

REPUBLIC OF KENYA



Enhancing Accountability



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OF KENYA
LIBRARY

REPORT

DATE: 01 SEP 2021

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BY:

LOMP.

CHEAT
THE-TABLE:

OF

S. Kalama.

THE AUDITOR-GENERAL

ON

**TETU TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2019**



International Public Sector Accounting Standards (IPSAS)

Annual Financial Report

TETU TECHNICAL & VOCATIONAL COLLEGE

**TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

30TH JUNE 2019

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



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KEY COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

The college was established under the TVET Act 2013 on 2nd Feb 2019, it's domiciled in Kenya and has no branches. The institute is under the Ministry of Education and is mentored by Michuki Technical Training Institute which finances its major financial and non financial obligations.

Currently the college has the following academic programmes

- a) Food & beverages
- b) Fashion and design
- c) Information communication technology
- d) Plumbing
- e) Electrical engineering
- f) Hairdressing and Beauty therapy

(b) Principal Activities

The principal activity of the *college* is to provide quality TVET skills using appropriate technology to empower trainees for global competitiveness

College motto

TVET skills for industrial growth

Mission

To provide quality TVET skills using appropriate technology to empower trainees for global competitiveness

Vision

To be a leader in provision of technical skills in Kenya and beyond

(c) Key Management

The *college's* day-to-day management is under the following key organs:

Names	Designation
Fredrick wainaina	.principal /CEO
John Gitonga Ndirangu	.principal- mentoring institution

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	- Fredrick wainaina
2.	Principal (mentoring institution)	- John Gitonga Ndirangu
3.	Ag. Deputy Principal	- Barthlomew Gimode

(e) Fiduciary Oversight Arrangements

The college had not established the required oversight committee by end of the financial year in review due low number of staff establishment. The college didn't have any PSC staff and had to rely on the input made by the mentoring institution.

KEY COLLEGE INFORMATION AND MANAGEMENT

(f) College Headquarters

P.O. Box 1716 – 10100,
Nyeri
3 Km from Giakanja Shopping Center Off Nyeri Othaya Road

(g) College Contacts

Telephone : (254) 758 660 300
E-mail: tetutvc@gmail.com
Website: www.tetutvc.ac.ke

(h) College Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Muranga Branch
1175635790




(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

BOARD OF GOVERNORS




Passport-Size And Name Of The Bog Members	Date Of Birth, Qualifications And Work Experience Of The Bog Members
 <p>1. Fredrick wainaina Principal Tetu TVC</p>	<p>Date of birth: 21st march 1968</p> <p>key Qualifications: Higher diploma in technical education Profession qualifications Diploma in technical education</p> <p>Working experience Teaching experience for 23 years</p>
 <p>2. John G Ndirangu Principal (mentoring institution)</p>	<p>Date of birth: 1959</p> <p>key Qualifications: Masters in business administration Profession qualifications Diploma in technical education</p> <p>Working experience Teaching experience for 34 years</p>
 <p>3. Name: Dr. Mercy W Mwaniki BoG chair person</p>	<p>Date of birth: 15th April,1969</p> <p>key Qualifications: doctor of philosophy natural science and technology (Bioscience)</p> <p>Working experience Teaching 24yrs</p>

MANAGEMENT TEAM

Name of the Staff	Responsibility
Mr Fredrick Wainaina	Principal /CEO
Mr.Gimode Gwavita Bathlomew	Ag. Deputy principal
Ms Grace Lucy Njeri	Ag. H.o.d –Institutional Management

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Mr. Josiah Machariah Ndonga	Ag. H.O.D-electrical engineering
Daniel Kingori Ndungu	Ag.H.O.D-Building
James Kihara Mwangi	Ag. ICT

photo and name	Designation , key profession/academic qualifications
 Fredrick Wainaina	Principal /CEO key Qualifications: Higher diploma in technical education Profession qualifications Diploma in technical education Working experience Teaching experience for 23 years
 John Gitonga Ndirangu	Principal/CEO- Mentoring Institution key Qualifications: Masters in business administration Profession qualifications Diploma in technical education Working experience Teaching experience for 34 years
 Dr. Mercy W Mwaniki	Date of birth: 15th April,1969 key Qualifications: doctor of philosophy natural science and technology (Bioscience) Working experience Teaching 24yrs

TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019

STATEMENT OF THE CHAIRPERSON

On behalf of the Board of Governors, Tetu T V C fraternity, I am delighted to present the Annual Report and Financial Statements of the Tetu Technical & Vocational College for the financial year ended 30th June 2019.

During the year under review, the college realized significant achievements, notwithstanding long standing financial and operational challenges. Notably, among the achievements included starting new academic programmes, recruiting both teaching and non teaching staffs, increasing the students' population through aggressive marketing strategies.

However the college faced enormous financial challenge due to delay and insufficient operational grants which hinders in provision of the training that matches with the market demand. More so the college has been facing high competition from the institutions within its proximity which are already established.

To reposition the college to achieve its mandate, it has started the process of developing strategic plan (Strategic Plan 2019 — 2023) which will be aligned with Medium Term Plan (MTP) 2017-2023 and the Government Vision 2030.

I take this opportunity to confirm the commitment of the board of Governors, TETU TVC in providing effective leadership for the growth of the College. In this regard, the board will continue to maintain a policy direction which facilitates management and staff to work together and engage stakeholders to realize this dream in accordance with the spirit of participation enshrined in our Constitution.

I also take this opportunity to express my sincere appreciation to all our stakeholders for their contributions to the many milestones the college has achieved in the short period of its existence.



Dr. Mercy W. Mwaniki

BoG chair person

TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019

REPORT OF THE PRINCIPAL

I am pleased to present my report for the 2018/ 2019 financial year which ended on 30th June 2019.

Indeed, this year, the college witnessed a rapidly changing operating environment characterized by stiff competition, changing customer demands and declining alternative sources of revenue.

Core Mandate

Despite the many challenges now inherent in this new operating environment, the college continued to discharge its mandate of training, research and innovations successfully for the short time of the year the college has been in operations. By 30th, June 2019, the student enrolment stood at **89** No. of students (**Table 1**). This figure comprises of Certificate and artisan students. The student population is projected to continue growing due to marketing strategies in place.

<u>S no</u>	<u>Department</u>	<u>Section</u>	<u>Population</u>
1	Building department:	craft in plumbing	8
		Artisan in plumbing	16
2	Institutional management	craft in food & beverage	7
		Artisan in food & beverages	7
		Craft in fashion & design	5
		Artisan in fashion & design	3
		Grade 3 in hairdressing	18
3	Electrical Department	craft in electrical engineering	15
		Artisan in electrical engineering	3
4	ICT	craft I C T	7
			89

Financial Performance

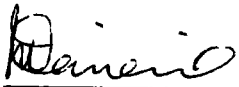
The main source of funding to the college during this period under review was the college fees with a contribution of a total of **Kshs. 1,792,986**. The mentoring institution funded all the recurrent expenditure including salary & wages for the staffs and procurement of all learning materials. The college does not have any ongoing Development project though there several projects in the pipeline and we will be initiated once the funds are available.

TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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Conclusion

On behalf of the college management, I take this opportunity to thank the Government and the mentoring institution for their support during the period under review. I also appreciate the financial, material and moral support of our collaborators, partners and other stakeholders during the year. The board Michuki T T I provided the desired guidance and support during the year which way beyond expectations and which I highly appreciate. To the Management team, all staff and students and I also wish to sincerely thank them for the peace, hard work and discipline exhibited in the year.

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



Fredrick wainaina
Principal /sec BoG

TETU TECHNICAL AND VOCATIONAL COLLEGE
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STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The board members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes:

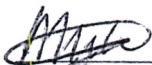
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the college;
- (iii) designing, implementing 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 college;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the college's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The board members are of the opinion that the college's financial statements give a true and fair view of the state of college's transactions during the financial year ended June 30, 2019, and of the college's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the college, which have been relied upon in the preparation of the college's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

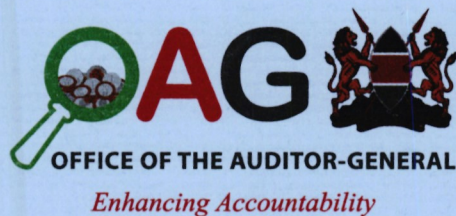
The college's financial statements were approved by the chair to the Board Tetu TVC on 10/08/2020 2020.



BoG Chairperson

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 TETU TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tetu Technical and Vocational College set out on pages 1 to 14, which comprise the statement of financial position as at 30 June, 2019, 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, 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 Tetu Technical and Vocational College as at 30 June, 2019, 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

Lack of Ownership Documents and Valuation Basis for Property, Plant and Equipment

The statement of financial position as at 30 June, 2019 reflects property, plant and equipment balance of Kshs.72,592,269. However, Management has not provided ownership documents for the assets and the basis upon which their values were determined including valuation reports. Further, the fixed assets register maintained by the College was not comprehensive and lacked details including location of the assets, serial numbers or tag numbers for the assets.

Under the circumstances, the accuracy, ownership and completeness of the reported property, plant and equipment balance of Kshs.72,592,269 could not be ascertained.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter 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

Lack of Staff Establishment and Scheme of Service

The College did not have a staff establishment and a scheme of service. An audit of personnel records and the payroll revealed that the College had recruited six (6) trainers under the supervision of Michuki Technical Training College (the Mentoring Institution) and was paying equal salary to holders of diplomas, certificates and artisans without regard to qualifications and experience. In addition, an artisan course certificate trainer was not registered and licensed by the Board as required under Section 23 of the Technical and Vocational Education and Training Act, 2013.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Tetu Technical and Vocational College to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Tetu Technical and Vocational College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

12 August, 2021

TETU TECHNICAL AND VOCATIONAL COLLEGE
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IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
		Kshs	Kshs
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
GOK GRANTS	5	1,000,000.00	0.00
REVENUE FROM EXCHANGE TRANSACTIONS			
RENDERING OF SERVICES(FEES)	6	1,832,798.00	0.00
		<u>2,832,798.00</u>	<u>0.00</u>
EXPENSES			
GOODS AND SERVICES	7	739,236.00	0.00
EMPLOYEE COSTS	8	638,860.00	0.00
REMUNERATION OF DIRECTORS	9	62,000.00	0.00
DEPRECIATION AND AMORTIZATION EXPENSE	10	3,193,181.25	0.00
REPAIRS AND MAINTENANCE	11	535,000.00	0.00
GENERAL EXPENSES	12	964,850.00	0.00
TOTAL EXPENSES		<u>6,133,127.25</u>	<u>0.00</u>
SURPLUS BEFORE TAX			
TAXATION			
DEFICIT FOR THE PERIOD		<u>(3,300,329.25)</u>	<u>0.00</u>

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

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V. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

	Notes	2018-2019 Kshs	2017-2018 Kshs
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	13	0.00	0.00
RECEIVABLES NON EXCHANGE TRANSACTIONS	14	1,000,000.00	0.00
RECEIVABLES FROM EXCHANGE TRANSACTIONS	15	1,891,763.00	0.00
INVENTORIES	16	0.00	0.00
		2,891,763.00	<u>0.00</u>
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT		72,592,268.75	0.00
TOTAL ASSETS		<u>75,484,031.75</u>	<u>0.00</u>
LIABILITIES			
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	17	2,998,911.00	0.00
TOTAL LIABILITIES		<u>2,998,911.00</u>	<u>0.00</u>
NET ASSETS		<u>72,485,120.75</u>	<u>0.00</u>
FINANCED BY			
COMPREHENSIVE LOSS		(107,148.00)	0.00
CAPITAL FUNDS		72,592,268.75	0.00
TOTAL NET ASSETS AND LIABILITIES		<u>72,485,120.75</u>	<u>0.00</u>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the BOG (Mentoring institute) by:



Chairperson

Date: 9/8/20



Finance Officer

ICPAK No
Date: 9/8/20



Principal

Date: 9/8/20

TEFU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019

I. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE, 2019

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
Balance b/f at July 1, 2018					
Revaluation of assets					
Fair value adjustment on quoted investments					
Total comprehensive loss					
Capital/Development grants received during the year					
Transfer of depreciation/amortization from capital fund to retained earnings					
Balance c/d as at June 30, 2019	-	-			
Balance b/f as at July 1, 2019	-	-			
Assets					
Total comprehensive loss				75,785,450.00	75,785,450.00
Capital/Development grants received during the year			<u>(3,300,329.25)</u>		<u>(3,300,329.25)</u>
Transfer of depreciation from capital fund to retained earnings			3,193,181.25	(3,193,181.25)	
Balance c/d as at June 30, 2019	-	-	-107,148.00	72,592,268.75	72,485,120.75

TETU TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30TH JUNE 2019

I. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		2018-2019	2017-2018
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
GOK GRANTS	5	1,000,000.00	0.00
RENDERING OF SERVICES & OTHER SOURCES	6	1,832,798.00	0.00
TOTAL REVENUE		<u>2,832,798.00</u>	<u>0.00</u>
PAYMENTS			
GOODS AND SERVICES	7	739,236.00	0.00
EMPLOYEE COSTS	8	638,860.00	0.00
REMUNERATION OF DIRECTORS	9	62,000.00	0.00
DEPRECIATION AND AMORTIZATION EXPENSE	10	3,193,181.25	0.00
REPAIRS AND MAINTENANCE	11	535,000.00	0.00
GENERAL EXPENSES	12	964,850.00	0.00
TOTAL EXPENSES		<u>6,133,127.25</u>	<u>0.00</u>
DEFICIT FOR THE PERIOD		<u>(3,300,329.25)</u>	<u>0.00</u>
(ADD) INCREASE IN PAYABLES		2,998,911.00	0.00
(LESS) INCREASE IN THE RECEIVABLES		(2,891,763.00)	0.00
(ADD BACK) PROVISION FOR DEPRECIATION		3,193,181.25	0.00
NET CASH FLOWS USED IN FINANCING ACTIVITIES		0.00	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT 1 JULY,2018		0.00	0.00
CASH AND CASH EQUIVALENTS AT 30 JUNE,2019	13	<u>0.00</u>	<u>0.00</u>

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II. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
REVENUE					
TRANSFERS FROM OTHER GOVT ENTITIES			Kshs	Kshs	Kshs
GOVT GRANTS			0.00	1,000,000.00	(1,000,000.00)
RENDERING OF SERVICES- FEES FROM STUDENTS	1,567,201.00	0.00	1,567,201.00	1,832,798.00	
TOTAL INCOME	<u>1,567,201.00</u>	<u>0.00</u>	<u>1,567,201.00</u>	<u>2,832,798.00</u>	(265,597.00)
EXPENSES					
GOODS AND SERVICES	297,616.00	0.00	297,616.00	739,236.00	(441,620.00)
EMPLOYEE COSTS	605,000.00	0.00	605,000.00	638,860.00	(33,860.00)
REMUNERATION OF DIRECTORS	66,000.00	0.00	66,000.00	62,000.00	4,000.00
DEPRECIATION AND AMORTIZATION EXPENSE	0.00	0.00		3,193,181.25	(3,193,181.25)
REPAIRS AND MAINTENANCE	100,000.00	0.00	100,000.00	535,000.00	(435,000.00)
GENERAL EXPENSES	498,585.00	0.00	498,585.00	964,850.00	(466,265.00)
	<u>1,567,201.00</u>	<u>0.00</u>	<u>1,567,201.00</u>	<u>6,133,127.25</u>	

Budget notes

The college had prepared a budget of 89 students each being charged kshs. 17, 609.00. The college had projected to raise kshs. 1,567,201.00 in terms of the college fees. However, other levies were charged within the quarter 4 which resulted to 16.94 % positive valuations.

The expenditures were incurred by the BoG mentoring institute: Michuki T T I. The over expenditures were as result of the procurements of various assets and inventories needed for delivering of the college core mandate.

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III. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

College is established by and derives its authority and accountability from education Act of 2012 and TVET act of 2013. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The COLLEGE's principal activity is technical & 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. It also requires management to exercise judgement in the process of applying the *college's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, (and International Public Sector Accounting Standards (IPSAS). The accounting policies were adopted for the first in this financial year.

3 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 College and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income.

ii) Revenue from exchange transactions

Rendering of services

The 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.

b) Budget information

The original budget for FY 2018/2019 was approved by the Board Michuki t t i on *Feb 2019.No* Subsequent revisions or additional appropriations were made to the

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approved budget in accordance with specific approvals from the appropriate authorities.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include at Kenya commercial bank at the end of the financial year.

j) Comparative figures

This is the first financial year of operation hence there are comparative figures for the previous year.

k) 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.

4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 college. 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 college
- 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

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Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

5 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2019	2017-2018
	KShs	KShs
GoK Grants	1,000,000.00	0.00
	<u>1,000,000.00</u>	<u>0.00</u>

6 RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
TUITION	233,853.00	0.00
ADMINISTRATION	606,054.00	0.00
PRACTICALS	30,405.00	0.00
CAPACITY BUILDING DEV	10,259.00	0.00
P. EMOLUMENT - TEACHING	96,608.00	0.00
P. EMOLUMENT - NON TEACHING	125,672.00	0.00
PRACTICALS	14,891.00	0.00
CASUALS	46,421.00	0.00
L T T	94,967.00	0.00
R M I	40,486.00	0.00
E W C	120,707.00	0.00
ACTIVITY	95,470.00	0.00
STUDENT WELFARE	34,095.00	0.00
INSURANCE	11,255.00	0.00
KNEC	271,655.00	0.00
	<u>1,832,798.00</u>	<u>0.00</u>

7 USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Training materials	739,236.00	
Total good and services	<u>739,236.00</u>	

8 EMPLOYEE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Salary & wages	638,860.00	
TOTAL EMPLOYEES COSTS	<u>638,860.00</u>	

9 REMUNERATION OF DIRECTORS

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Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria		
Directors emoluments	62,000.00	
Other allowances		
Total director emoluments	62,000.00	

10 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	KShs	KShs
Land	0	
buildings	1,065,000.00	
furniture ,fittings &equipments	2,023,181.25	
Computer and other ICT equipments	105,000.00	
	3,193,181.25	

11 REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Fabrication of furniture	310,460.00	
Fabrication of the advertisement bill boards	57,280.00	
Office curtains	51,680.00	
General improvements of the college properties	115,580.00	
	535,000.00	

12. GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
ADMINISTRATION EXPENSES	830,695.00	
EWC	48,955.00	
KATTI ACTIVITY EXP	85,200.00	
Total General Expenses	964,850.00	

13. CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Cash at hand	0.00	
Current account	0.00	
Total cash and cash equivalents	0.00	

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(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

		2019-2020	2018-2019
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1175635590	0.00	
Sub- total		0.00	
b) Others(specify)			
cash in hand		0.00	
Sub- total		0.00	
Grand total		0.00	

14. RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
4th quarter GOK Grants	1,000,000.00	
	1,000,000.00	

15. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Fees arrears	183,977.00	
Michuki TT I(fees paid through the Michuki account)	1,707,786.00	
Total receivables	1,891,763.00	

16. INVENTORIES

Description	2018-2019	2017-2018
	KShs	KShs
Consumable stores		
Maintenance stores		
Electrical stores		
Cleaning materials stores		
Catering stores		
Total inventories at the lower of cost and net realizable value		

17. Trade and other payables

Description	2018-2019	2017-2018
	KShs	KShs
Fees paid in advance	144,165.00	
Mentoring institute	2,854,746.00	
Total trade and other payables	2,998,911.00	

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12 PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	MOTOR VEHICLES	FURNITURE, FITTINGS, EQUIPMENTS	COMPUTERS	Others	CAPITAL WORK IN PROGRESS	TOTALS
	SHS		SHS	SHS	SHS		SHS	SHS
COST								
At July 2018								
Additions								
Disposals								
Transfers/adjustments								
At 30 th June 2019								
Additions								
Disposals								
Transfer/adjustments								
At 30 th June 2019	6,000,000.00	53,250,000.00	0.00	16,185,450.00	350,000.00			75,785,450.00
Depreciation and Impairment		0.020	0.250	0.125	0.300			
Depreciation	0	1,065,000.00		2,023,181.25	105,000.00			3,193,181.25
Impairment								
At 30 June 2019	6,000,000.00	52,185,000.00		14,162,268.75	245,000.00			72,592,268.75
Depreciation								
Disposals								
Impairment								
Transfer/adjustment								
At 30 th June 2019								
Net book values	6,000,000.00	52,185,000.00		14,162,268.75	245,000.00			72,592,268.75

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12 PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	MOTOR VEHICLES	FURNITURE, FITTINGS, EQUIPMENTS	COMPUTERS	Others	CAPITAL WORK IN PROGRESS	TOTALS
	SHS		SHS	SHS	SHS		SHS	SHS
COST								
At 1 July 2018							-	
Additions								
Disposals								
Transfers/adjustments								
At 30 th June 2019							-	
Additions								
Disposals								
Transfer/adjustments								
At 30 th June 2019	6,000,000.00	53,250,000.00	0.00	16,185,450.00	350,000.00			<u>75,785,450.00</u>
Depreciation and impairment		0.020	0.250	0.125	0.300			
Depreciation	0	1,065,000.00		2,023,181.25	105,000.00			<u>3,193,181.25</u>
Impairment								
At 30 June 2019	6,000,000.00	52,185,000.00		14,162,268.75	245,000.00		-	<u>72,592,268.75</u>
Depreciation								
Disposals								
Impairment								
Transfer/adjustment								
At 30 th June 2019							-	
Net book values	<u>6,000,000.00</u>	<u>52,185,000.00</u>		<u>14,162,268.75</u>	<u>245,000.00</u>		<u>-</u>	<u>72,592,268.75</u>

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20. EVENTS AFTER THE REPORTING PERIOD

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

21. ULTIMATE AND HOLDING COLLEGE

The college is public training college under the Ministry of education. Its ultimate parent is the Government of Kenya.

22. Currency

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

TETU TECHNICAL AND VOCATIONAL COLLEGE
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20. EVENTS AFTER THE REPORTING PERIOD

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

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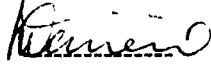
APPENDIX III: INTER-COLLEGE TRANSFERS

	COLLEGE NAME:			
	Break down of Transfers from the State Department of Education			
	FY 18/19			
	a. Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0.00	
	c. Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			2,854,746.00	2018-2019
		Total	<u>2,854,746.00</u>	

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

Principal
Tetu TYC

Sign



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APPENDIX III: INTER-COLLEGE TRANSFERS

	COLLEGE NAME:			
	Break down of Transfers from the State Department of Education			
	FY 18/19			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0.00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			2,854,746.00	2018-2019
		Total	<u>2,854,746.00</u>	

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

Principal
Tetu TVC

Sign

