

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY

DATE: 15 AUG 2023

TUESDAY

TABLED  
BY:

Hon Kimani Ichungwanyi  
Leader, majority party

CLERK-AT  
THE-TABLE:

Inzohi mwate

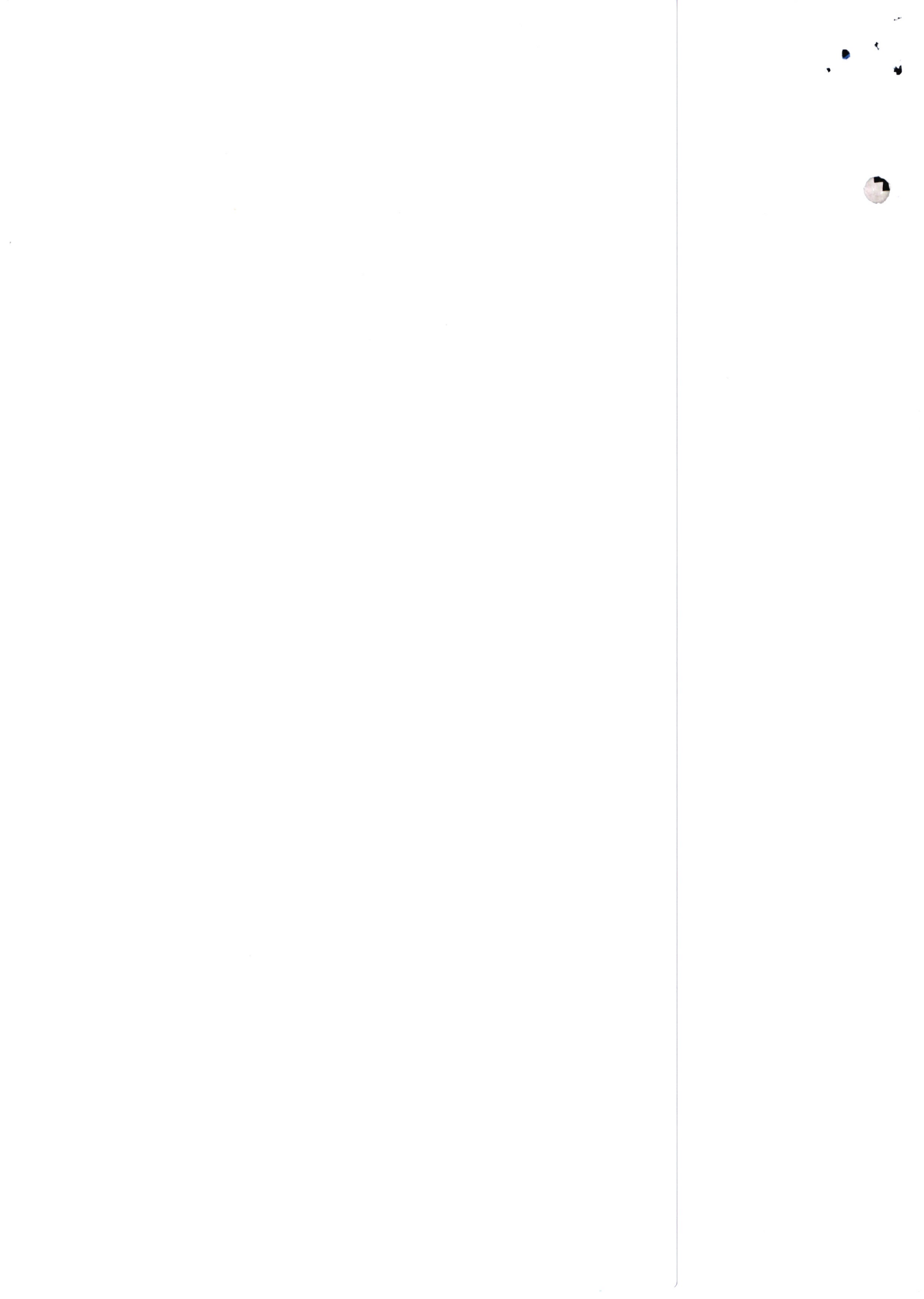
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**THE AUDITOR-GENERAL**

**ON**

**OBWOLO VOCATIONAL TRAINING  
CENTRE**

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





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*(Indicate actual name of the TVET/National Polytechnic/Teachers Training college)*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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**I. Key Entity Information and Management**

**(a) Background information**

Obwolo Vocational Training Centre was founded in 2020, and is currently under the County Government of Kisumu, Directorate of Vocational Education & Training. The centre has registered by TVETA under TVET Act, 2013 section 20(1) hence waiting certificate of registration.

**Courses offered**

1. Electrical installation
2. Fashion Design and Garment Making
3. Hair dressing and beauty therapy
4. Welding and fabrication

**(b) Principal Activities**

- Skills training
- Skills development

**Vision**

- *To be the leading vocational training provider in kenya*

**Mission**

- *To impact youths with skills, knowledge, and morals for employability*

**Objectives**

- Production of highly skilled labour for the market.
- Ensure compliance with the Technical and Vocational Education and Training Act, 2013, and other relevant statutory and safety requirements.

**(c) Key Management**

The *centre* day-to-day management is under the following key organs:

- Board of Governors
- County Directorate
- Centre Management

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 a who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM	-Mr. John Obiero Awiti
2.	Chief Officer	-Mrs. Penina Onyango
3.	Director	-Mrs. Paschalia Ouma
4.	Centre Manager	-Mrs Jane Masawa
5.	BOG chairman	-Mr George Ogada Achieng

**(e) Fiduciary Oversight Arrangements**

- *County Executive*
- *Audit committee activities*
- *Development partner oversight activities*

**KEY ENTITY INFORMATION AND MANAGEMENT**

**(f) Entity Headquarters**

P.O. Box 510-40100 Kisumu  
Tel 0716141679

KENYA

**(g) Entity Contacts**

E-mail: obwolovtc@gmail.com

**(h) Entity Bankers**

1. Kenya Commercial Bank Limited  
P.O.Box 2640-40100  
Kisumu





**(i) Independent Auditors**

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


**(J) Principle legal Adviser**

The Attorney General

**THE BOARD OF GOVERNORS**

<p>1. Mr .George Ogada Achieng</p>	<p>Chairperson of the Board of Governors</p>
<p>2. Mr Andrew Olang</p> 	<p>He is the finance Representative</p>
<p>3. Mr Erick Ochanjo</p>	<p>Industry Representative</p>
<p>4. Mr Emmanuel Odhiambo</p> 	<p>ICT Representative</p>
<p>5. Mr. Joseph Olwa</p>	<p>Technology representative</p>
<p>6. Mr.Stephen Chianga</p> 	<p>Engineering Representative</p>
<p>7.</p>	
<p>8. Mrs Robina Khajira</p>	<p>Leadership and Management Representative</p>
<p>9. Mrs Paschalia Ouma</p> 	<p>Director VET</p>

**OBWOLO VOCATIONAL TRAINING CENTRE****Annual Report and Financial Statements for the year ended 30th June 2022**

10. Mr. Jeffery James	Sub-County Administrator
11. Mrs Jane Masawa 	Secretary to the Board of Governors-

**MANAGEMENT TEAM**

No.	Member/ Director	Details
1.	Centre Manager	Overall in charge of the centre
2.	Deputy Centre manager	In charge of training
3.	Heads of Department	In charge of respective departments
<i>(Note: The Principal and the Secretary to the Council/ BoG will feature both under the 'Board' and 'Management').</i>		

## **BOG CHAIRMAN'S STATEMENT**

I feel humbled to present to the Annual Report and Financial Statements of Obwolo vocational training centre for the financial year ended 30th June 2022. This annual re-port helps us to reflect on our performance for the year giving us an opportunity to identify the gaps to enable the institution make improvements.

The year 2021/2022 financial performance was achieved through concerted effort by the board of management and the entire staff of Obwolo VTC. Obwolo VTC has made progress since its establishment last year 2020 despite being a young institution. We are in the process of developing a 3-year strategic plan aimed at providing us with a road map and strategies for further sustainable development in the future. As a Board and with the consultation of a wide array of stakeholders, we felt the need to put in place a general framework that would guide and direct the institution's development agenda and priority areas over the longer term in order to effectively and swiftly respond to the ever changing technology in education and training.

### **CHALLENGES**

Our most pressing challenges are;


- Inadequate infrastructural development.
- Inadequate staffing.
- Inadequate modern tools and equipment.

I take this opportunity to hail the consultative and participatory approach embraced by this strategic plan and appreciate the input of all our stakeholders in developing the same. These include the BOG, manager, instructors, National government and County Government of Kisumu, our sponsors, area leaders, and members of the community, non-teaching staff and trainees of ObwoloVTC among others.

### **Future expectations**

With the new Strategic plan in place, 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 the 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 this new Vocational Training Centre.



**George Ogada Achieng**  
**Chairperson**

## **REPORT OF THE CENTRE MANAGER**

I thank Our Lord Jesus Christ to see our institution come to the end of its first financial year since its inception. The financial year/2020/2021 had unique challenges including Covid 19 pandemic among others

### **STAFF ESTABLISHMENT**

There is 1 County Government-employed instructor, three BOG volunteer instructors who are being given a token to appreciate and motivate their work for the community.

### **Staff Shortage**


Currently we have a shortage of instructors as follows:

<b>NO.</b>	<b>Course</b>	<b>Deficit</b>
1.	Electrical installation	1
2.	Fashion Design & Garment Making	1
3.	Hair dressing and beauty therapy	1
4.	Welding and fabrication	1

### **Challenges**

- Inadequate infrastructure  
Lack of theory classrooms and modern workshops for training
- Inadequate staffing.  
The quality training has been affected by understaffing
- Untimely disbursement of funds from the County governments, which greatly disrupt our training programs.  
This has affected the timely procurement of goods and services as well as honouring supplier commitments.
- Inadequate modern tools and equipment.  
This has compromised the quality and quantity of training.

I take this opportunity to thank all stake holders for their support in helping us to achieve our great mission and vision



Jane A Masawa  
Centre Manager



**REVIEW OF OBWOLO VTC PERFORMANCE FOR FY 2021/2022**

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

*OBWOLO VTC* has 2 strategic pillars and objectives within its Strategic Plan for the FY 2021/2022- 2022/2023. These strategic pillars are as follows:

- Pillar 1: To Increase trainee enrolment
- Pillar 2: To increase the number of trainees graduating from the institution

*OBWOLO VTC* develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *OBWOLO VTC* achieved its performance targets set for the FY 2021/2022 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:		To Increase the number of trainees enrolment from 20 to 25	trainees increase	Community Sensitization	Trainees increase
Pillar 2:		To increase the number of trainees graduating from the institution from 1 to 5	more trainees graduate	Internal/external exams	more trainees graduate

**CORPORATE GOVERNANCE STATEMENT****Appointment of Board of Governors members**

The current BoG members were appointed in accordance with First schedule Section 28(1)(a) and the Second Schedule section 1 & 2 of TVET Act No 29 of 2013 on 31<sup>st</sup> May 2019

Membership of the 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

Six other persons appointed on the basis of their knowledge and experience in—

- 1) Leadership and management;
- 2) Financial management;
- 3) Technology;
- 4) Industry;
- 5) Engineering;
- 6) Information communication technology.

#### **Responsibility of the Board of Management**

The board is responsible for;

- 1) The making of 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 three times in a financial year calender. 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.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

ICT department is to established in the next financial year with the aim of increasing trainee enrolment. The department will also houses a modern ict that will be open to members of the public for income generation.

## **REPORTINGS**

*OBWOLO 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, which is founded on 2 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar*

**1. Employee welfare**

*The staff are motivated by providing conducive environment*

**2. Community Engagements-**

*OBWOLO VTC engages the community members as casual labourers*

## **REPORT OF THE BOARD OF GOVERNORS**

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

### **Principal activities**

The principal activity of Obwolo vtc is training

### **Results**

The results of Obwolo vtc for the year ended June 30, 2022 are set out on page ix

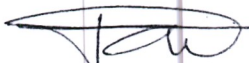
## **BOARD OF GOVERNORS**

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

### **Auditors**

The Auditor General is responsible for the statutory audit of the *obwolo vtc* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *entity* 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



.....  
**Secretary of the Board/Council**

**Nairobi**

**Date:**

**STATEMENT OF BOARD OF GOVERNORS**

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

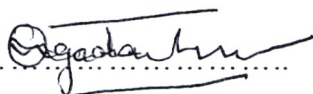
The council members are responsible for the preparation and presentation of the *centres* financial statements, which give a true and fair view of the state of affairs of Obwolo for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining 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 the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *obwolo 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 the *obwolo's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the TVET Act* of 2013. The council members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *Obwolo's* transactions during the financial year ended June 30, 2022, and of the *obwolo's* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for *obwolo*, which have been relied upon in the preparation of the *obwolo's* financial statements as well as the adequacy of the systems of internal financial control.


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

**Approval of the financial statements**

The *Obwolo's* financial statements were approved by the Board on 29<sup>nd</sup> July 2022 and signed on its behalf by:

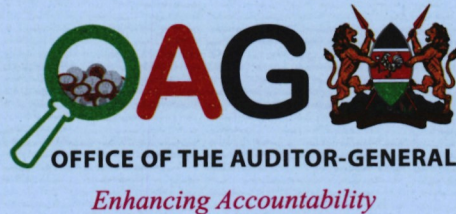


**Mr. George Ogada Achieng**  
**Chairperson of the Board/Council**



**Mrs Jane Masawa**  
**Accounting Officer/Principal**

# REPUBLIC OF KENYA



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

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

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### PREAMBLE

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

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

#### Disclaimer of Opinion

I have audited the accompanying financial statements of the Obwolo Vocational Training Centre set out on pages 1 to 54, which comprise of the statement of financial performance, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies

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*Report of the Auditor-General on Obwolo Vocational Training Centre for the year ended 30 June, 2022*

and other explanatory information in accordance with provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for Disclaimer of Opinion**

#### **1. Incomplete Financial Statements.**

The statement of financial position and the statement of changes in net assets were not prepared. Further, the Centre did not keep a fixed asset register but instead, an assets inventory with no values was provided during the audit. In addition, the paging of the financial statement is not consistent since some numbers appear more than once.

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

#### **2. Non-compliance with the Reporting Template on Presentation and Disclosure in the Annual Report and Financial Statements**

The annual report and financial statements presented for audit had the following anomalies;

- i. The cover page of the financial statements contained some guiding notes.
- ii. The profile of each director was not provided in the Board of Director's section of the report as required.
- iii. The statement of performance against predetermined objectives for the year was not prepared. Consequently, information on the performance against the strategic objectives of the organization, outlining the strategic pillars, activities towards their achievement and outputs under each strategic pillar which should also briefly outline how they have tied achievements to performance contracts has not been disclosed.
- iv. The principal's report has not mentioned the students' performance and trend enrolment analysis and report.
- v. Under Corporate Governance statement, the number of Board meetings has not been indicated and their respective appointment dates.
- vi. Under the Management discussion analysis, the entity has not provided, a report on compliance with statutory requirements and major risks facing the institution.
- vii. The statement of financial performance reflects notes which are not consistent with the financial statements.
- viii. The financial statements have not indicated the ICPAK number of the accountant.

In the circumstances, the annual report and financial statements are not fairly presented in accordance with the template prescribed by the Public Sector Accounting Standards Board.

### 3. Non-Provision of a Ledger and Trial Balance

Management did not provide a trial balance and ledger to support the balances in the financial statements.

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

### 4. Understated Revenue

The statement of financial performance reflects transfers from other levels of government of Kshs.450,000. However, review of records provided for audit revealed that the Centre received total amount of Kshs.930,000 during the year resulting in an unreconciled variance of Kshs.480,000.

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

### 5. Unsupported Expenditure

The statement of financial performance reflects use of goods and services of Kshs.707,934. However, supporting documents such as list of prequalified suppliers, quotations, local purchase orders and local service orders, evaluation reports, stores receipt vouchers and store issue vouchers were not provided for audit review.

Date	Cheque No.	Amount (Kshs.)	Comments
10/8/2021	4	66,000	Quotations and LPO not provided.
15/07/2021	3	13,000	Quotations and LPO not provided.
3/1/2022	15	98,000	Quotations and LPO not provided.
12/5/2022	26	15,000	Quotations and LPO not provided.
4/1/2022	17	90,000	Quotations and LPO not provided.
3/11/2021	7	20,850	No requisition provided.
21/2/2022	14	100,000	No requisition provided.
15/02/2022	19	46,300	No requisition provided.
3/5/2022	21	25,000	No requisition provided.
12/1/2021	9	18,285	No quotation from from KP&L and no receipts for payment.
20/12/2021	10	4,500	Wiring of the office-no receipts and requisition.
5/1/2022	22	170,000	To be reclassified to assets, no requisition, no LPO, delivery does not show what was delivered for instruction materials.
<b>Total</b>		<b>666,935</b>	

Further, the Management reported Kshs.707,934 under use of goods and services. However, examination of the records revealed that this includes cost of repairs and maintenance of Kshs.214,935 resulting to overstatement by Kshs.492,999 as shown below:

In the circumstances, the accuracy and completeness of the expenditure could not be confirmed.

#### **6. Lack of a Payroll**

The statement of financial performance reflects employees' costs of Kshs.135,000. However, the Centre did not maintain a payroll during the year.

In the circumstances, the accuracy and completeness of employees' costs of Kshs.135,000 could not be confirmed.

#### **7. Failure to Disclose and Include Board Allowances**

The Management did not make any budgetary provision for Board allowances during the year under review. Further, the same was not reflected in the statement of financial performance. However, examination of the vouchers revealed that the Centre incurred a total of Kshs.56,000 as allowances to the Board of Management.

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

#### **8. Lack of Board Charter**

During the year under review, the Centre did not have a Board Charter as required by Chapter 1 of the Mwongozo Code of Governance for State Corporation which provides that the Board should develop and adopt a Board Charter.

In the circumstances, Management was in breach of the Mwongozo Guideline.

#### **9. Failure to Establishment an Internal Audit Function**

The Centre does not have an internal audit function in place contrary to Section 73(1) of the Public Finance Management Act, 2012 which provides that every National Government entity shall ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

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

#### **10. Lack of an Audit Committee**

The Centre had not established an Audit Committee contrary to Section 73(5) of the Public Finance Management Act, 2012 which provides that; every National Government public entity shall establish an Audit Committee whose composition and functions shall be as prescribed by the regulations.

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

### **11. Lack of Approved ICT Policy and IT Strategic Committee**

The Institution did not have in place an approved ICT policy, and an ICT strategic committee, a data security management policy or an approved back up policy. Further, there was no officer in charge of ICT. In the absence of ICT strategy, ICT Policy and robust back up plans, the Institution is exposed to possible loss of data, resources and disruption of operations in case of a disaster or calamity. This is contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015 which states that Accounting Officers shall ensure that the national government entity develops risk management strategy which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, Management was in breach of law.

### **12. Weakness in the Human Resource Department**

Review of the human resource department revealed the following gaps:

- i) Lack of staff establishment to show optimum number of staff required to run the institution.
- ii) Lack of a human resource policy to guide the institution human resource matters.
- iii) The institution also does not have key employees apart from the Center manager who is also an instructor. The Centre depends on two volunteer instructors.

In the circumstances, the institution may not be able to realize its mandate given the inadequacies in the human resources.

In the circumstances, in the absence of the key departmental heads, key documents and guidelines on how to mitigate operational, legal and financial risks such as assessing the likelihood or occurrence of risk, estimating the significance of risks, identifying business risks relevant to financial reporting objectives and deciding about actions to address those risks could not be achieved.

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

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### **Responsibilities of Management and the Board of Directors**

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

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

The Board of Directors is 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**

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal controls, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Obwolo 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.

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**11 July, 2023**

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

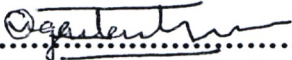
Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	xxx	xxx
Grants from donors and development partners	7	xxx	xxx
Transfers from other levels of government county	8	450,000	xxx
Public contributions and donations	9	xxx	xxx
		<b>450,000</b>	<b>xxx</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	10	xxx	xxx
Sale of goods	11	xxx	xxx
Rental revenue from facilities and equipment	12	xxx	xxx
Finance income	13	xxx	xxx
Other income	14	xxx	xxx
<b>Revenue from Exchange transactions</b>		<b>xxx</b>	<b>xxx</b>
<b>Total Revenue</b>		<b>xxx</b>	<b>xxx</b>
<b>Expenses</b>			
Use of goods and services	15	707,934	xxx
Employee costs	16	135,000	xxx
Board /Council Expenses	17	xxx	xxx
Depreciation and amortization expense	18	xxx	xxx
Repairs and maintenance	19	xxx	xxx
Contracted services	20	xxx	xxx
Grants and subsidies	21	xxx	xxx
Finance costs	22	xxx	xxx
<b>Total Expenses</b>		<b>842,934</b>	<b>xxx</b>
<b>Other Gains/(Losses)</b>			
Gain on sale of assets	23	xxx	xxx
Unrealized gain on fair value of investments	24	xxx	xxx
Impairment loss	25	(xxx)	(xxx)
<b>Total Other Gains/(Losses)</b>		<b>xxx</b>	<b>xxx</b>
<b>Net surplus for the year</b>		<b>84,698.10</b>	<b>xxx</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		xxx	(xxx)
Surplus attributable to owners of the controlling entity		xxx	xxx
		<b>xxx</b>	<b>xxx</b>

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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*(The notes set out on pages x to xx form an integral part of the Annual Financial Statements).*

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

  
.....

**Chairman of Council/Board**

**Date**

.....

**Finance Officer**

**ICPAK No**

**Date**

  
.....

**Principal**

**Date**

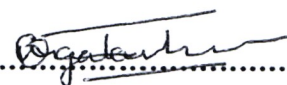
III. Statement of Financial Position as at 30th June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	26		xxx
Current portion of receivables from exchange transactions	27(a)	xxx	xxx
Receivables from non-exchange transactions	28	xxx	xxx
Inventories	29	xxx	xxx
Investments	30	xxx	xxx
		xxx	xxx
<b>Non-Current Assets</b>			
Long term receivables from exchange transactions	27(b)	xxx	xxx
Investments	30	xxx	-
Property, plant, and equipment	31	xxx	xxx
Intangible assets	32	xxx	xxx
Investment property	33	xxx	xxx
		xxx	xxx
<b>Total Assets</b>		<b>xxx</b>	<b>xxx</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	34	xxx	xxx
Refundable deposits from customers	35	xxx	xxx
Current provisions	36	xxx	xxx
Finance lease obligation	37	xxx	xxx
Current portion of borrowings	41	xxx	xxx
Deferred income	38	xxx	xxx
Employee benefit obligation	39	xxx	xxx
Payments received in advance		xxx	xxx
		xxx	xxx
<b>Non-Current Liabilities</b>			
Finance lease obligation	37	xxx	xxx
Deferred income	38	xxx	xxx
Non-Current Employee Benefit Obligation	39	xxx	xxx
Non-Current Provisions	40	xxx	xxx

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Borrowings	41	xxx	xxx
ServiceConcessionLiability	42	xxx	xxx
DeferredTaxLiabilities	49	xxx	xxx
		xxx	xxx
<b>TotalLiabilities</b>		<b>xxx</b>	<b>xxx</b>
<b>NetAssets</b>		<b>xxx</b>	<b>xxx</b>
Reserves		xxx	xxx
AccumulatedSurplus		xxx	xxx
Capital Fund		xxx	xxx
<b>TotalNetAssetsandLiabilities</b>		<b>xxx</b>	<b>xxx</b>

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

  
 .....


**Chairman of Council/Board**

**Date**

**Finance Officer**

**ICPAK No**

**Date**

  
 .....

**Principal**

**Date**

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes to the Financial Statements (Continued)**

**16. Employee Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	135,000	xxx
Employee related costs-contribution to pensions and medical aids	xxx	xxx
Travel, motor car, accommodation, subsistence and other allowances	xxx	xxx
Housing benefits and allowances	xxx	xxx
Overtime payments	xxx	xxx
Performance and other bonuses	xxx	xxx
Social contributions	xxx	xxx
<b>Employee Costs</b>	<b>135,000</b>	<b>xxx</b>

**17. Board/Council Expenses**

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	xxx	xxx
Directors Emoluments	xxx	xxx
Other Allowances	xxx	xxx
Other Board/Council Expenses	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**18. Depreciation and Amortization expense**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	xxx	xxx
Intangible assets	xxx	xxx
Investment property carried at cost	xxx	xxx
<b>Total depreciation and amortization</b>	<b>xxx</b>	<b>xxx</b>

**19. Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	xxx	xxx
Investment property-earning rentals	xxx	xxx
Equipment and machinery	xxx	xxx
Vehicles	xxx	xxx
Furniture and fittings	xxx	xxx
Computers and accessories	xxx	xxx
<b>Total Repairs and Maintenance</b>	<b>xxx</b>	<b>xxx</b>

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes To The Financial Statements (Continued)**

**15. Use Of Goods And Services**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Teaching and learning materials	627,000	xxx
Industrial attachment costs	xxx	xxx
Electricity	42,000	xxx
Water	xxx	xxx
Security	xxx	xxx
Professional and consultancy services	xxx	xxx
Subscriptions	xxx	xxx
Advertising	xxx	xxx
Examination fees	38,934	xxx
Audit fees	xxx	xxx
Catering, conferences, and delegations	xxx	xxx
Travelling and accommodation		
Fuel and oil	xxx	xxx
Insurance	xxx	xxx
Legal expenses	xxx	xxx
Licenses and permits	xxx	xxx
Postage	xxx	xxx
Printing and stationery	xxx	xxx
Hire charges	xxx	xxx
Rent expenses	xxx	xxx
Skills development levies	xxx	xxx
Telephone expenses	xxx	xxx
Internet expenses	xxx	xxx
Training expenses	xxx	xxx
Other ( <i>specify</i> )	xxx	xxx
<b>Total good and services</b>	<b>707,924</b>	<b>xxx</b>

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes to the Financial Statements (Continued)**

**13. Finance Income**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash investments and fixed deposits	xxx	xxx
Interest income from treasury bills	xxx	xxx
Interest income from treasury bonds	xxx	xxx
Interest from outstanding debtors	xxx	xxx
<b>Total finance income</b>	<b>xxx</b>	<b>xxx</b>

*(Provide brief explanation for this revenue)*

**14. Other Income**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Insurance recoveries	xxx	xxx
Consultancy fees	xxx	xxx
Income from sale of tender	xxx	xxx
Services concession income	xxx	xxx
Reimbursements and refunds	xxx	xxx
Graduation fees	xxx	xxx
Miscellaneous ( <i>specify</i> )	xxx	xxx
<b>Total other income</b>	<b>xxx</b>	<b>xxx</b>

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

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**  
**Notes to the Financial Statements (Continued)**

**10. Rendering of Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	xxx	xxx
Activity Fees	xxx	xxx
Industrial Attachment Fees	xxx	xxx
Examination Fees	xxx	xxx
Library Fees	xxx	xxx
Facilities And Materials	xxx	xxx
Registration Fees	xxx	xxx
Others ( <i>Specify</i> )	xxx	xxx
<b>TotalRevenuefromTheRenderingOfServices</b>	<b>xxx</b>	<b>xxx</b>

*(Provide brief explanation for this revenue)*

**11. Sale of Goods**

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Books	xxx	xxx
Sale of Publications	xxx	xxx
Sale of Farm Produce	xxx	xxx
Cafeteria sales	xxx	xxx
Other	xxx	xxx
<b>TotalRevenuefromSaleofGoods</b>	<b>xxx</b>	<b>xxx</b>

*(Provide brief explanation for this revenue)*

**12. Rental revenue from facilities and equipment**

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment		
ContingentRental	xxx	xxx
OperatingLeaseRevenue		
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

*(Provide brief explanation for this revenue)*

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes to the Financial Statements (Continued)**

**7. Grants from Donors and Development Partners**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
JICA- Research Grant	xxx	xxx
World Bank Grants	xxx	xxx
In-Kind Donations	xxx	xxx
Other Grants	xxx	xxx
<b>Total Grants from Development Partners</b>	<b>xxx</b>	<b>xxx</b>

**Reconciliations of grants from donors and development partners**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Balance unspent at beginning of year</b>	<b>xxx</b>	<b>xxx</b>
Current year receipts	xxx	xxx
Conditions Met - Transferred to Revenue	xxx	xxx
<b>Conditions Yet To Be Met - Remain Liabilities</b>	<b>xxx</b>	<b>xxx</b>

*(Provide brief explanation for this revenue)*

**8. Transfers from Other Levels of Government**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
	xxx	xxx
Transfer from County XX		
Transfer from XX University	xxx	xxx
Transfer from XX Institute	xxx	xxx
<b>Total Transfers</b>	<b>xxx</b>	<b>xxx</b>

**9. Public Contributions and Donations**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Public Donations	xxx	xxx
Donations from Local Leadership	xxx	xxx
Donations from Religious Institutions	xxx	xxx
Donations from Alumni	xxx	xxx
Other Donations	xxx	xxx
<b>Total Donations and Contributions</b>	<b>xxx</b>	<b>xxx</b>

*(Provide brief explanation for this revenue)*

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**  
**Notes to the Financial Statements (Continued)**

**6. Transfers from other National Government entities**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	xxx	xxx
Operational Grant	xxx	xxx
Other Grants	xxx	xxx
	xxx	xxx
<b>Conditional Grants</b>		
Library Grant	xxx	xxx
Hostels Grant	xxx	xxx
Administration Block Grant	xxx	xxx
Laboratory Grant	xxx	xxx
Learning Facilities Grant	xxx	xxx
Other Organizational Grants	xxx	xxx
<b>Total Government Grants and Subsidies</b>	<b>xxx</b>	<b>xxx</b>

**(a) Transfers from other Government entities (Categorized)**

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2020-2021
			Kshs	Kshs	Kshs
xx State Department	xx	xx	xx	xx	xx
XX Ministry	xx	xx	xx	xx	xx
<b>Total</b>	<b>xx</b>	<b>xx</b>	<b>xx</b>	<b>xx</b>	<b>xx</b>

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix xxx)*

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**q) Related parties**

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

**r) Service concession arrangements**

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

**s) Cash and cash equivalents**

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

**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.

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**l) Nature and purpose of reserves**

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

**m) Changes in accounting policies and estimates**

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

**n) Employee benefits**

**Retirement benefit plans**

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

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

**o) Foreign currency transactions**

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

**p) Borrowing costs**

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

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

**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 the Entity.

**k) Provisions**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

**4 Summary of Significant Accounting Policies (Continued)**

**i) Financial instruments (Continued)**

*Financial assets (Continued)*

*Impairment of financial assets (Continued)*

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

*Financial liabilities*

*Initial recognition and measurement*

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

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

*Loans and borrowing*

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

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

**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)**

**i) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

*Held-to-maturity*

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

*Impairment of financial assets*

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**f) Leases**

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

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

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

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

**g) Intangible assets**

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

**h) Research and development costs**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

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

**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 xxx years.

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

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

**e) Property, plant and equipment**

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

**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 xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxxx on the FY 2021/2022 budget following the Council/ Board's approval.

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

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

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

**c) Taxes**

***Current income tax***

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

***Sales tax/ Value Added Tax***

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

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

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

## VI. Statement of Comparison of Budget &amp; Actual amounts for the year ended 30 June 2022

Description	Original budget 2021-2022	Adjustments 2021-2022	Final budget 2021-2022	Actual on comparable basis 2021-2022	Performance difference 2021-2022	Utilization Difference 2021-2022
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
Transfers from other govt entities and govt grants	800,000	(xxx)	450,000	xxx	(xxx)	xxx%
Public contributions and donations	xxx	(xxx)	xxx	xxx	(xxx)	xxx%
Rendering of services - fees from students	xxx	(xxx)	xxx	xxx	(xxx)	xxx%
Sale of goods	xxx	-	xxx	xxx	(xxx)	xxx%
Finance income	xxx	-	xxx	xxx	xxx	xxx%
Other income	xxx	-	xxx	xxx	xxx	xxx%
Gain on disposal, rental income and agency fees	xxx	xxx	xxx	xxx	(xxx)	xxx%
<b>Total Income</b>	<b>xxx</b>	<b>(xxx)</b>	<b>xxx</b>	<b>xxx</b>	<b>(xxx)</b>	<b>xxx%</b>
<b>Expenses</b>						<b>xxx%</b>
Compensation of employees	120,000	-	135,000	xxx	(xxx)	xxx%
Use of goods and services	230,000	(xxx)	707,934	xxx	(xxx)	xxx%
Finance costs	xxx	(xxx)	xxx	xxx	(xxx)	xxx%
Rent paid	xxx	(xxx)	xxx	xxx	-	xxx%
Remuneration of directors	xxx	(xxx)	xxx	xxx	-	xxx%
Grants and subsidies paid	xxx	-	xxx	xxx	-	xxx%
<b>Total Expenditure</b>	<b>xxx</b>	<b>(xxx)</b>	<b>xxx</b>	<b>xxx</b>	<b>(xxx)</b>	<b>xxx%</b>
<b>Surplus for the Period</b>	<b>xxx</b>	<b>xxx</b>	<b>84,698.10</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx%</b>

**(Budget notes)**

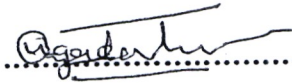
1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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*((IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation)).*

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



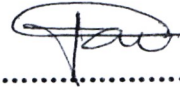
.....  
**Chairman of Council/Board**

.....  
**Finance Officer**

**ICPAK No**

**Date** 30-6-2022

**Date**



.....  
**Principal**

**Date** 30/6/2022

**OBWOLO VOCATIONAL TRAINING CENTRE**  
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Standard	Effective date and impact:
	<p>defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023. <p><i>State the impact of the standard to the Entity if relevant</i></p> </li> </ul>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. 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 the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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 the Entity if relevant</i></p>

**iii. Early adoption of standards**

*(The entity)* did not early-adopt any new or amended standards in year 2022.

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
Social Benefits	<p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></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 the Entity if relevant)</i></p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer</p>

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

Description	Note	2021-2022 Kshs	2020-2021 Kshs
<b>Cashflowsfromoperatingactivities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants		450,000	xxx
Publiccontributionsanddonations		xxx	xxx
Renderingofservices- fees from students		xxx	xxx
Saleofgoods		xxx	xxx
Rental revenue from facilities and equipment		xxx	xxx
Financeincome		xxx	xxx
Otherincome		xxx	xxx
<b>Total Receipts</b>		<b>xxx</b>	<b>xxx</b>
<b>Payments</b>			
Compensationofemployees		135,000	xxx
Use of goodsandservices		707,934	xxx
Financecost		xxx	xxx
Rentpaid		xxx	xxx
Taxationpaid		xxx	xxx
Otherpayments		xxx	xxx
Grantsandsubsidiespaid		xxx	xxx
<b>Total Payments</b>		<b>842,934</b>	<b>xxx</b>
<b>NetCashFlowsfromoperatingactivities</b>	43	<b>xxx</b>	<b>xxx</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangibleassets		(xxx)	(xxx)
Proceedsfromsaleofproperty,plantand equipment		xxx	xxx
<b>Netcashflowsusedininvestingactivities</b>		<b>(xxx)</b>	<b>(xxx)</b>
<b>Cash flows from financing activities</b>			
ProceedsFromBorrowing		xxx	xxx
RepaymentOfBorrowings		(xxx)	(xxx)
Deposits receipts		xxx	xxx
<b>Netcashflowsusedinfinancingactivities</b>		<b>(xxx)</b>	<b>(xxx)</b>
<b>NetIncrease/(Decrease)inCashandCash equivalents</b>		<b>xxx</b>	<b>(xxx)</b>
CashandCashequivalentsat1JULY	26	xxx	xxx
<b>Cash and Cashequivalentsat30 JUNE</b>	26	<b>84,698.10</b>	<b>xxx</b>

IV. 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
<b>At July 1, 2020</b>	xxx	xxx	xxx	xxx	xxx
Revaluation gain	xxx	-	-	-	xxx
Fair value adjustment on quoted investments	-	xxx	-	-	xxx
Total comprehensive income	-	-	xxx	-	xxx
Capital/development grants received during the year	-	-	-	xxx	xxx
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	xxx	(xxx)	-
<b>At June 30, 2021</b>	xxx	xxx	xxx	xxx	xxx
<b>At July 1, 2021</b>	xxx	xxx	xxx	xxx	xxx
Revaluation gain	xxx	-	-	-	xxx
Fair value adjustment on quoted investments	-	xxx	-	-	xxx
Total comprehensive income	-	-	xxx	-	xxx
Capital/development grants received during the year	-	-	-	xxx	xxx
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	xxx	(xxx)	-
<b>At June 30, 2022</b>	xxx	xxx	xxx	xxx	xxx

(Note:

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

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes to the Financial Statements (Continued)**

**20. Contracted Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Actuarialvaluations	xxx	xxx
Investmentvaluations	xxx	xxx
Propertyvaluations	xxx	xxx
<b>Totalcontractedservices</b>	<b>xxx</b>	<b>xxx</b>

**21. Grants and Subsidies**

Description	2021-2022	2020-2021
	Kshs	Kshs
CommunityDevelopment	xxx	xxx
EducationInitiativesandPrograms	xxx	xxx
SocialDevelopment	xxx	xxx
CommunityTrust	xxx	xxx
SportingBodies	xxx	xxx
<b>TotalGrantsandSubsidies</b>	<b>xxx</b>	<b>xxx</b>

**22. Finance Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Borrowings(AmortizedCost)*	xxx	xxx
FinanceLeases(AmortizedCost)	xxx	xxx
UnwindingofDiscount	xxx	xxx
Interest on BankOverdrafts	xxx	xxx
Interest on Loans from Commercial Banks	xxx	xxx
<b>TotalFinanceCosts</b>	<b>xxx</b>	<b>xxx</b>

(\*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.)

**23. Gain On Sale of Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property,PlantandEquipment	xxx	xxx
Intangible Assets	xxx	xxx
OtherAssets not capitalised	xxx	xxx
<b>TotalGainOnSaleofAssets</b>	<b>xxx</b>	<b>xxx</b>

Notes to the Financial Statements (Continued)

24. Unrealized Gain on Fair Value Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value	xxx	xxx
<b>Total Gain</b>	<b>xxx</b>	<b>xxx</b>

25. Impairment Loss

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	xxx	xxx
Intangible Assets	xxx	xxx
<b>Total Impairment Loss</b>	<b>xxx</b>	<b>xxx</b>

26. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	xxx	xxx
On - Call Deposits	xxx	xxx
Fixed Deposits Account	xxx	xxx
Staff Car Loan/ Mortgage	xxx	xxx
Others (Specify)	xxx	xxx
<b>Total Cash and Cash Equivalents</b>	<b>xxx</b>	<b>xxx</b>

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

**OBWOLO 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 Institution	Account number	Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank		xxx	xxx
Equity Bank, etc.		xxx	xxx
<b>Sub- Total</b>		<b>xxx</b>	<b>xxx</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		xxx	xxx
Equity Bank – etc.		xxx	xxx
<b>Sub- Total</b>		<b>xxx</b>	<b>xxx</b>
<b>c) Fixed Deposits Account</b>			
Kenya Commercial Bank		xxx	xxx
Bank B		xxx	xxx
<b>Sub- Total</b>		<b>xxx</b>	<b>xxx</b>
<b>d) Staff Car Loan/ Mortgage</b>			
Kenya Commercial Bank		xxx	xxx
Bank B		xxx	xxx
<b>Sub- Total</b>		<b>xxx</b>	<b>xxx</b>
<b>e) Others(Specify)</b>		xxx	xxx
Cash in Transit		xxx	xxx
Cash in Hand		xxx	xxx
Mobile Money account		xxx	xxx
<b>Sub- Total</b>		<b>xxx</b>	<b>xxx</b>
<b>Grand Total</b>		<b>xxx</b>	<b>xxx</b>

Notes to the Financial Statements (Continued)

27. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	xxx	xxx
Rent Debtors	xxx	xxx
Consultancy Debtors	xxx	xxx
Other Exchange Debtors	xxx	xxx
Less: Impairment Allowance	(xxx)	(xxx)
<b>Total Current Receivables</b>	<b>xxx</b>	<b>xxx</b>

27(b) Long- term Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Non-Current Receivables</b>		
Refundable Deposits	xxx	xxx
Advance Payments	xxx	xxx
Public Organizations	xxx	xxx
Less: Impairment Allowance	(xxx)	(xxx)
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
Current Portion Transferred To Current Receivables	(xxx)	(xxx)
<b>Total Non-Current Receivables</b>	<b>xxx</b>	<b>xxx</b>
<b>Total Receivables</b>	<b>xxx</b>	<b>xxx</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	xxx	xxx
Provisions during the year	xxx	xxx
Recovered during the year	(xxx)	(xxx)
Write offs during the year	(xxx)	(xxx)
At the end of the year	<b>xxx</b>	<b>xxx</b>

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes to the Financial Statements (Continued)**

**28. Receivables from Non-Exchange transactions**

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

(\*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	xxx	xxx
Additional provisions during the year	xxx	xxx
Recovered during the year	(xxx)	(xxx)
Written off during the year	(xxx)	(xxx)
At the end of the year	<b>xxx</b>	<b>xxx</b>

**29. Inventories**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	xxx	xxx
Maintenance stores	xxx	xxx
Health Unit stores	xxx	xxx
Electrical stores	xxx	xxx
Cleaning Materials stores	xxx	xxx
Catering stores	xxx	xxx
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>xxx</b>	<b>xxx</b>

Notes to the Financial Statements (Continued)

30. Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Investment in Treasury Bills and Bonds</b>		
<b>Financial Institution</b>		
CBK	xxx	xxx
CBK	xxx	xxx
<b>Sub- Total</b>	<b>xxx</b>	<b>xxx</b>
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank X	xxx	xxx
Bank Y	xxx	xxx
<b>Sub- Total</b>	<b>xxx</b>	<b>xxx</b>
<b>c) Equity Investments (Specify)</b>		
Equity/ Shares in Company Xxx	xxx	xxx
<b>Sub- Total</b>	<b>xxx</b>	<b>xxx</b>
<b>Grand Total</b>	<b>xxx</b>	<b>xxx</b>

d) Shareholding in other entities

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

Name of Entity where Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	Fair Value of Shares
	Direct Shareholding	Indirect Shareholding	Effective Shareholding			
	%	%	%	Kshs	Kshs	Kshs
Entity A	xxx	xxx	xxx	xxx	xxx	xxx
Entity B	xxx	xxx	xxx	xxx	xxx	xxx
	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Notes to the Financial Statements (Continued)

**31. Property, Plant and Equipment**

Cost	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers Kshs	Other Assets (Specify) Kshs	Plant and equipment Kshs	Capital Work in progress Kshs	Total Kshs
At 1 July Xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	-	xxx	-	xxx	xxx
Disposals	(xxx)	(xxx)	-	-	(xxx)	-	(xxx)	(xxx)
Transfers/Adjustments	xxx	(xxx)	xxx	(xxx)	(xxx)	-	xxx	(xxx)
At 30 <sup>th</sup> June Xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	-	xxx	xxx	xxx	xxx
Disposals	(xxx)	-	-	-	(xxx)	-	(xxx)	(xxx)
Transfer/Adjustments	(xxx)	xxx	xxx	(xxx)	(xxx)	-	xxx	(xxx)
At 30 <sup>th</sup> June Xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>Depreciation And Impairment</b>								
At 1 July Xxx	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)	(xxx)
Depreciation	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)	(xxx)
Impairment	(xxx)	-	-	-	(xxx)	-	-	(xxx)
At 30 June Xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Depreciation	(xxx)	(xxx)	(xxx)	-	(xxx)	(xxx)	(xxx)	(xxx)
Disposals	xxx	-	-	-	xxx	-	xxx	xxx
Impairment	(xxx)	(xxx)	-	-	(xxx)	-	-	(xxx)

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	Land and Buildings	Motor Vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	xxx	(xxx)	(xxx)	xxx	(xxx)	-	(xxx)	xxx
At 30 <sup>th</sup> June Xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Net Book Values								
At 30 <sup>th</sup> June xx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 <sup>th</sup> Junexx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

*[Include Brief Description Of WIP As A Footer]*

**OBWOLO VOCATIONAL TRAINING CENTRE****Annual Report and Financial Statements for the year ended 30th June 2022****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 xxx.

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

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

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

**32. Intangible Assets**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cost</b>		
<b>At beginning of the year</b>	xxx	xxx
Additions	xxx	xxx
<b>At end of the year</b>	xxx	xxx
Additions–internal development	xxx	xxx
<b>At end of the year</b>	xxx	xxx
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	xxx	xxx
Amortization	xxx	xxx
<b>At end of the year</b>	xxx	xxx
Impairment loss	xxx	xxx
<b>At end of the year</b>	xxx	xxx
<b>NBV</b>	xxx	xxx

**OBWOLO VOCATIONAL TRAINING CENTRE**  
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**Notes to the Financial Statements (Continued)**

**33. Investment Property**

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

*(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).*

**34. Trade and Other Payables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	xxx	xxx
Fees paid in advance	xxx	xxx
Salary deductions	xxx	xxx
Third-Party Payments	xxx	xxx
Other Payables	xxx	xxx
<b>Total Trade and Other Payables</b>	<b>xxx</b>	<b>xxx</b>

**35. Refundable Deposits from Customers/Students**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumer deposits	xxx	xxx
Caution money	xxx	xxx
Other refundable deposits	xxx	xxx
<b>Total Deposits</b>	<b>xxx</b>	<b>xxx</b>

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**Notes to the Financial Statements (Continued)**

**36. Current Provisions**

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance at The Beginning Of The Year</b>	xxx	xxx	xxx	xx	xxx
Additional Provisions	xxx	xxx	xxx	xx	xxx
Provision Utilised	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Change Due To Discount And Time Value For Money	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfers From Non -Current Provisions	xxx	xxx	xxx	xx	xxx
<b>Total Provisions</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xx</b>	<b>xxx</b>

**37. Finance Lease Obligation**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>At the start of the year</b>	xxx	xxx
Discount interest on Lease Liability	xxx	xxx
Paid during the year	(xxx)	(xxx)
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>

**Maturity Analysis**

Period	Amount
	Kshs
Year 1	xxx
Year 2	xxx
Year 3	xxx
Year 4	xxx
Year 5 and Onwards	xxx
Less: Unearned Interest	(xxx)
	xxx

**Notes to the Financial Statements (Continued)**

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Analysed as:

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

**38. Deferred Income**

Description	2021-2022	2020-2021
	<b>Kshs</b>	<b>Kshs</b>
National Government	xxx	xxx
International Funding Bodies	xxx	xxx
Public Contributions and Donations	xxx	xxx
<b>Total Deferred Income</b>	<b>xxx</b>	<b>xxx</b>

The deferred income movement is as follows:

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

Analysed as:

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

**Notes to the Financial Statements (Continued)**

**39. Employee Benefit Obligations**

Description	Defined benefit	Post-employment	Other Provision	2021-2022	2020-2021
-------------	-----------------	-----------------	-----------------	-----------	-----------

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	plan	ent medical benefits	s		
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	xxx	xxx	xxx	xxx	xxx
Non-Current Benefit Obligation	xxx	xxx	xxx	xxx	xxx
<b>Total Employee Benefits Obligation</b>	xxx	xxx	xxx	xxx	xxx

**Retirement benefit Asset/ Liability**

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Discount Rates	x%	x%
Future Salary Increases	x%	x%
Future Pension Increases	x%	x%
Mortality (Pre- Retirement)	x%	x%
Mortality (Post- Retirement)	x%	x%
Withdrawals	xx	xx
Ill Health	xx	xx
Retirement	xx years	xx 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:**

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

**b) Amounts recognised in the Statement of Financial Position**

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

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

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**Notes To The Financial Statements (Continued)**

**40. Non-Current Provisions**

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	xxx	xxx	xxx	xxx	xxx
Additional Provisions	xxx	xxx	xxx	xxx	xxx
Provision utilised	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Change due to discount and time value for money	xxx	xxx	xxx	xxx	Xxx
Less: Current portion	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
<b>Totaldeferredincome</b>	xxx	xxx	xxx	xxx	Xxx

(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 34)

**41. Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	xxx	xxx
External borrowings during the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
Balance at end of the year	xxx	xxx

**41 a) Analysis of External and Domestic Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>External borrowings</b>		
Dollar denominated loan from 'xxorganization'	xxx	xxx
Sterling pound denominated loan from 'yyy organization'	xxx	xxx
Euro denominated loan from zzz organization'	xxx	xxx
<b>Domestic borrowings</b>		
Kenya shilling loan	xxx	xxx
<b>Total balance at end of the year</b>	xxx	xxx

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**Notes to the Financial Statements (Continued)**

**41 b) Breakdown of Long and Short-Term Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	xxx	xxx
Long Term Borrowings	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

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

**42. Service Concession Arrangements**

Description	2021-2022	2020-2021
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Serviceconcessionliabilityat beginning of the year	xxx	xxx
Serviceconcessionrevenue recognized	(xxx)	(xxx)
Serviceconcessionliabilityat end of the year	<u>xxx</u>	<u>xxx</u>

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**Notes to the Financial Statements (Continued)**

**43. Cash generated from operations**

	2021-2022	2020-2021
Surplus for the year before tax	Kshs	Kshs
<b>Adjusted for:</b>		
Depreciation	xxx	xxx
Non-Cash grants received	(xxx)	(xxx)
Contributed assets	(xxx)	(xxx)
Impairment	xxx	xxx
Gains and Losses on Disposal of Assets	(xxx)	(xxx)
Contribution to provisions	xxx	xxx
Contribution to impairment allowance	xxx	xxx
Finance Income	(xxx)	(xxx)
Finance Cost	xxx	xxx
<b>Working Capital Adjustments</b>		
Increase in Inventory	(xxx)	(xxx)
Increase in Receivables	(xxx)	(xxx)
Increase in Deferred Income	xxx	xxx
Increase in Payables	xxx	xxx
Increase in Payments received in advance	xxx	xxx
<b>Net Cash Flow from Operating Activities</b>	<b>xxx</b>	<b>xxx</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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**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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2021</b>				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity'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.

The entity has significant concentration of credit risk on amounts due from xxxx

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

**(ii) Liquidity risk management**

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

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**Notes to the Financial Statements (Continued)**

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	
<b>At 30 June 2021</b>				
Trade Payables	xxx	xxx	xxx	xxx
Current Portion Of Borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred Income	xxx	xxx	xxx	xxx
Employee Benefit Obligation	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 30 June 2022</b>				
Trade Payables	xxx	xxx	xxx	xxx
Current Portion Of Borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred Income	xxx	xxx	xxx	xxx
Employee Benefit Obligation	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

**44. Financial Risk Management (Continued)**

**(iii) Market risk**

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

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

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

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

**OBWOLO VOCATIONAL TRAINING CENTRE****Annual Report and Financial Statements for the year ended 30th June 2022****Notes to the Financial Statements (Continued)****a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	xxx	xxx	xxx
Liabilities			
Trade and Other Payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net Foreign Currency Asset/(Liability)	xxx	xxx	xxx

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

**44. Financial Risk Management (Continued)****(iii) Market risk (Continued)****a) Foreign currency risk (Continued)**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30<sup>th</sup> June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	xxx	xxx	xxx
Liabilities			
Trade and Other Payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net Foreign Currency Asset/(Liability)	xxx	xxx	xxx

**a) Foreign currency sensitivity analysis**

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

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**Notes to the Financial Statements (Continued)**

	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>20xx</b>			
Euro	10%	xxx	xxx
Usd	10%	xxx	xxx
<b>20xx</b>			
Euro	10%	xxx	xxx
Usd	10%	xxx	xxx

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**44 Financial Risk Management (Continued)**

(iii) **Market risk (Continued)**

**b) Interest rate risk(continued)**

**Sensitivity analysis**

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshsxxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

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**Notes To The Financial Statements (Continued)**

**iv) Capital Risk Management**

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

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

**45. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

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**Notes to the Financial Statements (Continued)**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with Related Parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	xxx	xxx
Rent income from govt. agencies	xxx	xxx
Water sales to govt. agencies	xxx	xxx
Others ( <i>specify</i> )	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>B) Purchases from related parties</b>		
Purchases of electricity from kplc	xxx	xxx
Purchase of water from govt service providers	xxx	xxx
Rent expenses paid to govt agencies	xxx	xxx
Training and conference fees paid to govt. agencies	xxx	xxx
Others ( <i>specify</i> )	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	xxx	xxx
Grants from County Government	xxx	xxx
Donations in Kind	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>c) Expenses incurred on behalf of related parties</b>		
Payments of Salaries and Wages for xx Employees	xxx	xxx
Payments for Goods and Services for XX	xxx	xxx
<b>Total</b>		
<b>d) Key Management Compensation</b>		
Directors' emoluments	xxx	xxx
Compensation to Key Management	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**46. Segment Information**

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

Notes to the Financial Statements (Continued)

47. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Assets</b>		
Insurance Reimbursements	xxx	xxx
Assets arising from determination of Court Cases	xxx	xxx
Reimbursable Indemnities and Guarantees	xxx	xxx
Others ( <i>Specify</i> )	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

Contingent Liabilities

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Liabilities</b>	xxx	xxx
Court Case Xxx against ( <i>The Entity</i> )	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Contingent liabilities arising from Contracts including PPPs	xxx	xxx
Others ( <i>Specify</i> )	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

(Give details)

48. Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	xxx	xxx
Authorised and Contracted for	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

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

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes to the Financial Statements (Continued)**

**49. Deferred Tax Liability**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Accelerated Capital Allowances	xxx	xxx
Unrealised Exchange Gains/(Losses)	xxx	xxx
Revaluation Surplus	xxx	xxx
Tax Losses carried forward	(xxx)	(xxx)
Provisions for Liabilities and Charges	(xxx)	(xxx)
<b>Net Deferred Tax Liability/(Asset)</b>	xxx	xxx
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	xxx	xxx
Credit to revaluation reserve	(xxx)	(xxx)
Under provision in prior year	xxx	xxx
Income statement charge/(credit)	xxx	xxx
Balance at end of the year	xxx	xxx

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

**50. Events After The Reporting Period**

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

**51. Ultimate And Holding Entity**

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

**52. Currency**

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

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**VIII. 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 entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

..........

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

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Appendix II: Projects Implemented by (The Entity)**

**Projects**

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

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

**Status of Projects completion**

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

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

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Appendix III- Inter-Entity Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary Entity]*

*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> 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 *[Insert name of beneficiary Entity]* as at 30<sup>th</sup> June 2022**

Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 <sup>th</sup> June 2022			Amount Received by <i>[beneficiary Entity]</i> (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
<b>Total</b>						

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

Head of Accountants department of beneficiary Entity:

Name ..... J. A. N. M. Masawa ..... Sign ..... [Signature] ..... Date ..... 30.6.2022

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**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	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**OBWOLO VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Appendix V: Disaster Expenditure Reporting Template**

Date						
Entity						
Period to which this report refers (FY)	Year	Quarter				
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

ACCOUNT STATEMENT

Customer:  
Account: 1283443589 OBWOLO VOCATIONAL TRAINING CENTRE  
Product Name: Entrepreneurs Account  
Statement Period: 01 JUL 2021 -  
Balance at Period Start 500.00 KES Balance at Period End: 449,730.10 KES

TXN DATE	DESCRIPTION	VALUE DATE	MONEY OUT	MONEY IN	LEDGER BALANCE
01 JUL 2021	BALANCE B/FWD	01 JUL 2021			500.00
06 JUL 2021	Inward SWIFT Pa AT-DP C.KISUMU COUNTY /RE C/01300	06 JUL 2021		480,000.00	480,500.00
19 JUL 2021	Tax Amount Due AT-DPC CHG21200RYMFT CHG 21200RYM	19 JUL 2021	-21		480,479.00
19 JUL 2021	Interim Stmt Charge AT-D PC CHG21200RYMFT C HG212	19 JUL 2021	-105		480,374.00
26 JUL 2021	Stamp Duty AT-KSWST CHQ.1283443589.00000 01	26 JUL 2021	-125		480,249.00
26 JUL 2021	Tax Amount Due AT-KS WST CHQ.1283443589.0 000001	26 JUL 2021	-150		480,099.00
26 JUL 2021	Cost of Cheque Book AT- KSWST CHQ.128344358 9.000	26 JUL 2021	-750		479,349.00
03 AUG 2021	Tax Amount Due JANE A NYANGO MASAWA AT-K SWST TT21	03 AUG 2021	-40.00		479,309.00
03 AUG 2021	Cash Withdrawal JANE A NYANGO MASAWA AT-K SWST TT2	03 AUG 2021	-200.00		479,109.00
03 AUG 2021	Cash Withdrawal CHQ00 0003 JANE ANYANGO M ASAWA AT	03 AUG 2021	-60,000.00		419,109.00
03 AUG 2021	INHouse CHQ000001 AT -DPC EVANCE OTIENO ODIMA FT	03 AUG 2021	-30,000.00		389,109.00
04 AUG 2021	INHouse CHQ000002 AT- DPC ELIJAH ENOCK OM OLLO FT	04 AUG 2021	-30,000.00		359,109.00
04 AUG 2021	INHouse CHQ000004 AT -DPC KADEROH ENTER PRISES FT	04 AUG 2021	-66,000.00		293,109.00
23 SEP 2021	Tax Amount Due AT-DPC CHG21266MG36Q CHG 21266MG3	23 SEP 2021	-21		293,088.00
23 SEP 2021	Interim Stmt Charge AT-D PC CHG21266MG36Q C HG212	23 SEP 2021	-105		292,983.00
26 NOV 2021	Inward Cheque D CHQ7 AT-DPC CHQ No. 00000 7 KES I	26 NOV 2021	-20,850.00		272,133.00
02 DEC 2021	Inward Cheque D CHQ9 AT-DPC CHQ No. 00000 9 KES I	02 DEC 2021	-18,284.90		253,848.10
17 DEC 2021	Tax Amount Due AT-DPC CHG21351Y4K7F CHG2 1351Y4K	17 DEC 2021	-21		253,827.10
17 DEC 2021	Interim Stmt Charge AT-D PC CHG21351Y4K7F CH G213	17 DEC 2021	-105		253,722.10
20 DEC 2021	INHouse CHQ000010 AT- DPC JOEL OPIYO OLAN G FT213	20 DEC 2021	-4,500.00		249,222.10
07 JAN 2022	Inward SWIFT Pa AT-DP C KISUMU COUNTY /RE C/01300	07 JAN 2022		225,000.00	474,222.10
13 JAN 2022	Tax Amount Due AT-DPC CHG22013S1GJ0 CHG2 2013S1G	13 JAN 2022	-21		474,201.10
13 JAN 2022	Interim Stmt Charge AT-D PC CHG22013S1GJ0 CH G220	13 JAN 2022	-105		474,096.10
02 FEB 2022	Tax Amount Due JANE A NYANGO MASAWA AT-K SMAIR TT2	02 FEB 2022	-40.00		474,056.10

**FOR KCB BANK KENYA LTD.**  
*Customer Experience.*  
**KISUMU WEST**



22 February 2022  
11:0:23

02 FEB 2022	Cash Withdrawal JANE A NYANGO MASAWA AT-K SMAIR TT	02 FEB 2022	-200.00	473,856.10
02 FEB 2022	Cash Withdrawal CHQ12 JANE ANYANGO MASA WA AT-KSM	02 FEB 2022	-24,000.00	449,856.10
22 FEB 2022	Tax Amount Due AT-DPC CHG22053MY176 CHG2 2053MY1	22 FEB 2022	-21	449,835.10
22 FEB 2022	Interim Stmt Charge AT-D PC CHG22053MY176 CH G220	22 FEB 2022	-105	449,730.10
			=====	=====
			=	=
	BALANCE AT PERIOD END:		-255,769.90	705,000.00
				449,730.10