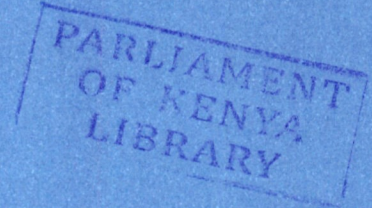


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY

OF

DATE: 15 AUG 2023

TUESDAY

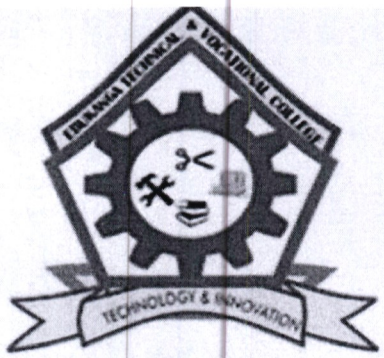
Handwritten in blue ink: 'Haji Kimani Ichungu, MP' and 'Leader, Majority Party'. A signature 'Inzoga Mwale' is written below.

THE AUDITOR-GENERAL

ON

**EBUKANGA TECHNICAL AND
VOCATIONAL COLLEGE**

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

05 MAY 2023

RECEIVED



EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

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

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

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EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

I. KEY EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

The Ebukanga Technical and Vocational College is a public Technical and Education Training, TVET, institution under the Ministry of Education Science and Technology. The college was established in line with the TVET Act 2013. It is among the first sixty (60) Technical and Vocational Colleges (TVCs) which began as a Government initiative to establish a TVC in every constituency in the year 2014.

The college is found in Vihiga County, Emuhaya sub-county, Esumba sub-location and is situated off Luanda- Esirulo road; two (2) kilometres from Hobuyaya junction (Emuhaya Subcounty Headquarters). It is about 10 kms from Luanda town. The college sits on approximately 5-acre piece of land next to Ebukanga Primaryschool, Ebukanga secondary and Ebukanga Health Centre.

The construction of Ebukanga TVC began in 2014 under the mentorship of Friends College Kaimosi. The Government through the Ministry of Education, Science and Technology has equipped it with Mechanical and ICT facilities worth millions of shillings. The NG CDF of Emuhaya Constituency on the other hand has supported the college from the acquisition of land, partly funding the construction of the main building, water connectivity, fencing, erection of the gate and construction of pit latrines. The college received the first Principal and Deputy Principal in February 2019, however it was not operationalized until the inauguration of the first Board on 22nd January, 2020. The first batch of trainees were admitted on 27th January, 2020.

The institution has the following departments

- ❖ Administration department
- ❖ Engineering department
- ❖ Registrar department
- ❖ ICT and business department
- ❖ Dean of students department
- ❖ Accounts department
- ❖ Procurement unit

(b) Principal Activities

The principal activity/mission/ mandate of the Ebukanga Technical and Vocational College is to provide quality, relevant and market oriented technical training and scientific research for local and international market.

Vision

To be a world class college of excellence in innovation and technical training.

Core values:

- i. Integrity
- ii. Innovation and creativity

- iii. Team work
- iv. Professionalism
- v. Customer focus
- vi. Accountability and transparency
- vii. Corporate social responsibility
- viii. Collaborative partnership

Objectives

The following below are our core objectives;

- To develop self-reliant trainees with skills and competencies responsive to market needs.
- To engage in applied research to promote innovation and appropriate technology for solving problems in the community
- To provide skill-upgrading courses to people already in employment whether salaried or self-employed
- To integrate ICT in learning, training, research and management

(c) Key Management

The *Ebukanga Technical and Vocational College's* day-to-day management is under the following key organs:

- Board of governors inaugurated on 22nd January 2020
- Accounting officer/Principal
- Top Management

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mrs Clara A. Timothy
2	Deputy Principal	Mr. Dickson I. Kisivuli
2.	Accounts clerk	Mr. Elias A.Mabinda
3.	Registrar	Mr. Oliver Lososi
4.	Dean of Students	Ms. Brigid N. Makhanu
5.	Procurement Officer	Mr, Benard Cheruiyot

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

(e) Fiduciary Oversight Arrangements

1. Finance, Infrastructure and Project Committee
2. Education, Training, Research and Human Resource Committee
3. Audit and Risk Committee
4. Kenya Revenue Authority
5. Office of the Auditor General
6. National Social Security Fund
7. TVET Directorate-Ministry of Education

KEY EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE INFORMATION AND MANAGEMENT (Continued)

(f) Ebukanga Technical and Vocational College Headquarters

Luanda-Esirulo road,
P.O. Box 549-50307
Luanda, Kenya

(g) Ebukanga Technical and Vocational College Contacts

Telephone: (254) 113295149 /0725 523839
E-mail: ebukangatechnical@gmail.com

(h) Ebukanga Technical and Vocational College Bankers

Kenya Commercial Bank
Luanda branch
P.O box 892-50307
Luanda, Kenya

(i) Independent Auditors

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






(j) Principal Legal Adviser



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

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE


ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

II. BOARD OF GOVERNORS

 <p>1. DR.VITALIS W.WEKESA Chairman-BOG</p>	<p>Date of Birth- 1974 Highest qualification :PHD Occupation- Scientist and head of production</p>
 <p>2. MR.GEORGE M.MUSUKU (Member- BOG)</p>	<p>Date of Birth- 1965 -Bachelor of Philosophy in Mechanical Engineering technology Experience- over 18 Years Currently is working as a sales manager SKF Kenya Ltd</p>
 <p>3. NEREAH N. MASINDE (Member- BOG)</p>	<p>Date of Birth-1990 Bachelor of Commerce- HR Experience 7 years</p>
 <p>4. HASSAN ABDI OMAR (Member-BOG)</p>	<p>Date of Birth- 1980 Experience- 18 years -Advanced Certificate in Curriculum Design and Instructional Material Development in India 2018 -Masters of Education (Curriculum Studies) _ University of Nairobi 2017. -Bachelor of Education (Science)- Kenyatta University 2006 -Diploma in Education Science –Physics, Chemistry and Physical Education_ Kenya Science Teachers Training Colleague 2002</p>
 <p>5. VICTOR KADIMA</p>	<p>Date of Birth; 1978 work experience 14 years -MSc. Information Technology; Masinde Muliro University of Science and Technology, Kenya -Bachelor of Science (IT), Second Class Honours Upper Division (2010-2013). Busoga University, Uganda</p>

<p>(Member- BOG)</p>	<p>Advanced Diploma in Business Information Technology, Graffins College, Kenya, 2009 – 2010 Diploma in Management of Information Systems, IMIS UK, 2007 – 2008 Diploma in Networking, Infotech training Centre, Kenya, 2003 Advanced Certificate in Computer Maintenance Technology, KTTC, Kenya, 1999 – 2000 Certificate in microcomputer Engineering, Technical University of Kenya, 1997 – 1998</p>
<p> 6. KENNETH M.KINYUA (Member- BOG)</p>	<p>Date of Birth: 1976 Experience: over 16 years -He is the General Manager, Bahati Dairy Company Limited Academic qualification ✓ MA Accounting, University of North Carolina Chapel Hill, North Carolina, USA, 2007 ✓ MA Economics (Development Finance), American University, Washington DC, USA, 2005 ✓ BSc, Business Administration (Finance), United States International University, Nairobi, 2001 ✓ Banking Professional Associateship (AKIB), Kenya School of Monetary Studies, Nairobi, 2002</p>
<p>7. Joseph Sunguti (County TVET Director)</p>	<p>-He is the County Director TVET , Vihiga County</p>
<p> 8. JOSIAH KAROLI ONG'UNDI (Member- BOG)</p>	<p>Date of Birth -1956 MSc-Civil Engineering Experience 27 years</p>
	<p>Date of Birth 1971 Bachelor of Education -Mathematics and Economics</p>



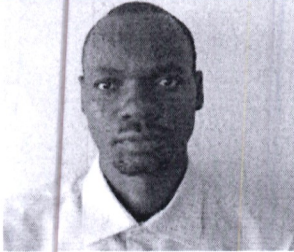

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

 <p>9. CLARA A. TIMOTHY PRINCIPAL- SECRETARY BOG</p>	<p>Experience 26 years</p>
--	----------------------------

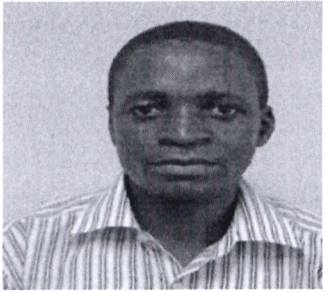
Board Committees

Name of the Committee	Members
<p>Audit and Risk Committee</p>	<ol style="list-style-type: none"> 1. Governor KADIMA VICTOR CHITECHI 2. Governor GEORGE M.MUSUKU 3. Director JOSEPH SUNGUTI 4. INTERNAL AUDITOR Brian Chiluba
<p>Education, Training ,Research and Human Resource</p>	<ol style="list-style-type: none"> 1. Governor HASSAN ABDI OMAR 2. Governor NEREAH N. MASINDE 3. Governor GEORGE M. MUSUKU 4. Director JOSEPH SUNGUTI 5. Mrs.CLARA A. TIMOTHY
<p>Finance, Infrastructure and Projects</p>	<ol style="list-style-type: none"> 1. Governor KENNETH KINYUA 2. Governor ENG. JOSIAH O. MAAGA 3. Governor NEREAH .N. MASINDE 4. Director JOSEPH SUNGUTI 5. Mr. ELIAS N. MABINDA

III. THE MANAGEMENT TEAM

No.	Member/ Director	Details
1)	 CLARA A. TIMOTHY (PRINCIPAL)	-Bachelor of Education Mathematics ,Economics
2)	 DICKSON I. KISIVULI (DEPUTY PRINCIPAL)	-Degree of Technology in Electrical and Electronics Engineering
3)	 OLIVER LOSOSI (Ag. REGISTRAR)	-Bachelor of Science Mechanical and Industrial Engineering
4)	 BRIGID N. MAKHANU (Ag. DEAN OF STUDENTS)	-Higher Diploma Mechanical Engineering(Production)

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

<p>5)</p>	 <p>ELIAS A.MABINDA (ACCOUNTS ASSISTANT)</p>	<p>-Bachelors of Business Management(Finance) -CPA Part II</p>
<p>6)</p>	<p>BENARD CHERUIYOT (PROCUREMENT OFFICER)</p>	

IV. CHAIRMAN'S STATEMENT


On behalf of the Board of Governors of Ebukanga Technical and Vocational College, I am pleased to present the Annual report and financial statements for the financial year 2021/2022. I feel privileged to be associated with the college during its infancy stage. I am pleased with the tremendous process since inception. The college remains committed to all its stakeholders in executing its mandate.

During the period FY 2021/2022, the college benefited from Government recurrent grants, Government capitation, HELB loans and bursaries from various funds and organisations. These enabled the college to continue to operate amidst glaring financial challenges. The failure to disburse the fourth quarter capitation for the financial year greatly affected the performance of the budget and operations.

The college is faced with many challenges which include, incomplete power connection to the workshops that has delayed operation of mechanical equipment needed for effective training , inadequate classrooms and workshops, lack of fire fighting equipment and lighting arrestors in a thunder prone region, lack of internet for automation and online training, unequipped library, inadequate water reservoirs, rugged grounds that require levelling, inadequate trainers and lack of key administrative staff such as Finance Officer, Internal Auditor and Human Resource Manager ,administrative assistant and technicians. It also lacks hostels to attract enrolment. We are striving to fix the challenges that can be fixed within our ability as we look forward to attract and increase enrolment for sustainability.

To help us out, the board appeals to the government to enhance the recurrent and development grants to enable the college meet its financial obligations.

I sincerely thank the Principal and entire management team, all our staff members, trainees and all stakeholders for their unreserved commitment to see the college scale greater heights. I also thank the Board members who have relentlessly offered oversight amidst the many challenges.

Signature.....

DATE.....28/4/2023.....

MR. JACKSON M. ANDAI
CHAIRMAN, BOARD OF GOVERNORS.

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

V. REPORT OF THE PRINCIPAL

I feel privileged to present Ebukanga Technical and Vocational College Annual Report and Financial statement for the Financial Year 2021/2022. The college is in its infancy stage and I am pleased with its tremendous progress since its operationalization. The vision of the college is to be a world class college of excellence in innovation and technical training. Various structures have been developed by the college which among others include Finance, Infrastructure and projects Committee; Audit and Committee and Education, Training and Human Resource Committee to ensure effective stewardship of the college functions.

During the financial year, the key activities included marketing to increase in enrolment, staff training to improve efficiency, grilling of windows to enhance security, participation in co-curricular activities, equipping of departments with staff, training materials and equipment

The period had its challenges which still prevail. We face inadequate classrooms and workshops, lack of a standby generator in case of power sages or outages, absence of fire fighting equipment and lightening arrestors (these were not provided for in the initial BOQ and we do request the Government to consider funding us so as to put them in place as Ebukanga region is prone to lightning while the Mechanical Equipment supplied to the college needs protection).

The equipment supplied by the Government has not been tested and commissioned due to incomplete wiring in the workshops. The library is not equipped (we have inadequate books with no internet to access e-books), inadequate human resource, a weak fence:-most of the wooden posts used have been destroyed by termites and should be replaced by concrete or metallic posts. Lack of funds to effectively market the college, no dining hall and kitchen for preparing meals & serving students and staff. Transportation is also a problem due to lack of a college vehicle.

However, the greatest challenge was non-disbursement of the fourth quarter capitation grant and delayed recurrent grants that adversely affected the performance of the budget.

Despite the challenges, the college's growth is on an upward trend.
God bless Ebukanga TVC.

Signature:.....*Clara A. Timothy*.....Date.....*28/4/2023*.....

CLARA A. TIMOTHY
(SECRETARY BOG -EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE)



VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Ebukanga Technical and Vocational College is in the process of developing a strategic plan that will inform the strategic pillars and objectives.

VII. CORPORATE GOVERNANCE STATEMENT

The members of the board have committed themselves to the service of Ebukanga Technical and Vocational College and to uphold the tenets of good corporate governance by being innovative, accountable, persons of integrity, socially responsive, transparent as well as to exercise fairness in all their deals. The board consists of nine members inclusive of the Principal as the secretary of the board. The board members consist of the following;

No.	Name	Title
1.	Dr. Vitalis W. Wekesa	Chairman
2.	Dir., Joseph Sunguti	Member- TVET- County Director
3.	Governor Kadima Victor Chitechi	Member
4.	Governor. Nereah N. Masinde	Member
5.	Governor. Kenneth Kinyua	Member
6.	Governor. Josiah Karori	Member
7.	Governor. Hassan Abdi Omar	Member
8.	Governor George Musuku	Member
9.	Mrs Clara A. Timothy	Principal/Secretary BOG

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The entity's operational and financial performance

The institution has operational and financial challenges. There has been inadequate cash-flow to achieve most of the intended productive activities such as marketing to improve on enrolment, payment of workers' salaries, purchase of text books and furnishing of the library, repair of porous fence, purchase of adequate materials and equipment for training, construction of workshops for various disciplines, installation of lightening arrestors and fire fighting equipment among others. Furthermore, the institution has had a challenge with electricity and that has affected training in mechanical engineering.

The college received a total of Kshs. 3,812,500 from the government of Kenya in the financial year 2021/2022 for operationalization. Out of this, Kshs. 1,000,000 was recurrent grants and Kshs. 2,812,500 capitation. Furthermore, a total of Kshs. 3,828,576 was received from the students as fees. These were used in the following areas: students' tuition materials, employee costs, remuneration of the board of governors, repairs and maintenance, cleaning expenses, electricity, insurance, water, printing and stationary, security services, telephone and postage, marketing and publicity, travelling and subsistence and office equipment

Entity's compliance with statutory requirements

In the period under review, Ebukanga Technical and Vocational College has complied with most of the statutory requirements. The institution has registered as an employer with KRA, NSSF and N.H.I.F and the statutory remittances for our workers are being effected. The institution has also been accredited by TVETA and this will enable the institution to achieve its goals.

Key projects and investment decisions the entity is planning/implementing

The institution plans to build a multipurpose workshop by seeking grants from government

Major risks facing the entity

The major risks faced by the institution is the credit risk which arises from complete failure of students' ability to pay fees. Furthermore, the government capitation has been delaying or not remitted for some quarters leading to the trainees being invoiced. Other risks are liquidity risk that is associated with the college being unable to meet its short-term obligations due to cash-flows problems and the risk associated with competition from other institutions in the same education industry not only in the locality but countrywide due to lack of capacity to introduce more courses and lack of amenities (hostels and catering facilities) for students. The risk of destruction of property due to lack of lighting arrestors and fire fighting equipment is also high.

Material arrears in statutory/financial obligations

The institution has been unable to service pending bills due to lack of funds. Subscriptions to TVETA and KATTI, obligations owed to the mentor and other bills remain pending and the institution's intended physical planning has not taken off due to lack of funds.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The board promises to state its strategic plan and adhere to its strategic objectives to ensure that the intended purpose is attained. It is currently working on the strategic plan and various policies which will advise its course.

X. REPORT OF THE BOARD OF GOVERNORS

The Council/Board members submit their report together with the audited financial statements for the financial year 2021/2022 which show the state of the Ebukanga Technical and Vocational College's affairs.

Principal activities

The principal activities of the Ebukanga Technical and Vocational College are (continue to be) Provision of Technical and vocational training.

Results

The results of the Ebukanga Technical and Vocational College for the financial year 2021/2022 are set out on page 1 to 5

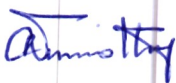
Board of Governors

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

Auditors

The Auditor General is responsible for the statutory audit of the Ebukanga Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants nominated by the Auditor General to carry out the audit of the Ebukanga Technical and Vocational College for the financial year 2021/2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



CLARA A. TIMOTHY
SECRETARY-BOG



Date... 28/4/2023

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

XI. STATEMENT OF BOARD OF GOVERNORS MEMBERS' 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 council members to prepare financial statements in respect of that Ebukanga Technical and Vocational College which give a true and fair view of the state of affairs of the that Ebukanga Technical and Vocational College at the end of the financial year/period and the operating results of the that Ebukanga Technical and Vocational College for that year/period. The council members are also required to ensure that the that Ebukanga Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the that *Ebukanga Technical and Vocational College y*. The council members are also responsible for safeguarding the assets of the *Ebukanga Technical and Vocational College*.


The council members are responsible for the preparation and presentation of the Ebukanga Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of the Ebukanga Technical and Vocational College for and as at the end of the financial period ended on June 30, 2021. 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 Ebukanga Technical and Vocational College; (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 Ebukanga 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 Ebukanga Technical and Vocational College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and . The council members are of the opinion that the Ebukanga Technical and Vocational College's financial statements give a true and fair view of the state of Ebukanga Technical and Vocational College's transactions during the financial period ended June 30, 2021, and of the Ebukanga Technical and Vocational College's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Ebukanga Technical and Vocational College, which have been relied upon in the preparation of the Ebukanga Technical and Vocational College's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Ebukanga Technical and Vocational College financial statements were approved by the Board on _____ 2022 and signed on its behalf by:

.....


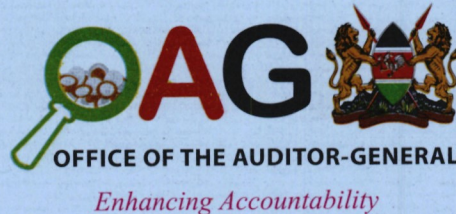
Mr. Jackson M. Andai
(Chairperson of the Board)

.....


Clara A. Timothy
(Accounting officer/Principal)

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ebukanga Technical and Vocational College set out on pages 1 to 32, which comprise of the statement of financial

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Ebukanga 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Net Assets

The statement of financial position reflects net assets balance of Kshs.89,743,508 which differs with the balance of Kshs.91,223,182 in the statement of changes in net assets, leading to a variance of Kshs.1,479,674. The statement of change in net assets costs a total of Kshs.91,198,382 instead of the reposted Kshs.91,223,182 resulting in unexplained variance of Kshs.24,800.

In the circumstances, the accuracy of net assets balance of Kshs.89,743,508 could not be confirmed.

2. Inaccuracy in Receivables from Exchange Transactions - Students Fees

The statement of financial position and as disclosed in Note 17 to the financial statements reflects receivables from exchange transactions - students' fee balance of Kshs.3,804,584. However, the Institution did not prepare a receivable aging analysis report and a debt management policy outlining measures put in place to mitigate against bad debts. In addition, there was no provision for bad and doubtful debts in the financial statements.

In the circumstances, the accuracy of receivables from exchange transactions - students fees balance of Kshs.3,804,584 could not be confirmed.

3. Unsupported Valuation of Property, Plant and Equipment

As previously reported, the statement of financial position reflects a balance of Kshs.85,885,956 in respect to property plant and equipment. As disclosed in Note 18 to the financial statements, the amount includes an opening balance of Kshs.115,028,820. However, the valuation report was not provided for audit to confirm the opening balances of the College's assets.

In addition, the method used to compute depreciation and impairment loss for the assets amount of Kshs.14,756,865 was not disclosed in the notes to the financial statements. This is contrary to Paragraph 88 of IPSAS 17 which provide that the financial statements shall disclose, the depreciation method and rate used.

In the circumstances, the accuracy of the balance of property, plant and equipment of Kshs.85,885,956 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ebukanga 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual expenditure of Kshs.6,793,271 against an approved budget of Kshs.9,555,140 resulting to an under-expenditure of Kshs.2,761,869 which translates to 29% of the budget.

The under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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. Irregularities in Property, Plant and Equipment

1.1 Delayed Completion of Buildings

As previously reported, review of contracts revealed that a local contractor was awarded a contract for construction and completion of twin workshop, classrooms and offices on 27 October, 2014 at a contract sum of Kshs.55,055,814 for a contract period thirty-one (31) weeks. The contractor failed to complete the project even after he was granted several extensions. As a result, the contract was terminated on 18 April, 2019 and the contractor had been paid an amount of Kshs.51,015,254 for certified works.

Further, the incomplete works were awarded to another contractor at a contract sum of Kshs.3,679,810 without competition as required by the Article 227(1) of the Constitution of Kenya, 2010 which provides that when a State organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective. In addition, the contracted works were not included as work in progress in the financial statements.

In the circumstances, Management was in breach of law.

1.2 Lack of Proper Handing and Taking Over

As previously reported, review of documents relating to the establishment of the College revealed that the Ministry of Education vide letter reference No.MST/DTE/6/5/VOL.V dated 13 August, 2014 appointed Friends College Kaimosi as the mentor institution to oversee the operations of the Ebukanga College. The mentorship programme ended in January, 2020 when Ebukanga Technical and Vocational Board was appointed. However, there was no evidence of official handing and taking over of assets between the two institutions as required by Regulation 169(1) and (2) of the Public Procurement and Asset Disposal Regulations, 2020.

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

2. Non-Compliance with National Cohesion and Integration Act, 2008

During the year, Ebukanga Technical and Vocational Training College had twenty-four (24) staff members out of whom sixteen (16) belong to the same ethnic community, and the remaining 33.3% shared by other ethnic communities, contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment should have more than one third of its staff from the same ethnic community.

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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 overall governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy

Review of the internal controls indicated that the college did not have a Risk Management Policy and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks as stipulated under Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015. In addition, the College did not have a Disaster Recovery Plan.

In the circumstances, the effectiveness of risk management strategies used by the College could not be confirmed.

2. Lack of Proper Management of Student Debtors

The statement of financial position and as disclosed in Note 17 to the financial statements, reflects current receivables from exchange transactions amount of Kshs.3,804,584. The amount represents school fees arrears due from full time students. Unknown number of students had not paid the required fees in full as at 30 June, 2022 and there was no evidence provided indicating the measures put in place in ensuring that fees arrears were paid in full. Further, the College did not have a receivable aging analysis report and a Debt Management Policy outlining measures put in place to mitigate against bad debts.

In the circumstances, the effectiveness of strategies used to manage student debtors could not be ascertained.

3. Lack of Human Resource Policy and Organization Structure

The College did not have an approved Human Resource Management Policy and an organization structure. Lack of these policy documents was contrary to Regulation 5(g) of the Technical and Vocational Education and Training Regulations, 2015.

In the circumstances, the effectiveness of the strategies used to manage the human resource in the College could not be confirmed.

3. Lack of Internal Audit and Active Audit Committee

Review of the internal controls of the College, revealed that the college did not have in place an Internal Audit function. This is contrary to Section 73(1) of the Public Finance Management Act, 2015 which requires every National Government entity to have appropriate arrangements in place for conducting internal audit. Further, the College has established an Audit Committee, but no evidence was provided for meetings convened by the Committee during the period under review. This is contrary to Regulations, 179(1) of the Public Finance Management Regulations, 2015, which provide that the audit committee shall meet at least once in every three months.

In the circumstances, the College did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 not 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 August, 2023

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

	Notes	2021-2022	1 st Feb 2020 - 30 th June 2021
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	3,812,500.00	6,120,000.00
		3,812,500.00	6,120,000.00
Revenue from exchange transactions			
Rendering of services- Fees from students	7	5,208,690.00	2,979,460.00
Sale of goods	8	44,520.00	12,700.00
Transfer from mentor institution			202,000.00
Other income	9	1,472.00	6,435.00
Revenue from exchange transactions		5,254,682.00	3,200,595.00
Total revenue		9,067,182.00	9,320,595.00
Expenses			
Use of goods and services	10	4,065,070.40	3,772,712.00
Employee costs	11	1,749,030.00	1,055,442.00
Remuneration of BOG	12	931,735.00	765,742.00
Depreciation and amortization expense	13	14,756,865.00	14,715,994.00
Repairs and maintenance	14	55,453.00	28,713.00
Finance costs	15	16,783.00	5,486.00
Total expenses		21,574,936.40	20,344,089.00
Net Surplus(Deficit) for the year		(12,507,754.40)	(11,023,494.00)

The notes set out on pages 6 to 35 form an integral part of the Annual Financial Statements and were signed on behalf of the Board of Governors by:

1. MR. JACKSON M. ANDAI

SIGN..... 

DATE..... 28/4/2023

(Chairman of Board of Governors)

2. CLARA A. TIMOTHY

SIGN..... 

DATE..... 28/4/2023

Principal

3. CPA HESBORN EHAJI (ICPAK NO. 11369)

SIGN..... 

DATE..... 28/4/2023

(Finance Officer)

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022**

	Notes	2021-2022	1 st Feb 2020 - 30 th June 2021
			Kshs
Assets			
Current assets			
Cash and cash equivalents	16	1,598,410.60	850,211.00
Current portion of receivables from exchange transactions	17	3,804,584.00	1,980,590.00
Receivables from non-exchange transactions			1,957,500.00
		5,402,994.60	4,788,301.00
Non-current assets			
Property, plant and equipment	18	85,885,956.00	100,312,826.00
		85,885,956.00	100,312,826.00
Total assets		91,288,950.60	105,101,127.00
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	1,452,943.00	1,266,465.00
Refundable deposits from customers	20	9,500.00	9,500.00
BOG allowances	21	40,000.00	40,000.00
Payments received in advance	22	43,000.00	79,026.00
Total liabilities		1,545,443.00	1,394,991.00
Net assets		<u>89,743,507.60</u>	<u>103,706,136.00</u>
Retained earnings		4,486,736.60	3,692,500.00
Capital/Development Grants Fund		85,256,771.00	100,013,636.00
Total net assets and liabilities		<u>89,743,507.60</u>	<u>103,706,136.00</u>

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Governors by:

1. MR. JACKSON M. ANDAI

SIGN..... 

DATE..... 28/4/2023

(Chairman of Board of Governors)

2. CLARA A. TIMOTHY

SIGN..... 

DATE..... 28/4/2023

Principal

3. CPA HESBORN EHAJI (ICPAK NO. 11369)

SIGN..... 

DATE..... 28/4/23

(Finance Officer)

EBUKIRANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022
XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE 2022

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At February 1, 2020	-	-	-	113,966,030.00	113,966,030.00
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	(11,023,494.00)	-	(11,023,494.00)
Capital//Development grants received during the year	-	-	-	763,600.00	763,600.00
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	14,715,994.00	(14,715,994.00)	-
At June 30, 2021	-	-	3,692,500.00	100,013,636.00	103,706,136.00
At July 1, 2021	-	-	3,692,500.00	100,013,636.00	103,706,136.00
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			(12,507,754.40)		(12,507,754.40)
Capital//development grants received during the year			-	-	-
Transfer of depreciation/amortization from capital fund to retained earnings			14,756,865.00	(14,756,865.00)	-
At June 30, 2022			5,941,610.60	85,256,771.00	91,223,181.60

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022**

		2021-2022	1 st Feb 2020 - 30 th June 2021
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	23	3,812,500.00	3,362,300.00
Rendering of services- Fees from students	24	3,835,576.00	1,087,396.00
Sale of goods		44,520.00	12,700.00
Income from sale of tender			6,000.00
Reimbursements and refunds		1,472.00	435.00
Transfer from the mentor institution			202,000.00
Total Receipts		7,694,068.00	4,670,831.00
Payments			
Compensation of employees	25	1,513,310.00	1,005,442.00
Use of goods and services	26	4,163,735.40	1,756,047.00
Finance cost		16,783.00	5,486.00
Repair and maintenance		55,453.00	28,713.00
BOG Allowances/Remuneration	27	866,592.00	725,742.00
Total Payments		6,615,873.40	3,521,430.00
Net cash flows from operating activities		1,078,194.60	1,149,401.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	28	(329,995.00)	(299,190.00)
Proceeds from sale of property, plant and equipment			-
Decrease in non-current receivables			-
Increase in investments			-
Net cash flows used in investing activities		(329,995.00)	(299,190.00)
Cash flows from financing activities			
Proceeds from borrowings			-
Repayment of borrowings			-
Increase in deposits			-
Net cash flows used in financing activities			-
Net increase/(decrease) in cash and cash equivalents			850,211.00
Cash and cash equivalents at 1 JULY 2021		850,211.00	-
Cash and cash equivalents at 30 JUNE	16	1,598,410.60	850,211.00

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Governors by:

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

1. MR. JACKSON M. ANDAI

SIGN..... 

DATE..... 28/4/2023

(Chairman of Board of Governors)

2. CLARA A. TIMOTHY

SIGN..... 

DATE..... 28/4/2023

Principal

3. CPA HESBORN EHAJI (ICPAK NO. 11369)

SIGN..... 

DATE..... 28/4/2023

(Finance Officer)

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022
XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE
2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilizations Difference
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 %
Revenue						
Transfers from other Govt entities Govt grants	6,500,000.00	(1,000,000.00)	5,500,000.00	3,812,500.00	1,687,500.00	69%
Rending of services- Fees from students	4,897,200.00	(534,200.00)	4,363,000.00	5,208,690.00	(845,690.00)	119%
Sale of goods	60,000.00	(30,000.00)	30,000.00	44,520.00	(14,520.00)	148%
Transfer from mentor institution	-	-	-	-	-	-
Other Income	-	1,472.00	1,472.00	1,472.00	0.00	100%
	-	-	-	-	-	-
Total income	11,457,200.00	(1,562,728.00)	9,894,472.00	9,067,182.00	827,290.00	92%
Expenses						
Compensation of employees	2,144,520.00	550,000.00	2,694,520.00	1,749,030.00	945,490.00	65%
Use of Goods and services	5,999,200.00	(913,700.00)	5,085,500.00	4,065,070.40	1,020,429.60	80%
Finance costs	9,000.00	-	9,000.00	16,783.00	(7,783.00)	186%
Repair and maintenance	230,000.00	(150,000.00)	80,000.00	55,453.00	24,547.00	69%
Remuneration of BOG	1,092,000.00	-	1,092,000.00	931,735.00	160,265.00	85%
Grants and subsidies paid						
Total expenditure	9,474,720.00	(513,700.00)	8,961,020.00	6,818,071.40	2,142,948.60	76%
Surplus for the period	1,982,480.00	(1,049,028.00)	933,452.00	2,249,110.60	(1,315,658.60)	

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ebukanga Technical and Vocational College is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity’s principal activity is to provide technical and vocational 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 is in conformity with International Public Sector Accounting Standards (IPSAS) which allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the 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 20.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for 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:

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting 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 omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

Standard	Effective date and impact:
	Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1 st January 2023.
IPSAS 43	<i>Applicable 1st January 2025</i> 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.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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

Ebukanga Technical and Vocational 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

Ebukanga Technical and Vocational College 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 29th January 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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.

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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 (V) of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per Income Tax Act Cap 470.

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.

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.

Freehold land is not depreciated as it is deemed to have an infinite life. When an asset is acquired, full depreciation will be charged in the year of purchase and no depreciation will be charged in the year of disposal.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a 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:

- The debtors or 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

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

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

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

k) Provisions

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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.

l) Nature and purpose of reserves

Currently Ebukanga Technical and Vocational College maintains reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

Ebukanga Technical and Vocational College recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

n) Employee benefits

Retirement benefit plans

Ebukanga Technical and Vocational College provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further

contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

o) Foreign currency transactions

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

p) Borrowing costs

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

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

q) Related parties

Ebukanga Technical and Vocational College 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

Ebukanga Technical and Vocational College 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

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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, 2021.

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. Ebukanga Technical and Vocational College 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

Ebukanga Technical and Vocational College is yet to raise any provisions because of lack of enough information on trends since the entity has not been in operation for long.

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6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		Kshs.
Unconditional grants		
Capitation grants	2,812,500.00	3,120,000.00
Operational grant(Recurrent grants)	1,000,000.00	3,000,000.00
Total government grants and subsidies	3,812,500.00	6,120,000.00

Operation/Recurrent grants and Capitation.

The college received Ksh. 1,000,000 as recurrent grants in the F/Y 2021/2022 and Ksh. 2,812,500 as capitation from government.

7. RENDERING OF SERVICES

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		KShs
Tuition fees	4,477,440.00	2,765,180.00
Examination fees	680,250.00	159,780.00
Registration fees	51,000.00	54,500.00
Total revenue from the rendering of services	5,208,690.00	2,979,460.00

NOTE

Tuition fees by the trainees/parents

During the period the college registered 132 full time trainees and the total tuition fees was Ksh. 56,420 of which the Ksh. 30,000 was capitation from the government of Kenya and Ksh. 26,420 was to be paid by the trainee/parent.

→ Tuition fees for full time trainees (132 X 26,420/=)	= 3,487,440
→ Unpaid capitation for quarter IV invoiced students (132 x 7,500/=)	= <u>990,000</u>
Total	<u>4,477,440</u>

Examination fees

a) KNEC November 2021 Series examinations	= 213,770
b) KNEC July 2022 Series examinations	= <u>466,480</u>
	<u>680,250</u>

Registration/admission fees

Admission fees per student is Ksh. 500 and the college admitted 102 new trainees hence

$$102 \times 500 = 51,000$$

SALE OF GOODS

Description	2021-2022	1st Feb 2020 - 30th June 2021
	KShs	KShs
Sale of goods		
Sale of farm produce	44,520.00	12,700.00
Total revenue from the sale of goods	44,520.00	12,700.00

Note:

The college farms nappier grass on part of its land which was harvested and sold.

9. OTHER INCOME

Description	2021-2022	1st Feb 2020 - 30th June 2021
		KShs
Surrendered imprests	970.00	6,435.00
Amount paid by customers whose less withholding tax was after payment withheld	502.00	-
Totals	1,472.00	6,435.00

10. USE OF GOODS AND SERVICES

Description	2021-2022	1st Feb 2020 - 30th June 2021
		KShs
Training material expenses	589,589.00	44,080.00
Electricity	71,384.00	54,318.00
Water	12,650.00	15,700.00
Security	420,495.00	287,996.00
Subscriptions and registration	62,000.00	260,500.00
Marketing expenses	154,560.00	83,500.00
Examination fees	524,610.00	141,930.00
Students' council expenses	30,215.00	3,250.00
Travelling and accommodation	1,025,100.00	619,990.00
Students' co-curriculum activities expenses	356,719.00	15,400.00
Printing and stationery	208,695.40	91,830.00
Office/Administration expenses	227,114.00	123,657.00
Farm expenses	9,750.00	14,050.00
Telephone expenses	69,350.00	68,800.00
Recruitment expenses	-	47,000.00
Staff Training expenses	173,745.00	125,640.00
Cleaning expenses	28,374.00	67,315.00
Tendering expenses	15,000.00	6,000.00

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Covid19 expenses	-	38,191.00
Accrued general costs by the mentor (Friends College Kaimosi)	-	1,663,565.00
Industrial attachment expenses	75,050.00	-
Guiding and counselling	3,770.00	-
Students IDs	6,900.00	-
Total good and services	4,065,070.40	3,772,712.00

Note

Training materials expenses

Amount paid	566,869.00
Amount outstanding	22,720.00
Total	589,589.00

Subscriptions and registration

Total expenses paid	322,500.00
Amount of expenses accrued paid	(260,500.00)
Total expenses for the period	62,000.00

11. EMPLOYEE COSTS

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
	Kshs	KShs
Salaries and wages paid	1,443,980.00	958,460.00
Less accrued salary for F/Y 2020/2021 paid	(50,000.00)	
Employee related costs (employers contributions to N.S.S.F)	85,050.00	96,982.00
Outstanding June 2022 salary	270,000.00	
Employee costs	1,749,030.00	1,055,442.00

Employer's contribution to N.S.S.F

N.S.S.F paid during the year	=	69,330
Outstanding June 2022 contribution	=	<u>15,720</u>
Total		<u>85,050</u>

REMUNERATION OF BOG MEMBERS

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		KShs
BOG members emoluments	787,734.00	765,742.00
PAYE paid during the year	78,858.00	-
Outstanding PAYE to K.R.A	65,143.00	
Total	931,735.00	765,742.00

13. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		KShs
Property, plant and equipment	14,756,865.00	14,715,994.00
Total depreciation and amortization	14,756,865.00	14,715,994.00

Note

Asset	Amount of depreciation
Land and building	0.00
Buildings	33,999.00
Furniture and fittings	666,476.00
Computers	1,099,980.00
Plant and equipment	12,952,096.00
Text books	4,314.00
Total	14,756,865.00

14. REPAIRS AND MAINTENANCE

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
	KShs	KShs
General repair and maintenance	55,453.00	28,713.00
Total repairs and maintenance	55,453.00	28,713.00

15. FINANCE COSTS

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
	KShs	KShs
Bank charges	16,783.00	5,486.00
Total finance costs	16,783.00	5,486.00

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16. CASH AND CASH EQUIVALENTS

Description	Period ended June 30 th 2022	Audited prior Year
	KShs	KShs
Current account	1,449,677.60	834,295.00
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Cash in hand	148,733.00	15,916.00
Total cash and cash equivalents	1,598,410.60	850,211.00

DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	Period ended June 30 th 2022	Audited prior Year
		KShs	KShs
a) Current account			
Kenya Commercial bank	1270629425	1,426,307.60	834,295.00
Kenya Commercial bank	1293236551	23,370.00	-
Kenya Commercial bank	1293236861	0.00	-
Sub- total		1,449,677.60	834,295.00
b) Cash in hand			
Cash in hand		148,733.00	15,916.00
Sub- total		148,733.00	15,916.00
Grand total		1,598,410.60	850,211.00

17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		KShs
Current receivables		
Students fees	3,804,584.00	1,980,590.00
Total current receivables	3,804,584.00	1,980,590.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. PROPERTY, PLANT AND EQUIPMENT

	Land		Buildings		Furniture and fittings		Computers		Plant and Equipment		Text books		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost														
At 1 st February 2020	3,000,000.00	999,930.00	3,037,300.00	3,603,000.00	103,325,800.00	-	-	-	-	-	-	-	113,966,030.00	
Additions	-	700,000.00	295,080.00	59,600.00	8,110.00	-	-	-	-	-	-	-	1,062,790.00	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	
At 30th June 2021	3,000,000.00	1,699,930.00	3,332,380.00	3,662,600.00	103,333,910.00	43,135.00	282,860.00	43,135.00	103,333,910.00	43,135.00	43,135.00	43,135.00	115,028,820.00	
Additions	-	-	-	4,000.00	-	-	-	-	-	-	-	-	329,995.00	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	
At 30th June 2022	3,000,000.00	1,699,930.00	3,332,380.00	3,666,600.00	103,616,770.00	43,135.00	282,860.00	43,135.00	103,616,770.00	43,135.00	43,135.00	43,135.00	115,358,815.00	
Depreciation And Impairment														
At 1 st February 2020	0%	2%	20%	30%	12.5%	10%	-	-	-	-	-	-	-	
Depreciation	-	33,999.00	666,476.00	1,098,780.00	12,916,739.00	-	-	-	-	-	-	-	14,715,994.00	
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	
At 30th June 2021	-	33,999.00	666,476.00	1,098,780.00	12,916,739.00	-	-	-	12,916,739.00	-	-	-	14,715,994.00	
Depreciation	-	33,999.00	666,476.00	1,099,980.00	12,952,096.00	4,314.00	-	-	-	-	-	-	14,756,865.00	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	
At 30th June 2022	-	67,998.00	1,332,952.00	2,198,760.00	25,868,835.00	4,314.00	-	-	25,868,835.00	4,314.00	4,314.00	4,314.00	29,472,859.00	
Net Book Values														
At 30 th June 2021	3,000,000.00	1,665,931.00	2,665,904.00	2,563,820.00	90,417,171.00	-	-	-	90,417,171.00	-	-	-	100,312,826.00	
At 30 th June 2022	3,000,000.00	1,631,932.00	1,999,428.00	1,467,840.00	77,747,935.00	38,821.00	-	-	77,747,935.00	38,821.00	38,821.00	38,821.00	85,885,956.00	

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		KShs
Friends College Kaimosi(mentor) administrative costs	863,365.00	863,365.00
BOG staff salary for the month of June 2022	270,000.00	50,000.00
Outstanding Staff travelling and subsistence	64,800.00	92,600.00
KUCCPS 2019/2020 subscriptions	-	85,500.00
KATTI Western Region membership and annual subscription fees	-	65,000.00
KATTI National project and annual subscription fees	60,000.00	110,000.00
Fulchand Keshavji Shah	18,900.00	
Kakan Enterprises	5,170.00	
Weston Commodities Enterprise Ltd	22,720.00	
Geoconta General Supplies Company Ltd	36,300.00	
WAPE Security Services Limited	40,000.00	
Donnya Enterprises	6,545.00	
K.R.A (Outstanding PAYE)	65,143.00	
Total trade and other payables	1,452,943.00	1,266,465.00

Note: details of creditors

Creditors name	Stationary	Office expenses	Training materials	Security expenses	Co-curriculum activities	Totals
Fulchand Keshavji Shah	18,900.00	-	-	-		18,900.00
Kakan Enterprises	-	5,170.00	-	-		5,170.00
Weston Commodities Enterprise Ltd	-	-	22,720.00	-		22,720.00
Geoconta General Supplies Company Ltd	-	36,300.00	-	-		36,300.00
WAPE Security Services Limited	-	-	-	40,000.00		40,000.00
Donnya Enterprises	6,545.00	-	-	-		6,545.00
KATTI WR					60,000.00	60,000.00
Totals	25,445.00	41,470.00	22,720.00	40,000.00	60,000.00	189,635.00

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
Balance B/f	9,500.00	KShs
Refundable deposits(bursary)	-	9,500.00
Total deposits	9,500.00	9,500.00

Note

The above amount is for bursary received for students who do not belong to Ebukanga Technical and Vocational College.

21. BOG ALLOWANCES

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
Balance B/F	40,000.00	
BOG allowances	-	40,000.00
Outstanding balance	40,000.00	40,000.00

22. PAYMENTS RECEIVED IN ADVANCE

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		KShs
Payment in advance by computer packages time students	7,500.00	7,500.00
Payment in advance by full-time students	35,500.00	71,526.00
Total	43,000.00	79,026.00

23. TRANSFERS FROM OTHER GOVERNMENT ENTITIES/GOVT. GRANTS

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		KShs
Recurrent grants	1,000,000.00	2,199,800.00
Capitation grants	2,812,500.00	1,162,500.00
Total	3,812,500.00	3,362,300.00

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

24. RENDERING OF SERVICES- FEES FROM STUDENTS

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		KShs
Rendering of services- fees from students	3,835,576.00	1,087,396.00
Total	3,835,576.00	1,087,396.00

Tuition fees	→	3,349,136
Exams	→	387,410
Admission fees	→	64,000
Kuccps registration fees	→	<u>35,030</u>
Totals		<u>3,835,576</u>

25. COMPENSATION OF EMPLOYEES

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		KShs
BOG part-time trainers salaries	735,320.00	125,000.00
BOG None-teaching staff salaries	555,330.00	783,460.00
N.S.S.F contribution	138,660.00	74,082.00
N.H.I.F contribution	43,600.00	18,400.00
HELB loan repayment for BOG none-teaching staff	40,400.00	4,500.00
Total	1,513,310.00	1,005,442.00

26. USE OF GOODS AND SERVICES

Description	2021-2022	1 st Feb 2020 - 30 th June 2021
		KShs
Training materials expenses	566,869.00	44,080.00
Electricity	71,384.00	54,318.00
Water	12,650.00	15,700.00
Security	380,495.00	287,996.00
Marketing	154,560.00	83,500.00
Examination fees	524,610.00	141,930.00
Students' council expenses	30,215.00	3,250.00
Travelling and accommodation	1,052,900.00	527,390.00
Students' co-curriculum activities expenses	296,719.00	15,400.00
Printing and stationery	183,250.40	91,830.00
Office/Administration expenses	185,644.00	123,657.00
Farm expenses	9,750.00	14,050.00
Telephone expenses	69,350.00	68,800.00
Recruitment expenses	-	47,000.00
Training expenses	-	125,640.00

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Cleaning expenses	28,374.00	67,315.00
Printing expenses	15,000.00	6,000.00
Covid19 expenses	-	38,191.00
Students' I.D cards	6,900.00	
Guiding and counselling	3,770.00	
Staff training expenses	173,745.00	
Industrial attachment expenses	75,050.00	
Subscription and registrations	322,500.00	
Total	4,163,735.40	1,756,047.00

27. BOG ALLOWANCES/REMUNERATION

Description	2021-2022	1st Feb 2020 - 30th June 2021
BOG expenses	787,734.00	725,742.00
PAYE to K.R.A	78,858.00	
Total	866,592.00	725,742.00

28. PURCHASE OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Description	2021-2022	1st Feb 2020 - 30th June 2021
		KShs
Furniture		265,480.00
Tools and Equipment	282,860.00	8,110.00
Printer (computer and computer accessories)	4,000.00	25,600.00
Text books	43,135.00	
Total	329,995.00	299,190.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

(ii) Liquidity risk management

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

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.

(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

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

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

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:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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.

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
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b) Interest rate risk

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

Management of interest rate risk

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

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:

EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

30. 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 holding of 100% of the equity of Ebukanga Technical and Vocational College's 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) Ministry of Education
- iii) Key management;
- iv) Board of directors;

31. EVENTS AFTER THE REPORTING PERIOD

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

32. ULTIMATE AND HOLDING ENTITY

The Ebukanga Technical and Vocational College is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

33. CURRENCY

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

**EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

**34. 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)
OAQ/KSM/2020-2021-1-01-1064-23-ETVC (5)	Lack of proper handing and taking over	The management acknowledges the delayed handing over of the college by the mentoring institution. The delay is due to incomplete electrical works that the mentor is to complete	Not resolved	1 year
OAQ/KSM/2020-2021-1-01-1064-23-ETVC (5)	Lack of proper management of student debtors	The college is in the process of developing a comprehensive debt management policy, bad and doubtful debts policy and systems to manage debt receivables.	Not resolved	1 year

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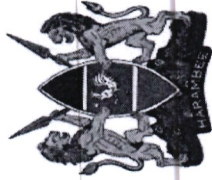

Clara A. Timothy

(Principal)

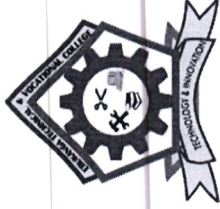
Date 28/4/2023.....



EBUKANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022
Appendix II- Inter-Entity Confirmation Letter



MINISTRY OF EDUCATION
STATE DEPARTMENT OF TECHNICAL & VOCATIONAL TRAINING
EBUKANGA TECHNICAL & VOCATIONAL COLLEGE



P.O. BOX 549 -50307 LUANDA. Tel No:
 0113295149/0725523839
 E-MAIL: ebukangatechnical@gmail.com

The Secretary Principal,
 Ministry Of Education
 State Department for Vocational and Technical Training,
 P.O. Box 9583-00200
NAIROBI.

The Ebukanga Technical and Vocational College wishes to confirm the amounts received as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to us and amounts received by us.

Reference Number	Date Disbursed	Amounts received by Ebukanga Technical and Vocational College			Total (D)=(A+B+C)	Amount disbursed by Ministry of Education as at 30th June 2022 (KShs)	Differences (F)=(D-E)
		Recurrent (A)	Capitation (B)	Inter-Ministerial (C)			
Ref.No.DTE/CAP9/25(19)	22.07.2021		435,000.00		435,000.00		
Ref.No.MOE/DTE/29(7)	23.11.2021	500,000.00			500,000.00		
Ref.No.MOE/DTE/29(7)	23.11.2021	500,000.00			500,000.00		
Ref.No.DTE/CAP9/28(22)	23.11.2021		675,000.00		675,000.00		
Ref.No.DTE/CAP9/30(22)	02.03.2022		675,000.00		675,000.00		
Ref.No.DTE/CAP9/33(22)	03.06.2022		1,027,500.00		1,027,500.00		
Total		<u>1,000,000.00</u>	<u>2,812,500.00</u>		<u>3,812,500.00</u>		

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

