

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF


THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

**KAELO TECHNICAL AND
VOCATIONAL COLLEGE**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 JUN 2025	
DAY: WEDNESDAY	
TABLED BY:	MAJORITY LEADER
CLERK-AT THE-TABLE:	FINLAT

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

21 FEB 2025

RECEIVED



KAELO TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022



(Leave it Blank)

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

Table of Contents

I.	Key Entity Information and Management	iii
II.	The Council/Board of Governors	v
III.	Management Team	vii
IV.	Chairman’s Statement	i
V.	Report Of the Principal.....	x
VI.	Statement Of Performance Against Predetermined Objectives	xi
VII.	Corporate Governance Statement.....	xi
VIII.	Management Discussion and Analysis	xii
IX.	Environmental And Sustainability Reporting Statement.....	xiii
X.	Report Of The Council/Board Of Governors.....	xv
XI.	Statement Of Board Of Governors/ Council’s Responsibilities.....	xvii
XII.	Report Of The Independent Auditor On The Entity.....	xviii
XIII.	Statement Of Financial Performance for The Year Ended 30 June 2022	1
XIV.	Statement Of Financial Position As At 30th June 2022	2
XV.	Statement Of Changes in Net Asset For The Year Ended 30 June 2022.....	4
XVI.	Statement Of Cash Flows for The Year Ended 30 June 2022.....	5
XVII.	Statement Of Comparison Of Budget & Actual Amounts For The Year Ended 30 June 2022	5
XVIII.	Notes To The Financial Statements.....	7
XIX.	Appendices	35

I. Key Entity Information and Management

(a) Background information

Kaelo Technical & Vocational College was established by the Government of Kenya through TVET Act 2013 which sought to establish Technical Training Institutes in every Constituency. Kaelo Technical and Vocational College is the only Public Post-Secondary Training Institution in Igembe North Constituency and the first in Igembe region. The college was established at the opportune time when the hands on skills training among the youth in Igembe North and beyond are highly desired. The college opened its doors in September 2019 with 6 trainers and 14 trainees. The college is on a positive growth trajectory having raised its enrolment from 14 trainees in September 2019 to 97 trainees by March 2020 when the progression was adversely affected by the corona virus pandemic. It started in one Storey building that housed all the training areas and administrative offices. The college is located in an approximately 10 acre piece of land. The establishment of the College is in line with Government’s initiative of creating an army of one million artisans an ambition captured in Vision 2030 Blue Print. Kaelo Technical and Vocational College is located 0.5km away from Kaelo market in a cool and serene environment of Ntonyiri. The college is in the neighbourhood of several High schools with huge student enrolment. It is found in Antuambui location, Laare Divison of Igembe North Sub-County in Meru County. It is the first Post-Secondary training and learning institution in the wider Igembe comprising of three populous Sub-Counties of Igembe North, Igembe Central and Igembe South. The three Sub-Counties have 45% of the Meru County population. The transition rates in the County is approximately 80%, completion rates is 78% while retention rate is 90%

(b) Principal Activities

The principal activity is training

Our vision is “To be a centre of excellence in industrial research, technology and innovation.” And our mission is “To produce high-quality trainees with the relevant skills in technology, Innovation for sustainable development.”

(c) Key Management

The entity’s day-to-day management is under the following key organs:

Board of Governors/ Council/ Management etc.

Accounting officer/ Principal

Management

...; and

(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	-Benjamin Ncebere
2.	Deputy principal Finance	
3	Deputy principal Academics	--Tikva Gichogi
4	Registrar (s)	-Mark Kajigi
5	Dean of students	-Julia Kageni
6	Head of Finance	-Moses Kainga
7	Xxx	-
8		

(Include all positions regarded as top management in your organisation).

(e) Fiduciary Oversight Arrangements

(Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- *Audit and risk committee activities*
- *Finance and operations committee activities*
- *Academic committee activities*

Key Entity Information and Management (Continued)

(f) Entity Headquarters

P.O. Box 262 60601
Laare
Kaelo Mutuati Road
Meru, KENYA

(g) Entity Contacts

Telephone: (254) 759417000
E-mail: kaelotechnical@gmail.com
Website: kaelotvc.ac.ke

(h) Entity Bankers

Equity Bank
Laare Branch
P.O. Box 75104-00200
laare, 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

N o.	Member/ Director	Details
1.		Dr Cyprian Thiakunu MBChB (OBS-GYNE) BOG CHAIR
2.		Hillary jumba Masters in ICT Audit committee chair

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022



3.		Nancy Gitonga Bachelor of Commerce Finance Committee Chair person
4.		Stanley Kobia B.E.D Chairman Academic Committee
5.		DOB 25/5/1962 Bachelor of technology (building) Diploma in technical education construction technology 1 & 2 29years teaching experience 2 years in industry



6.		<p>Kamisa Ambrose M.A public policy and administration</p>
7.		<p>Margret nduhiu County Director of education</p>

III. Management Team

No.	Member/ Director	Details

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

1.	 A black and white portrait of a middle-aged man with a shaved head, wearing a light-colored blazer over a patterned shirt. He is standing in front of a window with white frames.	<p>Principal</p> <p>DOB 25/5/1962 Bachelor of technology (building) Diploma in technical education construction technology 1& 2</p> <p>29years teaching experience 2 years in industry</p>
2.	 A black and white portrait of a woman with short hair, wearing a patterned top with a white collar. She is looking directly at the camera against a plain background.	<p>DOB 28/06/1968 More than 26years of experience</p> <p>Tikva</p> <p>Gichogi-Deputy Principal</p>

3.		<p>Moses kainga Thiauri DOB 30/06/1980 More than 10years of experience</p>
4.		<p>DOB 13/05/1989 Bachelol of technology ICT 6YEARS OF EXPERIENCE</p>
5.	Etc.	
<p><i>Note: The Principal and the Secretary to the Council/ BoG will feature both under the 'Board' and 'Management'.</i></p>		

IV. Chairman's Statement

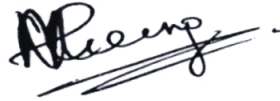
In the one year Kaelo Technical Vocational College has been in operation, she has exhibited leadership and forward thinking in providing quality technical training to our community and the region. As an organization, we have maintained a steadfast focus on those we serve. This is core to our success. It is our belief that change is the only

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

constant, and the pace of change continues to accelerate in our College. There has never been a more critical time to plan for the future; to lay down an aspiration path that ensures continued success for years to come. We are pleased to introduce you to Kaelo Technical and Vocational College 2020-2025 strategic plan – a bold and clear plan that outlines where we’re going, how we’ll get there and what it means to you. The seven strategic priorities will keep us focused on our future direction, as well as our day-to-day work. Members of the College community helped to shape this plan. Throughout a robust engagement and planning process, we heard from staff, Board members, trainees and stakeholders from the community around the College. In building this blueprint for the future, we remained true to what we heard and hope you see your contribution reflected here. And, we are committed to receiving your ongoing input and feedback as we journey through this plan and its priorities together. The plan aims at giving Kaelo Technical and Vocational College a competitive edge in the technical education sector. We are aware of the immense resources required to implement this plan. As a Board, we are committed to go to whatever length to mobilize the resources required without reservations. We are appealing to the National Government, the Ministry of Education, Meru County Government, the CDF Igembe North Constituency among other development partners to heed to our clarion call to offer financial and technical support to enable this College realize her vision as outlined in this plan. On behalf of Kaelo Technical and Vocational College, we would like to thank all those who shared their wisdom, thoughts and vision in the development of this strategic plan. We asked challenging questions, you answered and we were inspired. Together, we are creating the Kaelo Technical and Vocational College of tomorrow. God Bless you, God Bless Kaelo, God Bless Kenya

- | | |
|------------------------|-------------------------|
| 1. Margaret Nduhiu | Regional TVET Director |
| 2. Dr Cyprian Thiakunu | BOG Chairman |
| 3. Nancy Gitonga | BOG member |
| 4. Hillary Njumba | BOG member |
| 5. Stanley Kobia | BOG member |
| 6. Ambrose Kamisa | BOG member |
| 7. Ireen Mwereria | BOG member |
| 8. Benjamini Ncebere | Principal/BOG Secretary |

Patrick Muthee
Chairman Board of Governors



Prepared by **Patrick Muthee...** Sign.....

.....Date 19/02/2025.....

V. Report of the Principal

I would like to take this opportunity to welcome you all to Kaelo Technical and Vocational College. The College is the first Post-Secondary Institution in the vast Igembe region comprising of three SubCounties: Igembe North, Igembe Central and Igembe South sub-counties of Meru County. The vi Read, Apply and Achieve Innovation for a Better Future College is located in Antuambui Location, Laare Division of Igembe North Sub - County. The College is located 300m from Kaelo Market off Laare – Mutuati Road. Kaelo Technical and Vocational College is a middle level college that offers technical training at Artisan Certificate level, Craft Certificate level and Diploma level. We are also offering Competence Based Education and Training (CBET) in our four academic departments; Information Communication and Technology, Mechanical Engineering, Building and Civil Engineering and Hair dressing and Beauty Therapy Course that is offering great opportunity to the young people. The college offers quality training to equip the youth with hands on skills that are important tools to the realization of Kenya Vision 2030. Your interest in our college generally and in particular in our programmes is most welcome and very much appreciated. We are a College committed to excellence in teaching, research, creativity and innovations in Technical Training equipping our graduates with positive attitudes leading to their employability. Our vision is: To be a center of excellence in industrial research, technology and innovation. The vision is to be actualized through a comprehensive Strategic Plan, upon which our Departments base their strategic operational plans. The development of the website is an endorsement of

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

Kaelo Technical and Vocational College’s commitment to ensure renewal and transformation. It is an expression of our shared resolve to adapt and embrace change in a bid to guide and turn our College into a first choice institution for Technical Training in line with our Mission: To produce high-quality trainees with the relevant skills in technology, innovation for sustainable development. We have set competitive standards, insisted on high quality student performance and hands-on industrial and entrepreneurial experiences to mold a market friendly graduate. We want our students to stand above others through quality, integrity, and professionalism in whatever they undertake to do. Kaelo is a family where the welfare of the trainees comes first in all our engagements. Welcome to Kaelo Technical and Vocational College; the college of choice.



Cecilia mwongera
Principal/ B.O.G Secretary
Kaelo Technical Vocational College

VI. Statement of Performance against Predetermined Objectives

Strategic Pillar no	Strategic Pillars	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	College enrolment	To increase number of trainees	Increased enrolment	Marketing	Increase in enrolment
Pillar 2:	Staff number	To increase the number of staff for effective and efficient service	Quality training	Training	Good performance
Pillar 3:	Improve teaching infrastructure	To attract more trainees to join our institution	Improved performance in internal and external exams	Monitoring training activities for trainer and trainees	Improved completion of trainees courses awaiting graduation
Pillar 4:	Quality management system	To ensure all systems are working according to the expected standard	Smooth operating procedures are followed and adhered to	Procurement / finance / staff recruitment	Followed correct procurement by advertising for prequalified suppliers and other adverts
Pillar 5:	Information management system	To ensure confidentiality integrity and availability in delivery of information	Availability of correct information and delivered at the right time	Auditing the information system regularly to ensure conformity	Appropriate filling and backup of information

VII. Corporate Governance Statement

As a Board, we believe that a strong corporate governance framework and culture translates to a strong Institute that delivers to its mandate. According to the TVET Act, 2013 members of the board of

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

Governors are appointed by the Cabinet Secretary from the ministry of education from the following Areas;

- a). Leadership
- b). Financial management
- c). Industry
- d). Technology
- e). ICT
- F). Engineering

The board also seeks other committees to carry responsibility required in the governance of the institute. The following committees have been in the institute.

Academic

1. Stanley Kobia
2. Tikva gichohi
3. Benjamin ncebere
4. Human resource

Finance

1. Nancy Gitonga- Chairperson
2. Ambrose kamisa
3. Benjamin ncebere
4. Finance officer

Audit and Risk Committee

1. Hilary jumba- Chairperson
2. Ireen mwereria
3. Internal auditor
- 4.

The following are bored functions as out lined in the TVECT Act.

1. Overseeing the conduct of education and training in the institutions in accordance with the provisions of TVECT Act.
2. Promoting and maintaining standards quality and relevance in advocating and training in the institution in accordance with the act and any other written law.
3. Administering and managing the property of the institution
4. Developing and implementing the institutions strategic plan
5. Preparing annual estimates of the revenue and expenditure of the institution
6. Receiving on behalf of the institution fees, grants and other monies.
7. Determining fees payable and prescribing conditions under which fees may be remitted in part or whole in accordance with the guideline developed under the provisions of this act.

During the year 2021/2022 the table below shows the number of board and committee meetings held.

Meetings	No of board meetings	Meeting held
Full board	4	3
Risk and audit committee	4	1
Academic committee	4	0
Finance /HR Committee	4	1
Total	12	5

VIII. Management Discussion and Analysis

During the year the student enrollment increased from student population of 239 to 400 students. The management has recruited additional staff in both academic and support staff to ensure smooth learning of operations. During the year the management developed a strategic plan to define the direction of the institution for the next five years.

The institute has received a lot of support from the government through the ministry of education by receiving capitation, helb funds and state of the art equipment.

During the year the institute faced the following challenges

1. A, Perimeter wall of the institution is not constructed however, the management is engaging the CDF of igembe north Sub county to address the issue.
2. There has been inadequate supply of water to the institute and the management has engaged county government of Meru to drill a bore to address the challenge.

IX. Environmental and Sustainability Reporting Statement

Kaelo tvc exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on five pillars: Below is a brief highlight of our achievements

Sustainability strategy and profile

Kaelo tvc is a learning organisation under the Directorate of Technical Vocational Education and Training. In her commitment to produce skilled manpower that fits in the job market, the Institution has continued to comply with the Ministry of Education guidelines and policies. The Institution has identified the potential of the community as key in realizing the growth of the Institution. The Institution has therefore engaged the community through continuous sensitization on the TVET courses and the support given by the government through capitation and application of HELB loans. Further the Institution has reached out to the stakeholders and the political leaders for support in all aspects in the running of the Institution through attending church meetings, community meeting, and upholding support for fees payment through the CDF programmes and bursaries from all levels.

The Institution has continued to engage with the Industry to allow linkage for trainees to the industry for industrial attachment and also employment. This has enabled contributions for industry expectation through direct feedback from the Industry.

Benchmarking with other learning Institution and partnering with them remains vital for progressive growth. Attending to relevant trainings and workshops has been key in staff development

Employee welfare

The Institute has been following the procedure of hiring employees into the Institution. The Board identifies the vacancies by analysis of key responsibilities and duties that ought to be done and the staff are not available or adequate. The Board then advertises for the positions and invites qualified candidates to apply. On applications, shortlisting of qualified persons is done basing it on the advert, Gender, Ethnicity and experience. Qualified persons are contacted to attend interviews through mail and telephone calls. The panel engages all interviewees and allocated marks as per the score sheet. The panel then discuss the scores and average for the best candidate to be approved. Once staff are engaged, they are taken through an orientation where the responsibilities are outlined, discussed and the objectives of the organisation are laid out. Staff are developed through support given by the BOG to attend relevant workshops and seminars especially the ones organised through the ministry. The Institute is in the process of developing the policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA). Appraisal of staff is done continuously.

1. Market place practices-

Kaelo tvc does responsible marketing by marketing the Institution and encouraging potential trainees to join the Institution. On courses that the Institute does not offer, she recommends other Institutions to the applicants for consideration. The Institute has not been involved in politics in any way but has welcomed political leaders who have identified in support of the Institution whenever opportunity arises.

The Institute honours contracts by keeping to the commitment to the end where there is no breach. The Institutes commits to clear all her supplier's debts and keep engaging the debtors even when finances are not available to ensure re-assurance on the commitment.

The Institute gives true information on all advertisements and publicity done. This has provided confidence on the services offered by the Institution without.

All services offered by the Institutes are for the best benefit of the Clients who are our consumers. Offer of services is objectively done to the best interest of the client. The trainees who are the highest number of our clients receive quality training and pass their examinations. This will ensure they remain competitive in the job

Market place practices-

a) Responsible Supply chain and supplier relations-

The managements implements the public Procurement and Disposal Act of 2012 and its Regulations of 2016 in all its procurement for goods, services and contracts.

b) Responsible marketing and advertisement-

Kaelo tvc advertises our training programs through our website, the media, and door to door marketing strategies through the Local administration and Personal selling through good examination performance and quality services and customer focus.

c) Product stewardship-

Our customer rights and interests have been safe guarded by clear communications to our customers through relevant offices the dean's office. We also provide newsletters to convey crucial and authentic information to our customers. We used authorized communication channels the official addresses, mobile numbers and emails.

Corporate Social Responsibility / Community Engagements

X. Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the *entity's* affairs.

Principle activities

The principle activities of the entity are:

- a. To conduct training at tertiary level in technical and vocational education and training fields.
- b. To determine curricula appropriate for training of the various manpower category and specialization required by the labour market through careful selection of available syllabi from local or international institutions recognized by the Ministry of Education (MoE).
- c. To foster linkages with industry and other institutions for the promotion of quality and relevant training.
- d. To promote and inculcate Entrepreneurial skills and culture within the institute's staff and students.
- e. To conduct Applied Research.

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

f. To undertake income-generating activities through production, consultancy and tailor-made short courses, in-service courses, equipment and facility hiring and hospitality services to compliment Government grants and fees revenue.

g. Foster spiritual growth among community members both staff and students.

Results

The results of the entity for the year ended June 30 are set out on page 1-37....

Council/Board of Governors

The members of the Board who served during the year are shown on page v & vi During the year there has been no change in the board of governors.

Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Cecilia Mwongera
Secretary of the Board/Council
Nairobi
Date:

XI. Statement of Board of Governors/ Council's 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, require the board members to prepare financial statements in respect of that Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial year/period and the operating results of the Institute for that year/period. The board members are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The board members are also responsible for safeguarding the assets of the Institute.

The board members are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute 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 Institute;
- (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) Safe guarding the assets of the Institute;
- (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 Institute'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 Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2021 and of the Institute's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute'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 Institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Kaelo tvc financial statements were approved by the Board on _____ 19/02/2025 and signed on its behalf by:



.....
Name Patrick Muthee
Chairperson of the Board/Council



.....
Name Cecilia Mwongera
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

Enhancing Accountability

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

The accompanying financial statements set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information, have been

Report of the Auditor-General on Kaelo Technical and Vocational College for the year ended 30 June, 2022

audited on my behalf by Kaxton Certified Public Accountants 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kaelo Technical and Vocational College as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Technical and Vocational Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Prepare a Trial Balance

Trial balance was not provided for audit review. The trial balance would show whether, the assets and liabilities tie.

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

2. Unsupported Use of Goods and services

The statement of financial performance reflects use of goods and services amount of Kshs.4,687,618 as disclosed in Note 9 to the financial statements. However, the use of goods and services amount of Kshs.4,687,618 includes an amount of Kshs.11,580 whose supporting ledger did not indicate the payees.

In the circumstances, the accuracy and completeness of use of goods and services amount of Kshs.11,580 could not be confirmed.

3. Inaccurate Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.63,799,576 which includes additions of Kshs.68,766,793 as disclosed in Note 17 to the financial statements. However, the additions to property, plant and equipment amount of Kshs.68,766,793 has not been reflected in the statement of comparison of budget and actual amounts under capital expenditure. In addition, a recast of Note 17 to the financial statements results in property, plant and equipment balance of Kshs.59,928,146.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.63,799,576 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kaelo 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 and actual on comparable basis amounts of Kshs.41,694,840 and Kshs.10,133,740 respectively resulting to an under-funding of Kshs.31,561,100 or 76% of the budget. Similarly, the College spent Kshs.7,976,298 against actual receipts of Kshs.10,133,740 resulting to an under-utilization of Kshs.2,157,442 or 21% of the actual receipts. In addition, review of expenditure documents revealed that the College spent Kshs.22,131 for and fines and penalty for NSSF and PAYE but were not budgeted for.

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

My opinion is not modified in respect of these matters.

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. I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several paragraphs were raised under Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Even though Management has provided explanation on the progress made on the recommendations made by the auditors, the issues remain unresolved as at 30 June, 2022, contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers for County Government and County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

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 ISSAIs 3000 and 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 effects of the matter 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

Lack of Internal Audit Function and Audit Committee

During the year under review, the College had not constituted an audit committee and an internal audit unit as required by Regulation 166 (1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the College through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the College did not benefit from the oversight role and advice from the audit committee and the internal audit function.

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

Responsibilities of Management and the Board of Governors

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain 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 who govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

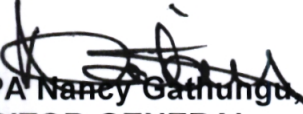
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 February, 2025

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

XIII. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	4,145,000	1,040,000
		4,145,000	1,040,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	5,988,740	4,118,030
Other income	8	-	119,000
Revenue from exchange transactions		5,988,740	4,237,030
Total revenue		10,133,740	5,277,030
Expenses			
Use of goods and services	9	4,687,618	1,261,245
Employee costs	10	1,963,530	585,180
Remuneration of directors	11	330,070	222,000
Depreciation and amortization expense	12	8,838,647	0
Repairs and maintenance	13	515,080	175,090
Contracted services	14	480,000	0
Total expenses		16,814,945	2,243,515
Other gains/(losses)			
Total other gains/(losses)		0	0
Net Surplus for the year		-6,681,205	3,033,515

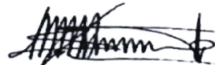
(The notes set out on pages 1 to 37 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 37 were signed by:



.....
Patrick Muthee
Chairman of Council/Board

Date 19/02/2025



.....
Moses Kainga
Finance Officer
ICPAK No 26986

Date 19/02/2025



.....
Cecilia Mwangera
Principal

Date 19/02/2025

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

XIV. Statement of Financial Position as at 30th June 2022

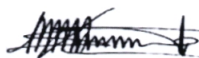
	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	1,046,866	37,540
Current portion of receivables from exchange transactions	16(a)	6,260,766	8,385,840
Total Current assets		7,307,632	8,423,380
Non-current assets			
Property, plant and equipment	17	63,799,576	0
Long term receivables from exchange transactions	16(b)	617,710	72,480
Total Non-current assets		64,417,286	72,480
Total assets		71,724,918	8,495,860
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	1,449,540	281,195
Refundable deposits from customers	19	117,500	69,000
Total Current Liabilities		1,567,040	350,195
Non-current liabilities			
Total non-current liabilities		0	0
Total liabilities		1,567,040	350,195
Capital and reserves			0
Reserves		73,805,568	5,038,775
Accumulated surplus		(3,647,690)	3,033,515
Capital Fund		-	73,375
Total capital and reserves		70,157,878	8,145,665
Total net assets and liabilities		71,724,918	8,495,860

The Financial Statements set out on pages 1 to 37 were signed by:



.....
Patrick Muthee
Chairman of Council/Board

Date 19/02/2025



.....
Moses Kainga
Finance Officer
ICPAK No 26986

Date 19/02/2025



.....
Cecilia Mwangera
Principal

Date 19/02/2025



XV. Statement of Changes in Net Asset for the year ended 30 June 2022

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At June 30, 2020		-	-	-	
Revaluation gain	5,038,775	-		-	5,038,775
Fair value adjustment on quoted investments	-	-	-	-	0
Total comprehensive income	-	-	3,033,515	-	3,033,515
Capital/Development grants received during the year	-	-	-	-	0
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	0	0
At June 30, 2021	5,038,775	-	3,033,515	0	8,072,290
Revaluation gain	68,766,793	-	-	-	68,766,793
Fair value adjustment on quoted investments	-	-	-	-	0
Total comprehensive income	-	-	(6,681,205)	-	6,681,205
Capital/Development grants received during the year	-	-	-	-	0
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	0
At 30th June 2022	73,805,568		(3,647,690)	0	70,157,878

(Note:


- For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).*

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

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

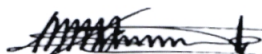
	Notes	2021-2022	2020-2021
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	4,145,000	1,040,000
Rendering of services- Fees from students	7	5,988,740	4,118,030
Other income	8	-	119,000.00
Total Receipts		10,133,740	5,277,030
Payments			
Compensation of employees	9	1,963,530	585,180
Use of goods and services	10	4,687,618	1,261,245
Taxation paid			
Remuneration of directors	11	330,070	222,000
Repair and maintenance	13	515,080	175,090
Grants and subsidies paid		0	0
Total Payments		7,496,298	2,243,515
Net cash flows from operating activities		2,637,442	3,033,515
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(576,800)	
Proceeds from sale of property, plant and equipment			
Decrease/increase in receivables		(2,570,604)	(3,033,515)
Decrease/ increase in payables		1,168,345	
Increase in investments		0	0
Net cash flows used in investing activities		(1,979,059)	(3,033,515)
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Increase in deposits		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		350,943	(35,835)
Cash and cash equivalents at 1 JULY 2021		37,540	73,375
Cash and cash equivalents at 30 JUNE 2022		1,046,866	37,540

The Financial Statements set out on pages 1 to 37 were signed by:



.....
Patrick Muthee
Chairman of Council/Board

Date 19/02/2025



.....
Moses Kainga
Finance Officer

ICPAK No 26986

Date 19/02/2025



.....
Cecilia Mwangera
Principal

Date 19/02/2025

XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities Govt grants	17,000,000	0	17,000,000	4,145,000	12,855,000	76
Rendering of services- Fees from students	13,210,000	0	13,210,000	5,988,740	7,221,260	55
Other Income	11,484,840	0	11,484,840	-	11,484,840	100
Total income	41,694,840	0	41,694,840	10,133,740	31,561,100	76
Expenses						0
Compensation of employees	3,150,792	-	3,150,792	1,963,530	1,187,262	38
Use of Goods and services	36,191,648	0	36,191,648	5,167,618	31,024,030	86
Repair and maintainance	444,400		444,400	515,080	(70,680)	(16)
Remuneration of directors	1,908,000		1,908,000.00	330,070	1,577,930	83
Total expenditure	41,694,840	0	41,694,840	7,976,298	33,718,542	
Surplus for the period	-	-	-	2,157,442	(2,157,442)	

Notes to the budget and the actual performance difference

i) Kshs. 8,838,647 for depreciation is not included in statement of budget and actual amount since it does not involved cash

ii) The expected capitation for quarter 4 was not released due to shortage of funds from treasury

iii) Expenditure on use of goods and service was not realised due to insufficient capitation and uncollected fees



XVIII. Notes to the Financial Statements

1. GENERAL INFORMATION

Kaelo 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 to train

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 kaelo tvc accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note

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

The financial statements have been prepared in accordance with the PFM Act, 2012 the State Corporations Act, 2012 the TVET Act, 2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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 kaelo tvc future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <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

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • 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 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</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.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> 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 b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
	<p>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.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

iii. Early adoption of standards

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

NOTES TO THE FINANCIAL STATEMENTS

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 kaelo tvc 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 kaelo tvc 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 kaelo tvc.

Interest income

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

Dividends

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

Rental income

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

NOTES TO THE FINANCIAL STATEMENTS

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition (Continued)

iii) Budget information

The original budget for FY 2021/2022 was approved by the Board on 6th July 2022. 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 kaelo tvc upon receiving the respective approvals in order to conclude the final budget. According to the entity, there were no additional appropriations or adjustments made during the year 2021/2022

The kaelo tvc 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

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

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 section10 of these financial statements.

Taxes

Current income tax

The entity is exempt from paying taxes as per schedule

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

iv) 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 **10** 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

v) 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.

vi) 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

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

vi) Leases (continued)

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.

vii) 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

viii) 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

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

Development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Financial instruments (continued)

Financial assets (continued)

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:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of financial assets (Continued)

- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)
- 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 considering 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Inventory

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.

ii) 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

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contingent assets (Continued)

i) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

ii) 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.

iii) 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.

iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

v) 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.

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.

vi) 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.

vii) 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.

viii) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

ix) 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.

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

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

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 22.

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

Notes to the Financial Statements (Continued)

6. (a) Transfers from other National Government entities

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants		
Capitation grants	3,645,000	540,000
Operational grant	500,000	500,000
	4,145,000	1,040,000
Conditional grants		
Library grant	0	
Total government grants and subsidies	4,145,000	1,040,000

(6b) Transfers from other Government entities (Categorized)

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

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 during the year	2020- 2021
	Kshs	Kshs			
			Kshs	Kshs	Kshs
State Department of technical training	4,145,000	-	-	4,145,000	1,040,000
Total	4,145,000	-	-	4,145,000	1,040,000

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix xxx)

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2021-2022	2020-2021
	KShs	KShs
Tuition fees	4,434,040	3,626,580
Activity fees	95,200	55,200
Student Id	117,500	69,000
Examination fees	841,000	154,250
Kuccps fee	205,500	84,000
Computer packages fee	19,000	60,000
Registration fees	117,500	69,000
Others (<i>Specify</i>) Attachement	159,000	
Total revenue from the rendering of services	5,988,740	4,118,030

Notes to the Financial Statements (Continued)

8. Other Income

Description	2021-2022	2020-2021
	KShs	KShs
Income from sale of tender	-	119,000
Total other income	-	119,000

9. Use Of Goods And Services

Description	2021-2022	2020-2021
	KShs	KShs
General expense	132,062	9,073
Examination fees	593,800	196,000
Electricity	245,583	
Stake Holders expense		41,260
Utensils	0	23,167
Advertising and marketing	290,520	122,460
Auditing fee	31,000	17,000
Bank charges	34,470	9,190

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

COVID 19 prevention and control	0	4,000
Water	98,210	21,765
Farm expense	47,750	25,670
Internet and networking	159,477	51,100
Local travel	1,255,750	286,135
Meals and entertainment	210,480	31,610
Security services		144,000
Practical materials	529,875	7,600
Stationary	204,726	171,440
Subscriptions and other fees	122,700	40,000
Telephone and postage	72,905	17,775
Training and workshop	153,220	42,000
Robotics	127,680	
students id cards	36,580	
sport activities	313,140	
generator fuel	5,940	
utensils	3,650	
registration	17,000	
cleaning	1,100	
Total good and services	4,687,618	1,261,245

Notes to the Financial Statements (Continued)

10. Employee Costs

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	1,963,530	585,180
Employee costs	1,963,530	585,180

11. Board/Council Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Other allowances	330,070	222,000
Total director emoluments	330,070	222,000

12. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	8,838,647.13	0
Total depreciation and amortization	8,838,647.13	0

13. Repairs and Maintenance

Description	2021-2022	2020-2021
	KShs	KShs
Computer repairs	3,800	4,000
General repair and maintenance	1,300	171,090
Equipment and machinery	3,000	-
Fencing school compound	390,000	
Hairdressing workshop	116,980	-
Total repairs and maintenance	515,080	175,090

Notes to the Financial Statements (Continued)

14. Contracted Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Security services	480,000	-
Total contracted services	480,000	-

15(a). Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current account		
Equity bank	1,046,866	3,335
Cash at hand	0	34,205
Total cash and cash equivalents	1,046,866	37,540

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

Notes To The Financial Statements (Continued)

15 (b). Detailed Analysis of Cash and Cash equivalents

		2021-2022	2020-2021
		Kshs	Kshs
Financial institution			
a) Current account	Account number		
Equity Bank	1040278877247	1,046,866	3,335
Sub- total		1,046,866	3,335
B) Others(specify)			
cash in hand		0	34,205
Sub- total		0	34,205
Grand total		1,046,866	37,540

Notes to the Financial Statements (Continued)

16. Receivables from Exchange transactions

16(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Student debtors	6,260,766	8,385,840
Total current receivables	6,260,766	8,385,840

16(b) Long- term Receivables from Exchange transactions

Description	2021-2022	2020-2021
	KShs	KShs
Non-current receivables		
Refundable deposits	117,500	69,000
Fees paid in advance	500,210	50,480
Total	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	-
Total receivables	617,710	119,480

Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

	Land	Buildings	Computers/Computer Accessories	Furniture and fittings	water storage tank	Plant and Machinery	Total
	2.5%	2.5%	30%	12.50%	8%	12.5%	
Cost	-	-	-	-	-	-	-
At 30th June 2020	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	0
Cost/capitalized	-	-	-	-	-	-	0
Disposals	-	-	-	-	-	-	0
Transfers/adjustments	-	-	-	-	-	-	0
At 30th June 2021	0	0	0	0	0	0	0
Additions			1,410,560	576,800	90,000	66,689,433	68,766,793
Cost/capitalized	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
At 30th June 2022	0	0	1,410,560	576,800	90,000	66,689,433	68,766,793
Depreciation and Impairment							0

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

At 30th June 2020	0	-	-	-	-	-	0
Depreciation	-	-	-	-	-	-	0
Disposals	-	-	-	-	-	-	0
Impairment	-	-	-	-	-	-	0
Transfers/adjustments	-	-	-	-	-	-	0
At 30th June 2021		0	0	0	0	0	0
Depreciation		0	423,168	72,100	7,200	8,336,179	8,838,647
Disposals							0
Impairment							0
Transfers/adjustments							0
At 30th June , 2022		0	423,168	72,100	7,200	8,336,179	8,838,647
Net book values							0
At 30th June 2022	0	0	987,392	504,700	82,800	58,353,254	63,799,576
At 30th June 2021	0	0	0	0	0	0	0

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

18. Trade and Other Payables from Exchange transactions

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	949,330	277,715
Fees paid in advance	500,210	3,480
Total trade and other payables	1,449,540	281,195

19. Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	KShs	KShs
Caution money	117,500	69,000
Total deposits	117,500	69,000

Notes to the Financial Statements (Continued)

20. 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

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

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:

	2021-2022	2020-2021
	Kshs	Kshs
Members equity	73,805,568	5,038,775
Retained earnings	(6,681,205)	3,033,515
Total funds	67,124,363	8,072,290
Total borrowings	0	
Less: cash and bank balances	1,046,866	(37,540)
Net debt/(excess cash and cash equivalents)	0	
Gearing	68,171,229	8,034,750

21. 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

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.

21. 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) 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.

21 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 xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

21. 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.

Notes to the Financial Statements (Continued)

Notes to the Financial Statements (Continued)

22. Events After The Reporting Period

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

23. Ultimate And Holding Entity

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

24. Currency

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

XIX. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Inaccuracies in financial statements		resolved	
2	Unsupported receivables from exchange transaction	Improved filling system	resolved	
3	Un supported use of goods and services	Improved filling system	resolved	

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

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)
4	Un supported property plant and equipment balance		resolved	
5	Unsupported cash and cash equivalent		resolved	
6	Budgetary control performance			
7	Non remittance of statutory deductions			
8	Un approved budgets			
9	Lack of internal audit function		resolved	

Cecilia

Name Cecilia Mwongera
Accounting Officer
Kaelo Tvc
Date 19/02/2025

Kaelo Technical And vocational Training College
Annual Report and Financial Statements for the year ended 30th June 2022

Appendix III- Inter-Entity Confirmation Letter


The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June 2022							
Referen ce Number	Date Disburs ed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022				Amount Received by [benefici ary Entity] (KShs) as at 30 th June 2021 (E)	Differen ces (KShs) (F)=(D- E)
		Recurr ent (A)	Developm ent (B)	Inter- Minister ial (C)	Total (D)=(A+B +C)		
1		1,700,0 00			1,700,000		
2		1,700,0 00			1,700,000		
3		1,305,0 00			1,305,000		
Total		<u>3,645,0 00</u>			<u>3,645,000</u>		

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

Head of Accountants department of beneficiary Entity:

Name MOSES KAINGA..... Sign ...



Date 12/12/202.....