

REPUBLIC OF KENYA



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REPORT

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CHRISTINE NDIRITU

THE AUDITOR-GENERAL

ON

**LODWAR TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2023**



**International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
*Technical Vocational Education Training (TVET) Institutions, National Polytechnics and Teacher
Training Colleges***

**LODWAR TECHNICAL AND VOCATIONAL COLLEGE
(LTVC)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE, 2023**

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Lodwar TVC is a public TVET institution that was registered under the TVET Act, 2013 Section 20(1) on 14/01/2019 (Registration Number: TVETA/PUBLIC/TVC/0019/2019). The entity is domiciled in Turkana central sub county, Turkana County in Kenya and. Under the Ministry of Education.

(b) Principal Activities

The mandate of the entity is to provide quality technical, vocational and entrepreneurial skills that promote creativity for global challenges. We intend to be a centre of excellence in the provision of quality and relevant technical training.

Mission Statement:

To provide quality, technical and entrepreneurial skills that promotes creativity for global challenges.

Motto:

Technology for development.

Core objectives are:

- ❖ To implement and promote TVET policies and curriculum.
- ❖ Collect, manage and account for funds collected from students, government Ministries, donors and development partners.
- ❖ Transfer technology through appropriate mechanism to trainees.
- ❖ Administer internal evaluation of curriculum and supervise exams on behalf of Approved examination bodies.
- ❖ Innovate and carry out research.
- ❖ Recruit, remunerate, discipline, motivate and retain qualified trainers and support Staff.
- ❖ Spearhead relevant exposure exchange programmes for both trainees and trainers.
- ❖ Adhere and promote current statutory obligations and relationships.
- ❖ Develop and upgrade infrastructure facilities and programmes.
- ❖ Participate in approved activities organized by government, NGOs and private sector.

(c) Key Fiduciary

The Board and management has a duty of care as they discharge their mandate to meet the objectives.

The Board of Governors discharges its oversight role as a general directive body.

The day-to-day management is done by the accounting officer/Principal, top management and heads of departments and Sections to the institution cadre

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Coory K. Kipkemboi
2.	Deputy principal Academics	Stafford O. Orina
3.	Registrar (s)	Patrick M. Mwangi
4.	Dean of students	Elphas K. Sang
5.	Head of Finance	Edward E. Eregae

(e) Fiduciary Oversight Arrangements – duty of care

- *Audit, risk and compliance committee activities*
- *Finance, Infrastructure and Administration committee activities*
- *Education, Training and Research committee activities*

(f) Entity Headquarters

P.O. Box 20-30500,
Lodwar-Kitale Highway
LODWAR, KENYA.

(g) Entity Contacts

Telephone: (254) 758867355/ 758867332/ 722920124.
E-mail: lodwartechical@gmail.com
Website: info@lodwartvc.ac.ke

(h) Entity Bankers

National Bank of Kenya
Lodwar Branch
P.O Box-30500,
Lodwar, 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.




II. THE COUNCIL/BOARD OF GOVERNORS



No.	Member/ Director	Details
1.	<p style="text-align: center;">LINUS EKAI EVANS</p>  <p style="text-align: center;">Chairperson: Board of Governors</p>	<p>Date of Birth: 12th August 1976</p> <p>Key qualifications: 2010 – 2013: Masters of Education in Educational Administration and planning, Catholic University of East Africa (CUEA) 2007 – 2009: Post Graduate Diploma in Education (PDGE) History and Christian Religious Education (Hist & CRE), Catholic University of East Africa (CUEA) 1999-2003: Bachelors of Sacred theology – Urbanian University in Rome, Italy</p> <p>Work experience: 2016-2017: Tutor at Kibabii University, Lodwar Campus. 2016-To date: Chairperson Board of Management (St. Kevins and Katilu Boys Secondary Schools) 201-2018: Member of County Education Board – Turkana County.</p>
2.	<p style="text-align: center;">EJORE IKAMAR</p>  <p style="text-align: center;">Chairperson: Finance, Administration and Infrastructure Committee.</p>	<p>Date of Birth: 9th September 1977</p> <p>Key qualifications 2011-2015: Bachelors of Commerce in Management option, Catholic University of East Africa (CUEA) 2011-2013: Advanced Diploma in Business management, Catholic University of East Africa (CUEA) 2011-2013: Diploma in Business Management, Catholic University of East Africa (CUEA)</p> <p>Work experience: September 2018- date: Toyota Kenya LTD, Lodwar Branch Manager. 2013-2018: Toyota Kenya LTD, Eldoret branch Parts Manager. October 2010- July 2013- Toyota Kenya LTD , Parts Supervisor.</p>

3.	<p style="text-align: center;">DR. JULIUS KETER</p>  <p style="text-align: center;">Member of the BoG</p>	<p>Date of Birth: 16/6/1975</p> <p>Key qualifications: 2014 – 2018: PHD in Technology education TVET option at University of Eldoret.</p> <p>Work experience: 2019 – To date : Chairman at department of Techmology education at Moi University. 2014 –To date : Lecturer in the department of Technology Education.</p>
4.	<p style="text-align: center;">Eng. FELIX NYONGESA</p>  <p style="text-align: center;">Member of the BoG</p>	<p>Date of Birth: 5/8/1980</p> <p>Key qualifications: 2014-2018 – Bachelors of Science in Civil Engineering 2008-2010: Diploma in Civil Engineering, Eldoret Polytechnic</p> <p>Work experience: May 2015 – date: Turkana County Government Senior Inspector Ministry of Roads and Public works.</p> <p>2014-2015- Site Agent, NOLA Limited-Chwele-Sango road project. 2012-2014: KENHA, Roads Inspector (Chavakali/Kapsabet road project)</p>
5.	<p style="text-align: center;">DHYMPHINE E. ILLIKWEL</p>  <p style="text-align: center;">Member of the BoG</p>	<p>Date of Birth: 5/10/1986</p> <p>Key qualifications: MBA in Accounting option, Mt Kenya University</p> <p>Work experience: 2016 –2018: Project/ Logistics officer at world vision. September 2023 - To date: Director of accounting services at Turkana County Government</p>

III. MANAGEMENT TEAM

SNo.	Member/ Director	Details
1.	<p style="text-align: center;">COORY K. KIPKEMBOI</p>  <p>Key qualifications:</p> <ul style="list-style-type: none">• Masters of Arts in Applied Linguistics.	<p>Principal/ Secretary to the BoG</p>
2.	<p style="text-align: center;">STAFFORD O. ORINA</p>  <p>Key Qualifications:</p> <ul style="list-style-type: none">• On-going Masters in Construction Management.• Bachelors in Education Technology- Building and Construction	<p>Deputy Principal</p>

6.	<p style="text-align: center;">JANET BOSIBORI</p>  <p style="text-align: center;">Member of BoG</p>	<p>Date of Birth:9/1/1989</p> <p>Key qualifications: Bachelors of Science in Surveying technology.</p> <p>Work experience: May 2015 – to date Land Surveyor at Turkana County Government</p>
7.	<p style="text-align: center;">Eng. ANNE MWALYA</p>  <p style="text-align: center;">Member of BoG</p>	<p>Date of Birth: 19TH March 1991</p> <p>Key qualifications: Masters in Civil Engineering Bachelors in Civil Engineering</p> <p>Work experience: 2015-to date: UNICONSULT Kenya-Assistant site Engineer</p>
8.	<p style="text-align: center;">COORY K. KIPKEMBOI</p>  <p style="text-align: center;">Principal/Secretary to the BoG</p>	<p>Date of Birth: 10/9/1974</p> <p>Key qualifications:</p> <ul style="list-style-type: none"> • Masters of Arts in applied linguistics • Bachelors of Education <p>Work experience: Principal - Lodwar TVC Deputy Principal - Ziwa TTI</p>

3.	<p style="text-align: center;">PATRICK MWANGLI.</p>  <p>Key Qualification:</p> <ul style="list-style-type: none"> • Higher national Diploma in Construction, Building and Civil Engineering. • Diploma in Technical Education. • Diploma in Civil Engineering. 	Ag. Registrar.
4.	<p style="text-align: center;">ELPHAS K. SANG</p>  <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Higher diploma in Construction (Building and Civil engineering option) 	Ag. Dean of Students.

5.

EDWARD E. EREGAE

Finance Officer



Key Qualifications:

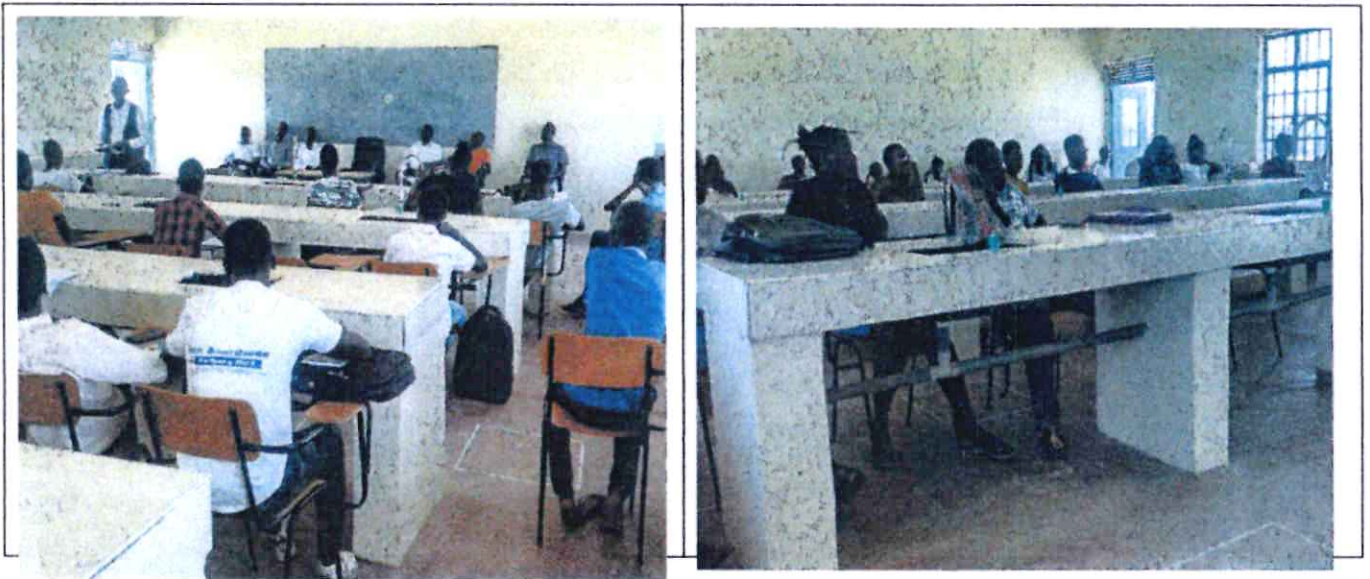
- On-going Bachelors of Commerce – Finance Option.
- Certified Public Accountant of Kenya.
- Diploma in Bible & Theology at NHBC

IV. CHAIRMAN'S STATEMENT

Lodwar Technical and Vocational College (LTVC) community, stakeholders and general public expect us as a Board of Governors to provide effective institutional management in order to propel the institution to higher competitive levels in technical training and research. To this end, the BoG developed a Strategic Plan to guide its operations. The strategic plan provides the framework for initiatives to be undertaken to orient Lodwar Technical and Vocational College to keep abreast with changing societal needs and technology. This plan focuses on the Vision and Mission of Lodwar Technical and Vocational College and outlines fundamental areas that are strategic for efficient service delivery and takes into cognizance the Ministry's position in TVET sub-sector and government of Kenya Vision of industrialization by the year 2030. The successful implementation of this plan hinges on the belief that key stakeholders including GoK, BOG, parents, community, staff and students of LTVC will play their respective roles effectively. As a Board, we wholly embrace this plan and assure our stakeholders of our unlimited support in its implementation. Being the first Board of Governors to Lodwar TVC, we endeavour to see Processes and Policies needed for Effective and Efficient Quality Assurance and Quality Control established, implemented and maintained in the college. We are calling for continued financial support from the Government as we struggle with the challenges of low enrolment of trainees which has led to lower availability of funds since funding/capitation depends on the number of trainees enrolled, hence lack of a Stable financial position of the college. The institution wishes to thank the Government through the Ministry of Education (M.o.E) and the entire public for their continued support to the college.



Fr. Linus Ekai Chairman Board of Governors



V. REPORT OF THE PRINCIPAL

Since its inception, Lodwar Technical and Vocational College has made great strides in ensuring its advancement as a middle level institution, starting the training of both young people and adults to acquire skills and technical knowledge that are relevant to technological advancement and industrial growth of our country. We are strategically aligning ourselves to scale the ladder of excellence in technical training owing to interlocking factors. Chief among these are our unique geographical location in the Northern Kenya region that has a high affinity to establish industries which would provide a huge job market for our graduates. These include the construction industry, hospitality industry, and the energy sector as the destination for hundreds of our graduates. The rural – urban setting of the College will enable trainees to study from their homes and thus reducing costs whereas at the same time according the private sector a chance to develop private hostels around the institution to provide affordable accommodation for our trainees. The college has a unique symbiotic relationship with the surrounding community which has been very supportive by donating land for its construction. The high-level discipline among our trainees coupled with the teamwork between the trainers and support staff has ensured harmony and synergy in the college's learning environment. They require special recognition for their endless dedication in serving the trainee community. This team is qualified in their own area of professional expertise which has put the College in its rightful place to favourably complement others in ensuring the college meets its core mandate. The Board of Governors, on its part, has rendered dedicated service in ensuring the institution achieves excellence in its programmes, in addition to being an important link with the Government of Kenya through the Ministry of Education which has been instrumental in ensuring the College is supported to begin on the right footing. We look forward to continued financial support from the Government as we manage the challenges of newness that involves low enrolment of trainees which has led to low funds since funding/capitation depends on the number of trainees enrolled, hence lack of a Stable financial position of the college. We are facing challenges in relation to insufficient infrastructure, land encroachment, and lean staff. The institution however wishes to thank the Government through the Ministry of Education and the entire public for their continued support to the college.



VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Lodwar TVC has three strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY2022-FY2023. These strategic pillars are as follows:

- a) The Economic Pillar: Aims to provide prosperity for all Kenyans by attaining an annual Economic growth rate of 10% and sustain it throughout the vision period. Under this pillar, flagship projects have been identified in key sectors as agriculture, Manufacturing, wholesale and retail, business process outsourcing and financial services.
- b) The Social Pillar: To achieve this, the priority sector identified are Education and Training, Health, water and sanitation, the environment, housing and urbanization, gender, youth, sports and vulnerable groups.
- c) The Political Pillar: The specific areas identified for achievement of this aspiration are Respect for the rule of law, electoral and political processes, democracy and public service delivery, transparency and accountability, security, peace building and conflict resolution.

Lodwar TVC develops its annual work plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Lodwar TVC achieved its performance targets set for the FY 2022/23 period for its 3 strategic pillars, as indicated in the table below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar / theme / Issue 1	The Economic Pillar	Providing prosperity to all Kenyans by attaining an annual economic growth rate of 10% and sustain it throughout the vision period. Under this pillar, flagship projects have been identified in key sectors as tourism and agriculture	Setting up of an Institution practical farm/garden	Farming	Gain of skills and knowledge by the trainees
Pillar/ theme / Issue 2	The Social Pillar:	To achieve this, the Prioritizing key sectors such as education and training, Health, water and sanitation, the environment, housing and urbanization, gender, youth, sports and vulnerable groups	Creation of 2 sports playing ground Identifying areas where tree Planting.	Training soccer and athletics Indigenous tree planting	Participated in KATTI games. 30 trees successfully planted
Pillar/theme/ Issue 3	The Political Pillar	Respecting the rule of law, electoral and political processes, democracy and public service delivery, transparency and accountability, security, peace building and conflict resolution.	Creation cv of a consultative forum with Judicial and electoral political processes.	Hosting of electoral political processes trainings.	1 IEBC Voter Registration training of clerks exercise hosted.

VII. CORPORATE GOVERNANCE STATEMENT

During the period 2022/2023 financial year, the college held six full board meetings and two committee meetings both physical and virtually thanks to the Corona containment measures. In all the meetings held the requisite quorum for holding the meetings was met. Seven of the BoG members were appointed on the same date. One member of Board opted out and has been replaced by another board member. Apart from the latest appointment, all other board members underwent an inauguration during which their duties and responsibilities were outlined and communicated to them. They were further taken through induction training courtesy of KATTI rift valley region. It is therefore presumed that the new board member will be inducted within the coming financial year hence provides a start point in the succession plan. It is important that we have continuity in the BoG hence we intend to stagger the exit and re-entry of BoG members. The Board has fairly deliberated and approved a range of allowances and reimbursements for them and other entities in the institution. As at the time of submission of this report, the institution is in the process of enhancing its staff establishment, process and policies establishment and implementation.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The period under consideration is the inauguration phase for both the BoG and the college as a whole. The college assumes naught as the baseline of its operational and financial performance. During this period no key projects or investment decisions were implemented or are ongoing apart from policy formulation and academic acceleration. It's during this period that the institution was undergoing the registration process. It is important to note that at this level of establishment, the institution is bedevilled with a myriad of teething problems including but not limited to inadequate infrastructure, lean staff, low enrolment, land encroachment and inadequate finances.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Two-to-three pages)

Lodwar TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our mandate, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

The top management aims to make reference to sustainable efforts, broad trends in political and macroeconomic sustainability priorities, international best practices and key achievements and failure.

Environmental performance

Lodwar TVC is committed to environmental sustainability. To this end LTVC is in the process of developing an environmental policy to guide the college.

Employee welfare

LTVC is developing policies guiding the hiring process that will take into account the gender ratio, stakeholder engagements and how often they will be improved. Efforts will be made to improve skills and managing careers, appraisal and reward systems. The college is yet to develop a policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

Market place practices-

The college has endeavoured to ensure Responsible competition practice through the ways it recruits its staff and procurement of goods and services. It has been the practice of the college to advertise through bulletins, social media, website and notice boards all its vacancies and procurement requirements. In all cases, committees and panels have been set up to ensure fairness.

Corporate Social Responsibility / Community Engagements

Corporate social responsibility is an important mandate of the college to the community, having knowledge of how CSR can transform our college. It's unfortunate that our budget cannot support CSR at the moment bearing in mind that funding of TVET colleges is tied on the number of trainees the college has. It's worth noting that our college is still young with low enrolment of trainees by the virtue of it being located in ASAL area where tapping of trainees is such a herculean task. Consequently, due to low number of trainees, it has resulted to a more constrained budget which has made the college to put CSR on hold.

X. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30th, 2023 which show the state of the affairs of Lodwar TVC

Principal activities

The principal activity/mission/ mandate of the entity is to provide quality technical, vocational and entrepreneurial skills that promote creativity for global challenges. We intend to be a centre of excellence in the provision of quality and relevant technical training.

Results

The results of the entity for the year ended June 30th 2023 are set out on page 2



BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page v to viii. During the year one member resigned and one was appointed with effect from 19th July 2021.

Auditors

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

By Order of the Board

.....
Secretary of the Board
Nairobi
Date:.....

XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The Board members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (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 entity'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 TVET Act. The board members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended 30th June 2023, and of the entity's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity'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 entity 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 Lodwar TVC financial statements were approved by the Board on 2023 and signed on its behalf by:

Name: Fr. Linus Ekai

Signature: 

Chairperson of the Board

Name: Coory K. Kipkemboi

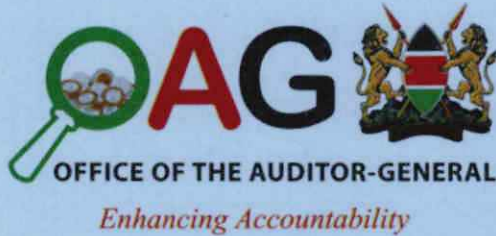
Signature: 

Accounting Officer/Principal



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 LODWAR TECHNICAL AND VOCATIONAL COLLEGE OR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

The accompanying financial statements of Lodwar Technical And Vocational College set out on pages 1 to 51, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Ndakala Advisory LLP, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, except for the effects 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 Lodwar Technical And Vocational College as at 30 June, 2023 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, Vocational and Educational Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies of Property, Plant & Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.517,999,361 whereas Note 31 of the financial statements reflects net book value of the assets was Kshs.510,851,211 resulting in unexplained variance of Kshs.7,148,150. Further, the balance includes Land valued at Kshs.468,000,000 whose valuation report was not provided for audit.

In the circumstances, the accuracy and completeness of the fixed assets balance of Kshs.517,999,361 could not be confirmed.

2. Non-Disclosures in the Financial Statements

The statement of financial performance reflects total expenses totaling to Kshs.10,638,497 however the amount excludes hire of facilities amounting to Kshs.11,000 indicated in the ledgers further the statement of financial position reflects balance of Kshs.517,999,361 which excluded a printer acquired during the year at a cost Kshs.136,800.

Report of the Auditor-General on Lodwar Technical and Vocational College for the year ended 30 June, 2023

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

3. Variances in the Opening Balances

Review of the financial statements provided for audit, revealed that the opening balances were not matching with the audited financial statements closing balances for the 2021/2022 financial year.

Component	Opening Balance in 2021/2022 Financial Statements Kshs.	Closing Balance 2021/2022 Financial Statements Kshs.	Variance Kshs.
Rendering Services-Fees from Student	2,159,495	5,077,725	2,918,230
Use of Goods and Services	2,501,908	4,540,048	2,038,140
Employee Costs	3,865,225	1,808,770	(2,056,455)
Repairs & Maintenance	772,090	694,970	(77,120)
Cash and Cash Equivalents	84,810	84,751	(59)
Current Portion of Receivables	5,252,615	3,415,105	(1,837,510)
Capital Fund	45,937,528	47,436,020	1,498,492

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

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.14,430,000 and actual receipts of Kshs.9,197,000 resulting to a revenue deficit of Kshs.5,233,000 or 36% of the budget. Similarly, the statement reflects actual expenditure of Kshs.11,088,497 visa vis a budgeted expenditure of Kshs.14,380,000 resulting to a budget overrun of Kshs.3,291,503 or 23% of the budget.

In the circumstances, the revenue shortfall and over expenditure is an indication that the approved activities and programs were not carried out during the year and non-effective use of the resources respectively.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Board of Governors are responsible for the other information set out on page v to xxxiv which comprise of Key Entity Information and Management, The Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Statement of Performance against predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors, Statement of the Board of Governors Members' Responsibilities.

In connection with my audit on the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

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

Conclusion

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

Basis for Conclusion

1. Lack of Data Protection and Privacy Policy

Review of the Institution's operations revealed that the Institution had not developed a data protection and privacy policy as at the time of the audit. In addition, the Institution had not carried out a data protection impact assessments to identify and mitigate privacy risks before they occur and ensure that data protection and privacy principles are effectively incorporated in the operations in line with Section 31 of the Act.

Further the Institution processes and stores both Personal Identifiable Information (PII) including information from employees during onboarding for payroll purposes and information of students during admission for education and funding purposes. However, the Institution is not registered as a data controller or a data processor contrary to section 18 (1) of the Data Protection Act, 2019, which states that no person shall act as a data controller or data processor unless registered with the data commissioner.

In the circumstances, the Institution risks potential fines and penalties in case of data breach to the respective stakeholders.

2. Lack of Board Workplan and Board Evaluation

Review of the Institutions governance structure revealed that there were no clear guidelines on what the board is mandated to do which is contained in the Board. Further, the institution had not reviewed the effectiveness of its Board members who should be done by evaluation as required by Section 1.12(b) of the Mwongozo Code of Governance.

In the circumstances, the effectiveness of the Board in the managing the affairs of the Institution could not be confirmed.

3. Lack of an ERP System and Weak Information Communication Technology Controls

The College has not adopted an automated Enterprise Resource Planning (ERP) System to ensure there is adequate operational efficiency within the institution in recording of revenue and payments, procurement and human resource. Further, the College did not have a disaster recovery plan as well as a business Continuity Plan to help organizations prepare for, respond to, and recover from disruptions or disasters. The Institution does not do data backups in external drives and cloud to ensure the security and recoverability of data in case of an unfortunate occurrence. It had not established an offsite data plan as well.

In the circumstances, the integrity, safety of the data and effectiveness of the ICT controls of the Institution could not be confirmed.

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 January, 2025

XIII. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30TH JUNE 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	3,662,000	5,535,000
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
Total Revenue from non-exchange transactions		3,662,000	5,535,000
Revenue from exchange transactions			
Rendering of services- Fees from students	10	5,762,950	2,159,495
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	-	-
Finance income - external investments	13	-	-
Other income	14	-	-
Total Revenue from exchange transactions		5,762,950	2,159,495
Total revenue		9,424,950	7,694,495
Expenses			
Use of goods and services	15	2,384,566	2,501,908
Employee costs	16	3,967,160	3,865,225
Remuneration of directors	17	1,349,160	934,000
Depreciation and amortization expense	18	2,341,623	1,498,492
Repairs and maintenance	19	595,988	772,090
Contracted services	20	-	-
Grants and subsidies	21	-	-
Finance costs	22	-	-
Total expenses		10,638,497	9,571,715
Other gains/(losses)			
Gain on sale of assets	23	-	-
Unrealized gain on fair valuc of investments	24	-	-
Impairment loss	25	-	-
Total other gains/(losses)		-	-
Net Surplus/Deficit for the year		(1,213,547)	(1,877,220)
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-

The Financial Statements set out on pages 1 to 10 were signed on behalf of the Institute Council/ Board of Governors by:

F Evans

Chairman of Board of Governors

Date 27/9/2023

Eunice

Finance Officer
ICPAK No: ASSOC/3578

Date 27/9/2023

Glynnis

Principal

Date 27/9/23



LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	26	1,039,272	84,810
Current portion of receivables from exchange transactions	27(a)	2,400,735	5,252,615
Receivables from non-exchange transactions	28	-	-
Inventories	29	-	-
Investments	30	-	-
Total current Assets		3,440,007	5,337,425
Non-current assets			
Property, Plant and Equipment	31	517,999,361	44,439,035
Investments	30	-	-
Intangible assets	32	-	-
Investment property	33	-	-
Long term receivables from exchange transactions	27(b)	-	-
Total Non-Current Assets		521,439,368	44,439,035
Total assets		524,879,375	49,776,460
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	34	-	-
Refundable deposits from customers	35	46,200	30,150
Current Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of borrowings	41	-	-
Deferred income	38	-	-
Employee benefit obligation	39	-	-
Payments received in advance		-	-
Total Current liabilities		46,200	30,150
Non-current liabilities			
Non-current employee benefit obligation	39	-	-
Non-current provisions	40	-	-
Borrowings	41	-	-
Service concession liability	42	-	-
Deferred tax liabilities	49	-	-
Total Non-current liabilities		-	-

Total liabilities		46,200	30,150
Net assets		524,833,175	49,746,310
Reserves		-	-
Accumulated surplus/deficit		(1,213,547)	(1,877,220)
Capital Fund		524,879,375	45,937,528
Total net assets and liabilities		523,665,828	44,060,308

The Financial Statements set out on pages 1 to 10 were signed on behalf of the Institute Council/ Board of Governors by:

IP Evans

Chairman of Board of Governors

Date 27/9/2023

Emminger

Finance Officer
ICPAK No:ASSOC/3578

Date 27/9/2023

September

Principal

Date 27/9/23

PRINCIPAL
LODWAR TECHNICAL AND VOCATIONAL COLLEGE
P. O. Box 20 - 30500, LODWAR
Date 27/9/23 Sign _____

LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE 2023

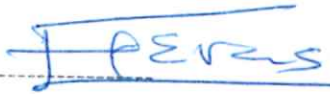
	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1st, 2022	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation / amortization from capital fund to retained earnings	-	-	-	-	-
At June 30th, 2023	-	-	-	-	-
At July 1st, 2022	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	(1,213,547)	-	(1,213,547)
Capital/Development grants received during the year	-	-	-	524,879,375	524,879,375
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30th, 2023	-	-	(1,213,547)	524,879,375	523,665,828

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	3,662,000	5,535,000
Public contributions and donations		-	-
Rendering of services- Fees from students	10	5,762,950	2,159,495
Sale of goods		-	-
Rental revenue from facilities and equipment		-	-
Finance income		-	-
Other income, rentals and agency fees		-	-
Other Receipts- Caution Money	35	46,200	30,150
Total Receipts		9,471,150	7,724,645
Payments			
Compensation of employees	16	3,967,160	3,857,645
Use of goods and services	15	2,384,566	2,501,908
Remuneration of directors	17	1,349,160	934,000
Depreciation and amortization expense		2,341,623	1,498,492
Repairs and maintenance	19	595,988	772,090
Finance cost		-	-
Rent paid		-	-
Taxation paid		-	-
Other payments		-	-
Grants and subsidies paid		-	-
Total Payments		10,638,497	9,564,135
Net cash flows from operating activities		(1,167,347)	(1,839,490)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and Equipment		-	-
Decrease in non-current receivables		-	-
Increase in investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		954,462	(290,163)
Cash and cash equivalents at 1st July 2022		84,810	374,973

Cash and cash equivalents at 30 th June 2023	26	1,039,272	84,810
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The Financial Statements set out on pages 1 to 10 were signed on behalf of the Institute Council/ Board of Governors by:



Chairman of Board of Governors

Date 27/9/2023



Finance Officer
ICPAK No: ASSOC/3578

Date 27/9/2023



Principal

Date 27/9/23



**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023**

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2023

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	% of Utilization
	a	b	c=a+b	d	e=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from other Gov't entities Gov't grants	7,500,000	-	7,500,000	3,662,000	49
Public contributions and donations	-	-	-	-	-
Rendering of services- Fees from students	6,930,000	-	6,930,000	5,535,000	80
Sale of goods	-	-	-	-	-
Finance Income	-	-	-	-	-
Other Income	-	-	-	-	-
Gains on disposal, rental income and agency fees	-	-	-	-	-
Total income	14,430,000	-	14,430,000	9,197,000	64
Expenses					
Compensation of employees	2,880,000	-	2,880,000	3,967,160	138
Use of Goods and services	7,435,422	-	7,435,422	2,384,566	32
Finance costs	-	-	-	-	-
Rent paid	-	-	-	-	-
Remuneration of directors	1,320,000	-	1,320,000	1,349,160	102
Repairs and Maintenance	456,250	-	456,250	595,988	131
Depreciation	2,288,328	-	2,288,328	2,341,623	102
Grants and subsidies paid	-	-	-	-	-
Total expenditure	14,380,000	-	14,380,000	10,638,497	74
Surplus for the period	50,000	-	50,000	(1,441,497)	-

**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023**

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Lodwar TVC entity 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 providing technical education.

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 judgement 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 TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</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>

LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the Board in May 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of 0.00 on the FY 2022/2023 budget following the Board's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *XVII* of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule the *Income Tax Act*.

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 40 years.

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

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

e) Property, plant and equipment

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity maintains capital and accumulated surplus (Deficit).

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
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5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional grants		
Capitation grants	-	-
Operational grant	-	-
Other grants	-	-
	-	-
Conditional grants		
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
Total government grants and subsidies	-	-

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income 2022-2023	Total grant income 2021-2022
	KShs	KShs			
			KShs	KShs	KShs
State Department of Vocational Education	3,662,000	-	-	3,662,000	5,535,000
Education Ministry					
Total	3,662,000	-	-	3,662,000	5,535,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2022-2023	2021-2022
	KShs	KShs
JICA- Research grant	-	-
World Bank grants	-	-
In-kind Donations	-	-
Other grants	-	-
Total grants from development partners	-	-

Reconciliations of grants from donors and development partners

Description	2022-2023	2021-2022
	KShs	KShs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2022-2023	2021-2022
	KShs	KShs
		-
Transfer from Turkana County	-	-
Transfer from Turkana University	-	-
Transfer from Kisumu institute	-	-
Total Transfers	-	-

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PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2022-2023	2021-2022
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from alumni	-	-
Other donations	-	-
Total donations and sponsorships	-	-

10. RENDERING OF SERVICES

Description	2022-2023	2021-2022
	KShs	KShs
Tuition fees	5,183,350	1,821,870
Activity fees	49,950	43,825
Industrial attachment fees	-	-
Examination fees	407,550	201,000
Library fees	-	-
Facilities and materials	32,400	30,650
Registration fees	37,500	32,000
Others - Caution Money	46,200	30,150
Total revenue from the rendering of services	5,756,950	2,159,495

11. SALE OF GOODS

Description	2022-2023	2021-2022
	KShs	KShs
Sale of goods	-	-
Sale of books	-	-
Sale of publications	-	-
Sale of farm produce	-	-
Cafeteria	-	-
Other(include in line with your organisation)	-	-
Total revenue from the sale of goods	-	-

LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
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12. HIRE OF FACILITIES AND EQUIPMENT

Description	2022-2023	2021-2022
	KShs	KShs
Hire of facilities and equipment	-	-
Contingent rental	-	-
operating lease revenue	-	-
Total	-	-

13. FINANCE INCOME

Description	2022-2023	2021-2022
	KShs	KShs
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. OTHER INCOME

Description	2022-2023	2021-2022
	KShs	KShs
Insurance recoveries	-	-
Consultancy fees	-	-
Income from sale of tender	-	-
Services concession income	-	-
Reimbursements and refunds	-	-
Graduation fees	-	-
Miscellaneous (<i>Specify</i>)	-	-
Total other income	-	-

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

15. USE OF GOODS AND SERVICES

Description	2022-2023	2021-2022
	KShs	KShs
Teaching and learning materials	28,200	586,339
Industrial attachment costs	33,000	36,000
Electricity	56,260	-
Water	12,245	12,245
Security	-	-
Professional and Consultancy services	-	-
Subscriptions	162,020	145,200
Advertising	15,000	58,500
Examination fees	573,170	490,780
Audit fees	-	-
Catering, Conferences, and delegations	294,800	234,850
Depreciation of non-current assets	15,000	15,000
Depreciation of plant and equipment	15,000	15,000
Depreciation of motor vehicles	15,000	15,000
Depreciation of furniture and fixtures	15,000	15,000
Depreciation of other non-current assets	15,000	15,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. EMPLOYEE COSTS

	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	1,893,910	1,812,145
Employee related costs - contributions to pensions and medical aids	15,000	-
Travel, motor car, accommodation, subsistence and other allowances	2,058,250	2,038,080
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	15,000
Social contributions	-	-
Employee costs	3,967,160	3,865,225

17. REMUNERATION OF DIRECTORS

Description	2022-2023	2021-2022
	KShs	KShs
Chairman's Honoraria	152,800	100,000
Directors emoluments	234,000	234,000
Other allowances	962,360	600,000
Total director emoluments	1,349,160	934,000

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant and equipment	2,341,623	1,498,492
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	2,341,623	1,498,492

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19. REPAIRS AND MAINTENANCE

Description	2022-2023	2021-2022
	KShs	KShs
Property	595,988	772,090
Investment property – earning rentals	-	-
Equipment and machinery	-	-
Vehicles	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Other	-	-
Total repairs and maintenance	595,988	772,090

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. CONTRACTED SERVICES

Description	2022-2023	2021-2022
	KShs	KShs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	-
Total contracted services	-	-

21. GRANTS AND SUBSIDIES

Description	2022-2023	2021-2022
	KShs	KShs
Community development	-	-
Education initiatives and programs	-	-
Social development	-	-
Community trust	-	-
Sporting bodies	-	-
Total grants and subsidies	-	-

**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
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22. FINANCE COSTS

Description	2022-2023	2021-2022
	KShs	KShs
Borrowings (amortized cost)*	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount	-	-
Interest on Bank overdrafts	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

23. GAIN ON SALE OF ASSETS

Description	2022-2023	2021-2022
	KShs	KShs
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2022-2023	2021-2022
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

25. IMPAIRMENT LOSS

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

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26. CASH AND CASH EQUIVALENTS

Description	2022-2023	2021-2022
	KShs	KShs
Current account	1,039,272.00	84,810
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify)	-	-
Total cash and cash equivalents	1,039,272.00	84,810

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2022-2023	2021-2022
		KShs	KShs
a) Current account			
National Bank Of Kenya Ltd	01022224615100	1,039,272	84,810
Kenya Commercial bank		-	-
Equity Bank, etc.		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc.		-	-
Sub- total		-	-
c) Fixed deposits account			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
d) Staff car loan/ mortgage			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
e) Others(National bank of Kenya)			
Cash in transit		-	-
cash in hand			
Mobile Money account		-	-
Sub- total		-	-
Grand total		1,039,272	84,810

**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
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27. RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a) Current Receivables from Exchange Transactions

Description	2022-2023	2020-2021
	KShs	KShs
Current receivables		
Student debtors	2,400,735.00	5,252,615
Rent debtors	-	-
Consultancy debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total current receivables	2,400,735.00	5,252,615

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27(b) Long- term Receivables from Exchange Transactions

Description	2022-2023	2021-2022
	KShs	KShs
Non-current receivables		
Refundable deposits	-	-
Advance payments	-	-
Public organizations	-	-
Less: impairment allowance	-	-
Total	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	-
Total receivables	-	-

27(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Description	2022-2023	2021-2022
	KShs	KShs
At the beginning of the year	-	-
Provisions during the year	-	-
Recovered during the year	-	-
Write offs during the year	-	-
At the end of the year	-	-

**ANNUAL REPORT AND FINANCIAL STATEMENTS
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28. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2022-2023	2021-2022
	KShs	KShs
Current receivables		
Capitation grants*	-	-
Transfers from other govt. entities	-	-
Undisbursed donor funds	-	-
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	-	-
Total current receivables	-	-

28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2022-2023	2021-2022
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. INVENTORIES

Description	2022-2023	2021-2022
	KShs	KShs
Consumable stores	-	-
Maintenance stores	-	-
Health unit stores	-	-
Electrical stores	-	-
Cleaning materials stores	-	-
Catering stores	-	-
Total inventories at the lower of cost and net realizable value		-

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30. INVESTMENTS

Description	2022-2023	2021-2022
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank	-	-
Bank	-	-
Sub- total	-	-
c) Equity investments (specify)		
Equity/ shares	-	-
Sub- total	-	-
Grand total	-	-

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		
	%	%	%	Shs	Shs
Entity A	-	-	-	-	-
Entity B	-	-	-	-	-
Entity C	-	-	-	-	-
Entity D	-	-	-	-	-

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PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost								
Depreciation rate		0	0	0		0		
At 1st July 2022	450,000,000	40,741,724	1,207,391	345,679	386,530	9,659,660	-	502,340,984
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30th June 2023	450,000,000	40,741,724	1,207,391	345,679	386,530	9,659,660	-	502,340,984
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Depreciation and impairment								
At 1st July 2022								
Depreciation	18,000,000	814,834	156,960	114,074	-	1,255,755	-	20,341,623
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30th June 2023	-	814,834	156,960	114,074	-	1,255,755	-	2,341,623
Net book values								
At 30th June 2023	468,000,000	39,926,890	1,050,431	231,605	386,530	8,403,905	-	517,999,361

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31. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture and fittings	Computers	Other Assets (Specify)	
Cost	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation rate	-	0	0	0	-	
At 1st July 2022	450,000,000	40,741,724	1,207,391	345,679	386,530	
Additions	-	-	-	-	-	
Disposals	-	-	-	-	-	
Transfers/adjustments	-	-	-	-	-	
At 30th June 2023	450,000,000	40,741,724	1,207,391	345,679	386,530	
Additions	-	-	-	-	-	
Disposals	-	-	-	-	-	
Transfer/adjustments	-	-	-	-	-	
Depreciation and impairment						
At 1st July 2022	-	-	-	-	-	
Depreciation	18,000,000	814,834	156,960	114,074	-	1,207,391
Impairment	-	-	-	-	-	
Transfer/adjustment	-	-	-	-	-	
At 30th June 2023	-	814,834	156,960	114,074	-	1,090,668
Net book values						
At 30th June 2023	468,000,000	39,926,890	1,050,431	231,605	386,530	845,352

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Valuation

Land and buildings were not valued by independent valuer.

31 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	450,000,000	18,000,000	468,000,000
Buildings	40,741,724	814,834	39,926,890
Plant and machinery	9,659,660	-	1,255,755
Motor vehicles, including motorcycles	-	-	-
Computers and related equipment	345,679	114,074	231,605
Office equipment, furniture, and fittings	1,593,921	156,960	1,436,961
Total	502,340,984	19,085,868	510,851,211

32. INTANGIBLE ASSETS-SOFTWARE

Description	2022-2023	2021-2022
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Additions-internal development	-	-
At end of the year	-	-
Amortization and impairment	-	-
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

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33. INVESTMENT PROPERTY

Description	2022-2023	2021-2022
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
At end of the year	-	-

34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2022-2023	2021-2022
	KShs	KShs
Trade payables	-	167,384
Fees paid in advance	-	-
Employee advances	-	-
Third-party payments	-	-
Other payables	-	-
Total trade and other payables	-	167,384

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2022-2023	2021-2022
	KShs	KShs
Consumer deposits	-	-
Caution money	-	15,000
Other refundable deposits	-	-
Total deposits	-	15,000

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36. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
Balance at the beginning of the year					
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Transfers from non-current provisions	-	-	-	-	-
Total provisions	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. FINANCE LEASE OBLIGATION

Description	2022-2023	2021-2022
	KShs	KShs
At the start of the year		
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity Analysis

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: Unearned interest	-
	-

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Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

38. DEFERRED INCOME

Description	2022-2023	2021-2022
	KShs	KShs
National government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National government	International funders/ donors	Public contributions and donations	Total
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

39. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2022-2023	2021-2022
	KShs	KShs	KShs	KShs	KShs

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Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

The entity operates a contributory benefit scheme for all full-time employees from July 1, 2020.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at 30 June 2021 by Independent actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	2022-2023	2021-2022
	Kshs	Kshs
Discount rates	0%	0%
Future salary increases	0%	0%
Future pension increases	0%	0%
Mortality (Pre- retirement)	0%	0%
Mortality (Post- retirement)	0%	0%
Withdrawals	0	0
Ill health	0	0
Retirement	0 years	0 years

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

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

	2022-2023	2021-2022
Description	Kshs	Kshs
The return on defined plan assets		
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from 0020 changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (Specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Premeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

	2022-2023	2021-2022
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded Status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 360 per employee per month.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. NON-CURRENT PROVISIONS

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Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: Current portion	-	-	-	-	-
Total deferred income	-	-	-	-	-

41. BORROWINGS

Description	2022-2023	2021-2022
	KShs	KShs
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the year	-	-

41 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2022-2023	2021-2022
	KShs	KShs
External Borrowings		
Dollar denominated loan	-	-
Sterling Pound denominated loan	-	-
Euro denominated loan	-	-
Domestic Borrowings		
Kenya Shilling loan	-	-
Kenya Shilling loan	-	-
Kenya Shilling loan	-	-
Total balance at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 b) BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS

Description	2022-2023	2021-2022
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

42. SERVICE CONCESSION ARRANGEMENTS

Description	2022-2023	2021-2022
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

43. CASH GENERATED FROM OPERATIONS

	2022-2023	2021-2022
	KShs	KShs
Surplus for the year before tax	1,039,272	84,810.90
Adjusted for:		
Depreciation	2,341,623	1,498,492
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working Capital adjustments	-	-

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Increase in inventory	-	-
Increase in receivables	3,603,455	5,252,615
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance- Caution Money	46,200	30,150.00
Net cash flow from operating activities	7,030,550	6,866,068

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 1st July 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30th June 2023				

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Receivables from exchange transactions	2,400,735	2,400,73	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	1,039,272	1,039,272	-	-
Total	3,440,007	3,440,007	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

The entity has significant concentration of credit risk on amounts due from students

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30th June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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At 30 th June 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2023			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-

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Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

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

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction

currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2021			
Euro	10%	-	-
USD	10%	-	-
2022			
Euro	10%	-	-
USD	10%	-	-

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b) Interest rate risk

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

Management of interest rate risk

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

44 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0.00 (2023: KShs 0.00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0.00(2023- KShs.0.00)

iv) Capital Risk Management

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

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

	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Gov't agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify)	-	-
Total	-	-
b) Purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from gov't service providers	-	-
Rent expenses paid to gov't agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (specify)	-	-
Total	-	-
b) Grants /Transfers from the Government		
Grants from National Gov't	3,662,000	5,535,000
Grants from County Government	-	-
Donations in kind	-	-
Total	3,662,000	5,535,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	139,000.00	934,000
Compensation to key management		
Total	3,801,000	6,469,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. SEGMENT INFORMATION

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(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

	2022-2023	2021-2022
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Others (Specify)	-	-
Total	-	-

Contingent Liabilities

	2022-2023	2021-2022
	Kshs	Kshs
Contingent liabilities		
Court case against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Others (Specify)	-	-
Total	-	-

48. CAPITAL COMMITMENTS

Capital commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

49. DEFERRED TAX LIABILITY

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Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2022-2023	2021-2022
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability/(asset)	-	-
The movement on the deferred tax account is as follows:	-	-
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

50. EVENTS AFTER THE REPORTING PERIOD

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

51. 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.

52. CURRENCY

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

XIX. APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
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The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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

This is the first financial reporting for Lodwar TVC and therefore there are no prior year audit issues.

Guidance Notes:

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

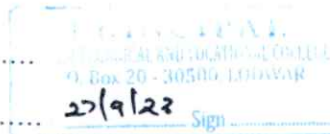
Accounting Officer

Name: COORT KIPKEMAI KUGO

Principal Lodwar TVC

Signature: [Handwritten Signature]

Date: 27/9/2023



**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
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XX. APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

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

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
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XXI. APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		Lodwar Technical and Vocational College		
Break down of Transfers from the State Department of Vocational Training				
	FY2022/2023			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		20/7/2022	1,000,000	2022/2023
		28/10/2022	1,410,000	2022/2023
		26/1/2023	1,252,000	2022/2023
		Total	3,662,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	-
		Total	-	-
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	-
		Total	-	-
d.	Donor Receipts			
		<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

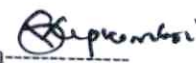
Finance Manager
Lodwar TVC

Sign



Head of Accounting Unit
Education Department

Sign





**LODWAR TECHNICAL AND VOCATIONAL COLLEGE (LTVC)
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XXII. APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfer during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	3,662,000.00	Recurrent	3,662,000.00	3,662,000.00	-	-	-	-	3,662,000.00
Ministry of Education	-	Development	-	-	-	-	-	-	
USAID	-	Donor Fund	-	-	-	-	-	-	
Ministry of Education	-	Direct Payment	-	-	-	-	-	-	
Total	3,662,000.00		3,662,000.00	3,662,000.00	-	-	-	-	3,662,000.00