REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*





# REPORT

# OF

# THE AUDITOR-GENERAL

# ON

# ELDAS TECHNICAL AND VOCATIONAL COLLEGE

# FOR THE YEAR ENDED 30 JUNE, 2022

TEKNOLOJIA NA UFANISI

# ELDAS TECHNICAL AND VOCATIONAL COLLEGE

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30TH JUNE 2022

**Table of Contents**

# I. Key Entity Information and Management

## (a) Background information

Construction and equipping of Technical Training Institutions in the country is a government initiative aimed to increase access and equity in Technical and Vocational training. The Government of Kenya (GoK) started the initiative in February 2019. The projects are fully funded by GoK in partnership with NGCDF providing seed capital of Kshs 10 million, land, water, and electricity. The Construction is undertaken in phase: the phase of 60; the phase of 70 and the phase of 30.

Eldas Technical and Vocational College was established for institutions under phases of 30, 60, and 70 on February 2019 under the mentorship of Mandera technical Training Institute and the project is now 50% complete. The institute is located Eldas in Eldas Sub County Wajir County.

## (b) Principal Activities

The principal activity of Mandera Technical Training Institute is to make sure the Eldas TVC is complete and operational anytime.

## (c Key Management

Mandera Technical Training Institute day-to-day management is under Mentor Institution of Eldas TVC has the following key organs:

- The Board of Governors
- The Principal
- The fiduciary Management which comprises: The Principal, The Deputy Principal and the Finance Officer.

## (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 | **Mr. Jabir Ahmed Abdirahman** |
| 2 | Deputy principal | **Mr. Bosire Vincent Maroro** |
| 3 | Head of Finance | **Mr. Abdiaziz Hussein Hassan** |

**Key Entity Information and Management (Continued)**

**(e Entity Headquarters**

Mandera Technical Training Institute
P.O. Box 257-70300
Mandera –Kenya
Neboi Shopping Centre, Mandera- Khalalio-Aresa- Rhamo Road
Mandera –Kenya

**(f Entity Contacts**

Telephone: (254) 723 172 746
E-mail: manderatti@gmail.com

**(g Entity Bankers**

Kenya Commercial Bank
Mandera
P.O. Box 275 - 70300
Mandera, Kenya

**(h Independent Auditors**

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

**(I Principal Legal Adviser**

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

## II. Board of Governors

| No. | Member/ Director | Details |
|---|---|---|
| 1. | Alinoor Mohamed Ali | Experience<br>Chief officer Finance –Mandera county |
| 2. | Ugas Nuh Maalim | Bachelor of education (early childhood education)<br>Deputy manager mandera east constituency office |
| 3. | Halima Ali Mayow | Bachelor of commerce, Finance option from university of Nairobi<br>Diploma in business administration and diploma in front office operations<br>Currently assistant director, Administrative services, office of governor, mandera county government |
| 4. | Abass Maalim Mohamed | MSc agriculture and rural development, BSc horticulture and diploma in horticulture<br>August 2015- to date – member, Kenya Strategic Food Reserve Oversight Board<br>October 2006- to date coordinator, consortium of cooperating partners (cocop) – the mandera county implementing partner for World Food Program (WFP)<br>Served as district agriculture officer, wajir (2006), emergency relief operations coordinator, arid lands resource management project II (2004 – 2006), assistant field coordinator, Oxfam Quebec, mandera (2007 – 2003) |
| 5. | Abdi Adan Abdille | Bachelor of business management (BBM) , national diploma in water engineering technology , certified technician water engineering |

| | | |
|---|---|---|
| | | Currently Ag. Deputy director, water and natural resources, mandera county government<br>Served as sub county water officer, (2013-2014) resident water engineer (2011 – 2015) |
| 6. | Adala Enos Otieno | Bachelor of business management (BBM) supplies and procurement, higher diploma in community development and project management and diploma in community development and project management |
| 7. | Abdi Mohamed Ali | Chief officer Education mandera county<br>Bachelor of business management (BBM |
| 8. | Hassan Sharif Hassan | MBA- masters of business administration human resource<br>BSc health systems management, Kenya registered community health nurse<br>Current county coordinator, Kenya Red Cross society and United Nation Funds Population Assistance (UNFPA) from September 2015 to date.<br>Secretary, mandera county Kenya red cross society |
| 9. | Yussuf Mohamed Kassim | MBA- masters of business administration human resource<br>Current work experience- County Director-Mandera county |
| 10. | Jabir Ahmed Abdirahman | Bachelor of Education<br>Principal Mandera TTI |

### III. Management Team

| No. | Member/ Director | Details |
|---|---|---|
| 1. |  Mr. Jabir Ahmed Abdirahman | Principal |
| 2. |  Mr. Bosire Vincent Maroro | Deputy Principal |
| 3. |  Mr. Abdiaziz Hussein Hassan | Finance Officer |

## IV. Chairman's Statement

It is our responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. It is our undertaking to ensure that Eldas TVC project work is done according to BQ and will be complete within the time line of the extension and will deliver the desired goals.

It is also our undertaking that we will perform our responsibilities diligently and to the best of our abilities to support the achievement of the agreed performance targets.

Our challenge therefore is to identify the needs of our communities and infuse training in technologies and concepts that are practical in line with industry demands.

The college is contractors take long time to complete the work.

The successful implementation of the plan requires devoted collaboration all key stakeholders including the various level Government. The plan is therefore, contain the strategies for the increased collaboration between the stakeholders in the sector in terms of the resource mobilization, funding and governance.

The Eldas TVC Plan essentially presents its Corporate Strategy. It provides a sufficient framework within which Annual Work Plans will be developed. In this regard, it has been aligned to the Ministerial Strategic Plan, Medium Term Plans within Kenya Vision 2030 paradigm etc. the purpose of this Plan is therefore: -

(i) To present key milestones in the Institution's TVET programs

(ii) To present the institute's ideology on the TVET's Strategic options identified and modalities for the national respective agenda as a foundation for Vision 2030.

(iii) To avail a tool for engagement and negotiation between the Governments, key Stakeholders and Collaborators regarding the financing of TVET.

(iv) To provide a basis for resource targeting.

(v) To provide a basis for programme implementation and performance evaluation.

**MR. ABDI ADAN ABDILLE**
For **CHAIRMAN, BOARD OF GOVERNORS**

## V. Report of the Principal

In the global arena, Science, Technology and Innovation (ST& I.) is the driver for rapid world's economic prosperity, social development and provision of tools and solutions to address global challenges. For this reason, the government through the Ministry of Education has strengthened the focus of Science, Technology and Innovation and Technical Education Policies as underlying the country's National Development efforts.

The Government's National Development Agenda is clearly outlined in various key policy documents including the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) 2003-2007 and the National Development Plan 2002-2008. The government also recognizes that its Development Agenda can be accelerated if there is renewed focus on the integration of ST&I in all the Social-Economic sectors as outlined in the Kenya Vision 2030. The government has therefore embraced Science, Technology and Innovation and Technical Education (TE) as one of its top priorities.

The State Department of Vocational and Technical Training in the Ministry of Education has been mandated to spearhead the integration of S.T & l. and T.E and Higher Education in National Development. It has prepared its Strategic Plan as a comprehensive statement on how it plans to pursue its mandate for the next five years. In line with the government and the Ministry's Development Agenda, MTTI as one of the TVET institutions charged with the mandate of training middle level technical manpower, presents this Strategic Plan as its Road Map to guide its Development Agenda for the next five years.

The Strategic Plan reviews the Vision and Mission that will encompass all those involved in its execution. It also reviews the analysis of the Internal and External environment using Strengths, Weaknesses, Opportunities and Threats (SWOT) and Political, Economic, Social, Technological, Environmental and Legal (PESTEL) analysis. Subsequently, it identities key stakeholders and their roles, outlines the Strategic issues and objectives and identifies the strategies to address them. The reviewed Plan prioritizes activities to be implemented under the strategies, and provides an Implementation Plan, a Monitoring and Evaluation system and a projection of the Resource requirements.

**MR. JABIR AHMED ABDIRAHMAN**
**PRINCIPAL**

## VI. Report of the Board of Governors

The Board members submit their report together with the financial statements for the year ended June 30, 2022 which show the state of the *Eldas tvc* affairs.

**Principal activities**
The principal activities of the entity are to provide quality technical Education

**Results**
The results of the entity for the year ended June 30 are set out on page 57 There was no report to that effect.

**Board of Governors**

The members of the Board who served during the year are shown on page vi. During the year no director retired/ resigned and no was appointed.

**Auditors**
The Auditor General is responsible for the statutory audit of the *Eldas TVC in* accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 20J5.

By Order of the Board

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

## VII. Statement of Board of Governors Responsibilities

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

The Board members are responsible for the preparation and presentation of the *Eldas TVC* financial statements, which give a true and fair view of the state of affairs of the *Eldas TVC* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *Eldas TVC* (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the *Eldas TVC* 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. The council members are of the opinion that the *Eldas TVC* financial statements give a true and fair view of the state of *College* transactions during the financial year ended June 30, 2022, and of the *Eldas TVC* financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The *Eldas TVC* financial statements were approved by the Board on and signed on its behalf by:

| | |
|---|---|
| ……………………………… | ……………………………… |
| **Name** ABDI AUAN ABDILLE | **Name** Jabir Ahmed |
| For **Chairperson of the Board** | **Accounting Officer/Principal** |

# REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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

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

PREAMBLE

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

A. Report on the financial statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, Gazette notices, circulars, guidelines and manuals, whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the College has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the College.

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

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

REPORT ON THE FINANCIAL STATEMENTS

**Qualified Opinion**

I have audited the financial statements of Eldas Technical and Vocational College set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations to the best of my knowledge and belief were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of Eldas 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 Financial Reporting Standard (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

**Basis for Qualified Opinion**

**1. Non-submission of the Financial Statements**

During the financial year ended 30 June, 2020, the College received first disbursement of funds of Kshs.10,000,000 and Kshs.20,000,000 from National Government Constituencies Development Fund-Eldas Constituency and Ministry of Education respectively, and also incurred expenses during the same period. Similarly, during the financial year 2020/2021, the College received funds and incurred expenditure too. However, Management did not prepare and submit for audit financial statements for the two financial years, contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

In the circumstances, the accuracy and validity of opening balances disclosed in the financial statements and notes to the financial statements for the year ended 30 June, 2022 could not be confirmed.

**2. Accuracy and Presentation of the Financial Statements**

Review of the annual reports and financial statements for the year ended 30 June, 2022 revealed the following anomalies:

i. The statement of performance against predetermined objects, corporate governance statement, management discussion and analysis, environment and sustainability reporting statement, report of the independent auditor and statement of changes in net assets are all omitted from the financial statements, contrary to the requirements of the Public Sector Accounting Standards Board.

ii. The College headquarters is indicated as located in Mandera, instead of Wajir.

iii. The Chairman's report has grammatical errors.

iv. The report of the Board of Governors is not signed by the Secretary to the Board.

v. The statement of cash flows is not presented as per the prescribed reporting template.

vi. The statement of comparison of budget and actual amounts reflects total actual income of Kshs.16,340,851 which omits transfer from State Department of TVET of Kshs.12,874,185.

vii. The statement of general information, under notes to the financial statements, reflects the name of the College as Mandera TTI, instead of Eldas TVC.

viii. While signing the financial statements, the Acting Finance Officer did not include his ICPAK number as required.

ix. The Implementation status of Auditor-General recommendations is not signed.

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

### 3. Property, Plant and Equipment

The statement of financial position reflects a nil balance for property, plant and equipment as at 30 June, 2022. It was also noted that Management did not have a consolidated asset register prepared in a format prescribed by IPSAS 17 whose minimum requirements are Identification or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value and tagged assets with identification codes. Further, audit inspection carried out on 15 March, 2023 revealed that the College had a piece of land on which the College building was being constructed. However, Management had not obtained the title deed. In addition, the land had not been valued to determine its market value.

In the circumstances, it was not possible to confirm the total value of the College' assets.

### 4. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.18,935,649 as at 30 June, 2022. However, Management did not provide bank reconciliation statements for the account held by the College, contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015, which states that the accounting officer shall ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the National Treasury with a copy to the Auditor-General. Further, there was no evidence that a board of survey was conducted at the end of the financial year.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.18,935,649 could be confirmed. Also, Management was in breach of the law.

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

**Key Audit Matters**

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

**Other Matter**

**Budgetary Control and Performance**

The College did not budget for receipts and expenditure during the year under review. However, Management received Kshs.12,874,185 from the Ministry of Education and incurred expenses amounting to Kshs.1,065 on finance cost. Management did not provide reasons for not budgeting for the receipts and payments.

In the circumstances, the Management may not be well guided on how to raise and spend resources.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

**Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

**Basis for Conclusion**

**Late Submission of the Financial Statements**

The financial statements for the year ended 30 June, 2022 were submitted to the Office of the Auditor-General on 8 March, 2023, five (5) months after the deadline of 30 September, 2022. This was contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

**Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

**Basis for Conclusion**

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

**Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

**Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the College's policies and procedures may deteriorate.

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

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

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

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

**CPA Nancy Gathungu, CBS**
**<u>AUDITOR-GENERAL</u>**

**Nairobi**

**13 June, 2023**

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

| Description | Notes | 2021-2022 kshs | 2020-2021 kshs |
|---|---|---|---|
| **Revenue from non-exchange transactions** | | | |
| Transfers from other National Government entities | 6 | 12,874,185 | 3,466,667 |
| | | | |
| | | **12,874,185** | **3,466,667** |
| **Expenses** | | | |
| Use of Goods and Services | 7 | 1,065 | 401,311 |
| **Total expenses** | | | |
| **Other gains/(losses)** | | - | - |
| **Total other gains/(losses)** | | | - |
| **Surplus/deficit before Tax** | | - | |
| | | **12,873,120** | **3,065,356** |
| **Surplus/deficit for the period** | | **12,873,120** | **3,065,356** |

The Financial Statements set out on pages 1 to 4 were signed by:

| | | |
|---|---|---|
| ……………………………… | ……………………………… | ……………………………… |
| **Chairman of the Board** | **Ag. Finance Officer** | **Principal** |
| | **ICPAK No** | |
| **Date** 04/04/2023 | **Date** 4/4/2023 | **Date** 04/04/2023 |

## IX. Statement of Financial Position as at 30th June 2022

| Description | Notes | 2021-2022 | 2020-2021 |
|---|---|---|---|
| | | Kshs | kshs |
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | 18,935,649 | 6,062,529 |
| **Total Current Assets** | | **18,935,649** | **6,062,529** |
| | | | |
| **Non-current assets** | | | |
| | | | |
| **Total assets** | | **18,935,649** | **6,062,529** |
| | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables from exchange transactions | | | |
| **Total current liabilities** | | | |
| **Non-current liabilities** | | | |
| **Total non-current liabilities** | | | **-** |
| | | | |
| **Total liabilities** | | | |
| | | | |
| **Net assets** | | | |
| Reserved | | 6,062,529 | 2,997,173 |
| Accumulated surplus/deficit | | **12,873,120** | **3,065,356** |
| **Total net assets** | | **18,935,649** | **6,062,529** |
| | | | |
| **Total net assets and liabilities** | | **18,935,649** | **6,062,529** |

The Financial Statements set out on pages 1 to 4 were signed by:

................................. ................................................................................

**Chairman of the Board** **Ag. Finance Officer** **Principal**

**ICPAK No**

**Date** 04/04/2023 **Date** 4/4/2023 **Date** 04/04/2023

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

| Description | Notes | 2021-2022 | 2020-2021 |
|---|---|---|---|
| | | kshs | kshs |
| **Cash and cash equivalents at the beginning of the year** | | 6,062,529 | 2,997,173 |
| | | | |
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Government grants and subsidies | 6 | 12,874,185 | 3,466,667 |
| Rendering of services | | | |
| | | **12,874,185** | **3,466,667** |
| **Payments** | | | |
| Use of Goods and services | 7 | 1,065 | 401,311 |
| | | **1,065** | **401,311** |
| **Net cash flows from operating activities** | | **12,873,120** | **3,065,356** |
| | | | |
| **Cash flows from investing activities** | | | - |
| | | | |
| | | | |
| **Cash flows from financing activities** | | | |
| **net decrease in net asset/receivables** | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **18,935,649** | **6,062,529** |
| **Cash and cash equivalents at end of the quarter** | | **18,935,649** | **6,062,529** |
| | | | |

The Financial Statements set out on pages 1 to 4 were signed by:

| | | |
|---|---|---|
| **Chairman of the Board** | **Ag. Finance Officer** | **Principal** |
| | **ICPAK No** | |
| **Date** 04/04/2023 | **Date** 4/4/2023 | **Date** |

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | Utili[redacted]tion on Difference |
|---|---|---|---|---|---|---|
| | 2021-2022 | 2021 - 2022 | 2021-2022 | 2021-2022 | 2021-2022 | 202[redacted]-2022 |
| **Revenue** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **%** |
| transfer from government-state Department of TVET | 19,752,330 | - | 19,752,330 | 16,340,851 | 6,878,145 | 30% |
| Balance from in account from prior year | 3,466,666 | | 3,466,666 | 12,874,185 | | |
| **Total Income** | **23,218,996** | **-** | **23,218,996** | **16,340,851** | **6,878,145** | 30% |
| **Expenses** | | | | | | |
| development – Construction of administration block and classrooms | 23.218,996 | - | 23,218,996 | 1,065 | 23,217,931 | 100% |
| **Total Expenditure** | **23,218,996** | **-** | **23,218,996** | **1,065** | **23,217,931** | **100%** |
| **Surplus for the Period** | - | - | - | **16,339,786** | **- 16,339,786** | |

## XII. Notes to the Financial Statements

### 1. General Information

Mandera TTI is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is providing technical education.

### 2. Statement of Compliance and Basis of Preparation

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

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

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

**Notes to the Financial Statements (Continued)**

## 3. Adoption of New and Revised Standards

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

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

| Standard | Effective date and impact: |
|---|---|
| **IPSAS 41:** Financial Instruments | **Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:<br>• 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;<br>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and<br>• 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. |

| Standard | Effective date and impact: |
|---|---|
| | **Significance to the financial statements**<br>The standard had no impact in preparation of financial statements |
| **IPSAS 42:** Social Benefits | **Applicable: 1st January 2023**<br>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:<br>(a) The nature of such social benefits provided by the Entity;<br>(b) The key features of the operation of those social benefit schemes; and<br>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.<br>**Significance to the financial statements**<br>The standard had no impact in preparation of financial statements |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | **Applicable: 1st January 2023:**<br>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.<br>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.<br>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.<br>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.<br>**Significance to the financial statements**<br>The standard had no impact in preparation of financial statements |

| Standard | Effective date and impact: |
|---|---|
| Other improvements to IPSAS | ***Applicable 1st January 2023***<br>• *IPSAS 22 Disclosure of Financial Information about the General Government Sector.*<br>Amendments to refer to the latest System of National Accounts (SNA 2008).<br>• *IPSAS 39: Employee Benefits*<br>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.<br>• **IPSAS 29: Financial instruments: Recognition and Measurement**<br>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.<br>**Significance to the financial statements**<br>The standard had no impact in preparation of financial statements |
| IPSAS 43 | ***Applicable 1st January 2025***<br>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.<br>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.<br>**Significance to the financial statements**<br>The standard had no impact in preparation of financial statements |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | ***Applicable 1st January 2025***<br>The Standard requires,<br>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:<br>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of |

| Standard | Effective date and impact: |
|---|---|
| | discontinued operations to be presented separately in the statement of financial performance.<br>**Significance to the financial statements**<br>The standard had no impact in preparation of financial statements |

## 4. Summary of Significant Accounting Policies

### a) Revenue recognition

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

**Transfers from other government entities**

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

#### ii) Revenue from exchange transactions

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

**4 Summary of Significant Accounting Policies (Continued)**

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**Rental income**

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

**b) Budget information**

The original budget for FY 2021/2022 was approved by the Board on ***07TH JULY 2021.*** Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of ***budget*** on the FY 2021/2022 budget.

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

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

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

**c) Taxes**

***Current income tax***

ELDAS TVC is exempted from income tax under Income Tax Act cap 470 Section 13(1), Part I of the First schedule (10)

***Sales tax/ Value Added Tax***

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

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

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

### d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.
Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of ***xxx*** years.

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

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

### e) Property, plant and equipment

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

**Notes to the Financial Statements (Continued)**

## 4 Summary of Significant Accounting Policies (Continued)

### f) Leases

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

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

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

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

### g) Intangible assets

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

### h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**4 Summary of Significant Accounting Policies (Continued)**

**i) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

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

***Loans and receivables***

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

***Held-to-maturity***

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

***Impairment of financial assets***

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**i) Financial instruments (Continued)**

***Financial assets (Continued)***

***Impairment of financial assets (Continued)***

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

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

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

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

**j) Inventories**

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

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

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**Inventories (Continued)**

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

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

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

**k) Provisions**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

**Notes to the Financial Statements (Continued)**

## 4 Summary of Significant Accounting Policies (Continued)

### l) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted).*

### m) 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.

### n) 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.

### o) Foreign currency transactions

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

### p) Borrowing costs

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

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

**Notes to the Financial Statements (Continued)**

## 4 Summary of Significant Accounting Policies (Continued)

### q) 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 Principal and senior managers.

### r) 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.

### s) Cash and cash equivalents

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

### t) Comparative figures

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

### u) Subsequent events

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

**Notes to the Financial Statements (Continued)**

## 5. Significant Judgments and Sources of Estimation Uncertainty

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

### Estimates and assumptions

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

### Useful lives and residual values

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

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

### Provisions

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

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

**Notes to the Financial Statements (Continued)**

**6. Transfers from other National Government entities**

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| **Unconditional** grants | | |
| Operation grants | | - |
| Capitation grants | | |
| | | |
| **Conditional** grants | | |
| Learning facilities and Administration block- Eldas TVC | 12,874,185 | 3,466,667 |
| Hostels grants | - | - |
| Administration block grant | - | - |
| Social services grant | - | - |
| Laboratory grant | - | - |
| Other organizational grants | - | - |
| **Total government grants and subsidies** | **12,874,185** | **3,466,667** |

**Notes to the Financial Statements (Continued)**

### 7. Use Of Goods And Services

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Construction of Learning facilities and Administration block- Lafey TVC | 1,065 | 401,311 |
| **Total good and services** | **1,065** | **401,311** |

### 8. Cash and Cash Equivalents

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Current account | **18,935,649** | 6,062,529 |
| Total cash and cash equivalents | **18,935,649** | **6,062,529** |
| | | |

### 9. (a). Detailed Analysis of Cash and Cash equivalents

| Description | 2021-2022 | 2020/2021 |
|---|---|---|
| | Kshs | Kshs |
| **a) Current account** | | |
| Kenya Commercial bank | **18,935,649** | 6,062,529 |
| **Sub- total** | **18,935,649** | **6,062,529** |
| cash in hand | | - |
| Sub- total | | - |
| Grand total | **18,935,649** | **6,062,529** |

### 10. Events After the Reporting Period

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

### 11. Ultimate and Holding Entity

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

### 12. Currency

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

## XIII. 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)* |
|---|---|---|---|---|
| | | | | |
| | | | | |

***Guidance Notes:***

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

.......................................................

**Name**
**Accounting Officer**
**(Enter title of Head of entity)**
**Date**

## Appendix II: Projects Implemented by: ELDAS TECHNICAL AND VOCATIONAL COLLEGE

### Projects

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

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---|---|---|---|---|---|---|
| Eldas TVC | MOE-VTT/TVET/10/2018-2019 | Ministry of Education SD-TVET | 1 YEAR | 87% | Yes | |

### Status of Projects completion

| | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|---|---|---|---|---|---|---|---|
| 1 | Eldas TVC | 53,218,996 | November 2022 | 80% | 58,033,397 | 53,218,996 | Ministry of education SD-TVET |

**Appendix III- Inter-Entity Confirmation Letter**

*LAFEY TVC*
*P O BOX 257-70300*

The *CAPITATION* 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 ELDAS as at 30th June 2022**

| | | Amounts Disbursed by SD-TVET (Kshs) as at 30th June 2022 | | | | | |
|---|---|---|---|---|---|---|---|
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Inter–Ministerial (C) | Total (D)=(A+B+C) | Amount Received by Mandera TTI (KShs) as at 30th June 2021 (E) | Differences (KShs) (F)=(D-E) |
| | 19/09/2020 | | | - | | 3,466,667 | |
| | 08/10/2021 | | 6,097,400.00 | - | 6,097,400.00 | | |
| | 29/03/2022 | | 6,776,785.00 | - | 6,776,785.00 | | |
| | | | | - | | | |
| Total | | | **12,874,185** | | **12,874,185** | **3,466,667** | **9,407,518** |

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

**Head of Accountants department of beneficiary Entity:**

**Name** Jabir Ahmed A. ................................ **Sign** ................................ **Date** 20/01/2023 ................