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THE AUDITOR-GENERAL

ON

**HEROES TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2021**

HEROES TECHNICAL AND VOCATIONAL COLLEGE

OFFICE OF THE AUDITOR GENERAL
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HEROES TECHNICAL AND VOCATIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2021

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

Heroes Technical and Vocation College
Annual Report and Financial Statements for the year ended 30th June 2021

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1. Acronyms & Glossary of Terms

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

II. Key Entity Information and Management

(a) Background information

Heroes Technical and Vocational College was incorporated/ established under the TVET 2013 Act on 28th January 2021. HEROES Technical and Vocational College is domiciled in Kenya and has no branches. The institute is under the Ministry of Education, State Department of Technical & Vocational Education and Training.

Heroes technical and Vocational College opened its first doors to new students' admissions in the month of February 2021. HEROES TVC is in Nakuru County, Bahati Constituency, Kabatini ward. When the college was established the area community benefitted so much as there was no nearby college providing such courses and taking students at a more convenient and reliable environment. The college in its 3rd year since operation has managed to admit more than 150 students who are taking Artisan, Craft and Diploma levels as well as NITA Grade III, II & I.

There are five departments currently formed under the TVET Act 2013 which are Building and Civil Engineering Department, Information Communication Technology Department, Business Department, Electrical and Electronics Engineering Department and Fashion Design Department. More department to be incorporated as and when demand arises.

(b) Principal Activities

The principal activity/mission/ mandate of the entity is to ...

The Vision of the institution is to be a global excellence in technical skills, research and innovation for growth and development.

The Mission of the institution is to offer accessible quality technical and vocational education training, research and innovation for sustainable development.

Core Mandate- Heroes technical and vocational college is mandated to offer technical and vocational courses in across levels 3, 4, 5 and 6 which are examined by CBET CDACC, KNEC and NITA. the institution also offers co-curricular activities ranging from sports, drama, clubs and societies as well environmental and talent-based engagements.

The core functions or objectives of Heroes Technical and Vocational College are

1. To provide quality technical, knowledge, skills and technology for sustainable development
2. To advance relevant knowledge and its practical application through research and innovation.
3. To increase student access to courses by offering a wide range of TVET courses.
4. Aspire to provide to provide an all-inclusive training.

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(c) Key Management

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

Heroes Technical and Vocational College is under the Board of Governors.

The principal is the accounting officer is in-charge of administrative functions of the college

The Institution has two Deputy Principals; D/Principal Academic Affairs and D/Principal Administration.

(d) Fiduciary Management

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

SN.	Designation	Name
1.	Principal	Mr Francis B Mbugua
2.	Deputy principal Administration	Mr Daniel Okello
3	Registrar (s)	Mr Duncan C Kones
4	Dean of students	Mr John Wacira Njoroge
5	Head of Finance	Mr Michael Mathenge

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

The Board of Governors' Sub-committees facilitate decision making to assist the Board in execution of its duties, powers and authority; however, delegation of authority to the committees does not in any way take away the prerogative powers of the Main Board in discharging its duties. The Committees have been established with formal written terms of reference to guide their activities. The duties of the respective committees are to strategize, monitor and evaluate the execution of the various factions in **Heroes TVC**.

The Finance committee oversees budgetary approvals and development projects evaluation and performs routine checks and balances to the finances of the institution. The committee is also in charge of recruitment and staff appraisals.

The Audit committee on the other hand ensures that the internal controls and procedures are adhered to, and all material areas are put into scrutiny to safeguard the college assets and to curb any financial threat.

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The Education committee oversees developing of education policies and make sure the progress of Heroes Technical academically, is a priority and the learning environment is conducive for students as well as their welfare.

In the Financial Year 2020-2021, the following Board sub-committees were in place:

(f)

1. Finance and Infrastructure Committee

- i) Benard Kitur -Chairperson
- ii) Francis B Mbugua- Secretary
- iii) Nancy Wanjiku -Member

2. Education Committee, Training & Human Resource Committee

(b)

- i) Dr Esther Chemutai-Chairperson
- ii) Amos Akelo - Member
- iii) Mohammed Hassan – County Director (TVET)

3. Audit and Risk Committee

(c)

- i) Dr Patrick Wafula Okanya -Chairperson
- ii) Leonard Kahungu - Member
- iii) Lucy Achieng Ogol-Member

(f) Entity Headquarters

(a) Heroes TVC Main Campus Building,
Mawanga-Murunyu-Wanyororo Road
P.O. Box 13701-20100
Nakuru, Kenya.

(b) Entity Contacts

Telephone: (254) 792526073
E-mail: heroestechnical2019@gmail.com
Website: www.heroestvc.act.ke

(c) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000

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City Square 00200
Nairobi, Kenya

Equity Bank Kenya Ltd
Nakuru Branch
P.O. Box 12568-20100
Gatehouse-Nakuru, Kenya

(d) Independent Auditors

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

Key Entity Information and Management (Continued)

(e) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

XXX TTI/TVC /National Polytechnic/Teacher Training College
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III. The Board of Governors

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	Dr. Isaac Wanjohi Kingori HEROES TVC BOG Chairperson	-PhD Ed,M.Ed, B.Ed -25 Years in Education Sector. -Director Laikipia Uni. Nyahururu Campus
2.	Dr Patrick Wafula Okanya Member Board of Governors	-PhD, M.Sc, B.Sc -2 Years research assistant-UON -4 Years in Research Institute HZ1 Germany -Senior Lecturer TUK
3.	Benard Kitur Member Board of Governors	-PhD-MIS (ongoing-JKUAT), MBA-MIS, B.Ed. Arts -23 Years in Education Sector. -Currently Ag. Director Civic Education NCG
4.	Esther Chemutai Koske Member Board of Governors	-PhD Business Administration-Ongoing, MBA(JKUAT) -30 Yrs. in Administration, Currently A.D OAS and Lecturer Kabarak University
5.	Lucy Achieng Ogol Member Board of Governors	-Holds a PhD , M.Ed -35 Years in Education, D/Director KICD and currently Lecturer Tom Mboya University College.
6.	Eng. Leonard Kahungu Member Board of Governors	-Holds a B.Sc Civil Engineering. -Registered Graduate Engineer-EBK -7 Years in Civil Engineering Practice
7.	Nancy Wanjiku Karanja (CPA)	-- Holder of MSC Finance -Certified Public Accountant K -Bachelor of Commerce (Finance)-JKUAT Project Finance Lead-Waruihu Construction

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		Company.
8.	Mr Francis B Mbugua Principal & Secretary to the Board of Governors	-MBA Entrepreneurship,BBM -Principal and the Secretary to the BoG Heroes Technical and Vocational College.
9.	Leonard Kabaki County Director (TVET)	-County Director-Technical & Vocational Education and Training.

IV. Key Management Team

No.	Member/ Director	Details
1.	Mr Francis B Mbugua Principal & Secretary to the Board of Governors	-MBA Entrepreneurship, BBM -Principal and the Secretary to the BOG Heroes Technical and Vocational College.
2.	Mr Daniel O Okello Deputy Principal (Academics)	-Currently the D/ Principal Administration - HND Building & Civil Eng Technology - Diploma in Building Engineering - Diploma in Technical Education
3	Mr Michael Mathenge Finance officer/Accountant	-CPA 2 -Currently the Accountant & Finance Officer- Heroes TVC

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V. Chairman's Statement

I am delighted to present the annual financial statement of Heroes technical and vocational college for the year ended 30th June 2021.

Heroes technical and vocational college realized a significant achievement notwithstanding financial challenges. There is a significant improvement in the areas of learning by recruiting more teaching staff on BOG terms and also slight increment in student population through marketing interventions.

The Institution faced financial challenges due to poor fees payment and insufficient grants which affected the provision of services. The institution is facing high competition from established institution within its proximity that is why there is low enrolment across the intakes.

I take this opportunity to confirm the commitment of the board in providing effective leadership for the growth of the college. In this regard, the board will continue to maintain policy direction which will facilitate management and staff to work together and engage stakeholders to realize their dream in accordance with spirit of participation enshrined in our constitution. I thank all stakeholders who has contributed for the success of the institution.



Dr. Isaac Wanjohi Kingori

Chairman, Board Of Governors.

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VI. Report of the Chief/SeniorPrincipal

It's my pleasure to present the financial year statement for the year ended 30th June 2021. This year, the institution witnessed a slight increase in student enrolment. Despite the challenges, the institution continues to discharge its mandate of training and we expect student population to increase in the future due to various marketing initiatives being undertaken as well as collaborations.

The main source of revenue to the institution is fess collection which contributed ksh 1,026,380 and capitation and recurrent grants amounted to ksh 2,277,500 .

On behalf of the institution, I take this opportunity to thank government of Kenya the continued support and also collaborators and other stakeholders which was way beyond our expectations. To the management team, all staff and students i wish to sincerely thank them for the peace, hard work and discipline exhibited in the year.



Mr Francis B Mbugua

PRINCIPAL.

Heroes Technical and Vocation College

Annual Report and Financial Statements for the year ended 30th June 2021

VII. Statement of Performance against Predetermined Objectives

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1. Competent Graduates	<ul style="list-style-type: none"> To produce competent graduates To implement programs that are market driven. 	<ul style="list-style-type: none"> -Additional marketable courses at HEROES TVC 	<ul style="list-style-type: none"> - Marketing. - Scholarships and Collaborations - Surveys 	<ul style="list-style-type: none"> - Enrolling on already registered 5 KNEC Programmes - Managed to build initial students' population of over 50 students
Facilities and infrastructure Development	To provide adequate infrastructure to support expanded mandate of HTVC	<ul style="list-style-type: none"> - Investing in learning facilities and infrastructure by fully implementing what is outlined in the Master plan - Acquiring modern equipment that will enhance effective and efficient delivery of programs/ courses. 	<ul style="list-style-type: none"> - Trainings - No. of Practical lessons for ICT, Electrical and Building departments. 	-No significant infrastructure projects carried out.
-Trainees Welfare	- To enhance student welfare	<ul style="list-style-type: none"> - Collaborating with the community to provide hostels - Availing guidance and counselling services. - Establish Career guidance office 	<ul style="list-style-type: none"> - No. of hostels constructed - No. of students being accommodated by the tenants - No. of students changing their morals values. 	

Heroes Technical and Vocation College

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Research and Innovation	<ul style="list-style-type: none"> - To undertake research that will deepen knowledge and stimulate innovation 	<ul style="list-style-type: none"> - Strengthen its capacity for research. - Carry out various research and innovation informed by the industry 	<ul style="list-style-type: none"> - Attendance list of the trade fair in the college - Attendance list of the students presenting the innovations in the trade fairs. 	
Institutional Capacity	<ul style="list-style-type: none"> - To achieve quality service delivery - To attract and retain skilled, motivated and productive staff 	<ul style="list-style-type: none"> - Initiate management information systems and quality assurance - Recruit, select and retain adequate human resource with the right skills and competencies. - Implement initiatives for motivating staff such as attractive terms and condition of service. - capacity building and provision of adequate tools and equipment. 	<ul style="list-style-type: none"> - No. of advertised positions - No. of newly employed staff - Attendance list of the MIS launching in places. 	Received 2 PSC Trainers and 1 Intern and 2 KSTVET attachees to boost the available staff capacity
Governance	<ul style="list-style-type: none"> - To maintain and continually improve principles of good 	<ul style="list-style-type: none"> - Establish clear governance structures - Establish organizational 	<ul style="list-style-type: none"> - No. of appointment letters - No. of job evaluations for 	Received more than 5 new appointment of trainers and BOG staff

Heroes Technical and Vocation College

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	governance	<p>structure to make it responsive to the emerging trends</p> <ul style="list-style-type: none"> - Develop job descriptions and job specifications - Conduct job evaluations - Make appointments and promotion of staff on merit - Fully adhere to the provisions of relevant Acts, regulations and guidelines 	the FY	Developed various manuals and policies.
ICT integration	- To integrate ICT in management and teaching-learning	<ul style="list-style-type: none"> - Initiate and operationalize ICT infrastructure • Install a CCTV network • Expand internet bandwidth based on usage and demand - Expand Wi-Fi coverage to the entire institute compound. - Acquisition and installation of requisite software and equipment for the Virtual learning center Strategy 	<ul style="list-style-type: none"> - Present ICT policy document - MIS system in place - No. of cameras supporting the CCTV surveillance - The size of speed and coverage area of the expanded internet 	First printer acquired to ease office administrative activities.

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		<ul style="list-style-type: none"> - Establish MIS to capture all administrative functions within plan period - Implement recommendations of ICT audit and ICT policies, regulations and procedures 		
Resource Mobilization	<ul style="list-style-type: none"> - To identify, secure and manage financial resources efficiently and effectively 	<ul style="list-style-type: none"> - Lobby constituency and national and county governments for additional funds. - Initiate and operationalize income generating activities - Lobby for funding from international donors, partners and industry. - Managing financial resources prudently - Comply with government PFM acts and treasury circulars - Comply with government procurement regulations 	<ul style="list-style-type: none"> - Total amount funds received from funding organizations - Procurement plan documentation in place - Audit policy documentation in place 	<ul style="list-style-type: none"> -No major strategic and partnership engagements.

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		<ul style="list-style-type: none"> - Conduct impact audits on expenditure - To streamline the purchasing and procurement system - Prioritizing and allocation of financial resources. 		
Curriculum Implementation and Development	<ul style="list-style-type: none"> - To implement and design market oriented and demand-driven programmes 	<ul style="list-style-type: none"> - Implement approved course syllabi - Obtain accreditation and licensing from relevant legal and regulatory bodies - Promote flexible and blended learning - To design and implement competency-based courses (CBET) - Operationalizing partnership with the industry in the implementation of the curriculum. 	<ul style="list-style-type: none"> - No. of approved course syllabi in the college - Total no. of accredited courses 	Continued the implementation of KNEC approved programmes.
Human Resource Development	<ul style="list-style-type: none"> - To attract and retain competent Staff 	<ul style="list-style-type: none"> - Carry out capacity building - Establish a performance 	<ul style="list-style-type: none"> - No. of capacity building trainings held 	Acquired some curricula under KICD to enhance proper training

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	<ul style="list-style-type: none"> - To provide an enabling environment for teaching and nonteaching staff to develop themselves. 	<ul style="list-style-type: none"> reward system - Review terms and conditions of service. - Appraise staff annually 	<ul style="list-style-type: none"> - NO. of reviewed positions - No. of staff appraised 	and delivery of skills to trainees.
Enrolment and tracer studies	<ul style="list-style-type: none"> - To optimize student enrolment. 	<ul style="list-style-type: none"> - Monitor the optimum capacity per course - Carry out continuous marketing for brand recognition. - Sensitize trainees on HELB loans and other avenues of financing - Conducting guidance and counselling on a continuous basis 	<ul style="list-style-type: none"> - Percentage increase in student intake - No of marketing events - Increase in the HELB loan funding 	Few engagements with a number of stakeholders i.e County TVET Director, DCC area MP on steps to mobilizing and boosting enrolment.
Linkages partnerships and Networking	<ul style="list-style-type: none"> - To Strengthen and enlarge linkages with strategic partners nationally and internationally - To improve TTVC online presence 	<ul style="list-style-type: none"> - Engage MIS and ICT departments - Engage customer care office - Establish linkages partnerships and liaising with industrial organizations to explore ways of putting into use 	<ul style="list-style-type: none"> - No. of students gone for attachment - No. of MOUs established with HEROES TVC 	

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		technologies or innovations that have been developed and attachments		
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VIII. Corporate Governance Statement

1. Code of conduct/ responsibilities of board members

Heroes Board of Governors relies on the prescription of the Technical and Vocational Education and Training Act, 2013 on the description of its responsibilities, functions and structure and ethical conduct.

2. Appointment and removal of Board of Governors

The appointment and removal of the Board of Governors is prescribed under the Technical and Vocational Education and Training Act, 2013. The appointing authority takes into consideration skills mix in selection to ensure persons with key specialization are included such as Information Communication Technology, Finance, Technical areas etc. it also factors in gender and ethnic representation as per the Constitution. The current Board of Governors was appointed by the Permanent Secretary Ministry of Education Science and Technology in 12th May 2020 for term of three years.

3. Training

The Board of Governors attended induction training in corporate governance organized by the Ministry through the Technical and Vocational Education and Training in the third quarter of 2020 and was attended by all members led by the Chairperson.

4. Board performance evaluation

There is a formal process for reviewing and evaluation of Boards performance and its committee

5. Conflict of interest

Declaration of conflict of interest is maintained in all meetings. A register of conflict of interest is maintained by the institution to record all the declarations

6. Board remuneration

The Board are entitled to sitting allowance as prescribed in the Heroes Technical and Vocational College Board allowances.

7. Succession plan

The current board does not have a succession plan as members appointed were given the same time of tenure. The Institute is in discussion with the parent ministry to stagger appointment of the Board members

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8. Board meeting attendance

The board holds its meetings at least once every quarter. In Financial Year 2020/2021 , meetings were held as follows;

	Nature of meeting	Ordinary	Special	Total
1	Full Board	2		2
2	Committee Meetings		1	1
3	Training			

IX. Management Discussion and Analysis

1) Financial performance

In the financial year 2020/2021, the exchequer contribution totaled to Ksh.2,277,500 for recurrent expenditure purposes as compared with Ksh 0.0 in the previous year. Internally generated income of Ksh 1,026,380 collected was from fees from regular students, National youth service trainees and hostel income. The Institute recorded an aggregate income of Ksh 3,303,880 during the year while the recurrent expenditure stood at Ksh 2,737,920.

Key projects and investment decisions

Capital projects are key to the growth and development of the Institute given its continued expansion and improvement of the required physical facilities to accommodate increasing population.

During the year under review, the major projects undertaken included setting up of a computer lab, acquisition of classroom furniture, workshop equipment's and consumables and Marketing of the Institute's Programmes. The challenges in implementation include delays in disbursement of funds.

2) Risks and opportunities

Strengths

- Experienced, committed and supportive Board of Governors
- Community good will
- Committed management team

Opportunities

- Increasing demand for technical education
- Harmonious relationship with the community
- Existence of Higher Education Loans Board, Constituency Development Fund and other Bursaries and scholarships
- Placement of trainees by Kenya Universities and College Central Placements Service

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The Entities Challenges

- Inadequate Public Service Commission trainers
- Delayed disbursement of Government of Kenya capitation and fees for sponsored students.
- Inconsistent water supply.
- Delayed delivery of government training equipments

3) Material arrears in financial obligation

There exist material arrears in financial obligation to the institution by the government and student fee arrears as well as partner NGOs for sponsored students

4) Compliance with statutory deductions

The institute complies with all the statutory obligations that include Pay as You Earn, National Social Security Fund, Higher Education Loans Board, and National Hospital Insurance Fund and there is no pending obligation known to the institution in regards to statutory obligation. The institute even holds a compliance certificates on the same.

5) Performance contracting

The Performance contract for Financial Year 2020/2021 was not negotiated by the Board with the ministry of Education because the institute did not have the requisite policy manuals and reference policies.

6) Students welfare

The Dean of Students Office is mandated with management of all students' welfare matters. It supports welfare activities through the student council. These activities include election and managing students' council, participation in co-curriculum activities, guidance and counselling and inter religious activities.

X. Environmental And Sustainability Reporting Statement

Heroes Technical & Vocational College exists to change lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer first, delivering relevant skills, knowledge and attitudes and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

Heroes Technical and Vocation College

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We take it to be our responsibility to ensure that there is continuous improvement and integration with economic, environmental and social undertaking. We strive to work closely with our clients, suppliers, the local community, partners and other stakeholders.

2. Skills Delivery

We take pride in our success in delivering skilled graduates possessing the right set of attitudes and knowledge that fits the market needs.

3. Employee welfare

The institute follows the guidelines of the public service human resource policy on recruitment, training and appraisal. We also adhere to the provision of the safety and compliance with Occupational Safety and Health Act of 2007, and have a policy in place that is being implemented.

XI. Report of the Council/Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which shows the state of the Heroes Technical and Vocational College affairs.

Principal activities

The principal activity of the Heroes Technical and Vocational College is to offer high quality Technical Training, carry out innovative research and community outreach programmes for sustainable socio-economic development

Results

The results of the Heroes Technical and Vocational College for the year ended June 30, 2021 are set out on page 1 to ---

BOARD OF GOVERNORS

The members of the Board who served during the of financial year were inaugurated in November 2021. All Board members are still on session since no Board member retired neither resigned.

Francis B Mbugua
Secretary of the Board

Nairobi
Heroes Technical and Vocation College
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Auditors

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

By Order of the Board



Francis B Mbugua.
Secretary of the Board
Nairobi
Date: 18/08/2021

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

Section 81 of the Public Finance Management Act, 2012 and require the council members to prepare financial statements in respect of Heroes Technical & Vocational College, which give a true and fair view of the of the college at the end of the financial year and the operating results of the institute for that year. The council members are also required to ensure that the Heroes Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The council members are also responsible for safeguarding the assets of Heroes Technical and Vocational College.

The council members are responsible for the preparation and presentation of the Heroes Technical and Vocational College financial statements, which give a true and fair view of the of the Heroes Technical and Vocational College for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Heroes Technical and Vocational College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the Heroes Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The council members believe Heroes Technical & Vocational College financial statements give a true and fair view of the state of the institutes transactions during the financial year ended June 30, 2021, and of the Institutes financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Heroes Technical and Vocational College, which have been relied upon in the preparation of the Institutions financial statements as well as the adequacy of the systems of internal financial control.

Dr. Isaac Wanjohi Kingori

Chairperson of the Board

Heroes Technical and Vocation College

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Nothing has come to the attention of the council members to indicate that the Heroes Technical & 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

Heroes Technical & Vocational College financial statements were approved by the Board on ___/09/20___ and signed on its behalf by:



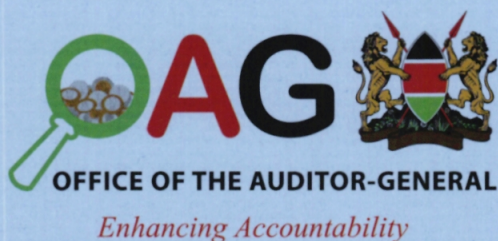
.....
Dr. Isaac Wanjohi Kingori
Chairperson of the Board



.....
Francis B Mbugua
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON HEROES TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The report on financial statements should be read together with the report on lawfulness and effectiveness in the use of public resources, and the report on effectiveness of internal controls, risk management and governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Heroes Technical and Vocational College for the year ended 30 June, 2021 as set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and

Report of the Auditor-General on Heroes Technical and Vocational College for the year ended 30 June, 2021

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

In my opinion, except for the effect of the matters described in the basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Heroes Technical and Vocational College for the year as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education Training Act, 2013 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Capital/Development Grants/Funds Balance

The statement of changes in net assets reflects an opening capital/development grants/Funds balance of Kshs.81,695,706. However, the Management did not provide any evidence to support the amount.

In the circumstances, the accuracy, completeness and validity the capital/development grants/Funds balance of Kshs.81,695,706 for the year ended 30 June, 2021 could not be confirmed.

2. Variances Between the Trial Balance and the Financial Statements

The trial balance provided for audit reflects balances which were at variance with the financial statements as detailed in the table below;

	Items	Amount as per Financial Statements Kshs	Amounts as per Trial Balance Kshs	Variance Kshs
1	Total Expenses	2,737,920	683,590	2,054,330
2	Total Revenue	3,303,880	1,513,000	1,790,880
3	Cash and Bank	565,960	620,610	54,650

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

3. Variance Between the Financial Statements and the Supporting Ledgers

The statement of statement of financial performance reflects amounts of Kshs.1,483,980 and Kshs.178,860 in respect of use of goods and services and repairs and maintenance respectively. However, the supporting ledgers provided for audit indicated balances of

Kshs.748,822 and Kshs.203,040 resulting in unexplained variances of Kshs.735,158 and Kshs.24,180 respectively.

In the circumstances, the accuracy, completeness and validity of the use of goods and services and repairs and maintenance amounts of Kshs.1,483,980 and Kshs.178,860 respectively could not be confirmed.

4. Unsupported Transfers from the National Government - Grants

The statement of financial performance reflects transfers from the National Government – grants/gifts in kind amount of Kshs.2,277,500 which was received from the Ministry of Education - State Department for Technical, Vocational Education and Training as recurrent grants. However, the amount was not supported by notification of disbursements circulars, acknowledgement receipts, receipt vouchers, copies of the Board minutes, and correspondences to show the purpose or beneficiary of the funds.

Further, there were amounts of Kshs.500,000 and Kshs.277,500 which received on 05 March, 2021 and 19 April, 2021 all totaling Kshs.777,500 as indicated in the bank statements. However, the transactions were not recorded in the cashbook and they were also not captured as reconciling items in the bank reconciliation statements in the subsequent months.

In the circumstances, accuracy and completeness the transfers from the National Government – grants/gifts in kind amount of Kshs.2,277,500 could not be confirmed.

5. Unsupported Rendering of Services - Fees from Students Amount

The statement of financial performance reflects rendering of services-fees from students amount of Kshs.1,026,380 as disclosed under Note 7 to the financial statements. However, review of records revealed the following observations:

5.1 Under Collection of Revenue

Review of the supporting schedule provided revealed that the College accrued an amount of Kshs.1,026,380 from thirty-nine (39) students at Kshs.26,317 per student as the expected fees for the year. However, the College managed to actually collect only Kshs.421,060 or 41% of the expected amount. Failure to collect the expected revenue negatively affects the learning process of the students in provision of learning materials since it is a technical college compromising the quality of education. It also affects the daily operations of the school since there are insufficient funds to engage suppliers.

In the circumstances, the school may offer low quality services to the students which may have a negative impact on the performance.

5.2 Failure to Disclose Admission Fee

During the year under review the school admitted thirty-seven (37) students. However, it was observed that the admission fee amounting to Kshs.122,100 (or Kshs.3,300 per student) was not disclosed in the financial statements. Further, the supporting documentation for the admission fees was not provided for audit verification.

5.3 Incomplete Revenue Ledger

Management provided the supporting receipts ledger for audit verification which did not have the receipt voucher numbers, dates, description of transactions and the respective accounts credited. Further, the receipt counterfoils did not have the admission number of the students and details of whom received the money and issued the receipts.

In the circumstances, the accuracy and completeness of rendering of services - fees from students amount of Kshs.1,026,380 could not be confirmed.

6. Unsupported Use of Goods and Services Expenditure

The statement of financial performance reflects use of goods and services amount of Kshs.1,483,980 as disclosed under Note 8 to the financial statements. The expenditure relates to the procurement goods and services under various sub items for the College operations. However, the expenses were not supported by requisitions, payment vouchers, approvals, quotations, delivery notes, invitation letters for trainings, invoices for electricity and water, attendance lists and relevant receipts. Further, review of records in respect of training materials component, revealed that there was double accounting of construction materials amounting to Kshs.58,900 thereby overstating the expenditure under this sub item.

In the circumstances, the accuracy, completeness and propriety of use of goods and services expenditure of Kshs.1,483,980 could not be confirmed.

7. Unsupported Remuneration of Board Members Amount

The statement of financial performance reflects remuneration of Directors amount of Kshs.79,000 as disclosed in Note 10 to the financial statements. However, the supporting documents such as board minutes, attendance register and applicable rates of payments for allowances to board members were not provided for audit verification.

In the circumstances, the accuracy, completeness and propriety of the remuneration of directors amount of Kshs.79,000 could not be confirmed.

8. Unsupported Repair and Maintenance Expenditure

The statement of financial performance reflects repairs and maintenance payments amounting to Kshs.178,860 as disclosed in Note 12 to the financial statements. However, Management did not provide the respective payment vouchers, local purchase/service orders (LPOs/LSOs) and other relevant documents to support the expenditure.

In the circumstances, the accuracy, completeness and the propriety of the repairs and maintenance expenditure of Kshs.178,860 could not be confirmed.

9. Unsupported Depreciation and Amortization Expenses

The statement of financial performance reflects depreciation and amortization expense amounting to Kshs.643,780 as disclosed in Note 11 to the financial statements. However, Management did not provide a depreciation schedule in support of the amount and it was

therefore not possible to confirm the name and class of assets that were depreciated, the rates of depreciation and their useful life.

Further, Note 15 to the financial statements disclosed an accumulated depreciation amount of Kshs.1,428,286 resulting in an unexplained and unreconciled variance of Kshs.784,506.

In the circumstances, the accuracy and completeness of the depreciation and amortization amount of Kshs.643,780 could not be confirmed.

10. Unsupported Cash and Cash Equivalent Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.565,960 as disclosed in Note 13 (a) to the financial statements which was in respect to an amount held in a local bank account.

Review of the College's cashbook revealed that it was not well maintained. The cash book provided was in Microsoft-Excel format and it did not indicate the closing balance as at 30 June, 2021. It was not therefore not possible to confirm the basis of the balance of Kshs.565,960 disclosed in the financial statements.

Further, the cashbook was not comprehensively completed and the payee details, cheque numbers and the payment voucher numbers were not included as required in proper cash management. It was observed that there was inconsistency in the movement of balances across subsequent months. The College did not prepare and balance the cashbooks on a daily basis and there was no evidence provided to show that the cashbooks were verified by a senior officer after they are prepared.

In addition, the College did not provide a bank confirmation certificate for the bank account balance as at the closure of the financial year. It was therefore not possible to verify the accuracy of the disclosed balance.

Management did not prepare monthly bank reconciliation statements and provide them for audit verification as required. Therefore, there is a risk that the cash and cash equivalents balance of Kshs.565,960 may be misstated in the financial statements

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.565,960 as at 30 June, 2021 could not be confirmed.

11. Unsupported Receivables from Exchange Transactions Balance

The statement of the financial position reflects current portion of receivables from exchange transactions balance of Kshs.3,018,538 as disclosed under Note 14 to the financial statements. Included in the amount was capitation grant balance of Kshs.1,140,000 for thirty-eight (38) students at Kshs.30,000 per student, that was not received during the year. There were no correspondences between the College and the Ministry of Education on the follow up for the release of the grant. Further, it was observed that the amount of Kshs.1,140,000 relating to college fees (capitation) and had not been disclosed in the statement of financial performance.

In the circumstances, the accuracy and completeness of the current portion of receivables from exchange transactions balance of Kshs.3,018,538 could not be confirmed.

12. Unsupported Property, Plant and Equipment

The statement of financial position and Note 15 to the financial statements reflect property, plant and equipment balance of Kshs.78,677,168. The balance includes land valued at Kshs.25,000,000, buildings and infrastructures amount of Kshs.53,233,980 and furniture and fittings with a net book value of Kshs.443,188.

However, the following observations were made:

- i) The College's land title deed is registered in the name of Bahati Technical and Vocational College for the land measuring approximately five (5) acres on which the College is situated. Further, the land valuation reports were not provided for audit to confirm the land value.
- ii) The College has disclosed book value of furniture and fittings at a cost of Kshs.506,500 and with a net book value of Kshs.443,188 and as disclosed in Note 15 to the financial statement. However, available information revealed that the furniture and fittings were donated to the College and the valuation report to confirm the value of the assets was not provided for audit verification.
- iii) Further, audit verification revealed that there were office equipment, ICT equipment, tools and apparatus and machinery and equipment of an undetermined value which were not disclosed in the financial statements and therefore the value of the property, plant and equipment may have been understated. In addition, the assets were neither tagged nor serialized as the College's owned assets.

In the circumstances, the accuracy and the completeness of the property, plant and equipment balance of Kshs.78,677,168 as at 30 June, 2021 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no other key audit matters to communicate in my report.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a total revenue budget of Kshs.23,238,600 against actual on comparative basis amount of Kshs.3,303,880 resulting to an under-funding of Kshs.19,934,720 or 86% of the budget. Further, the statement reflects that the College spent an amount of Kshs.1,816,640 against the actual revenue of Kshs.3,303,880 to an under-absorption of Kshs.1,487,240 or 45% of actual revenue.

In addition, the statement did not disclose the explanations for the material over/under funding or expenditure as required by Paragraph 14 of International Public Sector Accounting Standards No. 24.

The under-funding and under absorption affected the planned activities of the College and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Other Information

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

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the basis for conclusion on lawfulness and effectiveness in the use of public resources section of my report, I confirm

that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of Financial Statements

Management of the College submitted the financial statements for the financial year 2020/2021 on 28 February, 2025 which is three (3) years and five (5) months after the statutory requirement to submit not later than 30 September, 2021. This is contrary to Section 47 (1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor - General within three months after the end of the fiscal year to which the accounts relate.

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

2. Lack of Internal Audit Function and Audit Committee

During the year, the College did not have an internal audit function and an audit committee in place. This is contrary to the Section 73 (1) (a) of the Public Finance Management Act, 2012 which provides that a National Government entity shall ensure that it complies with the Act and - has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board. Further sub-section 5 states that every National Government public entity shall establish an internal auditing committee whose composition and functions are to be prescribed by the regulations.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the basis for conclusion on effectiveness of internal controls, risk management and governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of a Fixed Asset Register

The statement of financial position reflects property, plant and equipment balance of Kshs.78,677,168. However, during the year under review, the College did not maintain fixed Asset register. This is contrary to Regulation 143 (1) of the Public Finance Management (National Government) Regulations, 2015 and Regulation 170 of the Public Procurement and Asset Disposal Regulations, 2020. There is a risk that due to the lack of an assets register, the College may lose some of its assets due to theft or misappropriation.

In the circumstances, the effectiveness of internal controls related to management of assets could not be confirmed.

2. Lack of an Approved Strategic Plan

During the year under review, the College did not have an approved strategic plan as required. This is contrary to Section 29 (d) of the Technical and Vocational Education and Training Act, 2013 which states that the functions of the organs set out under section 28 (1) shall include developing and implementing the institutions' strategic plan. The organization cannot execute its operations adequately.

In the circumstances, the College may not be able to adequately measure the achievements of its strategic objectives.

3. Lack of a Risk Management and Fraud Policy

During the year under review, the College did not have in place a fraud management policy to assist in detecting and preventing fraud during the year under review. Further, Management did not have a risk management policy or strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. This is contrary to Regulation 165 of the Public Finance Management (National Government) Regulations, 2015.

In addition, the College lacks a disaster recovery plan or business continuity plan which outlines how it will continue operating during an unplanned disruption in service. Management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure. Management did not perform formal risk assessments during the financial year under review.

There is a risk that management is not in a position to identify individual risks, magnitude and likelihood of occurrence. The management may not therefore, be in a position to evaluate, rank and prioritize critical risks and channel resources towards mitigating identified risks. Ultimately the utilization of resources and quality of service may be negatively affected

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

4. Lack of an Approved Staff Establishment

During the year, the College did not have an approved staff establishment that ought to have informed the staffing, competency and effective service delivery by considering the current staff in post, the optimal staffing levels and the grading structure for the staff. This was contrary to Policy B.2 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires every public entity to prepare human resource plans based on comprehensive job analysis to support achievement of goals and objectives in their strategic plans.

In the circumstances, Management may not be running the College with an optimal number of employees and therefore the objectives of the College may not be achieved as expected.

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 controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the College'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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance

with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 July, 2025




Heroes Technical and Vocation College
Annual Report and Financial Statements for the year ended 30th June 2021

XIV. Statement of Financial Performance For The Year Ended 30 June 2021

Description	Notes	Period ended	2019-2020
		June 2021	
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	2,277,500	-
		2,277,500	-
Revenue from exchange transactions			
Rendering of services- Fees from students	7	1,026,380	-
Revenue from exchange transactions		1,026,380	-
Total revenue		3,303,880	-
Expenses			
Use of goods and services	8	1,483,980	
Employee costs	9	74,800	-
Remuneration of directors	10	79,000	-
Depreciation and amortization expense	11	643,780	-
Repairs and Maintenance	12	178,860	-
Transfers to mentoring institutions		277,500	-
Total expenses		2,737,920	-
Other gains/(losses)			
Gain on sale of assets	22	-	-
Unrealized gain on fair value of investments	23	-	-
Impairment loss	24	-	-
Total other gains/(losses)		-	-
Net Surplus for the Period		565,960	-

The notes set out on pages 1 to 5 form an integral part of the Annual Financial Statements.

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

		
.....
Chairman of Council/Board	Finance Officer	Principal
	ICPAK No Assoc/3912	
Date 27/2/2025	Date 27/2/2025	Date 27-02-2025

Heroes Technical and Vocation College
Annual Report and Financial Statements for the year ended 30th June 2021

XV. Statement of Financial Position As At 30th June 2021


Description	Notes	Period ended	2019 / 2020
		June 30, 2021	
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	13	565,960	-
Current portion of receivables from exchange transactions	14	3,018,538	-
		3,584,498	-
Non-current assets			
Property, plant and equipment	15	78,677,168	-
Long term receivables from exchange transactions	16	-	-
		78,677,168	-
Total assets		82,261,666	-
Liabilities			
Current liabilities			
		-	-
Non-current liabilities			
Non-current employee benefit obligation		-	-
		-	-
Total liabilities		-	-
Net assets		82,261,666	-
Reserves-Revaluation		-	-
Accumulated surplus		565,960	-
Capital Fund		81,695,706	-
Total capital and Reserves		82,261,666	-

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



Chairman of Council/Board

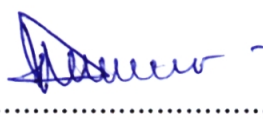
Date 27/02/2025



Finance Officer

ICPAK No Assoc/3912

Date 27/02/2025



Principal

Date 27-02-2025

XVI. Statement of Changes in Net Asset For The Year Ended 30 June 2021

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At Jul, 2019	Revaluation reserve		Retained earnings	Capital/Development Grants/Fund	Total
Revaluation gain	-		-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-		81,695,706.00	81,695,706
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-		-	-
At June 30, 2020	-	-	-	81,695,706	81,695,706
At Jul 1, 2020	-	-	-	81,695,706	81,695,706
Net Surplus for the Period	-	-	565,960		565,960
Capital grants	-	-		-	-
At June 30, 2021	-	-	565,960	81,695,706	82,261,666

1.

Heroes Technical and Vocation College
Annual Report and Financial Statements for the year ended 30th June 2021

XVII. Statement of Cash Flows For The Year Ended 30 June 2021

Description		Period ended June 2021	2019-2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	2,277,500	-
Fees from students		105,100.00	
Total Receipts		2,382,600.00	-
Payments			
Compensation of employees		74,800	
Use of goods and services		1,483,980.00	
RMI		178,860.00	
board expenses		79,000.00	
Total Payments		1,816,640	-
Net cash flows from operating activities		565,960.00	-
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	
Proceeds from sale of property, plant and equipment			
Decrease in non-current receivables		-	-
Increase in investments			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Capital grants			-
Repayment of borrowings		-	-
Increase in deposits			-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		565,960	-
Cash and cash equivalents at 1 July	13	-	-
Cash and cash equivalents at 30 June	13	565,960.00	-

XVIII. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2021

Details	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	Performance Difference	% of Utilization
	a	b	c=a+b	d		e=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from other Govt entities Govt grants	2,000,000	-	2,000,000	2,277,500	(277,500)	114
transfers from other govt entities development grant	18,614,600	-	18,614,600	-	18,614,600	-
		-	-			
Rendering of services- Fees from students	2,624,000	-	2,624,000	1,026,380	1,597,620	39
Total income	23,238,600	-	23,238,600	3,303,880	19,934,720	14
Expenses						
Compensation of employees	2,484,000	-	2,484,000	74,800	2,409,200	3
Use of Goods and services	8,367,600	-	8,367,600	1,483,980	6,883,620	18
Repairs and Maintainance	272,000	-	272,000	178,860	93,140	66
Remuneration of directors	950,000	-	950,000	79,000	871,000	8
development	11,165,000	-	11,165,000	-	11,165,000	-
Total expenditure	23,238,600	-	23,238,600	1,816,640	21,421,960	8
Surplus for the period				1,487,240		

XIX. Notes to the Financial Statements

1. General Information

Heroes TVC 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 Technical Training.

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 Heroes Technical and Vocational College accounting policies. The areas involving more judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes

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

The financial statements have been prepared in accordance with the Public Finance Management Act, the State Corporations Act, the Technical and Vocational Education and Training Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

There are no new standards in the year ended 30th June 2021

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for

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Standard	Effective date and impact:
<p>Social Benefits resulting from Financial Instruments</p>	<p>financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits resulting from Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently

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Standard	Effective date and impact:
IPSAS 43	<p>omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. *Early adoption of standards*

Heroes Technical and Vocational College did not early-adopt any new or amended standards in year 2021

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2020/2021 was approved by the Council or Board on **xxx**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of **xxx** on the FY 2020/2021 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under section **XVII** of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as Guided **tax** Act.

Value Added Tax

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

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

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

d) Investment property

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

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

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

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Heroes TVC.

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

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

m) Nature and purpose of reserves

The Heroes TVC creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

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

q) Borrowing costs

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

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

r) Related parties

The Heroes 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 the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

s) Service concession arrangements

The Heroes 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, the Heroes TVC recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Cash and cash equivalents

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

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	Period ended June 2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants	2,000,000	
Mentor - KTTC	277,500	
Total government grants and subsidies	2,277,500	-

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of TVET	2,277,500	0	0	2,277,500	0
Ministry of Education	0	0	0	0	0
Total	2,277,500	0	0	2,277,500	0

7. Rendering of Services

Description	Period ended June 2021	2019-2020
	KShs	KShs
Tuition fees and related income	447,502	-
Examination fees	78,210	-
Contingencies	15,601	-
Electricity Water & Conservancy	66,509	-
Students ID	7,800	-
Local Transport & Travel	23,504	-
Medical	7,800	-
Personal Emolument	117,521	-
development	78,210	-
application	58,709	-
Administrative fees	50,578	-
Repair Maintenance & Installation	19,604	-
Caution fees	19,604	-
library fees	19,604	-
Activity fees	7,800	-
Students council fees	7,823	-
Total revenue from the rendering of services	1,026,380	-

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8. Use of Goods and Services

Description	Period ended June 2021	2019-2020
	KShs	KShs
Training Materials(SES)	933,380	-
Stationery	11,037	-
Research and Development - KATTI	45,000	-
Marketing	97,000	-
Deleopment	71,528	-
Local Transport & Travelling	288,270	-
Bank charges and commission	2,460	-
Administrative costs	27,805	-
Electricity Bills & Maintenance	7,500	-
Total good and services	1,483,980.00	-

9. Employee Costs

Description	Period ended June 2021	2019-2020
	KShs	KShs
Salaries and wages	74,800	-
Social contributions		-
Employee costs	74,800	-

10. Board Expenses

Description	Period ended June 2021	2019-2020
	KShs	KShs
Chairman's Honoraria	-	-
Directors emoluments	-	-
Other allowances	79,000	-
Total director emoluments	79,000	-

11. Depreciation and Amortization expense

Description	Period ended June 2021	2019 -2020
	KShs	KShs
Property, plant and equipment	643,780	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	643,780	-

12. Repairs and Maintenance

Description	Period ended June 2021	2019 -2020
	KShs	KShs
General repairs	178,860	-
Furniture and fittings		-
Total repairs and maintenance	178,860	-

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13. Cash and Cash Equivalents

Description	Period ended June	
	2021	2019-2020
	KShs	KShs
Equity Bank - 0130279598631	565,960	
Cash in Hand, money orders		
Total cash and cash equivalents	565,960	-

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

Financial institution	Account number	2020-2021	2019-2020
		KShs	
a) Current account			
Equity Bank –Nakuru Branch	0130279598631	565,960	0
Grand total		565,960	0

14. Receivables from Exchange transactions

14(a) Current Receivables from Exchange transactions

Description	Period ended June	
	2021	2019/2020
		year
	KShs	KShs
Current receivables		
Student debtors	3,018,538	
Total current receivables	3,018,538	-

14(b) Ageing Analysis of Receivables from Exchange transactions

Description	2020-2021		2019 -2020	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of total
Less than 1 year	3,018,538	100%	0	0
Over 2 years	0	82.9%	0	0
Total (a+b)	3,018,538	100%	0	0

15. Property, Plant and Equipment

Description	Land	Buildings & structures	Furniture and fittings	Total
Cost	Shs	Shs	Shs	Shs
bal As at 1st Jan 2020	25,000,000	54,598,954	506,500	80,105,454
Additions during the period				-
Disposals during the period				-
Transfers/adjustments during the period				-
Bal As at 30th June 2021	25,000,000	54,598,954	506,500	80,105,454
Depreciation and impairment				-
Accumulated dep. as at 1st July 2023	-	-	-	-
Depreciation for the period	-	1,364,974	63,312.50	1,428,286
Impairment for the period	-	-	-	-
Accumulated Dep. as at 30th June 2024	-	1,364,974	63,313	1,428,286
Net book values				-
As at 30th June 2021	25,000,000	53,233,980	443,188	78,677,168
As at 30th Jan 2020	25,000,000	54,598,954	506,500	80,105,454

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Notes to the Financial Statements (Continued)

31 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	25,000,000	-	25,000,000
Buildings	54,598,954		53,233,980
Plant And Machinery	-	-	-
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	0	-	0
Office Equipment, Furniture, And Fittings	506,500	-	443,188
Total	80,105,454		78,677,168

Retirement benefit Asset/ Liability

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

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Discount Rates	0	0
Future Salary Increases	0	0
Future Pension Increases	0	0
Mortality (Pre- Retirement)	0	0
Mortality (Post- Retirement)	0	0
Withdrawals	0	0
Ill Health	0	0
Retirement	0	0

Recognition of Retirement Benefit Asset/ Liability

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

Description	2020-2021	2019-2020
	Kshs	Kshs
The return on defined plan assets	0	0
Actuarial gains/ losses arising from changes in demographic assumptions	0	0
Actuarial Gains/ Losses Arising From changes In Financial Assumptions	0	0
Actuarial gains and losses arising from experience adjustments	0	0
Others (<i>specify</i>)	0	0
Adjustments for restrictions on the defined benefit asset	0	0
Remeasurement of the net defined benefit liability (asset)	0	0

b) Amounts recognised in the Statement of Financial Position

Description	2020-2021	2019-2020
	Kshs	Kshs
Present value of defined benefit obligations(a)	0	0
Fair value of plan assets(b)	0	0
Funded status(=a-b)	0	0
Restrictions on asset recognised	0	0
Others	0	0
Net asset or liability arising from defined benefit obligation	0	0

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time.

16. Financial Risk Management

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

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

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(i) Credit risk

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

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

the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2021	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

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

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The

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entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2021	0	0	0	0
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20XX			
Financial Assets (Investments, Cash, Debtors)	0	0	0
Liabilities	0	0	0
Trade and Other Payables	0	0	0
Borrowings	0	0	0
	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

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

Financial risk management (continued)

Management of interest rate risk

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

Sensitivity analysis

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

iv) Capital Risk Management

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	0	0
Capital Reserve	0	0
Total Funds	0	0
Total Borrowings	0	0
Less: Cash and Bank Balances	0	0

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Net Debt/(Excess Cash and Cash Equivalents)	0	0
Gearing	0	0

17. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	0	0
Rent income from govt. agencies	0	0
Water sales to govt. agencies	0	0
Others (<i>specify</i>)	0	0
Total	0	0
B) Purchases from related parties	0	0
Purchases of electricity from kplc	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Others (<i>specify</i>)	0	0
Total	0	0
b) Grants /Transfers from the Government	0	0
Grants from National Govt	0	0
Grants from County Government	0	0
Donations in Kind	0	0
Total	0	0
c) Expenses incurred on behalf of related parties	0	0
Payments of Salaries and Wages for xx Employees	0	0

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Description	2020-2021	2019-2020
	Kshs	Kshs
Payments for Goods and Services for XX	0	0
Total	0	0
d) Key Management Compensation	0	0
Directors' emoluments	0	0
Compensation to Key Management	0	0
Total	0	0

18. Capital Commitments

Capital Commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	0	0
Authorised and Contracted for	0	0
Total	0	0

19. Events After The Reporting Period

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

20. Ultimate And Holding Entity

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

21. Currency

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

XX. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....

Name:

Accounting Officer

(Enter title of Head of entity)

Date



Appendix II: Projects Implemented by (The Entity)

Projects

Projects implemented by Heroes Technical and Vocation College Funded by development partners.

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

Status of Projects completion

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

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

Appendix III- Inter-Entity Confirmation Letter

[Insert your Letterhead]

Heroes Technical and Vocation College
[Insert Address]

Heroes Technical and Vocation College wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Heroes Technical and Vocation Collegeas at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 20XX				Amount Received by Heroes Technical and Vocation College (Kshs) as at 30 th June 2022 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter– Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Entity:

Name SignDate

Appendix IV: Reporting of Climate Relevant Expenditures

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

Appendix V: Reporting on Disaster Management Expenditure

Reporting on Disaster Management Expenditure

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