

REPUBLIC OF KENYA



*Enhancing Accountability*

## REPORT

PARLIAMENT  
OF KENYA  
LIBRARY

THE NATIONAL ASSEMBLY

DATE: **OF** AUG 2023 **17th**

TABLED BY: Han Owen Baya, MP  
Deputy leader, majority party  
Christine Chebet

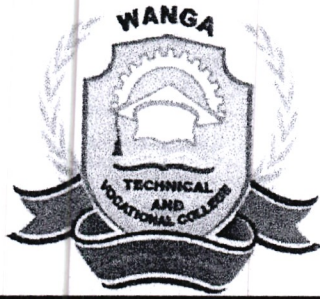
CLERK AT

**THE AUDITOR-GENERAL**

**ON**

**WANGA TECHNICAL AND VOCATIONAL  
COLLEGE**

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



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***WANGA TECHNICAL AND VOCATIONAL  
COLLEGE***

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 22**

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## I. Key Entity Information and Management

### (a) Background information

Wanga Technical and Vocational College was incorporated/ established under the TVET Act 2013 Act on 1<sup>st</sup> September 2019. The entity is domiciled in Kenya .The institute is under the Ministry of Education State Department for Vocational and Technical Training. It is located in Kakamega County, Mumias East Sub County along Shianda Sabatia Road. The Institution offers Technical Training in the following Departments: Building and Civil Engineering, Mechanical Engineering, ICT, Business and Institutional Management.

### (b) Principal Activities

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

**MISSION:** To provide Quality Technical Training in Engineering and Technology to meet dynamic global needs.

**VISSION:** To be a leader in Technical Skills, Training, Innovation, Science and Technology.

#### **CORE VALUES:**

**i. Professionalism:** Consistently offer quality training and related services that are market driven.

**ii. Team work:** Encourage positive team work and positive contribution from its motivated and innovative work force.

**iii.Honesty:** Conduct its business with employees, parents, sponsors, customers and other stake holders in an honest and caring manner

**iv. Evidence based decision making:** Observe good corporate governance at all times.

**v. Competitiveness:** Practising fair competition.

**vi. Innovation and creativity:** Promote innovation and creativity in its training programmes, service delivery and governance.

### (c) Key Management

Wanga Technical and Vocational College day-to-day management is under the following key organs.

- i. Board of Governors.
- ii. The Principal
- iii. The Senior management Team.

### (d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	<b>Mrs Grace Wetende Opwora</b>
2.	Deputy principal	<b>Mrs.Patricia Naliaka</b>
3.	Registrar	<b>Mr. Sylvester Burula Itembe</b>
4.	Dean of students	<b>Mr. Duncan Owino.</b>
5.	Head of Finance	<b>Mr. Nathan Wanjala Khaemba</b>

**(e) Fiduciary Oversight Arrangements**

The highest decision making organ of Wanga Technical College is the Board of Governors which operates within the prescribed Mwongozo guidelines, TVET Act provisions and the Ministry of Education and National Treasury guidelines. The BOG makes strategic and policy decisions through Board Resolutions upon receiving the reports from the Board Committees which include Education & Training Committee, Finance & Human Resources Committee, Audit & Risk Committee and Infrastructure Development Committee.

The Management is responsible for executing the Board resolutions and ensuring the relevant Acts, Laws, Guidelines and regulations are observed and adhered to. The Management therefore is tasked with the daily running of the Institution as per the Ministry guidelines. The management has a responsibility of ensuring there are sufficient internal check and controls that safeguard the public resources and interest.

Wanga Technical and Vocational College, being a public institution is subject to audit by the Office of the Auditor General and the Ministry of Education Internal Auditors who provide assurance to stakeholders that the affairs of the College are run as per the laid down standards and regulations.

**(f) Entity Headquarters**

**Wanga Technical and Vocational College**

Along Shianda Sabatia Road,  
P.O.Box 78-50106, Shianda

**(g) Entity Contacts**

Telephone: (254) 0710156942  
E-mail: Wangatechnical@gmail.com  
Website: www.wangatvc.co.ke

**(h) Entity Bankers**

KCB Bank Kenya Limited  
MUMIAS Branch  
P.O BOX 193-50102  
MUMIAS




**(i) Independent Auditors**






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


**(j) Principal Legal Adviser**

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




## II. The Board of Governors



	PHOTO, NAME AND POSITION	Period of Service	Period of Service
1	 CPA Charles Tung 'a <b>BOG CHAIRMAN</b>	From November 2019 to 30 <sup>th</sup> June 2022.	Born 22 <sup>nd</sup> July 1979 A PhD Finance Student, with MBA in Finance from the UON, B.Com in Finance & A CPA (K). He is member of ICPAK, IIA(K), KIM He has over thirteen years working experience from the Banking sector and over seven years' experience in Public Sector with bias in Governance, Audit, and Compliance & Risk Management.
2	 MRS GRACE W. OPWORA <b>PRINCIPAL/ SECRETARY BOG</b>	From November 2019 to date	Born 22 <sup>nd</sup> August 1967. she is a graduate of Egerton University with a Bachelor's degree in Clothing Textiles and Interior Design and a Diploma in teacher Education from KTTC. She has a teaching experience of 27years having served in various capacities until she rose to be the Principal.
3	 DR. KELVIN OMIENO <b>MEMBER</b>	From November 2019 to date 30 <sup>th</sup> June 2022.	Born 12 <sup>th</sup> March 1984. He is a holder of PHD in Business Information System. He is a senior lecturer and also Founding and Current Dean, School of computing and information Technology (SCIT), Kaimosi Friends University College (KAFUCO). He is the Chair Finance and Human Resource Committee.

4		 <p><b>LYNETTE INJETE OCHOLA MEMBER</b></p>	From November 2019 to 30 <sup>th</sup> June 2022.	Born 16 <sup>th</sup> January 1964. She holds an MBA in strategic Management from the school of Business and Economics. She is a versatile development professional with over 15 years of experience in international development.
5		 <p><b>MR. JOSEPH SUNGUTI MEMBER/ CDTVET</b></p>	From January 2021 to Date.	Born in 1963 -He is the TVET regional Director Vihiga/ Kakamega -Master's in Education -Experience of over 10 years in TVET
6		 <p><b>MRS.HELLEN AKALAPATAN MEMBER</b></p>	From November 2019 to 30 <sup>th</sup> June 2022.	Born 7 <sup>th</sup> July 1983. A holder of Masters of Arts in project planning and management from University of Nairobi and Bachelor's degree in Urban and Regional planning. She is the member of Audit and Risk Committee.
7		 <p><b>CPA.EVALYNE IKWII OMASAJA MEMBER</b></p>	From November 2019 to 30 <sup>th</sup> June 2022.	Born 2 <sup>nd</sup> January 1979. She is a holder of Masters in Business Administration from Eastern and Southern Africa Management Institute and CPA finalist. CPA (K). Chairperson Audit and Risk Committee.
8		 <p><b>ENG. EZEKIEL AKULA MEMBER</b></p>	From November 2019 to 30 <sup>th</sup> June.	Born 15 <sup>th</sup> October 1976. He is a holder of Master of Business Administration in strategic Management and Bachelor of Science in mechanical engineering. He is the Chair of Infrastructure committee

9	 <p><b>DR. SAMUEL GATHUKA WAWERU MEMBER</b></p>	<p>From November 2019 to 30<sup>th</sup> June 2022.</p>	<p><b>D.O.B</b> 11th November 1960. He is a holder of <b>PhD</b> Civil Engineering and Senior Lecturer in the Department of Civil and Structural Engineering at Masinde Muliro University of Science and Technology. He is currently the Director, Technical and Vocation Education and Training (TVET) at the University. He obtained his Doctor of Philosophy from Masinde Muliro University of Science and Technology and Master of Science in Civil Engineering from Jomo Kenyatta University of Agriculture. He has published in international journals and participated in local and international conferences and workshops</p>
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### III. Management Team

No.	Member	Details
1	<p>MRS.GRACE WETENDE OPWORA</p>  <p>PRINCIPAL/SECRETARY BOG BS-Clothing in Textiles and Interior Design</p>	<p><b>THE PRINCIPAL</b> -Accounting Officer. -Secretary BOG</p>
2	<p>MRS.PATRICIA NALIKA</p>  <p>DEPUTY PRINCIPAL MS.Guiding and Counselling and BS.Agriculture.</p>	<p>THE DEPUTY PRINCIPAL -Head of Academics and Administrative matters</p>
3	<p>MR.NATHAN WANJALA KHAEMBA</p>  <p>ACCOUNTANT CPA PART 2.</p>	<p>ACCOUNTANT -Financial management</p>

4	<p>MR.SYLVESTER BURULA ITEMBE</p>  <p>BSE .Supplies and HR.</p>	<p>REGISTRAR -Marketing Admissions</p> <p>and</p>
5	<p>MR.DANCUN OWINO</p>  <p>HND.Building and Civil Engineering.</p>	<p>DEAN OF STUDENTS -Students welfare</p>


#### IV. Chairman's Statement

I am delighted to present to our stakeholders the Financial Statements for the financial year 2021/2022 for Wanga Technical and Vocational College which is among the TVETS established by the Government of Kenya to ensure realization of its goals and objectives of ensuring that we have graduates who are able to use their skills and participate in nation building.

As the Board of Governors, we are guided by the TVETs Act, Mwongozo guidelines, Ministry of Education & National Treasury guidelines in ensuring we offer strategic and policy direction that is aligned with the Ministry objectives. We are aware of the oversight responsibility bestowed on us individually and collectively in achieving the set targets as signed with the Ministry. We remain focused to offer this critical direction and ensure the success of the college is realized.

While we operate as a board, we have established relevant board committees that oversees various aspects of the College and interacts with management proposals as submitted to the committees. We acknowledge that the College requires steady growth and have ensured we maintain desired stakeholder's engagement to support the college as required, Desired goals and objectives. The college, being a newly established one faces a myriad of challenges including lack of enough infrastructural facilities, slow enrolment, lack of sufficient financial support, lack of trainers, inadequate public awareness inter alia. We have however ensured that we set sufficient structures and offer policy direction to ensure we are guided within set rules and policies.

While the Institution has these challenges, we are optimistic that with sufficient financial support from the Ministry and with our developed strategic plan, aggressive market and steady enrolment being observed, we shall be able to set the college on an upward trajectory and ensure the goals are realized. We remain committed as a board to support the Ministry and engage at all levels to ensure Wanga College becomes an enviable institution in the country.

Signed.......... Date.....

**CPA Charles Tung' a**  
Board of Governors Chairman

## **V. Report of the Principal**

During the FY 2021/2022 the College continued to execute its mandate as outlined in its strategic plan. One of the key ingredients of the plan is a system of academic commitment by fostering a climate of Productivity, professionalism, excellence, accountability and transparency, equity, and Innovation in order to be competitive. The strategic plan provides for regular review of curricula and the establishment of linkages with institutions in both the public and private sectors.

The other challenges facing the college include; inadequate training classrooms and workshops, inadequate number of Public Service Commission Trainers ( which has resulted into the Board of Governors engaging a big number of BOG Contract trainers) ,Fees arrears arising from many students coming from needy families and delay of the government to disburse the Capitation funds which has been budgeted for.

## VI. Corporate Governance Statement

### Full Board Meetings

No.	Name	Position	Meetings Attended	Meetings Absent
1	CPA Charles Tung' a	Chairperson	3	1
2	Mr. Joseph Sunguti	County Director	4	0
3	Dr. Samuel Waweru	Member	4	0
4	Dr. Kelvin Omieno	Member	4	0
5	CPA.Evelyn Ikwii	Member	1	3
6	Mrs.Hellen Akalapatan	Member	4	0
7	Eng. Ezekiel Akula	Member	0	0
8	Mrs. Linnet Injete	Member	0	0
9	Mrs. Grace Wetende Opwora	Principal/Secretary	4	0

### Finance & Human Resource Committee

No.	Name	Position	Meetings Attended	Meetings Absent
1	Dr. Calvin Omieno	Chairperson	3	0
2	Mrs. Lynette Injete	Member	0	0
3	Mrs. Grace Opwora	Member	3	0
4	Mr. Joseph Sunguti	CDTVET	3	0

### Education & Training Committee

No.	Name	Position	Meetings Attended	Meetings Absent
1	Dr. Samuel Waweru	Chairperson	4	0
2	Dr.Kelvin Omieno	Member	4	0
3	CPA.Evalyne Ikwii	Member	4	0
4	Mrs. Grace Opwora	Member	4	0
5	Mr. Joseph Sunguti.	CDTVET	4	0

## **VII. Management Discussion and Analysis**

During the Financial period ending 30<sup>th</sup> June 2022, the College continued to execute its mandate of skills in Technical Training. The College is drafting operational policies on diverse aspects that will assist in governance; these are Academic Policy, Finance Policy, Students Fees Policy, Alcohol and Drug Abuse Policy, HIV Aids Policy among others.

During the Financial year under audit, the college complied with the following statutory requirements among others; TVET Act 2013, PFM Act 2012, Public Audit Act 2015, PSC Act 2017. We have been able to comply with statutory requirements which include the National Social Security Funds (NSSF), National Hospital Insurance Fund (NHIF) on behalf of our BOG workers in time and there are no any pending dues which are in arrears. AS the upcoming college, the institution has experienced challenges in Finances arising from student's fees arrears and the government not fully funding the students through government capitation grants

## **VIII. Environmental and Sustainability Reporting Statement**

Wanga Technical and Vocational College exists to transform lives. This is our purpose and the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on five pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

### **Sustainability strategy and profile**

In the effort of the institution to provide quality Technical training, the top management has put in place mechanisms to ensure that the college has modern and adequate training equipment's and tools.

The government has started supporting the college in paying part of the fees of the trainees in the form of capitation which has greatly assisted trainees from poor backgrounds. The Higher Education Loans Board is also offering loans and bursaries to those trainees who cannot afford to pay their fees.

The CDF on the other hand provides bursaries for some trainees hence enabling them to complete their trainings.

Challenges in sustainability of our programmes include Insufficient funds due to the failure of the government to fully send the government capitation for all the students, Few trainers by Public service hence forcing the institution to employ trainers on Board thus increasing the wage bill, huge amounts of fees arrears arising from many students coming from needy families.

### **1. Environmental performance**

The College organizes for tree planting activities and general cleaning of the nearby market centres 'to conserve the environment involving the community. During the financial year under review, the college participated in tree planting activities.

The challenges we are facing is finding seeds for nursery management and particularly the indigenous trees, space for planting seedlings and high demand for free seedlings.

### **2. Employee welfare**

The College adheres to the OSHA 2007 Act to ensure that employee's welfare is catered for accordingly. We have firefighting extinguishers in place to ensure safety should there be any fire risks.

### **3. Market place practices-**

Responsible Competition Practice

- Wanga Technical and Vocational College respects its sister Colleges offering similar courses. It collaborates with them to ensure provision of high quality training services to trainees.
- The local political class is involved in the overall management of the College by way of membership of the Governor's representative on the Board of Governors. The area MP takes part in the nomination of members of the Board of Governors.
- Integrity is one of the core values of Wanga TVC, corrupt practices are prohibited. A committee to check on any occurrences has been created. It reports its findings to the board of governance

(b) The Supply Chain office is manned by qualified officer who ensure compliance with procurement regulations. Procurement of goods and services are through open bidding/tendering system. Successful suppliers are paid on time - within 90 days.

(c) Our goods and services are advertised through trusted channels – College website, through posters and social media e.g. what Sapp groups and Facebook. Accurate and reliable information is communicated to allow users make informed decisions.

(d) Product Stewardship

Our trainees are attended to by qualified trainers. They have the right to be trained, change course, advance, and transfer to other colleges, sit for examinations when ready, go for attachment to areas of their choice.

Through their representatives, the College management is able to attend to their concerns.

#### 4. Community Engagements-

The following activities form part of evidence of the College community engagements:

- (a) Giving priority to local community in employment as long as the applicants meet the required qualifications.
- (b) Engaging in tree planting activities with the local community.

Providing courses that meet the needs of the local community with their qualifications like Artisan and Certificate course.

#### IX. Report of the Board of Governors

The Board members submit this report together with the financial statements for the year ended June 30, 2022 which shows the state of Wanga Technical and Vocational College affairs.

##### Principal activities

The principal activity of Wanga Technical and Vocational College is to provide Technical and vocational training.

##### Board of Governors

The members of the Board who served during the year are shown on page 5-7.

##### Auditors

The Auditor General is responsible for the statutory audit of Wanga Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and TVET Act, 2013, Certified Public Accountants may be nominated by the Auditor General to carry out the audit of Wanga Technical and Vocational College for the year/period ended June 30, 2021 in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

..... Date 10/7/2023 .....

MRS. GRACE WETENDE OPWORA  
PRINCIPAL/SECRETARY BOG  
WANGA TECHNICAL AND VOCATIONAL COLLEGE



**X. Statement of Board of Governor’s Responsibilities**

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

The Board members are responsible for the preparation and presentation of Wanga Technical and Vocational College financial statements, which gives a true and fair view of the state of affairs of the 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 the college, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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


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

**Approval of the financial statements**

The college financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

.....  
  
Name

**Chairperson of the Board**

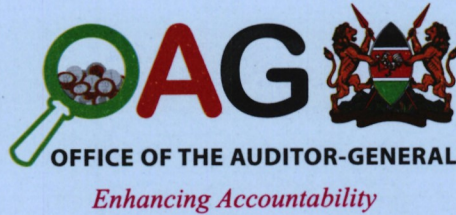
.....  
  
Name

**Accounting Officer / Principal**



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON WANGA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Wanga Technical and Vocational College set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2022, and statement of financial performance and statement of

cash flows 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, because of the significance of the matters discussed in the Basis for qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Wanga Technical and Vocational College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Non-adherence to Prescribed Financial Reporting Template**

The financial statements submitted for audit do not include a statement of changes in net assets and statement of comparison of budget and actual amounts. The financial statements do not also include a section on follow up on implementation of the Auditor's recommendations.

In the circumstances, the financial statements were not prepared in accordance with prescribed accounting standards with the requirements of the Public Sector Accounting Standards Board reporting template.

#### **2. Inaccuracy of the Property, Plant and Equipment Balance**

The statement of financial performance reflects an amount of Kshs.2,251,155 in respect of depreciation and amortization as disclosed in Notes 12 and 19 of the financial statements. However, the financial statements do not include the policy and rates of depreciation of the assets of the College. Consequently, the authenticity of the depreciation and amortization amount of Kshs.2,251,155 could not be established.

Further, a fixed assets register was not provided for audit review to ascertain details relating to date of purchase, supplier, cost, location, user, unique identification number, accumulated depreciation and net book value of the assets.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.64,448,442 shown in the financial statements could not be confirmed.

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

## **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in effective way.

### **Basis for Conclusion**

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

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

### **Conclusion**

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

#### **Lack of ICT Policy and Controls**

During the year under review, the College did not have an IT security policy and a disaster recovery plan. Further, the College did not have a back-up and retention strategy policy.

In the circumstances, the confidentiality, integrity and safety of the College's information and data could not be confirmed.

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

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

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi


17 July, 2023

**XI. Statement of Financial Performance for the year ended 30<sup>th</sup> June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs.
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	11,736,200	12,996,000
		<b>11,736,200</b>	<b>12,996,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	7	41,048,715	9,323,314
Rental revenue from facilities and equipment	8	15,000	
Other incomes		0.00	552,417.00
		<b>41,063,715</b>	<b>9,875,731</b>
<b>Total Revenue</b>		<b>52,799,915</b>	<b>22,871,731</b>
<b>Expenses</b>			
Use of goods and services	9	8,247,244	5,441,562
Employee costs	10	3,694,393	4,615,344
Board Expenses	11	1,192,585	1,639,880
Depreciation and amortization expense	12	2,251,155	2,457,027
Repairs and maintenance	13	430,435	148,745
Finance costs	14	14,103	20,549
		<b>15,829,915</b>	<b>14,323,107</b>
<b>Net surplus for the year</b>		<b>36,970,000</b>	<b>8,548,624</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		0.00	0.00
Surplus attributable to owners of the controlling entity		0.00	0.00
		<b>36,970,000</b>	<b>8,548,624</b>

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


The Financial Statements set out on pages 1 to 7 were signed by:



**Chairman of Board**

Date

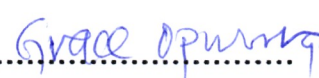
10/7/2023



**Finance Officer**  
ICPAK No

Date

10/7/2023



**Principal**


Date

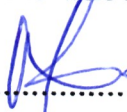



**XII. Statement of Financial Position as at 30th June 2022**

Description	Notes	2021-2022	2020-2021
		<b>Kshs</b>	
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15	3,171,172	562,779
Current portion of receivables from exchange transactions	16(a)	24,938,757	2,295,429
Receivables from non-exchange transactions	17	3,060,500	9,162,000
Inventories	18	128,500	96,705
		<b>31,298,929</b>	<b>12,057,900</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	19	64,448,442	66,134,284
<b>Total Assets</b>		<b>95,747,371</b>	<b>78,251,197</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	21	347,046	2,156,848
Refundable deposits from customers	22	53,000	96,230
Payments received in advance		147,046	0.00
		<b>547,092</b>	<b>2,253,078</b>
<b>Non-Current Liabilities</b>			
Borrowings		0.00	0.00
Service Concession Liability		0.00	0.00
Deferred Tax Liabilities		0.00	0.00
<b>Total Liabilities</b>		<b>547,092</b>	<b>2,253,078</b>
<b>Net Assets</b>		<b>95,200,279</b>	<b>75,939,106</b>
Reserves		0	0.00
Accumulated Surplus		36,654,000	8,482,005
Capital Fund		58,546,279	67,457,101
<b>Total Net Assets and Liabilities</b>		<b>95,200,279</b>	<b>75,939,106</b>

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

  
.....  
Chairman of Board

  
.....  
Finance Officer  
ICPAK No

  
.....  
Principal

Date

Date  
10/7/2023

Date



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

Description	Note	2021-2022 Kshs	2020-2021
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants	6	11,736,200	12,186,509
Rendering of services- fees from students collected	7	4,408,053	
Rental revenue from facilities and equipment	8	15,000	
Other income(sale of tenders)		28,000	
<b>Total Receipts</b>		<b>16,187,253</b>	<b>12,186,509</b>
<b>Payments</b>			
Use of goods and services	9	8,247,244	5,441,562
Employees costs	10	3,694,493	4,615,344
Board expenses	11	1,192,585	1,421,880
General repairs	13	430,435	
Finance cost	14	14,103	
<b>Total Payments</b>		<b>13,578,860</b>	<b>11,478,786</b>
<b>Net Cash Flows from operating activities</b>		<b>2,608,393</b>	<b>707,723</b>
<b>Cash flows from investing activities</b>		0.00	
Development fees		0.00	238,434
Acquisition of furniture		0.00	(100,000)
<b>Net Cash Flow from investing activities</b>		0.00	138,434
<b>Cash flows from financing activities</b>		0.00	
Finance Costs (Bank Charges)			(20,549)
<b>Net Cash Flow from Financing activities</b>			<b>(20,549)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>0.00</b>	<b>562,779</b>
Cash and Cash equivalents at 1 JULY		562,779	0.00
<b>Cash and Cash equivalents at 30 JUNE</b>		<b>3,171,172</b>	<b>562,779</b>

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

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

.....

**Chairman of Board**

Date

.....

**Finance Officer**

ICPAK No

Date

10/7/2023.

.....

**Principal**

Date



## **XIV. Notes to the Financial Statements**

### **1. General Information**

Wanga TVC is an entity established by and derives its authority and accountability from TVET Act 2013. Wanga Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is offering 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 Wanga Technical and Vocational College accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4

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

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

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

### **3. Adoption of New and Revised Standards**

#### **i. Relevant new standards and amendments to published standards effective for the year ended 30<sup>th</sup> June 2022.**

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> 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

Standard	Effective date and impact:
	<p>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"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments</p>	<p><b>Applicable: 1st January 2023:</b></p>

Standard	Effective date and impact:
<p>to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issue</p>
<p>Other improvements to IPSAS</p>	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
<p>IPSAS 43</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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>

Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: 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.

### iii. Early adoption of standards

The college did not early-adopt any new or amended standards in year 2022.

## 4. Summary of Significant Accounting Policies

### a) Revenue recognition

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

##### Transfers from other government entities

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

#### ii) Revenue from exchange transactions

##### Rendering of services

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

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

### **Sale of goods**

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

### **Interest income**

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

### **Dividends**

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

### **Rental income**

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

## **b) Budget information**

The original budget for FY 2021/2022 was approved by the Board on **22 January 2021**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **xxxx** on the FY 2021/2022 budget following the Board's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the

statement of financial performance has been presented under section xxx of these financial statements.

**c) Taxes**

***Current income tax***

Wanga Technical and vocational college is not exempt from paying taxes.

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

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

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs.

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

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

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

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

**e) Property, plant and equipment**

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

**f) Leases**

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

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

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

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

**g) Intangible assets**

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

## **h) Research and development costs**

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

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

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

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

## **i) Financial instruments**

### ***Financial assets***

#### ***Initial recognition and measurement***

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

#### ***Loans and receivables***

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

#### ***Held-to-maturity***

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

#### ***Impairment of financial assets***

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

***Impairment of financial assets***

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

***Financial liabilities***

***Initial recognition and measurement***

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

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

***Loans and borrowing***

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

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

**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.

#### **k) Inventories (Continued)**

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

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

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

#### **l) Provisions**

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

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

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

#### ***Contingent liabilities***

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

#### ***Contingent assets***

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

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

##### **m) Nature and purpose of reserves**

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

##### **n) Changes in accounting policies and estimates**

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

##### **o) Employee benefits**

###### **Retirement benefit plans**

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

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

##### **p) Borrowing costs**

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

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

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

##### **q) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity,

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

**r) Service concession arrangements**

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

**s) Cash and cash equivalents**

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

**t) Comparative figures**

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

**u) Subsequent events**

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

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

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

#### **Useful lives and residual values**

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

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

#### **Provisions**

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

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

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

## 6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants Quarter 1.	2,505,000	0
Quarter 2.	2,505,000	0
Quarter 3.	2,902,500	780,000
Quarter 4.	0	1,822,500
Outstanding capitation grants(quarter 4)	2,902,500	6,817,500
<b>Total capitation grant</b>	<b>10,815,000</b>	<b>9,420,000</b>
Operational Grant	500,000	3,000,000
<b>Total operation grants</b>	<b>500,000</b>	<b>3,000,000</b>
CDF BURSARIES	421,200	576,000
<b>Total Bursary</b>	<b>421,200</b>	<b>576,000</b>
<b>Grant total</b>	<b>11,736,200</b>	<b>12,996,000</b>

## 7. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Ksh.
Tuition Fees	4,435,704	2,134,822
Activity Fees	50,550	275,464
Industrial Attachment Fees	165,000	0
Examination Fees	1,288,725	475,671
Library Fees	20,674	85,056
Registration Fees	63,900	46,500
<b>Others (Specify)</b>		
Arrears collected	1,067,732	885,822
EWC	37,726	262,879
Students council fee	26,824	130,429
Students ID fee	28,227	16,400
Sale of tenders	28,000	0
Insurance fees	20,000	21,960
ADMC	91,766	900,392
LTST	86,196	359,239
Personal Emolument's	274,313	934,960
RMI	38,800	317,717
Medical fee	17,621	0
Accommodation	34,500	0
Outstanding students fees arrears	24,938,757	2,295,429
<b>Total Revenue from The Rendering Of Services</b>	<b>32,715,015</b>	<b>9,142,740</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment(hire of college canteen)	15,000	0
<b>Total</b>	<b>15,000</b>	<b>0</b>

The above revenue is from rent for hire of the college canteen premise.

**9. Use Of Goods And Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	1,021,070	239,435
Industrial attachment costs	135,999	0
Electricity	325,794	188,318
Administrative Expenses	4,544,493	2,814,020
Students ID	80,000	0
Examination fees	689,028	373,850
Travelling and accommodation	324,640	95,680
Printing and stationery	155,705	62,760
Rent expenses	33,000	0
ICT	0	15,000
<b>Other (specify)</b>		
Activity(Games and sports facilitation)	739,445	34,600
Contingencies	1,000	0
Students Council	66,070	11,300
Tendering expenses	11,000	21,080
<b>Add accrued expenses</b>		
Supply of curtain rodes and T-shirts	200,000	200,000
Supply of stationery and ICT maintenance services	0	110,890
KATTI Registration and subscription	0	125,000
Catering Services(Makunga Catering Services)	0	23,400
Supply of Circuit Brakers(Omunyisia)	0	35,160
Supply of Envelopes(Sigmap Siblings)	0	18,500
<b>Total good and services</b>	<b>8,247,244</b>	<b>4,456,718</b>

**10. Employee Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	3,694,493	5,668,180
<b>Employee Costs</b>	<b>3,694,493</b>	<b>5,668,180</b>

**11. Board Expenses**

Description	2021-2022	2020-2021
	Kshs	Kshs
Directors Emoluments	1,055,000	1,421,880
Accrued Board Arrears	0	218,000
Other Board Expenses(meals)	137,585	0
<b>Total</b>	<b>1,192,585</b>	<b>1,639,880</b>

**12. Depreciation and Amortization expense**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	2,251,155	2,457,027
<b>Total depreciation and amortization</b>	<b>2,251,155</b>	<b>2,457,027</b>

**13. Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs.	Ksh.
General Repairs	430,435	148,745
<b>Total Repairs and Maintenance</b>	<b>430,435</b>	<b>148,745</b>

**14. Finance Costs**

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Bank Charges	14,103	19,175
<b>Total Finance Costs</b>	<b>14,103</b>	<b>19,175</b>

**15. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs.	Kshs.
KCB Fees Collection Account	361,414	385,128
KCB Capitation Account	2,252,376	0
KCB Project Account.	453,498	138,791
Cash at Hand.	103,884	38,860
<b>Total Cash and Cash Equivalents</b>	<b>3,171,172</b>	<b>562,779</b>

**15(a). Detailed Analysis of Cash and Cash equivalents**

		2021-2022	2020-2021
Financial Institution	Account number	Kshs.	Kshs.
<b>a) Current Account</b>			
<b>Kenya Commercial Bank</b>			
Fees Collection Account	1269737082	361,414	385,128
Capitation Account	1269736981	2,252,376	0
Project Account	1269737066	453,498	138,791
<b>Sub- Total</b>		<b>3,067,288</b>	<b>523,919</b>
<b>b) Others(Specify)</b>			
Cash in Hand		103,884	38,860
<b>Sub- Total</b>		<b>103,884</b>	<b>38,860</b>
<b>Grand Total</b>		<b>3,171,172</b>	<b>562,779</b>

**16. Receivables from Exchange transactions****(a) Current Receivables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs.	Ksh.
<b>Current Receivables</b>		
Student Debtors	24,938,757	2,295,429
<b>Total Current Receivables</b>	<b>24,938,757</b>	<b>2,295,429</b>

**17. (a)Receivables from Non-Exchange transactions**

Description	2021-2022	2020-2021
	Kshs.	Ksh.
<b>Current Receivables</b>		
Capitation Grants* (Quarter 4 arrears)	2,902,500	6,817,500
<b>Other Debtors (Non-Exchange Transactions)</b>		
Employees salary advance owing	158,000	0
<b>Total Current Receivables</b>	<b>3,060,500</b>	<b>6,817,500</b>

**18. Inventories**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs.</b>	<b>Ksh.</b>
Consumable stores	103,000	96,705
Cleaning Materials stores	25,500	
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>128,500</b>	<b>96,905</b>

**19. Property, Plant and Equipment**

	Buildings	Furniture and fittings	Computers	Property, Plant and equipment	Land	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost/						
At 1 July 2021	56,751,621	2,737,255	880,704	2,164,704	3,600,000	66,134,284
Additions	0	0	30,000	535,313	0	565,313
Disposals	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0
At 30 <sup>th</sup> June 2022	56,751,621	2,737,255	910,704	2,700,017	3,600,000	66,699,597
Depreciation And Impairment	0	0	0	0	0	
At 30 <sup>th</sup> June 2022						
Depreciation	1,135,032	410,588	300,532	405,003	0	2,251,155
Disposals	0	0	0	0	0	0
At 30 <sup>th</sup> June 2022	1,135,032	410,588	300,532	405,003	0	2,251,155
Net Book Values	55,616,589	2,326,667	610,172	2,295,014	3,600,000	64,448,442
At 30 <sup>th</sup> June 2022	55,616,589	2,326,667	610,172	2,295,014	3,600,000	64,448,442

**Valuation**

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

**19 (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	3,600,000	0	3,600,000
Buildings	57,909,817	2,293,228	55,616,589
Plant And Machinery	2,546,711	251,697	2,295,014
Computers and Related Equipment	1,314,484	704,312	610,172
Office Equipment, Furniture, And Fittings	3,220,300	893,633	2,326,667
<b>TOTALS.</b>	<b>68,591,312</b>	<b>4,142,870</b>	<b>64,448,442</b>

Notes to the Financial Statements (Continued)

20. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs.	Ksh.
Trade payables	200,000	1,904,061
Fees paid in advance	147,046	252,787
<b>Total Trade and Other Payables</b>	<b>347,046</b>	<b>2,156,848</b>

21. Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Caution money	53,000	96,230
<b>Total Deposits</b>	<b>53,000</b>	<b>96,230</b>