sabako Vocational Training Centre at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Presentation, Accuracy and Disclosures in the Financial Statements

Review of financial statements for the year under review revealed inaccuracies and anomalies as follows:

- i. The 2022 revised template provides that the head of finance or the finance officer include his/her Institute of Certified Public Accountants of Kenya (ICPAK) membership number in the financial statements. However, a review of the financial statements revealed that the name and ICPAK membership number for the finance officer was not included.
- ii. A review of the financial statements reveal that the prior year amounts and balances are at variance with the 2020/2021 financial statement amounts and balances.
- iii. Several pages in the financial statements have missing page numbers.
- iv. The statement of changes in net assets has not been prepared and updated with current amounts including the net surplus amount of Kshs.1,001,440 reflected in the statement of financial performance.
- v. The statement of comparison budget and actual amount did not include explanations for variances exceeding 10% of the budget as required by the annual financial reporting template for Technical Vocational Education Training (TVET) institutions, National Polytechnics and Teacher Training Colleges contrary to requirements of IPSAS 1 - Presentation of financial statements. In addition, expenditure items both budget and actual values and their totals were not indicated.

In the circumstances, the compliance with the reporting financial template, accuracy and completeness of the annual report and the financial statements could not be confirmed.

2. Non-Disclosure of Property, Plant and Equipment

Review of records revealed that the Centre was in possession of physical assets including buildings and Motor vehicles. However, Management did not prepare the PPE movement schedule and the depreciation of the assets as required. Management made no disclosure of property, plant and equipment balances in the statement of financial position and in the notes to the financial statements. In addition, Management did not provide evidence that the assets were valued by an approved valuer to ascertain their correct carrying amounts or net book values.

Further, a review of the fixed asset register maintained and a physical verification of the assets carried out during audit in July, 2023, revealed that the assets are not tagged for ease of identification and movement. The asset register omitted critical information including asset and serial numbers while the values attached to the assets was not supported, the school land on which Sabako Vocational training Centre is built does not have ownership documents while the logbooks for the motor vehicles in the possession of the Centre have not been transferred to the Centre, two (2) of which were grounded.

In the circumstances, the existence, accuracy, valuation, ownership and completeness of the property, plant and equipment could not be confirmed.

3. Non-Provision for Doubtful Debts and Audit Fees

Review of the financial statements presented for audit revealed that Sabako Vocational Training Centre did not indicate or set aside provisions for bad debts and audit fees as required by accounting policies for the preparation of financial statements for TVET institutions that should be disclosed in the statement of financial performance.

In the circumstances, the accuracy and completeness of the statement of financial performance could not be confirmed.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

1. Irregular Payment of Stipend Allowances and Casual Employees Wages

The statement of financial performance and Note 10 to the financial statements reflects an expenditure of Kshs.300,000 in respect of hire of professional. Included in this amount is expenditure in respect of stipend payments to volunteer employees engaged to assist the few staff at the Centre. However, review of payment records revealed that there were no specific rates used to pay the volunteers and the allowances varied from Kshs.5,000 to Kshs.15,000 per month contrary to Section 18 of the Employment Act, 2007 which requires that casual employees to be paid using gazette rates and regulations orders issued by the Government from time to time.

As a result, Management was in breach of the law.

2. Under-Staffing

During the year under review, the Centre had a staff establishment of twenty-four (24) for the various cadre of employees. However, the Centre had sixteen (16) employees in position resulting in a shortage of eight (8) employees. In addition, the Centre lacked key personnel such as procurement officers and a qualified accountant tasks which were undertaken by the Centre Manager contrary to Section 110(2c) of the Public Finance Management Act, 2012 which provides for segregation of duties.

As a result, the Centre was understaffed and the effectiveness of checks and balances in place could not be confirmed.

3. Delays in Appointment of a Principal

Since establishment of the Sabako Vocational Training Centre there has been no recruitment and appointment of a substantive Principal and the Institution has been under the leadership of a Centre Manager on secondment from the County Government of Kisumu contrary to the provisions of Section 30 of the Technical and Vocational Education and Training Act, 2013.

As a result, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

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

Lack of IT Controls and Weak Internal Controls

A review of the internal control system at Sabako Vocational Training Centre revealed the following weaknesses:

- i. Management did not prepare and present for approval strategic plan and risk management policy document to guide strategic direction and risk mitigation measures.
- ii. Risk assessment was not undertaken by Management to identify and address key areas of concern and document specific controls in response to identified risks.
- iii. Internal audit and audit committee were not established as provided for in the Public Finance Management Act, 2012.
- iv. Management did not establish Information Technology Strategic Committees.
- v. Management did not have in place a formal, documented, and tested disaster recovery plan.

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

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Centre's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Centre or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Centre'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

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of


effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the constituency policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the constituency to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the constituency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 September, 2023

Sabako Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022


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

Approval of the financial statements

Sabako VTC financial statements were approved by the Board on 22 July 2022 and signed on its behalf by:



.....
Elias Oganda
 Chairperson of the Board



.....
Yvonne Nyakwamba
 Centre Manager

XII. Report of the Independent Auditor on Sabako VTC

XIII. Statement of Financial Performance for the year ended 30 June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities		1,425,000.00	2,820,000.00
Grants from donors and development partners		0.00	0.00
Transfers from other levels of government		6,615,000.00	0.00
Public contributions and donations		0.00	0.00
		0.00	0.00
Revenue from Exchange transactions		0.00	0.00
Rendering of services- fees from students		0.00	0.00
Sale of goods	7	0.00	0.00
Rental revenue from facilities and equipment		0.00	0.00
Finance income		0.00	0.00
Other income		0.00	0.00
Examination		26,000.00	00.00
Total Revenue		8,066,000.00	2,820,000.00
Expenses			
Textbooks		0.00	0.00
Instructional materials	9	2,589,500.00	0.00
Electricity water and bank charges	9	4,880.00	0.00
Skills competition	9	50,000.00	0.00
Repairs and maintenance	13	2,820,180.00	620,400.00
Contracted services		0.00	0.00

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Co curriculum activities		288,000.00	0.00
Stationeries		240,000.00	0.00
Examination materials	6	548,000.00	0.00
Lunch program	7	224,000.00	0.00
Hire of professionals	10	300,000.00	480,000.00
Total Expenses		7,064,560.00	1,100,400.00
Other Gains/(Losses)			
Gain on sale of assets		0.00	0.00
Unrealized gain on fair value of investments		0.00	0.00
Impairment loss		0.00	0.00
Total Other Gains/(Losses)		1,001,440.00	0.00
Net surplus for the year		1,001,440.00	0.00
Attributable to:		0.00	0.00
Surplus/(deficit)attributable to minority interest		0.00	0.00
Surplus attributable to owners of the controlling Sabako VTC		0.00	0.00

The Financial Statements set out on pages 00 to 00 were signed by:

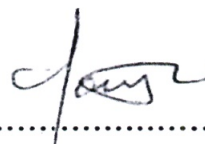


.....
Chairman of Council/Board

Date 22/07/2022

.....
Finance Officer
ICPAK No

Date 22/07/2022



.....
Centre Manager

Date 22/07/2022

Sabako Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

XIV. Statement of Financial Position as at 30th June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets	12	14,356,000.00	0.00
Cash and cash equivalents	26(a)	1,134,440.00	601,011
Current portion of receivables from exchange transactions	21/27(a)	0.00	0.00
Receivables from non-exchange transactions	22	0.00	0.00
Inventories		0.00	0.00
Investments		0.00	0.00
		0.00	0.00
Non-Current Assets			
Long term receivables from exchange transactions		0.00	0.00
Investments		0.00	0.00
Property, plant, and equipment	17	0.00	0.00
Intangible assets	17	0.00	0.00
Investment property		0.00	0.00
		0.00	0.00
		0.00	0.00
Total Assets		15,490,440.00	601,011.00
Liabilities		0.00	0.00
Current Liabilities		0.00	0.00
Trade and other payables from exchange transactions		0.00	0.00
Refundable deposits from customers		0.00	0.00
Current provisions		0.00	0.00
Finance lease obligation		0.00	0.00
Current portion of borrowings		0.00	0.00
Deferred income		0.00	0.00
Employee benefit obligation		0.00	0.00
Payments received in advance		0.00	0.00
		0.00	0.00
Non-Current Liabilities		0.00	0.00
Finance lease obligation		0.00	0.00
Deferred income		0.00	0.00
Non-Current Employee Benefit Obligation		0.00	0.00

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Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Non-Current Provisions		0.00	0.00
Borrowings		0.00	0.00
Service Concession Liability		0.00	0.00
Deferred Tax Liabilities		0.00	0.00
		0.00	0.00
Total Liabilities		0.00	0.00
Net Assets		15,490,440.00	0.00
Reserves		0.00	0.00
Accumulated Surplus		0.00	0.00
Capital Fund		0.00	0.00
Total Net Assets and Liabilities		15,490,440.00	0.00

The Financial Statements set out on pages 00 to 00 were signed by:

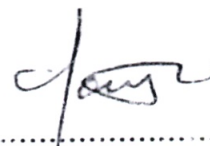


.....
Chairman of Council/Board

Date 22/07/2022

.....
Finance Officer
ICPAK No

Date 22/07/2022



.....
Centre Manager

Date 22/07/2022

XV. Statement of Changes in Net Asset for the year ended 30 June 2022

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2020	0.00	0.00	0.00	0.00	0.00
Revaluation gain	0.00	0.00	0.00	0.00	0.00
Fair value adjustment on quoted investments	0.00	0.00	0.00	0.00	0.00
Total comprehensive income	0.00	0.00	0.00	0.00	0.00
Capital/development grants received during the year	0.00	0.00	0.00	0.00	0.00
Transfer of depreciation/amortisation from capital fund to Retained earnings	0.00	0.00	0.00	0.00	0.00
At June 30, 2021	0.00	0.00	0.00	0.00	0.00
At July 1, 2021	0.00	0.00	0.00	0.00	0.00
Revaluation gain	0.00	0.00	0.00	0.00	0.00
Fair value adjustment on quoted investments	0.00	0.00	0.00	0.00	0.00
Total comprehensive income	0.00	0.00	0.00	0.00	0.00
Capital/development grants received during the year	0.00	0.00	0.00	0.00	0.00
Transfer of depreciation/amortisation from capital fund to Retained earnings	0.00	0.00	0.00	0.00	0.00
At June 30, 2022	0.00	0.00	0.00	0.00	0.00

Sabako Vocational Training Centre

Annual Report and Financial Statements for the year ended 30th June 2022

XVI. Statement of Cash Flows for the year ended 30 June 2022

Description	Note	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants		8,040,000.00	2,820,000.00
Public contributions and donations		0.00	0.00
Rendering of services- fees from students		21,000.00	0.00
Sale of goods		0.00	0.00
Rental revenue from facilities and equipment		0.00	0.00
Finance income		0.00	0.00
Other income		5,000.00	0.00
Total Receipts		8,066,000	2,820,000.00
Payments		0.00	0.00
Compensation of employees		300,000.00	480,000.00
Use of goods and services		0.00	0.00
Finance cost		0.00	0.00
Rent paid		0.00	0.00
Taxation paid		0.00	0.00
Other payments		0.00	0.00
Grants and subsidies paid		0.00	0.00
Total Payments		300,000.00	480,000.00
Net Cash Flows from operating activities		7,766,000.00	0.00
Cash flows from investing activities		0.00	0.00
Purchase of property, plant, equipment and intangible assets		0.00	0.00
Proceeds from sale of property, plant and equipment		0.00	0.00
Net cash flows used in investing activities		0.00	0.00
Cash flows from financing activities		0.00	0.00
Proceeds From Borrowing		0.00	0.00
Repayment Of Borrowings		0.00	0.00
Deposits receipts		0.00	0.00
Net cash flows used in financing activities		0.00	0.00
Net Increase/(Decrease)in Cash and Cash equivalents		0.00	0.00
Cash and Cash equivalents at 1 JULY		1,134,440.00	480,000.00
Cash and Cash equivalents at 30 JUNE		1,134,440.00	480,000.00

XVII. Sabako VTC Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2022-2021	2022-2021	2022-2021	2022-2021	2022-2021	2022-2021
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other govt entities and govt grants	4,650,000.00	1,695,000.00	1,695,000.00	0.00	0.00	0.00
Public contributions and donations	0.00	0.00	0.00	0.00	0.00	0.00
Rendering of services- fees from students	0.00	0.00	0.00	0.00	0.00	0.00
Sale of goods	0.00	0.00	0.00	0.00	0.00	0.00
Finance income	0.00	0.00	0.00	0.00	0.00	0.00
Other income	5,000.00	2,500.00	2,500.00	16,000.00	0.00	0.00
Gains on disposal, rental income and agency fees	0.00	0.00	0.00	0.00	0.00	0.00
Total Income	4,655,000.00	1,697,500.00	1,697,500.00	16,000.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Compensation of employees	0.00	0.00	0.00	0.00	0.00	0.00
Use of goods and services	0.00	0.00	0.00	0.00	0.00	0.00
Finance costs	0.00	0.00	0.00	0.00	0.00	0.00

Sabako Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

XVIII. Notes to the Financial Statements

1. General Information

Sabako VTC is established by and derives its authority and accountability from TVET Act. Sabako VTC is wholly owned by the Government of Kenya and is domiciled in Kenya. Sabako VTC's principal activity is 0.00.

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 Sabako VTC's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 00.

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

The financial statements have been prepared in accordance with the PFM Act, the TVET Act, 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 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	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 the assessment of

Sabako Vocational Training Centre

Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
	<p>the amounts, timing and uncertainty of Sabako VTC'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 Sabako VTC's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Sabako VTC if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Sabako VTC provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by Sabako VTC; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Sabako VTC's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to Sabako VTC if relevant)</i></p>

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Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <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 guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to Sabako VTC if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<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> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to Sabako VTC if relevant</i></p>
<p>IPSAS 43</p>	<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</p>

Sabako Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
	<p>the financial position, financial performance and cash flows of Sabako VTC.</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 impact of the standard to Sabako VTC if relevant</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to Sabako VTC if relevant</i></p>

iii. Early adoption of standards

Sabako VTC did not early-adopt any new or amended standards in year 2022.

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 Sabako VTC and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

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Rendering of services

Sabako VTC 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 Sabako VTC.

Interest income

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

Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on **30th June 2022**. 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 Sabako VTC upon receiving the respective approvals in order to conclude the final budget. Accordingly, Sabako VTC recorded additional appropriations on the FY 2021/2022 budget following the Council/ Board's approval.

Sabako VTC's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section *0.00* of these financial statements.

c) Taxes

Current income tax

The Sabako VTC is exempt from paying taxes as per schedule *0.00* of the *0.00* Act.

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

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

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

Notes to the Financial Statements (Continued)

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of *0.00* years.

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

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

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to Sabako VTC. 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. Sabako VTC also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that Sabako VTC 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 Sabako VTC. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

Sabako VTC expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Sabako VTC 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.

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During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

Sabako VTC assesses at each reporting date whether there is objective evidence that a financial asset or Sabako VTC of financial assets is impaired. A financial asset or an Sabako VTC of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or Sabako VTC of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

Provisions are recognized when Sabako VTC 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 Sabako VTC 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

Sabako VTC 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

Sabako VTC 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 Sabako VTC in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

Sabako VTC creates and maintains reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

Sabako VTC provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which Sabako VTC pays fixed contributions into a separate Sabako VTC (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.

o) Foreign currency transactions

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

p) Borrowing costs

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

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases

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when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

q) Related parties

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

r) Service concession arrangements

Sabako VTC 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, Sabako VTC 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, Sabako VTC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

s) Cash and cash equivalents

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

t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

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Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of Sabako VTC'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. Sabako VTC 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 Sabako VTC. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by Sabako VTC
- 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 0.00.

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).

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Notes to the Financial Statements (Continued)

6. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	0.00	0.00
Activity Fees	0.00	0.00
Industrial Attachment Fees	0.00	0.00
Examination Fees	548,000.00	0.00
Library Fees	0.00	0.00
Facilities And Materials	0.00	0.00
Registration Fees	0.00	0.00
Others (<i>Specify</i>)	0.00	0.00
Total Revenue from The Rendering Of Services	548,000.00	0.00

(Provide brief explanation for this revenue)

7. Sale of Goods

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Books	0.00	0.00
Sale of Publications	0.00	0.00
Sale of Farm Produce	0.00	0.00
Lunch program	224,000.00	0.00
Other	0.00	0.00
Total Revenue from Sale of Goods	224,000.00	0.00

(Provide brief explanation for this revenue)

8. Rental revenue from facilities and equipment

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment	0.00	0.00
Contingent Rental	0.00	0.00
Operating Lease Revenue	0.00	0.00
Total	0.00	0.00

(Provide brief explanation for this revenue)

Sabako Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

9. Use Of Goods And Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	2,589,500.00	1,128,000.00
Industrial attachment costs	0.00	0.00
Electricity	4,880.00	235,000.00
Water	0.00	0.00
Security	0.00	0.00
Professional and consultancy services	300,000.00	0.00
Subscriptions	0.00	0.00
Advertising	0.00	0.00
Examination fees	0.00	0.00
Audit fees	0.00	0.00
Catering, conferences, and delegations	0.00	0.00
Travelling and accommodation	0.00	94,000.00
Fuel and oil	0.00	0.00
Insurance	0.00	0.00
Legal expenses	0.00	0.00
Licenses and permits	0.00	0.00
Postage	0.00	0.00
Printing and stationery	0.00	0.00
Hire charges	0.00	0.00
Rent expenses	0.00	0.00
Skills development levies	50,000.00	178,600.00
Telephone expenses	0.00	0.00
Internet expenses	0.00	0.00
Training expenses	0.00	0.00
Other (<i>specify</i>)	0.00	0.00
Total good and services	6,326,560	1,635,600.00

Sabako Vocational Training Centre
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Notes to the Financial Statements (Continued)

10. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	300,000.00	480,000.00
Employee related costs-contributions to pensions and medical aids	0.00	0.00
Travel, motorcar, accommodation, subsistence and other allowances	0.00	0.00
Housing benefits and allowances	0.00	0.00
Overtime payments	0.00	0.00
Performance and other bonuses	0.00	0.00
Social contributions	0.00	0.00
Employee Costs	300,000.00	480,000.00

11. Board/Council Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	0.00	0.00
Directors Emoluments	0.00	0.00
Other Allowances	0.00	0.00
Other Board/Council Expenses	0.00	0.00
Total	0.00	0.00

12. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Furniture	296,500.00	0.00
Computers	145,000.00	0.00
Structures	12,660,000.00	0.00
Machinery and Equipment	1,254,500.00	0.00
Total depreciation and amortization	14,356,000.00	0.00

13. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	2,820,180.00	620,400.00
Investment property-earning rentals	0.00	0.00
Equipment and machinery	0.00	0.00
Vehicles	0.00	0.00

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Furniture and fittings	0.00	0.00
Computers and accessories	0.00	0.00
Total Repairs and Maintenance	2,820,180.00	620,400.00

Notes to the Financial Statements (Continued)

14. Contracted Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Actuarial valuations	300,000.00	480,000.00
Investment valuations	0.00	0.00
Property valuations	0.00	0.00
Total contracted services	300,000.00	480,000.00

15. Grants and Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Community Development	0.00	0.00
Education Initiatives and Programs	0.00	0.00
Social Development	0.00	0.00
Community Trust	0.00	0.00
Sporting Bodies	0.00	0.00
Total Grants and Subsidies	0.00	0.00

16. Finance Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Borrowings (Amortized Cost)*	0.00	0.00
Finance Leases (Amortized Cost)	0.00	0.00
Unwinding of Discount	0.00	0.00
Interest on Bank Overdrafts	0.00	0.00
Interest on Loans from Commercial Banks	0.00	0.00
Total Finance Costs	0.00	0.00

(*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.)

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17. Gain On Sale of Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	0.00	0.00
Intangible Assets	0.00	0.00
Other Assets not capitalised	0.00	0.00
Total Gain On Sale of Assets	0.00	0.00

Notes to the Financial Statements (Continued)

18. Unrealized Gain on Fair Value Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value	0.00	0.00
Total Gain	0.00	0.00

19. Impairment Loss

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	0.00	0.00
Intangible Assets	0.00	0.00
Total Impairment Loss	0.00	0.00

20. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	0.00	0.00
On - Call Deposits	0.00	0.00
Fixed Deposits Account	0.00	0.00
Staff Car Loan/ Mortgage	0.00	0.00
Others (KCB: 1225149169, 1233891081)	1,134,440.00	0.00
Total Cash and Cash Equivalents	1,134,440.00	0.00

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

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Notes to the Financial Statements (Continued)

21. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	0.00	0.00
Rent Debtors	0.00	0.00
Consultancy Debtors	0.00	0.00
Other Exchange Debtors	0.00	0.00
Less: Impairment Allowance	0.00	0.00
Total Current Receivables	0.00	0.00

Notes to the Financial Statements (Continued)

22. Receivables from Non-Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capitation Grants*	0.00	0.00
Transfers from Other Govt. entities	0.00	0.00
Undisbursed Donor Funds	0.00	0.00
Other Debtors (Non-Exchange Transactions)	0.00	0.00
Less: Impairment Allowance	0.00	0.00
Total Current Receivables	0.00	0.00

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	0.00	0.00
Additional provisions during the year	0.00	0.00
Recovered during the year	0.00	0.00
Written off during the year	0.00	0.00
At the end of the year	0.00	0.00

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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). These amounts were adopted in the financial statements on 0.00.

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	0.00	0.00	0.00
Buildings	0.00	0.00	0.00
Plant And Machinery	0.00	0.00	0.00
Property, Plant and Equipment	0.00	0.00	0.00
Office Equipment, Furniture, And Fittings	0.00	0.00	0.00
Total	0.00	0.00	0.00

23. Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At beginning of the year	0.00	0.00
Additions	0.00	0.00
At end of the year	0.00	0.00
Additions—internal development	0.00	0.00
At end of the year	0.00	0.00
Amortization and impairment		
At beginning of the year	0.00	0.00
Amortization	0.00	0.00
At end of the year	0.00	0.00
Impairment loss	0.00	0.00
At end of the year	0.00	0.00
NBV	0.00	0.00

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Notes to the Financial Statements (Continued)

24. Investment Property

Description	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year	0.00	0.00
Additions	0.00	0.00
Disposal during the year	0.00	0.00
Depreciation	0.00	0.00
Impairment	0.00	0.00
At end of the year	0.00	0.00

(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).

25. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	0.00	0.00
Fees paid in advance	0.00	0.00
Salary deductions	0.00	0.00
Third-Party Payments	0.00	0.00
Other Payables	0.00	0.00
Total Trade and Other Payables	0.00	0.00

26. Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumer deposits	0.00	0.00
Caution money	0.00	0.00
Other refundable deposits	0.00	0.00
Total Deposits	0.00	0.00

Sabako Vocational Training Centre
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

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

		2021-2022	2020-2021
Financial Institutions	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1225149169, 1233891081	1,134,440.00	0.00
Equity Bank, etc.		0.00	0.00
Sub- Total		1,134,440.00	0.00
b) On - Call Deposits			
Kenya Commercial Bank		0.00	0.00
Equity Bank – etc.		0.00	0.00
Sub- Total		0.00	0.00
c) Fixed Deposits Account			
Kenya Commercial Bank		0.00	0.00
Bank B		0.00	0.00
Sub- Total		0.00	0.00
d) Staff Car Loan/ Mortgage			
Kenya Commercial Bank		0.00	0.00
Bank B		0.00	0.00
Sub- Total		0.00	0.00
e) Others(Specify)		0.00	0.00
Cash in Transit		0.00	0.00
Cash in Hand		0.00	0.00
Mobile Money account		0.00	0.00
Sub- Total		0.00	0.00
Grand Total		1,134,440.00	0.00

Sabako Vocational Training Centre
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Notes to the Financial Statements (Continued)

27. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	
Balance at The Beginning Of The Year	0.00	0.00	0.00	0.00	0.00
Additional Provisions	0.00	0.00	0.00	0.00	0.00
Provision Utilised	0.00	0.00	0.00	0.00	0.00
Change Due To Discount And Time Value For Money	0.00	0.00	0.00	0.00	0.00
Transfers From Non -Current Provisions	0.00	0.00	0.00	0.00	0.00
Total Provisions	0.00	0.00	0.00	0.00	0.00

28. Finance Lease Obligation

Description	2021-2022	2020-2021
	Kshs	Kshs
At the start of the year	0.00	0.00
Discount interest on Lease Liability	0.00	0.00
Paid during the year	0.00	0.00
At end of the year	0.00	0.00

Maturity Analysis

Period	Amount
	Kshs
Year 1	0.00
Year 2	0.00
Year 3	0.00
Year 4	0.00
Year 5 and Onwards	0.00
Less: Unearned Interest	0.00
	0.00

**Sabako Vocational Training Centre
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Notes to the Financial Statements (Continued)

Analysed as:

Description	Amount
	Kshs
Current	0.00
Non- Current	0.00
Total	0.00

29. Deferred Income

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government	0.00	0.00
International Funding Bodies	0.00	0.00
Public Contributions and Donations	0.00	0.00
Total Deferred Income	0.00	0.00

The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contribution and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	0.00	0.00	0.00	0.00
Additions during the year	0.00	0.00	0.00	0.00
Transfers to capital fund	0.00	0.00	0.00	0.00
Transfers to income statement	0.00	0.00	0.00	0.00
Other transfers	0.00	0.00	0.00	0.00
Balance carried forward	0.00	0.00	0.00	0.00

Analysed as:

Description	Amount
	Kshs
Current	0.00
Non- Current	0.00
Total	0.00

Sabako Vocational Training Centre
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Notes to the Financial Statements (Continued)

30. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0.00	0.00	0.00	0.00	0.00
Non-Current Benefit Obligation	0.00	0.00	0.00	0.00	0.00
Total Employee Benefits Obligation	0.00	0.00	0.00	0.00	0.00

Retirement benefit Asset/ Liability

Sabako VTC operates a defined benefit scheme for all full-time employees from July 1, 20xx. The scheme is administered by 0.00 while 0.00 are the custodians of the scheme. The scheme is based on 0.00 percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at 0.00 June 0.00 by 0.00 actuarial values 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	2021-2022	2020-2021
	Kshs	Kshs
Discount Rates	0.00%	0.00%
Future Salary Increases	0.00%	0.00%
Future Pension Increases	0.00%	0.00%
Mortality (Pre- Retirement)	0.00%	0.00%
Mortality (Post- Retirement)	0.00%	0.00%
Withdrawals	0.00	0.00
Ill Health	0.00	0.00
Retirement	0.00years	0.00 years

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Notes to the Financial Statements (Continued)

Recognition of Retirement Benefit Asset/ Liability

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

	2021-2022	2020-2021
Description	Kshs	Kshs
The return on defined plan assets	0.00	0.00
Actuarial gains/ losses arising from changes in demographic assumptions	0.00	0.00
Actuarial Gains/ Losses Arising From changes In Financial Assumptions	0.00	0.00
Actuarial gains and losses arising from experience adjustments	0.00	0.00
Others (<i>specify</i>)	0.00	0.00
Adjustments for restrictions on the defined benefit asset	0.00	0.00
Re-measurement of the net defined benefit liability (asset)	0.00	0.00

b) Amounts recognised in the Statement of Financial Position

	2021-2022	2020-2021
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	0.00	0.00
Fair value of plan assets(b)	0.00	0.00
Funded status(=a-b)	0.00	0.00
Restrictions on asset recognised	0.00	0.00
Others	0.00	0.00
Net asset or liability arising from defined benefit obligation	0.00	0.00

Sabako VTC also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. Sabako VTC's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 0.00 per employee per month. Other than NSSF Sabako VTC also has a defined contribution scheme operated by 0.00 Pension Fund. Employees contribute 0.00% while employers contribute 0.00% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

Sabako Vocational Training Centre
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31. Financial Risk Management

Sabako VTC'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.

Sabako VTC's financial risk management objectives and policies are detailed below:

(i) Credit risk

Sabako VTC 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

Notes to the Financial Statements (Continued)

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 Sabako VTC'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 2021				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2022				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00

Sabako Vocational Training Centre
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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Total	0.00	0.00	0.00	0.00

(NE: The totals column should tie to the individual elements of credit risk disclosed in Sabako VTC's statement of financial position)

44. Financial Risk Management (Continued)

(i) Credit risk (continued)

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

Sabako VTC has significant concentration of credit risk on amounts due from 0.00

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

(ii) Liquidity risk management

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

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Notes to the Financial Statements (Continued)

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	0.00	0.00
Usd	10%	0.00	0.00
20xx			
Euro	10%	0.00	0.00
Usd	10%	0.00	0.00

b) Interest rate risk

Interest rate risk is the risk that Sabako VTC'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 Sabako VTCs that offer favourable interest rates.

44 Financial Risk Management (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

Sabako VTC 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 0.00 (2022: Kshs0.00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0.00 (2022 – Kshs 0.00)

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Notes to the Financial Statements (Continued)

IV) Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	0.00	0.00
Retained Earnings	0.00	0.00
Capital Reserve	0.00	0.00
Total Funds	0.00	0.00
Total Borrowings	0.00	0.00
Less: Cash and Bank Balances	0.00	0.00
Net Debt/(Excess Cash and Cash Equivalents)	0.00	0.00
Gearing	0.00%	0.00%

32. Related Party Balances

Nature of related party relationships

Entities and other parties related to Sabako VTC 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 Sabako VTC, holding 100% of Sabako's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of Sabako VTC, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) 0.00;
- iv) 0.00;
- v) 0.00;
- vi) Key management;
- vii) Board of directors;

**Sabako Vocational Training Centre
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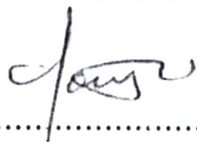
**XIX. Appendices
Appendix 1: Implementation Status of Auditor-General Recommendations**

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)

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 Sabako VTC 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.



.....
Yvonne Nyakwamba
Accounting Officer
(Centre Manager)
Date 22/07/2022

Sabako Vocational Training Centre
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Appendix II: Projects Implemented by Sabako VTC

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-Sabako VTC Confirmation Letter

DEPARTMENT OF EDUCATION, TECHNICAL TRAINING, INNOVATION AND SOCIAL SERVICES
 DIRECTORATE OF TECHNICAL TRAINING, INNOVATION
 KISUMU COUNTY
 SABAKO VOCATIONAL TRAINING CENTRE
 P.O BOX 93-40131, KISUMU
 Email: sabakovtc@gmail.com

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 2022 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 Sabako VTC as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022				Amount Received by [beneficiary Sabako VTC] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	17-march-2021					1,425,000.00	
	9 th July, 2021					3,225,000.00	
	7 th -jan -2022					1,695,000.00	
	28 th -march-2022					1,695,000.00	
Total						8,040,000	

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

Head of Accountants department of beneficiary Sabako VTC:

Name Yvonne Nyakwamba

Sign.....Date 22/07/2022

Appendix IV: Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

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

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