

REPUBLIC OF KENYA

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LIBRARY



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY	
DATE: 09 MAR 2023	DAY: Thursday
TABLED BY: OF	Hon. Naomi Wago, MP. (Deputy Majority Whip)
CLERK-AT-THE-TABLE:	Joyce Kemelele

THE AUDITOR-GENERAL

ON

**NYAKACH TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE TEN MONTHS
PERIOD ENDED 30 JUNE, 2020**

1





NYAKACH TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2020

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

Table of Contents

I. KEY ENTITY INFORMATION AND MANAGEMENT	ii
KEY ENTITY INFORMATION AND MANAGEMENT (Continued)	xi
III. MANAGEMENT TEAM.....	xvi
IV. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES	xxiii
V. CORPORATE GOVERNANCE STATEMENT	xxiv
VI. MANAGEMENT DISCUSSION AND ANALYSIS	xxvi
VII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxvii
VIII. REPORT OF THE BOARD/BOARD OF GOVERNORS.....	xxxi
IX. STATEMENT OF BOARD OF GOVERNORS/BOARD MEMBERS' RESPONSIBILITIES	xxxii
X. REPORT OF THE INDEPENDENT AUDITOR ON NYAKACH TECHNICAL AND VOCATIONAL COLLEGE	xxxiv
XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020	1
I. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020.....	2
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020	4
I. NOTES TO THE FINANCIAL STATEMENTS	6
APPENDIX III: INTER-ENTITY TRANSFERS.....	35
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES..	36

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Nyakach Technical and Vocational College was established in the year 2019 as a result of the current government's manifesto of 2013/2017 which emphasizes on the need to increase access to education. The government set out to build a Technical and Vocational College in each in every constituency and a Vocational Training Centre in every Ward. Nyakach TVC became one of the 60 colleges that were constructed in the first phase between 2015 and 2018. The college admitted its first learners in September 2019.

Nyakach TVC is located in Nyakach Sub-County in Kisumu County and is under the Ministry of Education, state department of vocational and technical training.

Statement of Strategic Intent by the Board of Governors

Nyakach Technical and Vocational College will help in the achievement of the national goals of education as stipulated in the Constitution of Kenya 2010, the Education Act 2012, the TVET Act 2013, Vision 2030, and Sector Plan for Science Technology and Innovation through;

- (i) Collaborating with industry and other players to incorporate new manufacturing technologies in competency – based training programs.
- (ii) Producing competent human resources for the building and construction industry.
- (iii) Improving access, equity, quality, in competency-based education and training in certificate and diploma courses.
- (iv) Enhancing excellence in resource and infrastructure management.
- (v) Engaging in outreach programs that promote adherence to Covid-19 protocols and general healthy lifestyle.
- (vi) Extending and developing college administration systems, resources and facilities within sustainable practices.

(b) Principal Activities

The principal activity of the Nyakach TVC shall be to: -

1. Provide, directly or in collaboration with other institutions of higher learning, facilities for technical training in technical and professional education;
2. Participate in technological innovation and in the discovery, transmission and enhancement of knowledge for economic, social, cultural, scientific, and technological development;
3. Contribute to industrial and technological development of Kenya, in collaboration with the industry and other organizations, through transfer of technology;
4. Promote and establish a culture of innovation in engineering and technology and technology transfer amongst staff and trainees;
5. Develop an institution with excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya;
6. Provide a multi-level system of post-secondary school education and training programmes relevant to the needs of the community, covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programmes;
7. Provide high quality education, research, commercial, cultural, social, recreational, sporting and other facilities;
8. Participate in commercial ventures and activities;
9. Foster the general welfare of all staff and trainees;
10. Provide opportunities for development and further training for staff of the college;
11. Develop and provide professional, technical and vocational services to the community and in particular, foster corporate social responsibility;

Strategic Objective

- To provide accessible, equitable, quality competency-based education and training.
- To strengthen and invigorate a strong sense of community and promote relationship between the college and the broader community through Community Social Responsibility.

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- To ensure continuous improvement and development in research and innovation at Nyakach TVC.
- To ensure compliance, collaborations, linkages and partnerships and best practices in corporate governance.
- To extend and develop college administration to achieve financial sustainability for Nyakach TVC to carry out its mandate.

Vision

To be a reputable institution in innovation, research, training and production of highly skilled personnel and market driven merchandise.

Mission

To provide quality technical, vocational and entrepreneurship training, research and innovation in partnership with stakeholders to produce globally competitive graduates.

Core Values

- Quality
- Professionalism
- Innovativeness
- Integrity
- Equity
- Teamwork

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

(c) Key Management

Nyakach TVC's day-to-day management is under the following key organs:

- Board of Governors
- Principal's Management Committee.
- Academic Committee.
- The Principal who is the Accounting Officer.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mrs Risper D. Anyango Odhiambo
2.	Deputy Principal (Admin)	Mr James Ouko Ochido
3.	Ag. Deputy Principal (Academic)	Mr David Odera
4.	Ag. Registrar	Mr Fredrick Okara
5.	Ag Dean of students	Ms Sarah Atieno Ochome
6.	Finance Officer	Ms Mildred Akoth Otiato
7.	Procurement Officer	Ms Antonina Anyango Omwandho

(e) Fiduciary Oversight Arrangements

In order to facilitate the smooth running of its affairs, Nyakach TVC Board of Governors established committees with the membership and terms of reference as it deemed fit. The following committees were in place during the year 2019/2020:

- (i) Education, Research, Innovation and Training Committee (ERIT)
- (ii) Finance, Administration, Human Resource Management Committee (FAHRM)
- (iii) Planning, Infrastructure, Enterprise and Resource Mobilization Committee (PIERM)

(iv) Audit and Risk Management Committee. (ARM)

The Board of Governors nominates the Chairperson of each committee of the Board and provides that in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Principal is the secretary of all the committees of the Board except the Audit and Risk Management Committee.

(i) Education, Research, Innovation and Training Committee

Roles and functions

- a) Monitor and oversee institutional excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya;
- b) To oversee the management of scholarships, bursaries and prizes which may be provided for by the Academic Policy;
- c) To submit regular reports to the Board on all matters related to education, training and research;
- d) Evaluate regular reports on academic progress, conduct of examinations and consider academic awards
- e) To receive and consider proposals for development and further training of the academic staff of Nyakach TVC
- f) To receive and consider proposals for collaboration with other institutions of higher learning, research and technology for the enhancement of technological , professional and scientific education;
- g) To receive, review and consider proposals for introduction of new or exciting courses and subjects of study, institutes, departments, resources, research and innovation.

(ii) Finance, Administration, and Human Resource Management Committee

Roles and functions

- a) Check and determine that annual estimates have made provision for all the estimated expenditure, and in particular the following:
- i. Payment of the salaries, allowances and other charges in respect of the staff of the College;
 - ii. Payment of the pensions, gratuities and other charges in respect of retirement benefits which are payable out of the funds of the College;
 - iii. Funding of the cost of teaching, research and outreach activities of the College; and
 - iv. Creation of such funds to meet future or contingent liabilities in respect of retirement benefits, insurance or replacement of building or equipment and in respect of such other matters as the Board may deem fit.
- b) Review the policies, processes and programs management has put in place to prepare, prevent and protect the college from financial risk.
- c) Monitor and review procurement of works, goods and services at the college to ensure compliance with established laws, regulations, policies and procedures.
- d) Receive and consider proposals for the participation of the college in commercial ventures and activities.
- e) Receive and consider proposals for investment of any of the funds of the College in securities in which for the time being trustees may, by law, invest trust funds or in any other securities which the National Treasury may, from time to time, approve for the purpose.
- f) Consider proposals for placement on deposit with such banks as it may determine any moneys not immediately required for the purposes of the college.
- g) Monitor and review all appropriation-in-aid to ensure compliance with donor and / or government guidelines, legal and regulatory requirements, policies and procedures.
- h) Oversee the development of policies and procedures to enhance effective and efficient utilization of all the resources of the TVC.

(iii) Planning, Infrastructure, Enterprise and Resource Mobilization

The PIERM Committee, as a Standing Committee of Board, will collaborate with, and respond to, Board of Governors to:

- i. Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource mobilization practices including recruitment, reward, retention, motivation and development of Nyakach TVC's staff;
- ii. Oversee the TVC's compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the TVC.
- iii. Receive and consider proposals and reports on matters relating to finance, development projects and resource mobilization in the TVC and its campuses.
- iv. Oversee the development of policies and procedures to enhance effective and efficient utilization of all the resources of the TVC.
- v. Report to Board on a regular basis regarding matters considered in each of the committee's meetings.

(iv) Audit and Risk Management Committee

The Audit Committee, as a Standing Committee of the Board of Governors, shall provide assistance to the Principal or to the Board of Governors and shall involve in all or a combination of the following duties and responsibilities:

- i. Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- ii. Oversee the implementation of developed policies, procedures and strategies that will promote effective and efficient management systems within Nyakach TVC.

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- iii. Provide an independent review of the college's reporting functions to ensure the integrity of the financial reports.
- iv. Ensure Nyakach TVC effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.
- v. Provide oversight of the implementation of accepted audit recommendations and consider reports on matters relating to audit.
- vi. Provide strong and effective oversight of the college's internal audit function
- vii. Report to BOG regularly regarding matters considered in each of the committee's meetings.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

Nyakach Technical and Vocational College

P.O. Box 159 - 40109

SONDU,

KENYA

(g) College Contacts

Telephone: (254) 0797142166

(254) 0762706351

E-mail: nyakachtechnical@gmail.com

Website: www.nyakachtvc.ac.ke

(h) College Bankers

Kenya Commercial Bank

Sondu Branch

P.O. Box 287-40109

SONDU-KENYA

(i) Independent Auditors

Auditor General

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office



Harambee Avenue

P.O. Box 40112




City Square 00200

Nairobi, Kenya




II. BOARD OF GOVERNORS

 <p>1. Prof. Benard Muok</p>	<p>Professor Bernard Muok is the current Chairman of the Board of Governors.</p> <p>Prof Muok is a professor of Climate Change, Natural Resource Management and Renewable Energy. He holds a Post-Doctoral in Bioenergy and Climate Change. He also holds a PhD in Tropical Agriculture from University of Edinburgh, UK; Masters degree in Forestry (Agro forestry option) from Kyoto University, Japan; Bachelors Degree in Forestry from Moi University, Eldoret; International Diploma in Conservation and Certificate in Environmental Impact Assessment and Environmental Audit. Prof. Muok has technical and managerial experience of over 20 years in natural resources Management, Renewable and Sustainable Energy, Climate Change Mitigation and Adaption, Policy Analysis, Food Security and Sustainable Development. Prof. Muok has consulted widely for national and regional governments, non-governmental organisations and private entities. He has published widely in peer review journals, policy and extension materials.</p> <p>Prof. Muok is the current Director of the directorate of Research, Innovation and Partnerships at Jaramogi Oginga Odinga University of Science and Technology.</p>
 <p>2. Ms. Janet Kwamboka</p>	<p>Ms. Janet Kwamboka is a highly experienced Corporate Relationship Manager, trainer, Business consultant and Transformational speaker with extensive exposure in the financial services sector spanning over 12 years in both Retail and Corporate banking. She holds a Bachelor of Science – Mathematics and Computer Science from Jomo Kenyatta University of Agriculture and Technology. She is also an alumni of Born to Lead Academy. She is the founder and Lead Trainer/Coach of InnerPower Consultants Limited and enjoys working with youth to encourage them to unleash their full potential and have a paradigm shift in their mind sets.</p>


**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

 <p>3. Ms. Yvonne Murenga</p>	<p>Ms. Yvonne is an experienced ICT professional with 10 years working experience in the field and has worked for both the public and private sector. She has worked in various ICT projects and taken up leadership courses and is also a board member at a technical college. She has a degree in IT from JKUAT and is pursuing a Master in Business Administration Strategic Management at Kenyatta University. She also has a certification in ICT Project and is a member of ISACA and CSK professional bodies.</p>
 <p>4. Mr. Hillary Makhulu</p>	<p>Mr. Hillary is the Founder/Head of Operations at Premium Building Products and Services Ltd. He holds a Bachelor in Biological Sciences from Jomo Kenyatta University of Agriculture and Technology. He has accumulated experience for over 20 years in management of distribution systems, customer service management, new products management, policy formulation and implementation. Currently he is the National Manager, Agent Network Trinity Technologies Ltd in Sudan.</p>
 <p>5. CPA Phoebe Mumbua Musau</p>	<p>Ms. Musau is currently working at Mutiso Munezes International and MMI Developers Ltd. She holds a Master of Science (Finance) from Kenyatta University. She also holds a Bachelor of Commerce, Double Major in Accounting & Finance options from Strathmore University. She has over 9 years working experience in Accounting and is a member of ICPAK. She has attended Entrepreneurship and Business Management Training at Strathmore University.</p>
 <p>6. Eng. Bovince Ochieng</p>	<p>Eng. Bovince is the Director Trade & Enterprise Development in the County Government of Kisumu with vast experience in entrepreneurship. He holds a Bachelor Degree in Electrical and Electronics Engineering from the University of Nairobi.</p>

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

 <p>7. Mrs. Risper D. Anyango Odhiambo</p>	<p>Mrs. Odhiambo is the Principal and secretary to the Board of Governors. She has over 28 years' experience as a Trainer in Liberal Studies specialising Project management and development economics. She has served in various administrative positions in public institutions.</p> <p>Mrs. Odhiambo holds a Bachelors Degree in Education from Moi University. She has attended and trained in several counselling and drug awareness and prevention programs. She is a member of the International Society of Substance Use Professionals and a trained policy maker on drug demand reduction.</p>
 <p>8. Mr. Paul Ajwang' Okumu</p>	<p>Mr Paul Okumu has a broad experience in managing people, leadership, entrepreneurship, business partnership and management. He is the founder and General Manager of Wolfenberg International Limited, Nairobi. He is a holder of a Bachelor of Business Administration from Kenya Methodist University, Diploma in Business Management from Kenya Institute of Management (KIM), Diploma in Procurement and Supplies Management (KIM) and Diploma in Clearing and Forwarding from Universal Group of Colleges.</p>
 <p>9. Prof. Basil Iro Ong'or</p>	<p>Professor Basil is currently an associate professor of Hydrology at Masinde Muliro University of Science and Technology, Kakamega. He is a holder of PhD. in Hydrology and Water Resources from Hohai University, China; MSc. In Water Resources Engineering from University of Dar es Salaam, Tanzania and a BSc. in Agricultural Engineering (Soil and Water) from Egerton University, Kenya.</p> <p>Professor Ong'or has 29 years of professional experience in soil and Water Resources Engineering projects, Institutional administration, financial management, human resources and student affairs management. He has served in various capacities including but not limited to:</p> <ol style="list-style-type: none"> i. Acting Deputy Vice Chancellor – Administration and Finance ii. Dean Faculty of Engineering iii. Director of Privately Sponsored Students Program iv. Lecturer and Researcher v. Irrigation and Drainage Engineer, among others

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	<p>Professor Basil has attended several trainings, workshops and seminars and published many reports and papers in referred journals. He has also won several honors and awards.</p>
 <p>Mr. Fanuel Onyango</p>	<p>Mr. Fanuel Onyango is currently the County Director TVET – Kisumu and Siaya Counties. He has a wealth of experience in Education Management and has served as Principal and Deputy Principal, in various institutions. He has been a Dean of Students, Head of Department, Teacher Trainer in a Diploma College, Lecturer, and teacher in High School. He has done work for Kenya National Examinations Board (KNEC) and has also been involved in Curriculum Development & Consultancy in small and medium-sized enterprises.</p> <p>Mr. Fanuel has Master degree (HRM) from Kenyatta University and a bachelor of education degree (Business Studies) from the same University</p>

III. MANAGEMENT TEAM



1. Mrs Risper D. Anyango Odhiambo
(B.Ed)

- She is the Principal and the accounting officer of the college
- Head of the institution.
- Oversee day to day running of the college
- Secretary to the Board of Governors



2. Mr. James Ouko Ochido
(Bsc, PGD)




- Deputy Principal Administration.
- In charge of administration, Finance and Planning programmes.



3. Mr. David Otieno Odera
(Diploma in Technical Education)

- Deputy Principal Academic.
- Head of all academic programmes in the college.
- He is also in-charge trainee and trainers affairs.

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

 <p>4. Mr. Fredrick OkaraOgunde (Bsc. – Computer Science)</p>	<ul style="list-style-type: none"> • He is the collegeacting Registrar • In charge of admission and career guidance • Oversee the management of examinations
 <p>5. Sarah AtienoOchome (Diploma in Building Technology)</p>	<ul style="list-style-type: none"> • She is the dean of students • In charge of students’ affairs • Oversee functions at co-curricular and sports activities
 <p>6. CPA. Mildred AkothOtiato (CPA Diploma in monitoring and Evaluation)</p>	<ul style="list-style-type: none"> • She is the Finance Manager • Head of Finance and Accounts • She is in charge of budgetary formulation and execution • Advisor to the principal on matters of finance operations and required regulations on financial management

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020



7. Ms. Antonina Anyango Omwandho
(BBM-Purchasing and supply Chain Mgt)

- She is the procurement officer
- Head of procurement and supplies
- She is in charge of procurement plan formulation and execution
- Advisor to the principal on matters of procurement operations and required regulations on PPAD act 2015

CHAIRMAN'S STATEMENT

I am pleased to present this financial report for the financial year that ended 30 June 2020. Since establishment of this college several opportunities have presented themselves. Key among these include; increased enrolment, government support, higher networking avenues and more linkages and collaborations. Along with these there are also high levels of expectations from the trainees, Trainers, community, other employees and other stakeholders.

The Board is indeed aware that the college has been established at a time when the higher education sector has changed drastically with a historical record of increased numbers of tertiary education institutions in the country. With the number of students qualifying to join University, National Colleges and Technical & Vocational Colleges increasing significantly over the years as well as the changing government policies, the operating environment is becoming extremely competitive. In response to this growing demand and the existing operating environment, we have to be prepared to increase physical facilities that would give us a competitive advantage.

The emergence of Covid-19 Pandemic greatly affected the core operations of the Institution during this period.

The college is in the process of drafting its strategic plan and has envisioned addressing the emerging challenges and taking advantage of the existing opportunities in the operating environment.

The Strategic Plan will provide a clear roadmap to the Board of Governors and the Management during the period 2019-2025 of the college's development. It is expected, therefore, that going forward, projects will be undertaken as per the strategic plan. It is expected that the Government would contribute significantly towards the realization of our dreams as envisaged in the plan in terms of provision of the required financial resources.

Other avenues to fund the planned expansion of the physical facilities and infrastructure would also be explored with the main focus being centred on resources mobilization and strategic initiatives.

The college has continued to experience increased strain in its physical facilities as a result of increased population in terms of student and staff numbers. This means, therefore, that more physical facilities must be put in place to cater for the increase. This calls for enhanced resource mobilization.

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Conclusion

I strongly believe that with all the planned strategies as envisaged, it is apparent that the future of Nyakach Technical and Vocational College is very bright and secure. Our commitment as Board of Governors is to continue setting the right tone at the top which is geared towards the realization of the College's vision and mission.

Finally, I want to thank my fellow members of the Board of Governors, the Principal, the Management committee, Staff and Students of Nyakach TVC for their commitment and hard work exhibited during the year. I also wish to thank the Government and all our stakeholders for their unwavering support.

It is our expectation that the peaceful and productive environment witnessed during the year will continue into the coming year.

Professor Bernard Muok

DATE: _____

CHAIRMAN- BOARD OF GOVERNORS

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

REPORT OF THE PRINCIPAL

I am pleased to present my report for the 2019/2020 financial year which ended on 30 June 2020. Indeed, the higher education sector has witnessed a rapidly changing operating environment characterized by stiff competition, changing customer demands, Covid-19 Pandemic and declining resource allocation to public institutions.

Despite the many challenges now inherent in this new operating environment, the college continued to discharge its mandate of training, research and outreach successfully with the exception of the effects of Covid-19 Pandemic which affected the core operation in the last quarter of the year. The trainee enrolment stood at 133. This figure comprises of Diploma, Certificate and Artisan courses.

Table 1: Students Enrolment per Department as at 30th June 2020.

S/no	Department	Artisan	Certificate	Diploma	Total
1	Electrical And Electronic Engineering	8	9	7	24
2	Mechanical Engineering	14	14	8	36
3	Building & Civil Engineering	20	10	8	38
4	Agriculture				
5	Computer Studies		7	8	15
6	Business Studies		7	5	12
7	Liberal Studies		5	3	8
	TOTAL	42	52	39	133

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Financial Performance

The main source of funding to the college during the period under review was school fees with a contribution of a total of Kshs.6,242,445 for recurrent expenditure purposes. In addition, the College generated a sum of Kshs.9,000 from other incomes (sale of tender). The college also received Kshs1,867,500 from the Ministry of Education being the capitation and Kshs1,247,000 as Operational Grant.

Conclusion

In conclusion, I take this opportunity to thank the Board of Governors of Nyakach TVC for providing the desired guidance and support during the year which was way beyond expectations and which I highly appreciate. I also wish to sincerely thank the Management team, all staff and trainees, for the cooperation, peace, hard work and discipline exhibited throughout the year.

Finally, I would like to thank the Government for its support during the period under review. I also appreciate the moral support of our collaborators, partners and other stakeholders during the year.

It is my desire that we should continue working together as a team in the new financial year and beyond.



Risper D. Anyango Odhiambo

DATE: _____

PRINCIPAL

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

During the period under review Nyakach TVC had not developed a strategic plan..

The college did not also sign a performance contract in the year under review but has since signed one for the current financial year.

During the year, however, the college undertook several activities including, marketing of courses leading to increased enrolment, donated fabricated and sold/ donated foot operated hand washing machines and sanitizer dispensers, introduced several courses and sat for National Examinations. The building department also put up a shade/ three rooms currently used for learning.

V. CORPORATE GOVERNANCE STATEMENT

We believe in good corporate governance as an organisation. The Board provides leadership through oversight, review and guidance whilst setting the strategic direction. The Board is the primary decision-making body for all matters considered as material to the service.

The Board has the appropriate mix of skills, knowledge and experience to perform its oversight role effectively and efficiently.

Board meetings are held quarterly as per *Mwongozo* guidelines and they have formal schedules of matters specifically reserved for deliberation. The management ensures that it provides the necessary resources and expertise to the Board to assist them in their decision-making and as such, they are regularly consulted on key policy matters.

General Responsibilities

The Board has a duty to the people of Kenya to ensure that the Nyakach TVC achieves its objectives efficiently and effectively and in compliance with the constitution 2010, TVET Act 2013, PFM Act, 2012, PPAD Act 2015 and all other laws related to their duties

Statutory powers of the Board include:

- To ensure that proper management structure is in place and the management maintain the corporate integrity, reputation and responsibility
- To monitor and evaluate the implementation of strategies, policies and management plans of the college
- To constantly review the viability and financial sustainability of the college.
- To ensure that college complies with all the relevant laws

Risk Management and Internal Controls

The Board has overall responsibility for the establishment and oversight of the College's risk management frameworks. The risk management policies are established to identify and analyse the risks faced by the College and to set appropriate risk limits and controls, and to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions, legislation and services offered. Subsequently, the College identifies and manages risk through in-house risk review enhanced by compliance, internal and external audits.

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The College has put in place a system of internal controls with defined procedures, financial and operational controls to ensure that resources are safeguarded; transactions authorised, validated and reported in line with International Public-Sector Accounting Standards and other treasury and ministry circulars and guidelines.

Conflicts of interest

All Board members are under a duty to avoid conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the College's business.

The Board has established a robust process requiring members to disclose their business interests for the college to know and have them in records.

Compliance

The Board confirms that it is satisfied that the College has adequate resources to continue operating for the foreseeable future. For this reason, it continues to adopt the going Concern basis when preparing the financial statements.

The Board is satisfied that the College, to the best of their knowledge, complied with all relevant laws and conducted its business affairs in accordance with the law.

Chairperson Board



Principal

VI. MANAGEMENT DISCUSSION AND ANALYSIS

a). Operational and Financial Performance

During the year under review, financial reports of Nyakach TVC was done using IPSAS Accrual basis with the treasury template dated 30 June 2020.

The college's annual financial reports include five basic financial statements:

- i. The Statement of Financial Performance
- ii. the Statement of Financial position
- iii. Statement of net assets (Equity)
- iv. statement of cash flows
- v. Statement of comparison of Budget and Actual Amount.

Operation & Financial Performance As At 30 June, 2020

Details	2019/2020
	Kshs.
Revenue	9,365,945
Expenditures	7,628,181
Surplus	1,737,764

These statements focus on the financial performance of Nyakach TVC, the changes in financial position, cash flows of the college's activities and compliance with the approved budget respectively.

II. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

1. Sustainability Strategy and Profile

TVET institutions are charged with the responsibility of creating a knowledge-based society that upholds justice, democracy and accountability. In this regard, Nyakach TVC is under duty to promote a culture of compliance with laws, civility and human decency in behaviour among the NTVC community and between the NTVC community and the outside world. At the same time, the government, communities, development partners and other stakeholders continue to make substantial investment to support higher education programs and projects.

In the last year the college has benefited from CDF through partial fees payment for various trainees. It is our hope that the administrators, political players and stakeholders will continue with their goodwill in harnessing financial support which will not only be of great use to the College, but also in helping it, amongst other institutions, position themselves in terms of TVET training in line with Vision 2030.

The government's effort is appreciated within the context of TVET Act of 2013 on Technical and Vocational Education and Training, Research and Innovation. This has given much impetus to the allocation of funds to TVET institutions in form of students' capitation, HELB loans and bursaries and infrastructural development fund in the implementation of the "big 4" Agenda.

The College is exposed to a variety of challenges that must be addressed. At institutional level, the increase in the number of trainees enrolled in regular programmes has not been matched by the desire for expanded infrastructure such as lecture halls and lecture rooms, library, offices, workshops and laboratories, hostels and other facilities. Nyakach TVC has increasingly been compelled to address its funding shortfall from alternative sources, and this taking time to be realised. The inadequate water supply and lack of access road to the college is also a major challenge that the college management is dealing with.

The Kenya Vision 2030 has accorded science, technology and innovation high priority.

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

The vision is based on the realization that in an increasingly knowledge-based and globalized world, Science, Technology and Innovation (ST&I) are essential, both for social and economic progress and for global competitiveness of our nation. Nyakach TVC is a critical driver of innovation systems and the resultant development in science, technology and innovation.

Technical education is essential for economic progress and for global competitiveness of our nation and is also central in productivity and the socio-economic transformation of the country. The Sector Plan for Science, Technology and Innovation (2013/2017) provides for revitalization and harnessing of science, technology and innovation for Kenya's prosperity and global competitiveness. In this regard, human resource development, research and knowledge generation will be strengthened at NTVC to enhance their application in national production systems for sustainable development.

In line with the fourth agenda of the "Big 4" and the Vision 2030, NTVC has the knowledge and capacity to deliver on the Manufacturing agenda. It only needs to improve and expand the workshops and accredit them to meet the set standards for the local and international market. Further, the college hopes to, construct and equip an Automotive Engineering workshop.

Environmental performance

Protection of the environment in which we live and operate is part of our organizational cultural values and principles and we consider it to be a sound business practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business. We commit to:

- i. Provide a framework for planning and sustainable management of NTVC's environment.
- ii. Strengthen the institutional and individual capacity for effective management of the environment.
- iii. Ensure sustainable management of the College's environment and its surrounding.
- iv. Ensure cooperation, collaboration, partnerships and participation in the protection, conservation and management of the environment by all stakeholders.

Application of these principles and practices will make a significant contribution to the College's environmental sustainability programs. The Management therefore ensures that the College reduces the environmental impact by:

- i. Engaging with staff, students and the surrounding communities to encourage environmentally sustainable behaviour.

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- ii. Planting of trees to minimize greenhouse gas emissions in operations and work towards carbon neutrality
- iii. Minimizing use of natural resources such as water, non-renewable energy and paper.
- iv. Minimizing the use of hazardous substances.

Employee welfare

When a vacant position arises, an advertisement is placed. The adverts usually contain a caption indicating that the college is an equal opportunity employer. Women, people with disabilities and marginalised communities are encouraged to apply. Nyakach technical and vocational college hiring follows the process below;

- Need identification.
- Advertisement
- Short listing.
- Interview.
- Selection.

In the course of hiring process, the relevant stakeholders like the heads of departments are involved in every stage of the recruitment process in order to get the best fit for the Departments. The Board also takes part in the interviews to ensure a balanced perspective and transparency in the recruitment process. Returns are made after the interviews to the Ministry of Education on the recruitment of Public Service Commission trainers.

Efforts made by the College to improve employees' skills include:

- i. Carrying out a training needs assessment
- ii. Paying for trainings to build their competencies in various areas and also pays for their membership in professional bodies.
- iii. Having in- house programs for training staff in their areas of specialization in order to improve their skills.

The College carries out an annual appraisal process during which employees are evaluated in order to identify their strengths and weaknesses and recommendations are given to improve on the identified weak areas.

On health and safety, the college provides protective devices such as gumboots, safety hand gloves, and protective masks to its employees as a safety measure to comply with Occupational Safety and Health Act of 2007, (OSHA), In addition the College has fire extinguishers mounted in designated points to be used in case of fire. Kitchen staffs are given head caps and aprons for protection and to promote hygiene.

Market place practices-

The management also ensured that we dealt responsibly, openly and fairly with clients and partners/stakeholders by:

- i. Serving our clients with dignity, courtesy and respect.
- ii. Continuously providing efficient and effective service.
- iii. Adhering to ethical and equitable service provision
- iv. Enhancing transparency, integrity and accountability
- v. Observing the principle of natural justice.
- vi. Maintaining appropriate confidentiality
- vii. Discharging our duties professionally and with due diligence and
- viii. Ensuring delivery of affordable quality education.

The institution puts in practice the procurement methods provided by the Public Procurement and Asset Disposal Act 2015, in ensuring that equal opportunity is given to all prospective suppliers, and contracts signed by both the Institution and tender winning supplier.

The Institution has mechanisms (such as tracking whether trainers and trainees attend classes, feedback from trainees on service delivery) put in place in ensuring that students get quality service delivery and value for money.

Corporate Social Responsibility / Community Engagements

The college did not engage much in corporate social responsibility in the year under review. .

VIII. REPORT OF THE BOARD OF GOVERNORS

For the period under review for 2019/2020 FY Nyakach technical and vocational college has not received any audited accounts hence submitted the Financial Statement without any audit report for Nyakach technical and vocational college affairs.

Principal activities

The principal activities of the entity are

- To implement technical education programme. (curriculum)
- To provide alternative source of income to the institution.

Results

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

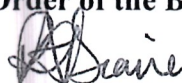
BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page vi to viii. During the financial year 2010/2020 no member retired nor resigned from the Board

Auditors

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

By Order of the Board



Principal

Date:.....

IX. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The board members are responsible for the preparation and presentation of the *Nyakach Technical and Vocational College's* financial statements, which give a true and fair view of the state of affairs of the *Nyakach Technical and Vocational College* for and as at the end of the financial year (2019/2020) ended on June 30, 2020. 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 *Nyakach Technical and Vocational College*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for *Nyakach Technical and Vocational College's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*) – *entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *Nyakach Technical and Vocational College's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2021, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for *Nyakach Technical and Vocational College*, which have been relied upon in the preparation of *Nyakach Technical and Vocational College's* financial statements as well as the adequacy of the systems of internal financial control.

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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

Approval of the financial statements

The Nyakach Technical and Vocational College's financial statements were approved by the Board on 8th July 2022 and signed on its behalf by:

Name :

Signature.....

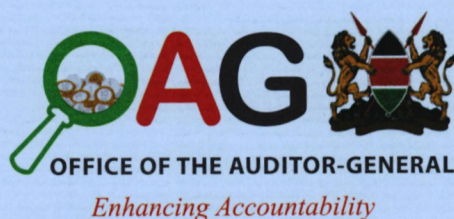
Chairperson of the Board/Board

Name..... *Risper*

Signature..... *RISPER D.A. ODHAMBO*

Principal

REPUBLIC OF KENYA



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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON NYAKACH TECHNICAL AND VOCATIONAL COLLEGE FOR THE TEN MONTHS PERIOD ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Nyakach Technical and Vocational College set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2020 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the ten months period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Nyakach Technical and Vocational College as at 30 June, 2020, and of its financial performance and its cash flows for the ten months period then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocation Education Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies and Inconsistencies in the Financial Statements

The financial statements prepared and presented for audit had the following inaccuracies and inconsistencies;

- i. The financial statements have been disclosed as being presentation of 12 months period yet they are for 10 months period.
- ii. Note 4(a)(ii) to the financial statements reflects fees from students amount of Kshs.9,365,945 while the statement of financial performance reflects the figure as representing total revenue received by the entity.

- iii. Note 4(b) indicates that the budget was revised whereas the statement of comparison of budget and actual amounts does not reflect any adjustments to the budget.
- iv. Note 4(h) on comparative figures reflects that comparative figures for the previous financial year yet this is the first year operation.
- v. The statement of financial performance and as disclosed in Note 6 to the financial statements reflects capital grants amount of Kshs.1,245,000 while the transfers notification letter from the mentor institution reflects an amount Kshs.1,254,000 resulting in an unexplained variance of Kshs.9,000.
- vi. The statement of comparison of budget and actual amounts reflects actual receipts amount of Kshs.10,693,625 whereas the statement of financial performance reflects an amount of Kshs.9,365,945 resulting in an unexplained variance of Kshs.1,327,680.

In addition, the statement of comparison of budget and actual amounts reflects that actual expenditure totals Kshs.2,311,876 while the statement of financial performance reflects an amount of Kshs.7,628,181 resulting to an unexplained variance of Kshs.5,316,305.

Further, the statement of comparison of budget and actual amounts reflects both receipts and expenditure budget of Kshs.56,878,240. However, the recast amounts were Kshs.50,588,240 and 52,314,100 respectively.

- vii. Note 7 on public contributions and donations of Kshs.93,184,632 could not be linked to the ledger balances and therefore should have been disclosed under other important disclosures.
- viii. Note 18 on development revenue Kshs.1,336,680 is reflected as Kshs.336,680 in the statement of cash flows resulting in an unreconciled balance of Kshs.1,000,000.
- ix. The trial balance provided for audit to support the financial statements reflects debits totalling to Kshs.109,957,159 and the credits totalling to Kshs.114,305,177 resulting in an unexplained variance of Kshs.4,348,018.
- x. The trial balance also reflects capital reserves balance of Kshs.93,184,632 while the ledger had a balance of Kshs.96,259,076 resulting in an unexplained variance of Kshs.3,074,444.
- xi. The trial balance further reflects a debit balance of Kshs.1,245,000 as capitation grant expenditure however, this was not disclosed in the financial statements.

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

2. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.4,840,780 as disclosed in Note 19 to the financial statements. However, the balances were not supported by bank reconciliation statements, certificate of bank balance and board of survey report. Further, the register of all bank accounts held by the entity was not provided for audit.

In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.4,840,780 could not be confirmed.

3. Unsupported Inventories Balance

The statement of financial position reflects inventories balance of Kshs.1,271,400 as disclosed in Note 22 to the financial statements. However, the balance was not supported by stock take report or any other details.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.1,274,400 could not be confirmed.

4. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant equipment balance of Kshs.87,871,121 and as disclosed in Note 23 to the financial statements. However, no fixed assets register and ownership documents were provided for audit.

In the circumstances, the ownership, accuracy and completeness of the property, plant and equipment balance of Kshs.87,871,121 could not be confirmed.

5. Unsupported Refundable Deposits from Customers

The statement of financial position reflects refundable deposits from customers' balance of Kshs.468,363 which includes Kshs.26,400, Kshs.369,190 and Kshs.72,773 on Higher Education Loans Board, examination and student council respectively. However, no supporting documents were provided for audit.

In the circumstances, the accuracy and completeness of the refundable deposits from customers' balance of Kshs.468,363 could not be confirmed.

6. Unsupported Expenditure

The statement of financial performance reflects total expenses amount of Kshs.7,628,181 which includes expenditure totalling Kshs.1,028,168 which was not supported as follows:

- i. Included in the payment details of the employment cost is payment to the Board of Governors staff amounting Kshs.64,500. The supporting payment documents were not provided for audit.

- ii. Review of the details provided for audit under activity showed that the entity paid Kshs.72,100 to a participant to attend athletics activities at Kisii Polytechnic. However, no requests or invitation letters were attached for audit.
- iii. A payment of Kshs.162,082 was made to the Principal as a pending bill. This payment was only supported with minutes of the Board of Governors and the payment voucher. However, the payment details including the purpose for this payment were not indicated.
- iv. Management spent Kshs.729,286 as administration cost under use of goods and services, all the funds were paid out as cash transactions with no proper accountability of the same in terms of records and approvals by the Management or the Board.

In the circumstances, the accuracy and completeness of expenditure totalling Kshs.1,028,168 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final receipts budget and actual amount on comparable basis of Kshs.56,878,240 and Kshs.9,365,945 respectively resulting to an under-collection of Kshs.47,512,295 or 86% of the budget. Similarly, the College spent Kshs.7,628,181 against an approved budget of Kshs.56,878,240 resulting to an under-expenditure of Kshs.49,250,059 or 69% of the budget.

The underfunding and under-performance affected the planned activities and may have impacted negatively on service delivery to the students.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Law on Ethnic Composition

Review of records revealed that, the total number of employees of the College was thirty-five (35) out of which thirty-one (31) or 89 % of the total number were from the dominant community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

2. Irregular Procurement Under Administrative Expenses

Management spent a total of Kshs.1,459,076 as Use of Goods out of which an amount of Kshs.729,286.00 was administrative expenses. The payment documents in support of the administrative expenses were not supported with any procurement plan, budget allocation, procurement requisitions, authorization of payments including stamps and signatories of the same contrary to Section 44(2)(a) of the Public Procurement and Assets Disposal Act, 2015 which states that an Accounting Officer shall ensure that procurements of goods, works and services of the public entity are within approved budget of that entity.

In the circumstances, Management was in breach of law.

3. Lack of Approved Staff Establishment

Review of the payroll revealed that the College incurred a wage bill amounting to Kshs.683,800. However, Management did not provide for audit an approved staff establishment and hence it was not possible to determine how the entity was able to determine the optimal number of human resource requirements and deficits if any.

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

4. Non-Compliance with Statutory Deductions

Review of accountable records revealed that Management did not deduct NHIF and NSSF which are statutory deductions. This was contrary to Section 20(1) of the National

Social Security Fund Act, 2013 and Section 15(1)(c) of the National Hospital Insurance Fund Act, 2012.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective

Basis for Conclusion

1. Lack of Internal Audit Function

The College had not established an internal audit function, contrary to Section 73(1) of the Public Finance Management Act, 2015 which states 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, the College did not benefit from the assurance and advisory services from the internal audit function.

2. Lack of Board Work Plans

During the year, the Council held meetings categorized as full board, special full board and committee meetings. However, the Board did not have an annual board work plan to guide their activities and did not carry out an annual evaluation of its performance at the end of the period. Further, the Board operated without a formal and transparent remuneration policy for board members.

In the circumstances, the effectiveness of the Board's performance could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the College to continue sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue sustaining its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 October, 2022

XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019/2020
		Kshs.
Revenue from Non-Exchange Transactions		
GOK Operation Grant	6	3,114,500
		3,114,500
Revenue from Exchange Transactions		
Rendering of Services- Fees from Students	8	6,242,445
Sale of Goods		-
Rental Revenue from Facilities and Equipment		-
Finance Income		-
Other Income	9	9,000
Revenue from Exchange Transactions		6,251,445
Total Revenue		9,365,945
Expenses		
Use of Goods & Services	10	1,459,076
Employee Costs	11	683,800
Depreciation & Amortization	13	5,313,511
Repairs and Maintenance	14	29,000
Board Expenses	12	140,000
Finance Costs	17	2,794
Contracted Services		-
Total Expenses		7,628,181
Net Surplus for the Year		1,737,764

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

I. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019/2020
		Kshs.
Assets		
Current Assets		
Cash and Cash Equivalents	19	4,840,780
Receivables from Non-Exch. Transactions	21	622,500
Receivables from Exch. Transactions	20	2,314,666
Inventories	22	1,271,400
Total Current Assets		9,049,346
Non-Current Assets		
Property, Plant and Equipment	23	87,871,121
Total Non- Current Assets		87,871,121
Total Assets		96,920,467
Liabilities		
Current Liabilities		
Trade Payables from Exchange Transactions	24	193,028
Refundable Deposits from Customers	25	468,363
Total Current Liabilities		661,391
Non-Current Liabilities		
Non-Current Provisions		-
Capital and Reserves		
Borrowings		
Accumulated Funds		96,259,076
Total Capital and Reserves		
Total Net Assets and Liabilities		96,920,467

The Financial Statements set out on pages 1-5 were signed on behalf of the Institute Board/ Board of Governors by:

Chairman of Board of Governors

Finance Officer
ICPAK No:28200

Principal

Date.....

Date

15/7/22

Date

15/07/2022

STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Capital Reserve	Retained Earnings	Development Grants/Fund	Total
At July 1, 2019	-	-	-	-
Assets Revaluation	93,184,632	-	-	93,184,632
Donation from NG-CDF (Nyakach	-	-	1,000,000	1,000,000
Total comprehensive income	-	1,737,764	-	1,737,764
Development grants received during the year	-	-	336,680	336,680
At June 30, 2020	93,184,632	1,737,764	1,336,680	96,259,076

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019/2020
	Note	Kshs.
Cash Flows from Operating Activities		
Receipts		
Government. Grants	6	3,114,500
Rendering of Services - Fees from Students	8	6,242,445
Sale of Goods		-
Rental Revenue from Hire of Facilities		-
Finance Income		-
Other Income	9	9,000
Total Receipts		9,365,945
Payments		
Use of Goods and Services	10	1,459,076
Employees Costs	11	683,800
Repairs and Maintenance	14	29,000
Council Costs	12	140,000
Finance Costs	17	2,794
Contracted Services		-
Total Payments		2,314,670
Net Cash flows from Operating Activities		7,051,275
Cash flows from Investing Activities		
Acquisition of PPE	23	(-)
Net cash flows used in Investing Activities		(-)
Cash flows from Financing Activities		
Development Fees	18	,336,680
Nyakach CDF funds		1,000,000
Net cash flows used in Financing Activities		1,336,680
Changes in Current Asset/Liabilities		
Receivables from Non- Exch. Transactions		(622,500)
Receivables from Exch. Transactions		(2,314,666)
Trade Payables from Exchange Transactions		193,028
Refundable Deposits from Customers		(468,363)
Increase in Inventories		(-)
Net Changes in Working Capital		(3,598,557)
Net Increase in Cash & Cash Equivalent		(4,789,398)
Cash and Cash Equivalent at 1 July 2019		-
Cash and Cash Equivalent at 30 June 2020		4,840,780

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

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30
JUNE 2020**

VOTEHEADS	Items Description	Original		Actual		Performance		Utilization	
		Budget	2019/2020	Performance	2019/2020	Difference	2019/2020	Difference	2019/2020
1	Tuition fee Revenue (A-in-A)	12,388,240		6,242,445		-6145795		-49.6%	
2	Government Capitation	12,500,000		3,114,500		-9,385,500		-75%	
3	Government Development Grant	25,000,000				-25,000,000		-100%	
4	Development (A - in -A)	700,000		336,680		363320		-51.9%	
5	County govt CDF			1,000,000		1,000,000			
	Total Recurrent Revenues	56,878,240		10,693,625					
	Operating Expenses								
6	Personnel Emoluments	2,660,000		683,800		1,976,200		55%	
7	Board/Council Expenses	200,000		140,000		60,000		30%	
8	RMI	1,050,000		29,000		1,284,865		58%	
9	General Expense	10,356,100		-		-		0%	
10	Use of goods and services	11,048,000		1,459,076		2,629,297		21%	
11	Development	27,000,000		-		-27,000,000		0%	
		56,878,240		2,311,876					

Notes on huge variances

- 1. The treasury allocation was received less of ksh.8,632,500 of what was budgeted of ksh.10,500,000 making the institution to receive Kshs.1,867,500 during the fiscal period 2019/2020 FY under review.*
- 2. Covid -19 outbreak paralysed learning making it not possible to fully collect the budgeted revenue for the financial period.*
- 3. The Treasury development grant was not received for the financial period under review.*
- 4. Use of goods and services reduced because of proportional revenue to meet such expenditures. The institute did commit beyond their revenue base.*

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

I. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Nyakach Technical and Vocational College is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is xxx.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the PFM Act.2012, the State Corporations Act, the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020.

Standard	Impact
Other Improvements to IPSAS	Applicable: 1st January 2021: During the financial year under review other improvements to IPSAS had not been effected.
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The institute does not operate with financial instruments covered under this section; hence this IPSAS 41 does not apply.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The institute does not operate other social benefits It is only operating with NSSF as the only social benefit hence this IPSAS 42 does not apply.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: ii) The financial year under review the institute had not used IPSAS 41 and it does not apply.

ii. Early adoption of standards

The institute is adopting IPSAS accruals for the second time and has taken into account clauses under IPSAS 33.

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

During the Financial year under review Nyakach TVC received a total of Kshs.3,114,500 as recurrent grant and no funds were received towards development.

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.

During the Financial year under review, Nyakach TVC received a total of Kshs. 9,365,945 as fee collection from students.

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.

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

During the Financial year under review Nyakach TVC did not receive any interest income since there is no savings account maintained by the institute.

Dividends

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

During the financial year under review Nyakach TVC did not share out any dividends since none is operational.

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

i) Revenue from exchange transactions (continued)

b) Budget information

The original budget for FY 2019/2020 was approved by the Board or Board .Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. In case of additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget..

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.

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

1. 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.
2. 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.

c) Investment property

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

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

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

d) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Leases

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

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability 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.

f) Intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

g) Research and development costs

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

1. The technical feasibility of completing the asset so that the asset will be available for use
2. Its intention to complete and its ability to use or sell the asset
3. How the asset will generate future economic benefits or service potential
4. The availability of resources to complete the asset
5. 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.

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) 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 institute 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.

During the Financial year under review Nyakach TVC was not owed any loan by any third party hence no calculation of impairment losses.

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.

During the Financial year under review Nyakach TVC did not have any financial asset withheld to maturity

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued).

Impairment of financial assets.

Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entityoffinancial 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 indicator:

Impairment of financial assets

- 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.

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

- **Inventories**

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value.

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

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.

- **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.

During the financial year under review Nyakach TVC did not have any legal or obligation hence did not cater for expenses arising for such obligations in the financial statement.

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

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

**NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.*

- **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.

- **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.

Nyakach TVC does not have any defined benefit retirement plan except NSSF.

- **Related parties**

Nyakach TVC 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 Nyakach TVC, or vice versa. Members of key management are regarded as related parties and comprise the Government of Kenya, BOG Members, the CEO/principal, senior managers and other staff.

- **Service concession arrangements**

Nyakach TVC 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, Nyakach TVC recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

- **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.

During the financial year under review Nyakach TVC cash and Cash equivalents amounted to.

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	2019-2020
Bank Balances	Kshs
KCB Current account Main a/c	3,629,086.00
KCB A/C 1263854614-CDF A/C	1,000,000.00
Total Bank Balances	4,629,086.00
Cash Balances	
Cash at Hand	211,694.00
Total Cash Balances	211,694.00
Total cash and cash equivalents	4,840,780.00

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

- **Comparative figures**

Comparative figures for the previous financial year have been amended or reconfigured to confirm to the required changes in presentation.

The institute is adopting IPSAS for the second time hence has comparative figures.

Nyakach TVC have not used any comparative figures for financial year 2018/2019 for the financial statement under review.

- **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, 2020.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Nyakach Technical and Vocational College'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:

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

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

During the Financial year under review Nyakach TVC did not have any provision.

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020
	Kshs
Unconditional grants	
Capitation grants	1,245,000.00
Operational grant	1,247,000.00
Other grants	
	2,492,000.00
Conditional grants	
Library grant	-
Hostels grant	-
Administration block grant	-
Laboratory grant	-
Learning facilities grant	-
Other organizational grants	-
Total government grants and subsidies	2,492,000.00

6 (b) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019/2020	
	Kshs	
Unconditional grants		
1st Capitation Grant	622,500	
2nd Capitation Grant	622,500	
3rd Capitation Grant	622,500	
4th Capitation Grant		
	<u>1,867,500</u>	
Conditional grants		
Re-current Grant	1,247,000	
Hostels grant	-	
Administration block grant	-	
Laboratory grant	-	
Learning facilities grant	-	
Other organizational grants	-	
Total Government Grants And Subsidies	<u>3,114,500</u>	

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

7. PUBLIC CONTRIBUTIONS AND DONATIONS

	2019/2020
	Kshs
Public donations	93,184,632
Donations from local leadership	-
Donations from religious institutions	-
Donations from alumni	-
Other donations	-
Total donations and sponsorships	93,184,632

8. RENDERING OF SERVICES		
Description	2019/2020	2018/2019
	Kshs	Kshs
Activity fees	268,934	-
Tuition fees	2,055,372	-
Administrative fees	886,154	-
RMI	462,796	-
EWC	217,381	-
L.T&T	399,867	-
Library	128,086	-
Medical	96,415	-
Personal Emoluments	1,475,940	-
Registration	251,500	-
Total	6,242,445	=

9. OTHER INCOME

Description	2019/2020	2018/2019
	Kshs	Kshs
Income from sale of tender	9,000	-
Skills/Curriculum Development levy	-	-
Income from disposal of assets	-	-
Total	9,000	=

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. USE OF GOODS AND SERVICES

Description	2019/2020	2018/2019
	Kshs	Kshs
Tuition Expenses	147,250	
Activity Expenses	93,300	
Administration Expenses	729,286	
LT&T	484,440	
Hostel charges	-	
Electricity & Water	-	
Tender	4,800	
Registration	-	
Attachment	-	
Production Unit expenses	-	
Total	<u>1,459,076.00</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. EMPLOYEE COSTS

Description	2019/2020	
	Kshs	
Salaries to Non-academic staff	683,800	
Total	<u>683,800</u>	

12. REMUNERATION OF BOARD MEMBERS

Description	2019/2020	
	Kshs	
Meeting allowances	140,000.00	
	<u>140,000.00</u>	

13. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019/2020
	Kshs
Buildings	1,150,000
Machinery & Equipment	2,972,329
Furniture & Fittings	165,875
Computers	1,025,307
Loose tools	-
Total	<u>5,313,511</u>

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. REPAIRS AND MAINTENANCE

Description	2019/2020
	Kshs
Buildings	29,000
Furniture and fittings	-
Computers and accessories	-
Motor vehicles	-
Total	29,000

16. CONTRACTED SERVICES

Description	2019/2020
	Kshs
Security Services	-
Total	-

17. FINANCE COSTS

Description	2019/2020
	Kshs
Bank Charges	2,794
Total	2,794

18. DEVELOPMENT REVENUE

Description	2019/2020
	Kshs
GOK Development funds	
A in A Development fund	336,680
NyakachCdf	1,000,000
Total	1,336,680.00

19. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Description	2019/2020
	Kshs
a) Current account	
KCB A/c No. 1263854613	3,629,086
KCB A/c No. 1263854614	1,000,000
b) Others(specify)	
Cash in transit	-
Cash in hand	211,694
M - pesa	-
Sub - Total	211,694
Grand total	4,840,780

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. (a) RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019/2020	
	Kshs	
Current receivables		
Student debtors	2,224,666	
Other customers (Uncleared imprests)	90,000	
Total Current Receivables	2,314,666	

20 (b) RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019/2020	
	Kshs	
Non-current receivables		
Student debtors	2,224,666	
Other customers	-	
Total	-	
Total receivables	2,224,666	

21. RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS

Description	2019/2020	
	Kshs	
Government Capitation -3 RD quarter	622,500	
	622,500	

22. INVENTORIES

Description	2019/2020	
	Kshs	
Central stores (Consumable)	1,271,400	

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23(A). PROPERTY PLANT AND EQUIPMENT

	Land	Buildings	Furniture and fittings	Computers	Machinery equipment	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At 1 July 2019	-	-	-	-	-	-	-
Donation by GOK		57,500,000	1,327,000	3,079,000	23,778,632		85,684,632
Additions	-	-	-	-	-	-	-
Valuation	7,500,000	-	-	-	-	-	7,500,000
Transfer/adjustments	-	-	-	-	-	-	-
At 30 June 2020	7,500,000	57,500,000	1,327,000	3,079,000	23,778,632	-	93,184,632
At 1 July 2020	7,500,000	57,500,000	1,327,000	3,079,000	23,778,632	-	93,184,632
Deprec & impairment	-	0.020	0.125	0.333	0.125	-	-
At 1 July 2019	-	-	-	-	-	-	-
Depreciation	-	1,150,000	165,875	1,025,307	2,972,329	-	5,313,511
Impairment	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-
At 30 June 2020	-	1,150,000	165,875	1,025,307	2,972,329	-	5,313,511
Net book values (NBV)							
NBV At 30 June 2020	7,500,000	56,350,000	1,161,125	2,053,693	20,806,303	-	87,871,121

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 (b) Property, Plant and Equipment at Cost

	Cost	Accumulated Depreciation	NBV As at 30 June 2020
	Kshs.	Kshs.	Kshs.
Land	7,500,000	0	7,500,000
Buildings	57,500,000	1,150,000	56,350,000
Furniture and Fittings	1,327,000	165,875	1,161,125
Computers and Related Equipment	3,079,000	1,025,307	2,053,693
Plant and Machinery	23,778,632	2,972,329	20,806,303
TOTALS	93,184,632	5,313,511	87,871,121

24. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019/2020	
	KShs	
Trade payables	162,820	
Fees paid in advance	30,208	
Total	193,028	

25 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019/2020	
	Kshs	
Helb Loan	26,400	
Examination	369,190	
Student Council	72,773	
Suspense	-	
	468,363	

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL RISK MANAGEMENT

The institute activities expose it to a variety of financial risks: Credit risk and liquidity risk.. The entity's financial risk management objectives and policies are detailed below:

i) Price Risk;

Price risk is the risk that the value commodities will change in prices due to factors of demand and supply.

Nyakach TVC was adversely affected by an increase in prices of commodities and services due to the outbreak of Covid -19.

ii). Cash flow and interest rate risk:

Interest rate risk arises out of long /short term borrowings Nyakach TVC has no long/short term borrowings from any financial institution.

(iii) Credit risk

Credit risk arises from cash and cash equivalents and deposits with bank as well as credit exposure to customers including outstanding receivables and committed transactions .Credit risk that counter party will default on its contractual obligations resulting in financial loss to the institute .The institute does not have significant concentrations of credit risk for bank and financial institutions.

Nyakach TVC only deals with well-established banks. For trade and receivables ,the institute assesses the credit worth of the customer, taking into account their financial position, past experience and other cross cutting factors the institute works closely with CDF'S, HELB and other funding institutions that support trainees to ensure reduction on default risk on students fee balances.

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	2,314,666	2,314,666	0.00	0.00
Receivables from non exchange transactions	622,500	622,500	0.00	0.00
Bank balances	4,840,780	4,840,780	0.00	0.00
Total	7,777,946	7,777,946	0.00	0.00

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

(ii) Liquidity Risk:

Liquidity risk is the risk that the institute will not be able to meet its financial obligations as and when they fall due.

Due to the dynamic nature of the institute business, the institute maintains flexibility in funding by maintaining availability under committed credit lines. The institute approach when managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risk damage to the institutes reputation.

However, external factors such as no fee payment by students due to outbreak of covid-19 did create serious constrain on the liquidity of the institute during the financial year under review.

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:

36. 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 on-going 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 Nyakach TVC 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.

Foreign currency risk

Foreign exchange risk arises from recognised assets and liabilities .Nyakach NTC operates within Kenya and its assets and liabilities are denominated in Kenya shillings.

Nyakach NTC has no transactions in foreign currency since most of our trainees pay fee in Kenyan shillings. 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:

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

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The institute 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.

37. RELATED PARTY BALANCES

Nature of related party relationships

Institute and other parties related to NyakachTVC 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 Nyakach TVC, holding 100% of Nyakach TVC 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:

- The National Government;
- The Parent Ministry;
- Key management;
- Board of directors;

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

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. EVENTS AFTER THE REPORTING PERIOD

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

39. ULTIMATE AND HOLDING ENTITY

Nyakach Technical and vocational college is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

40. CURRENCY

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

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The period under review is the base year to be audited since the inception of Nyakach TVC thereby not having matters under this category

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
APPENDIX III: INTER-ENTITY TRANSFERS

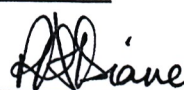
ENTITY NAME:		NYAKACH TECHNICAL AND VOVATIONAL COLLEGE		
Break down of Transfers from the State Department of Technical And Vocational Training				
FY 20/21				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		31/5/2020	1,245,000.00	2019/2020 FY
		Total		
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
			0.00	
			0.00	
		Total	0.00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
			0.00	
			0.00	
		Total	0.00	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0.00	
			0.00	
			0.00	
		Total	0.00	

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

Finance Officer
Nyakach TVC

Sign 

Principal
Nyakach TVC

Sign 

NYAKACH TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund/Direct Payment/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Education		Recurrent	-	-	-	-	-	-
Nyakach CDF		Development	1,000,000	-	-	-	-	1,000,000
USAID		Donor Fund	-	-	-	-	-	-
Ministry of Education		Direct Payment	-	-	-	-	-	-
Total			1,000,000	-	-	-	-	1,000,000



Signature

f.o. *MD*