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**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BELGUT TECHNICAL TRAINING  
INSTITUTE**

**FOR THE YEAR ENDED  
30 JUNE, 2020**



THE NATIONAL ASSEMBLY  
PAPERS TAID  
DATE: 22 FEB 2023  
Wednesday  
Leader of the Majority Party  
Mado



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**BELGUT TECHNICAL TRAINING AND VOCATIONAL COLLEGE.**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2020**

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

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

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**KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The *institution* was incorporated/ established under the TVET Act 2013 of 25<sup>th</sup> January, 2013. The entity is domiciled in Kenya. The institute is under the Ministry of Education.

The institute currently has five functional departments namely;

1. Electrical and electronics engineering
2. Food and beverage
3. Fashion and design
4. Information communication technology
5. Business studies
6. Building
7. Social work

**(b) Principal Activities**

The principal mandate of the *Belgut tvc* is captured in our vision and mission statement guided by our core values as stated below.

**(a) Vision**

To be a leading TVET institution in the provision of diverse technologies that meet the needs and expectation of the industry.

**(b) Mission**

To equip trainees with quality and relevant skills responsive to the industry core values

**(c) Strategic objectives**

I.

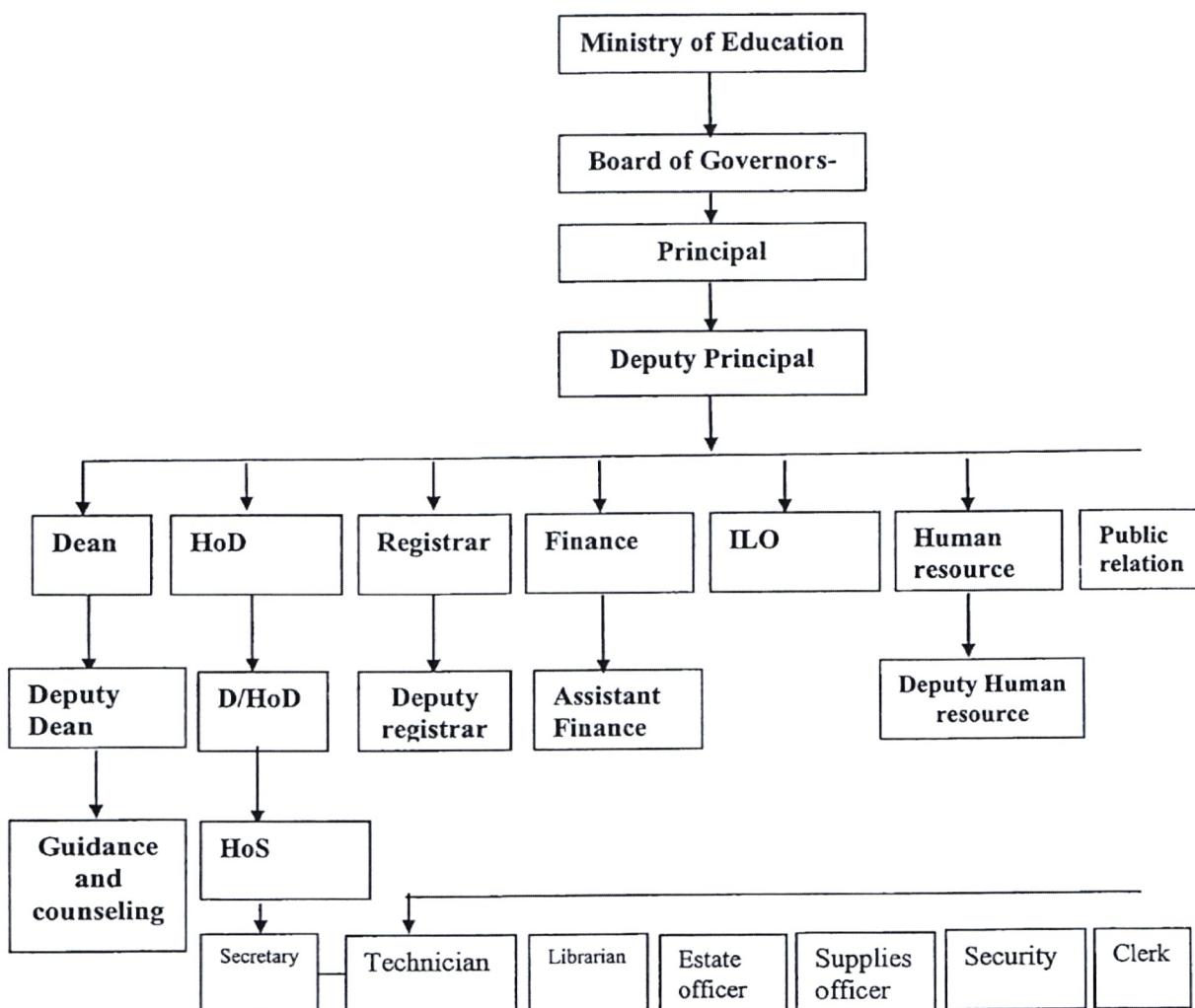
**d) Core Values**

Teamwork  
Commitment  
Accountability  
Integrity  
Creativity and Innovation

**BELGUT TECHNICAL AND VOCATIONAL COLLEGE**  
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**(c) Key Management**

Belgut TVC day-to-day management is under the following key organs:



**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Zipporah kutoh
2.	Deputy Principal	John Tarus
3.	Registrar	Bernard korir
4.	Dean of Students	Eric Chumba
5.	Head of Finance	Wesley Bii

**BELGUT TECHNICAL AND VOCATIONAL COLLEGE**  
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<b>No.</b>	<b>Designation</b>	<b>Name</b>
6.	Head of Procurement	Mercy kirui

**(e) Fiduciary Oversight Arrangements**

There were no board members in the financial year 2019/2020.

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

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**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(f) Entity Headquarters**

Belgut Technical and vocational college  
P.O. Box 205- 20200  
Kericho- kenya  
CHEPNGETUNG market  
Off kericho- litein road

**(g) Entity Contacts**

Telephone: (+254) 759764059  
E-mail: [belguttechnical@gmail.com](mailto:belguttechnical@gmail.com)  
Website: [www.Belguttechnical.ac.ke](http://www.Belguttechnical.ac.ke)

**(h) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Sotik branch  
P.O BOX 246 -20406  
Sotik, 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







**BELGUT TECHNICAL AND VOCATIONAL COLLEGE**  
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**THE COUNCIL/BOARD OF GOVERNORS**

There were no board of governors appointed at the moment.

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

**MANAGEMENT TEAM**

NAME OF THE STAFF	RESPONSIBILITY
 ZIPPORAH KUTOH	-CHIEF EXECUTIVE OFFICER/ PRINCIPAL -SECRETARY BOG - ACCOUNTING OFFICER
 JOHN TARUS	-D/PRINCIPAL ACADEMICS -HEAD OF ACADEMIC MATTERS -CHAIRPERSON OF ACADEMIC COMMITTEE
 WESLEY BII	-ACCOUNTANT -FINANCIAL MANAGEMENT -BUDGETING AND CONTROL -FINANCIAL REPORTING
 BENARD KORIR	-AG. REGISTRAR -ADMISSIONS AND MARKETING
 ERIC CHUMBA	-AG. DEAN OF STUDENTS -STUDENTS WELFARE
 MERCY C. KIRUI	-PROCUREMENT OFFICER -ADVISOR IN PROCUREMENT MATTERS

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

**REPORT OF THE PRINCIPAL**

REPORT OF THE PRINCIPAL/CHIEF EXECUTIVE OFFICER

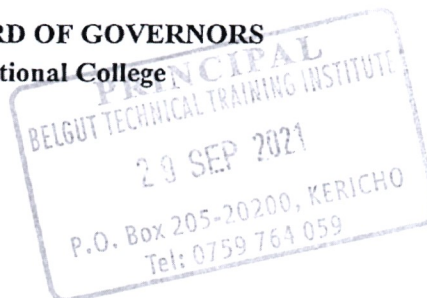
The institution is well placed to providing adequate and relevant knowledge to its graduates that will enable them to contribute towards the attainment of our country's **vision 2030** and the Big **FOUR** agenda. In furtherance of our mandate therefore, we have committed ourselves to consistently review, improve and consolidate our Academic programmes in several ways that will ensure their competitiveness in terms of quality and relevance.

The main source of funding to the Institute during this period under review was internally generated revenue of Kshs. **4,316,240**

The Institute desires to enhance its visibility, performance and competitiveness in the Tertiary Education Sector in the face of stiff competition. To do so however, the Institute requires a lot of support from the Government and stake holders. We shall continue to appeal for such support for several years to come. I sincerely thank our board of governors for their consistent commitment, strong support and team work that has seen the college progress from one level to the other. There was no board in FY 2019/2020 but we used our mentor Board of Governors.

SIGNATURE  DATE 29-09-2021

**Zipporah Kuttoh**  
**SECRETARY OF BOARD OF GOVERNORS**  
**Belgut Technical & Vocational College**



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

*REVIEW OF BELGUT TECHNICAL AND VOCATIONAL COLLEGE'S PERFORMANCE FOR FY 2019/2020*

**CORPORATE GOVERNANCE STATEMENT**

Technical Training and vocational college is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the Institute.

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision-making body of the Institute, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

**MANAGEMENT DISCUSSION AND ANALYSIS**

***Major risks facing the organisation.***

The institutes' major risks are mainly related to its core business which is training and human resource development. Some of the identified risks include;

- i. Low student enrolment.
- ii. Student turnover
- iii. Inadequate student accommodation and support facilities
- iv. Delayed disbursement of capitation and HELB grants
- v. Staff turnover due to inability to retain them

**BELGUT TECHNICAL AND VOCATIONAL COLLEGE**  
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**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

*Beget Technical Training and vocational college exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar*

**1. Sustainability strategy and profile -**

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

**Profit:** The institute has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded it capacity for internally generated income like production of sanitizers and masks.

**Social:** the institute has developed a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

**Environment:** The board of governance has plans to undertake an environmental sustainability audit and developed an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

**2. Employee welfare**

At Belgut Technical Training Institute, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

Activity	Description
Better training	optimizing training operations to meet ongoing social and sustainability objectives. providing opportunities for us to grow as Institute by becoming involved in our local community.
Enhanced community	focusing on good urban design and empowered members for healthy, happy and resilient community.
Supported Staff	promoting initiatives that support staff and their families, beyond the provision of employment. Promoting initiatives that recognize the contribution of the students to the community.

**BELGUT TECHNICAL AND VOCATIONAL COLLEGE**  
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**a) Policies guiding hiring process**

The following are the Belgut Technical Training and vocational college training Board policies that guide hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally.  This largely depends on availability of funds
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

**3. Market place practices-**

**Responsible Supply Chain and Supplier relations**

The institute has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure. The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. Belgut Tvc has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- i) Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- iii) When doing procurement planning the institute has complied with preference and reservation requirements.
- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

**4. Community Engagements-**

During the year under review, the institute carried out various CSR activities to impact the society as highlighted below;

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

- (a) Providing face masks for free to the locals and to children homes.
- (b) Tree planting activities in collaboration with community.

**Principal activities**

The principal activities of the entity are training and development of human resource in various fields

**Auditors**

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

Zipporah Kutoh  
Principal  
Date: 29-09-2021



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

**STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES**

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

The council members are responsible for the preparation and presentation of Belgut TVC financial statements, which give a true and fair view of the state of affairs of Belgut TVC for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Belgut TTI(v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for Belgut TTI financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act of 2013*). The board of governors are of the opinion that Belgut TVC financial statements give a true and fair view of the state of Belgut TTI transactions during the financial year ended June 30, 2020, and of Belgut TVC financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Belgut TVC, which have been relied upon in the preparation of Belgut TVC 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 Belgut TVC 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 Belgut tvc financial statements were approved by the Board on \_\_\_\_\_ 2020 and signed on its behalf by:

  
Board Member

  
Board Member

\_\_\_\_\_  
Board Member



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON BELGUT TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of Belgut Technical Training Institute set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Belgut Technical Training Institute as at 30 June, 2020, 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 do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

#### Basis for Adverse Opinion

##### 1.0 Variances Between the Trial Balance and Financial Statements

The financial statements balances did not agree with the trial balance general ledger balances as detailed below:

Component	Trial Balance Kshs.	Financial Statements Figure Kshs.	Variance Kshs.
Administrative Costs	496,484	212,484	284,000
Production Costs	534,463	773,713	239,250
Employee Costs	1,494,000	1,379,690	114,310
Tuition Fees	222,360	114,740	107,620
Attachment	2,070	690	1,380
Examination Fees	116,250	101,300	14,950

Registration Fees	84,150	22,100	62,050
Electricity	62,320	16,260	46,060
RMI	16,450	10,710	5,740
Administration Costs	174,860	14,480	160,380
Internet & Computers	84,125	8,485	75,640
Placement	212,850	126,850	86,000
Transfer from Bureti TTI	1,000,000	620,500	379,500
Cash at hand	2,592	138,092	135,500

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

## **2.0 Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,585,633 which comprises of the bank balance of Kshs.1,447,541 and cash on hand balance of Kshs.138,092 as disclosed in Note 16 to the financial statements. However, the cash on hand balance was not supported by a board of survey report. Further, the June, 2020 cash book balance had a casting error of Kshs.250,000 which was not reconciled.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.1,585,633 could not be confirmed.

## **3.0 Unsupported Expenditure on Use of Goods and Services**

The statement of financial performance reflects expenditure on use of goods and services amounting Kshs.1,355,800 whose supporting documents were not provided for audit review. Further, the ledger balance in respect of production costs, administration costs and electricity totalling to Kshs.1,030,377 was not in agreement with the financial statement amount of Kshs.1,091,477 resulting to an unreconciled variance of Kshs.61,050. In addition, included in Note 9 to the financial statements is expenditure on examination fees of Kshs.55,000. The amount includes unexplained Kshs.5,000 paid to an individual instead of the Kenya National Examination Council.

In the circumstances, the accuracy and completeness of the expenditure on use of goods and services of Kshs.1,355,800 could not be confirmed.

## **4.0 Unsupported Property, Plant and Equipment**

The statement of financial position and Note 18 to the financial statements reflects property, plant and equipment balance of Kshs.87,003,302. However, the assets register in support of the balance was not provided for review. Further, there was no handing over report of the assets from the mentor institution (Bureti Technical Training Institute) to confirm the existence and valuation of the assets.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.87,003,302 could not be confirmed.

## **5.0 Unsupported Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.4,148,221. However, Management did not provide the supporting ledger, list of students and the debtor aging analysis for audit review.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.4,148,221 could not be confirmed.

## **6.0 Unsupported Bursary Disbursements**

The statement of financial performance reflects total revenue from non-exchange transactions amount of Kshs.2,500,000 which includes Kshs.460,000 and Kshs.225,000 in respect to receipts from the National Government Constituencies Development Fund - Belgut Constituency and Kenya Highlands Sacco respectively. However, the analysis of how these funds were allocated to the students was not provided for audit review.

In the circumstances, the accuracy and completeness of the bursary disbursement of Kshs.685,000 could not be confirmed.

## **7.0 Misstatement of Employee Costs**

The statement of financial performance reflects the expenditure on employee costs of Kshs.1,379,690. However, the supporting ledger provided reflected a figure of Kshs.486,840 resulting to an unreconciled variance of Kshs.892,850. Further, included under employee costs is an amount of Kshs.524,250 relating to travel, subsistence and other allowances expenditure which amounted to misclassification of expenditure. In addition, payment vouchers for the employees costs of Kshs.1,379,690 were not provided for audit review.

In the circumstances, the accuracy and completeness of employee costs figure of Kshs.1,379,690 could not be confirmed.

## **8.0 Unsupported Revenue From Exchange Transactions**

The statement of financial performance reflects revenue from exchange transactions of Kshs.1,816,240. However, the supporting ledger provided indicates an amount of Kshs.1,779,290 leading to an unexplained variance of Kshs.36,950. Further, included in the balance is cash transfer received from Bureti Technical Training Institute of Kshs.620,500 that was not supported by any documentation.

In the circumstances, the accuracy and completeness of revenue from exchange transactions amount of Kshs.1,816,240 could not be confirmed.

## **9.0 Unsupported Trade and Other Payables form Exchange Transactions**

The statement of financial position reflects trade and other payables from exchange transactions of Kshs.1,467,150. However, the balance is referenced Note 21 to the financial statements instead of the correct Note 20. Further, the list of creditors provided amounted to Kshs.1,115,440 which was not in agreement with the reported balance of Kshs.1,467,150.00 resulting in an unexplained and unreconciled variance of

Kshs.351,710. In addition, the supporting documents such as invoices and delivery notes were not provided to support the outstanding trade and other payables.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.1,467,150 could not be confirmed.

#### **10.0 Transfers from National Government Ministries**

The statement of financial performance reflects transfers from National Government - recurrent grants amount of Kshs.2,500,000 which includes operations grants of Kshs.1,000,000 and disbursement from National Government Constituencies Development Fund (NGCDF) - Belgut Constituency of Kshs.1,500,000. However, the Kshs.1,500,000 received from NGCDF in form of bursaries to students should have been accounted for as revenue from exchange transactions as it should be allocated to specific student's accounts. Further, out of the Kshs.1,500,000 received from the CDF, only an amount of Kshs.1,000,000 had been allocated to students leaving an unallocated balance of Kshs.500,000.

In the circumstances, the accuracy of the transfers from the national government of Kshs.2,500,000 could not be confirmed.

#### **11.0 Non-Compliance with Public Sector Accounting Standards Board Reporting Guidelines**

The financial statements did not comply with the template issued by Public Sector Accounting Standards Board (PSASB). The notes to the financial statements were not in line with approved template are not in proper sequence and some do not match with the components of the financial statements. The header to the financial statements refers to Belgut Technical and Vocational College as opposed to the registered entity of Belgut Technical Training Institute.

In the circumstances, the presentation and disclosure of the financial statements did not comply with the prescribed format by the Public Sector Accounting Standards Board (PSASB).

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

#### **Key Audit Matters**

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

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

## **Conclusion**

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

## **Basis for Conclusion**

### **1.0 Non-Compliance with Law on Ethnic Composition**

Review of human resource records indicated that the Institute had six (6) senior management staff and forty (40) other permanent and pensionable staff as at 30 June, 2020. However, it was noted that forty-one (41) or 89% employees are from the dominant ethnic community contrary to Section 7 (1) and (2) of National Cohesion and Integration Act, 2008 which states that no all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

### **2.0 Late Submission of Financial Statements**

The financial statements of the Institute were submitted for audit on 30 September, 2021 which was one year after the statutory deadline contrary to Section 164 (4) of the Public Finance Management Act, 2012 which requires that within three months after the end of each financial year, the accounting officer for a National Government entity shall submit the entity's financial statements to the Auditor-General for the purpose of audit.

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

### **3.0 Failure to Deduct Statutory Dues**

The Institute did not deduct statutory deductions namely National Hospital Insurance Fund (NHIF) and National Social Security Fund (NSSF) from staff. This is contrary to the provisions of NHIF Act, 2012 and NSSF Act, 2013 which requires that statutory dues be deducted and remitted before 10<sup>th</sup> of the subsequent month.

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

### **4.0 Failure to Prepare Budget Estimates**

The Institute operated without an approved budget during the financial year 2019/2020. This is contrary to Section 29(1)(e) of the Technical and Vocational Education and Training Act, 2013 which requires governing bodies of training institutions to prepare annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Failure to Update Student Fee Register**

Regulation 16 of the Public Finance Management (National Government) Regulations, 2015 states that the financial records and documents shall be written in indelible ink; an entry in a financial record or document shall not be obliterated, erased or altered by being written over; and payment in connection with any document bearing an alteration, obliteration or erasure shall be refused by the relevant public officer or any other person unless countersigned, but this shall not apply to a cheque or official receipt. However, the Institute's fee register was manual and bulky, making computation of fee balances tedious and prone to human error. Further, entries were made using a pencil and not indelible ink as required with unsigned erasures thus casting doubt on the accuracy of the figures. In addition, the student fee register did not show details of individual students balances owed at the beginning of the year, amount invoiced during the year, amount paid and the outstanding balance at the close of the year.

In the circumstances, the student fee register is prone to manipulation which may occasion loss of funds through unauthorized adjustments of student records

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 those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Institute'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 the Management is aware of the intention to terminate the Institute or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the 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 was 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 for compliance, I considered internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. Consideration of the internal controls would not necessarily disclose internal controls that might be material weaknesses under the definition. A material weakness is a condition in which the design or operation of

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**13 October, 2022**

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

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

	Notes	2019/2020	2018/2019
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – Recurrent grants			
<b>Total Revenue from non-exchange transactions</b>	6	2,500,000	
<b>Total Revenue from non-exchange transactions</b>		2,500,000	
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	1,530,810	
Other income	8	285,430	
<b>Revenue from exchange transactions</b>		1,816,240	
<b>Total revenue</b>		4,316,240	
<b>Expenses</b>			
Use of goods and services	9	1,355,800	
Employee costs	10	1,379,690	
directors remuneration		-	
Depreciation and Amortization Expense	12	3,069,333	
Repairs and maintenance	13	57,767	
general expenses		-	
<b>Total expenses</b>		5,862,590	
<b>Net Surplus for the year</b>		(1,546,350)	

The notes set out on pages 6 to 18 form an integral part of the Annual Financial Statements.

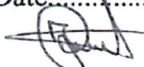
**BELGUT TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

**V. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020**

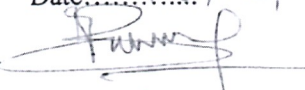
	Notes	2019/2020	2018/2019
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	1,585,633	
Receivables from exchange transactions	17	4,148,221	
Receivable from mentored institution	18	-	
inventory	14	41,609	
<b>Total Current Assets</b>		<b>5,775,463</b>	
<b>Non-current assets</b>			
Property, plant and equipment	20	87,003,302	
<b>Total Non-current Assets</b>		<b>87,003,302</b>	
<b>Total assets</b>		<b>92,778,765</b>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	1,467,150	
<b>Total Current Liabilities</b>		<b>1,467,150</b>	
<b>Total liabilities</b>			
<b>Capital and Reserves</b>			
Accumulated surplus		1,522,983	
Development funds		89,788,632	
<b>Total Reserves</b>		<b>91,311,615</b>	
<b>Total Liabilities and Reserves</b>		<b>92,778,765</b>	

The Financial Statements set out on pages 1 to 18 were signed on behalf of the Institute Board of Governors by:

D. S. Otiich  
**Chairman of Board of Governors**

Date 29/09/2021  


Bill Kw  
**Finance Officer**  
 ICPAK No

Date 29/09/21  


Zipporah Kuti  
**Principal**  
 BELGUT TECHNICAL TRAINING INSTITUTE  
 Date 29-09-2021  
 29 SEP 2021  
 P.O. Box 205-20200, KERicho  
 Tel: 0759 764 059

**BELGUT TECHNICAL AND VOCATIONAL COLLEGE**  
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**VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020**

	Accumulated surpluses	Capital grants	Total
Balance b/f at July 1, 2018	-	-	-
Surplus for the year	-	-	-
Restated balance c/d as at June 30, 2018	0	0	0
Restated balance c/d as at June 30, 2018	-	-	-
Balance b/f as at July 1, 2018	-	-	-
Revaluation gain	-	-	-
Surplus for the year			
Balance c/d as at June 30, 2019			
Balance b/f at July 1, 2019			
Surplus for the year	(1,546,350)	89,788,632	
Transfer of depreciation from accumulated surpluses to capital grants	3,069,333		
Balance c/d as at June 30, 2020	1,522,983	89,788,632	91,311,615

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

**VII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020**

		2019/2020	2018/2019
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Net cash flows from operating activities</b>	21	1,627,242	
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	16	0	
Purchase of intangible assets			
<b>Net cash flows used in investing activities</b>			
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>			
<b>Net increase in cash and cash equivalents</b>		1,627,242	
Cash and cash equivalents at start of year			
<b>Cash and cash equivalents at end of year</b>	14	1,627,242	

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

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

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Percentage
	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	
<b>Revenue</b>											
Transfers from Government	2,862,000				2,862,000		2,500,000		362,000		13%
Rendering of services- Fees from students	2,595,000				2,595,000		1,530,810		1,064,190		70%
Other income	390,000				390,000		285,430		104,570		27%
<b>Total income</b>	<b>5,847,000</b>		-		<b>5,847,000</b>				<b>1,530,760</b>		<b>26%</b>
<b>Expenses</b>											
Compensation of employees	1,494,000				1,494,000		1,379,690		114,310		8%
Use of Goods and services	2,064,070				2,064,070		1,355,800		708,270		52%
Repair and maintenance	100,000				100,000		57,767		42,233		73%
Depreciation							3,069,333				
<b>Total expenditure</b>	<b>3,658,070</b>				<b>3,658,070</b>		<b>5,862,590</b>		<b>864,813</b>		
<b>Surplus for the period</b>	<b>2,188,930</b>				<b>2,188,930</b>		<b>15,590</b>		<b>665,947</b>		
<b>Capital expenses</b>	-								-		0%

The major variance on expenses is due to shut down of schools in March 2020 as a result of Covid 19 pandemic.

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

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Belgut Tvc 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 offer technical skills and knowledge.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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

**3. ADOPTION OF NEW AND REVISED STANDARDS**

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

Standard	Impact
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. There is no impact of the IPSAS 40 to the institute

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(There is no impact of the standard to the entity)</i></p>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;                      (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> <p><i>(There is no impact of the standard to the entity)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2022:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when</p>

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

Standard	Effective date and impact:
	<p>IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**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.

**b) Budget information**

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

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

**a) 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.

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

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Buildings	2
Plant and machinery	10
Motor vehicles	25
Furniture and fittings	12
Computer equipment	25

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

**b) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on

a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**Computer software**

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Nature and purpose of reserves**

**a. Accumulated surpluses**

This relates to surpluses brought forward and the one for the current year.

**b. Capital reserves**

This relates to fixed assets granted by the government or any other donor.

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

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

Belgut TTI recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical. The changes in accounting policy that took place during the year is adoption of accrual basis of accounting from the cash basis. This policy will help the institution to report its financial performance and position more accurate and fairly state the position and performance than the cash basis.

**e) Employee benefits**

**Retirement benefit plans**

The institution and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The institution's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

**f) Related parties**

Belgut TTI 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 Institution, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal, Head of Finance and Head of Procurement.

The government of Kenya through the ministry of education is also related party to the Belgut TTI.

**g) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

**h) Comparative figures**

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

**i) Biological assets**

The biological assets have been stated at their fair values less estimated point-of-sale costs. The fair value is determined based on market prices.

**j) 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, 2019.

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

**5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Belgut TTI'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.

The board of Governance made only one significant judgement in preparing these financial statements.

**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

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

**6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

<b>Unconditional grants</b>	<b>2019-2020</b>	<b>2018-2019</b>
Development grants	-	
Operation grants	1,000,000	
CDF	1,500,000	
<b>Total Government grants and subsidies</b>	<b>2,500,000</b>	

**7 RENDERING OF SERVICES**

	<b>2019-2020</b>	<b>2018 /2019</b>
Tuition fees	114,740	
student arrears		
Activity fees	5,095	
Attachment	690	
Insurance	3,180	
Examination fee	101,300	
Registration fees	22,100	
Personal emoluments	341,100	
Electricity	16,260	
RMI	10,710	
local travel and transport	145,320	
Adm cost	14,480	
Internet/computers	8,485	
placement	126,850	
Transfer from Bureti TTI	620,500	
<b>Total Rendering of Services</b>	<b>1,530,810</b>	

**8 OTHER INCOME**

	<b>2019-2020</b>	<b>2018 /2019</b>
Medical	420	
student id	52,330	
Student council	1,180	
Sale of masks	225,000	
salary advance	6,500	
<b>Total rentals</b>	<b>285,430</b>	

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9 USE OF GOODS AND SERVICES**

	2019-2020	2018-2019
Tuition expenses	151,199	
Boarding expenses	-	
Activities	7,000	
Electricity and water	44,180	
Insurance	-	
Attachment	-	
Registration	16,600	
Stationery	-	
House keeping expenses	-	
Student council	9,370	
Students identity cards	-	
Administrative costs	212,484	
Medical expenses	-	
Bank charges	2,674	
Internet expenses	5,480	
placement	71,600	
production	773,713	
Examination expenses	55,000	
salary expense	6,500	
<b>Total good and services</b>	<b>1,355,800</b>	

<b>Fiscal Year</b>		
<b>Currency</b>		

**10 Employee costs**

	2019-2020	2018-2019
Salaries and wages	855,440	
Travel, motor car, accommodation, subsistence and other allowances	524,250	
medical expense		
<b>Total Employee costs</b>	<b>1,379,690</b>	

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11 DEPRECIATION AND AMORTIZATION EXPENSE**

	2019-2020	2018-2019
Chairman's Honoraria		
Other allowances		
<b>Total director emoluments</b>		

**12 REPAIRS AND MAINTENANCE**

	2019-2020	2018-2019
building	57,767	
Fencing		
<b>Total Repairs and Maintenance</b>	57,767	

**16.CASH AND CASH EQUIVALENTS**

	2019-2020	2018-2019
Kenya Commercial Bank - Operation	1,447,541	
Cash on hand	138,092	
<b>Total cash and cash equivalents</b>	1,585,633	

**17 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	2019-2020	2018-2019
<b>Current receivables</b>		
Student debtors	4,189,796	
<b>Total current receivables</b>	4,189,796	

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

**18 PROPERTY, PLANT AND EQUIPMENT (PPE).**

Cost	Land	Buildings and Structures	Motor vehicles	Furniture and fittings	Computers and Accessories	Plant and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 <sup>th</sup> June 2018	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	0	0	0
Transfer/adjustments	15,000,000	-	-	-	-	-	-	15,000,000
At 30 <sup>th</sup> June 2019	15,000,000	0	-	0	0	-	0	15,000,000
Additions	-	58,819,135	0	2,917,500	1,395,000	11,941,000	0	75,072,635
At 30 <sup>th</sup> June 2020	15,000,000	58,819,135	0	2,917,500	1,395,000	11,941,000	0	90,072,635
Depreciation and impairment	-	-	-	-	-	-	-	-
At 30 June 2018	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2019	-	-	-	-	-	-	-	-
Depreciation	-	1,176,383	-	350,100	348,750	1,194,100	-	3,069,333
At 30 <sup>th</sup> June 2020	-	1,176,383	-	350,100	348,750	1,194,100	-	3,069,333
Net book values	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2020	15,000,000	57,642,752	-	2,567,400	1,046,250	10,746,900	-	87,003,302
At 30 <sup>th</sup> June 2019	15,000,000	-	-	-	-	-	-	15,000,000
At 30 <sup>th</sup> June 2018	-	-	-	-	-	-	-	-

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

**19 INTANGIBLE ASSETS-SOFTWARE**

Description	FY/2019/2020	FY/2018/2019
	KShs	KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
<b>Cost end of the year</b>	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
<b>Amortization at end of the year</b>	-	-
<b>NBV</b>	-	-

**20 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

	2019-2020	2018-2019
<b>Current receivables</b>		
Student debtors	4,189,796	
<b>Total current receivables</b>	4,189,796	

**21 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

Description	FY/2019/2020	FY/2018/2019
	KShs	KShs
Caution money	-	-
<b>Total deposits</b>	-	-

**22 BIOLOGICAL ASSETS**

Description	FY/2019/2020	FY/2018/2019
	KShs	KShs
-	-	-
-	-	-

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

**23 Prior year adjustments**

Description	Accumulated Surpluses	Capital Grants
	KShs	KShs
Accumulated surpluses at start of year	-	
Prior year adjustments:	-	
Caution money not refunded as at 30 June 2018		
Fees prepaid as at 30 June 2018		
Biological assets purchased in year 2017/2018		
Adjusted accumulated surpluses as at 30 June 2018	-	
Capital funds at start of the year		
Cost of the buildings donated by the government	-	
Cost of the land donated by the community	-	
Cost of the Computers donated by the government		
Cost of the furniture donated by the government		
Cost of the plant and equipment donated by the government		
Capital grants at end of year	-	

Prior year adjustment relates to assets donated by the Government; land and buildings donated and not recognised in the books.

**17. Cash generated from operations**

	2019-2020 KShs	2018-2019 KShs
<b>Surplus for the year</b>	1,238,980	
<b>Adjusted for:</b>		
Depreciation and amortisation	3,069,333	
<b>Working Capital adjustments</b>		
(Increase) in receivables	(4,148,221)	
Decrease in payables	1,467,150	

**Net cash flow from operating activities**

1,627,242

-

**24 EVENTS AFTER THE REPORTING PERIOD**

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

**25 ULTIMATE AND HOLDING ENTITY**

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

**26 Currency**

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

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

**APPENDIX I: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

Status of Projects completion- No projects

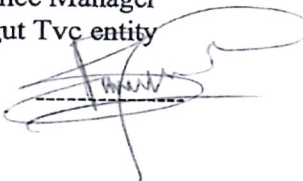
**APPENDIX II: INTER-ENTITY TRANSFERS**

	<b>ENTITY NAME:</b>	BELGUT TECHNICAL TRAINING INSTITUTE		
	<b>Break down of Transfers from the State Department of Education</b>			
	<b>FY2019/2020</b>			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		19/7/2019	1,000,000	2019/2020
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>

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

Finance Manager  
 Belgut Tvc entity

Sign



Head of Accounting Unit  
 Education Ministry

Sign

