

REPUBLIC OF KENYA



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TABLED BY: Hon George Munyaga MP

OF THE TABLE: P. Muigai

THE AUDITOR-GENERAL

ON

**TURKANA EAST TECHNICAL VOCATIONAL
COLLEGE**

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



TURKANA EAST TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

TURKANA EAST TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Turkana East Technical and Vocational College.

(TETVC) is one of the Technical and Vocational Colleges (TVCs) that the Government of Kenya constructed in order to meet the ever increasing demand for Technical, Vocational and Entrepreneurial training in Kenya and the world at large. It is located in the ASAL Turkana East Sub-county

This is a concerted effort by the Government of Kenya to ensure that each Constituency has at least one technical training institute by the year 2022.

The construction of TETVC commenced in the year 2015 by Nakims merchants and Construction Company Ltd with a cost of Ksh. 50,000,000, the project was completed and was officially handed over to Turkana East Technical and Vocational College in May, 2019, the mentoring institute.

In preparation for its take off, the College went through the following outlined steps:

- Inspection by public works.
- Inspection by the Ministry of Education.
- Registration/ accreditation to offer training.
- Posting of trainers.

The college received a consignment of Equipment in Refrigeration and air conditioning from the Ministry of Education through the Eldoret National Polytechnic (Mentor) . With this infrastructure in place and official commissioning, the college opened its doors for training on September, 2019.

(b) Principal Activities

Mission

To train for relevant skills, promote innovativeness, research and prepare morally upright trainees for the society.

Vision

To be a leading provider of skilful and innovative human capital, with integrity for sustainable development.

Motto: Technology for Economic Empowerment.

Core Values

- (i) **Professionalism** – We are committed to the highest levels of achievement obtainable through competence and pertinent skills.
- (ii) **Teamwork** – We encourage positive teamwork and positive contribution from its motivated and innovative workforce.

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- (iii) **Honesty** – We conduct our business with employees, parents/sponsors, customers and other interested parties in an honest, fair and caring manner.
- (iv) **Health and safety** – We embrace internationally accepted health and safety practices in our operations.
- (v) **Innovation and creativity** – We promote innovation and creativity in our training programs, service delivery and governance.
- (vi) **Courtesy** – We handle all customers and other interested parties with respect and kindness.

(c) Key Management

The mandate of the Institute is executed through the Board of Governors represented in the day to day running of the Institute by:

- Board of Governors
- Principal
- Deputy Principal
- Registrar
- Dean of Students
- Finance Officer
- Head of Departments.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	MR. JOSEPH KEMEI
2.	Deputy principal Finance	MR. JACKSON SORIM
3	Deputy principal Academics	MR. JACKSON SORIM
4	Registrar (s)	MR. VINCENT KOECH
5	Dean of students	MISS. NAOMI SHINDA
6	Head of Finance	MISS. FAITH LAGAT

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Entity Headquarters

Turkana East Technical and Vocational College
P.O. Box 467-30500
Lokori town
Lodwar, KENYA

(f) Entity Contacts

Turkana East Technical and Vocational College
Telephone :(254) 714545654
E-mail: turkanaeastvc@gmail.com

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

1. National Bank of Kenya
Lodwar Branch
Branch code:00012079
Lodwar
Turkana County, Kenya

2.

(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

THE BOARD OF GOVERNORS

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Mr. MICHAEL RUGUT(MEMBER)



- Master's Degree Engineering
- County Director TVET-Trans Nzoia, West Pokot and Turkana
- BOG Member representing the CS Ministry of Education





DR.ING'OLAN DANIEL NAWOSE
(CHAIRMAN, BOG)

- PhD
- Doctorate Degree in Business administration
- A businessman
- Works with the county Government of Turkana-Service Board





- Bachelor's Degree in Development studies
- Former MCA Kapedo/ Napeitom ward
- Works with the county Government of Turkana
- BOG Member-Leadership and management

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<p style="text-align: center;">DIDYMUS ELEMEN CHEGEM (MEMBER)</p>	
<div style="text-align: center;">  <p>ALEXANDER SAFARI AKILIMO (MEMBER)</p> </div>	<ul style="list-style-type: none"> - Bachelor's degree in Economics - Businessman and consultant - BOG Member-Financial management
<div style="text-align: center;">  <p>MR. ERIS LOTHIKE (MEMBER)</p> </div>	<ul style="list-style-type: none"> - Doctorate Degree (PhD) in Governance and Ethics-Ongoing - Bachelor in sociology and linguistics - BOG Member – Industry - Former Governance and Public Affairs Officer-Tullow Oil PLC-Kenya
<p style="text-align: center;">DR. LOKIDOR LONG'OR PAULINE (MEMBER)</p>	<ul style="list-style-type: none"> - Doctorate (PHD) in Engineering - Former hydrologist at Tullow Oil PLC-Kenya - BOG Member- Engineering
	<ul style="list-style-type: none"> - Bachelor's degree in Nutrition and Dietetics Management - Businessman works with NGO Turkana County - BOG Member-Technology




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 <p>MR. NOMBI OTIENO MICHAEL (MEMBER)</p>	
 <p>MR. ETON PIUS KAYA(MEMBER)</p>	<ul style="list-style-type: none"> - Master's Degree in ICT - Works with the County Assembly of Turkana as Director Harvard Research and ICT - BOG Member-ICT

MANAGEMENT TEAM

	<ul style="list-style-type: none"> • Being overall head of Institution under the direction of the Board of Governors. • Serving as the Secretary to the managing authority of the Institution. • Promoting linkages between the Institution and the neighbouring communities and organizations.
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 <p>MR. JOSEPH K. KEMEI (PRINCIPAL/SECRETARY)</p>	
 <p>MR. JACKSON SORIM NGETICH (DEPUTY PRINCIPAL)</p> <p>Bachelor in Education</p>	<ul style="list-style-type: none"> • Administering of the Institution's in the absence of the Principal. • Coordinating all the departments and ensuring that the approved curriculum is implemented. • Maintaining student disciplinary in the Institution. • Guiding and counselling of trainers and trainees. • Initiating and supervising of income-generating activities in the departments.
 <p>MR. VINCENT KOECH (REGISTRAR)</p>	<ul style="list-style-type: none"> • Head of Registry section. • Ensuring Admissions and registration of students. • Coordinating the marketing of college programmes. • Assessing teaching manpower needs in the Institution. • Serving as secretary to the Academic Board and Heads of Departments' meetings.

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MISS NAOMI SHINDA
(DEAN OF STUDENTS)

- Head of Students affairs in the Institution.
- Organizing of orientation programmes.
- Organizing and supervising students' elections, installation and training of student leaders.
- Ensuring utilization of student's recreational facilities.
- Coordinating the organization of students' government public lectures, clubs and societies.



CPA FAITH LAGAT
(FINANCE OFFICER)
CPA-K

- In charge of Finance and Accounts department.
- Preparation of financial reports.
- Preparation of annual financial budgets.
- Financial Advisor to the college.
- Ensuring proper financial controls are in place.

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CHAIRMAN'S STATEMENT

The financial year 2020 is the first financial year since the college became operational in March 2019. As the first chairman of the board of governors I committed to support Turkana East Technical and vocational college in meeting its vision mission and core values. Besides I was keen in helping the college administration embrace good governance, inclusivity in decision making, respect of rule of law and moral uprightness, transparency and accountability.

In this financial year the college management was tasked to chart the way forward for the growth of the college by coming up with a blue print that captures the vision mission and strategic objectives of the college.

Among the notable achievements of this year include:

- Ongoing construction of CDF funded hostels.
- Purchase of two plastic tanks for water preservation.
- Purchase and installation of hand washing materials as part covid-19 mitigation measures.
- Construction of metal temporary shade at the school gate.

My sincere appreciation goes to the Government of Kenya through the Ministry of Education, State department of Vocational and Technical Training for funding the construction of Turkana East Technical and vocational college, equipping the college with state of the art refrigeration and electrical equipment, for posting trainers to the college and for funding the college through grants. I must on behalf of the Board of Governors thank the parents, the trainers, administrators, guardians, the community, suppliers, investors and all the Turkana East Technical and vocational college stakeholders for their support.



CHAIR BOG

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REPORT OF THE PRINCIPAL

This is the first financial report for Turkana East Technical and vocational college since the college commenced in the year 2019. It is a modern management practice that promotes the growth and development of an organization with clear vision and mission.

Turkana east Technical and Vocational College is a young institution located in the ASAL Turkana East sub-county. The five year strategic plan of 2021-2026 will steer the growth and development of the college towards greater heights.

The year 2020 was one not favourable for learning institutions due to the devastating effects of covid-19 pandemic. Schools were closed a number of times as a way of mitigating the viral disease.

The liquidity of the college is highly dependent on enrolment which is translated in the capitation fund given by the government. One of the effects of COVID -19 was restricted physical learning in the institutions. This resulted in low enrolment and limited financial resources. Consequently, little was achieved in terms of infrastructure.

The growth of the college is dependent on the common good will of all the stakeholders: Ministry of Education, Board of governors, Management and all the stakeholders for their timely contribution in the commencement and growth of Turkana East Technical and Vocational College.



PRINCIPAL

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CORPORATE GOVERNANCE STATEMENT

Board and Management Succession

The Board will put in place a succession plan for both the Board and Management and review the same regularly.

Existence of the Board Charter

This Board of Governors Charter exists and it defines the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance. The Charter will help the Board in directing Turkana East Technical and Vocational College to maximize the long term value of services provided for all stakeholders.

The Charter has been adopted by the Institute, acting in accordance with Mwongozo, Code of Governance for State Corporations ('the Code'), and is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations.

The Board of Governors will review this Charter at least annually and, if appropriate, revise this Charter from time to time. This Charter is available to all members of the Board for application and is posted on the Institute's website for the information of stakeholders.

Process of Appointment and removal of Board Members

i. The relevant appointing authority shall select and appoint Board members. Every appointment shall be by name and by notice in the Kenya Gazette but shall cease if the Board member:

- a) Serves the appointing authority with a written notice of resignation; or
- b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
- c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
- d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
- e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.

- i. Any removal of a Board member under (i) above, shall be through formal revocation.
- ii. The record of the appointment letter, gazette notice and written acceptance by the Board member shall kept in the personal file of the Board member.

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Evaluations are conducted to review the Board's role, Board processes and committees to support that role and the performance of the Board and each governor. This is undertaken using a variety of techniques including external consultants, and Board discussion. The last full Board performance review, was conducted in February, 2019 vide the retreat whose main agenda was review of the performance for the year 2018.

OVERVIEW OF THE THREE STANDING COMMITTEES OF THE BOARD

An overview of the role and responsibilities, membership and meetings of the Board's three standing Committees is provided in the table below.

Committee meetings are scheduled to coordinate with the Board meeting cycle. Each Committee reports to the Board at the subsequent Board meeting and makes recommendations to the Board for consideration as appropriate.

	EDUCATION TRAINING AND RESEARCH COMMITTEE	FINANCE ADMINISTRATION AND INFRASTRUCTURE COMMITTEE	AUDIT AND RISK AND COMPLIANCE COMMITTEE
ROLES AND RESPONSIBILITIES	<p>Provide assurance (or otherwise) to the Academic Board that academic oversight assures the quality of research and training effectively, including by: developing, monitoring and reviewing academic policies and their effectiveness.</p> <p>To formulate policy on all research related matters which impact on the strategic objectives of the College.</p> <p>2.2: To consider and make recommendations on matters of policy relating to research including matters referred to it by Council and other College committees</p> <p>2.3 To review and oversee the implementation on College's policy on research ethic.</p> <p>2.4 To monitor, primarily through the feedback</p>	<ol style="list-style-type: none"> 1. Provide direction to the Board for fiscal responsibility. Alongside this is the responsibility for future long-term planning and the development of strategies to back up the plan. 2. Ongoing review of institute's revenue and expenditure, balance sheet, investments and other matters related to its continued solvency. 3. Approve the annual budget and submit it to the Board for approval. 4. Ensure the maintenance of an appropriate capital structure. 5. Oversee the maintenance of Institutional-wide assets, including prudent management of 	<ol style="list-style-type: none"> 1. Overseeing, reviewing and advising the Board on Turkana East Technical and Vocational College's risk management policy and processes; (which includes oversight of Health & Safety assurance and climate related risks and opportunities); 2. Internal control mechanisms and internal and external audit functions; compliance policies and processes; and financial information prepared by management for publication. 3. Management retains responsibility for the implementation and operation of adequate risk assurance, internal control and audit

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	<p>mechanism of the Research Forum², the relevance and efficacy of established policy – addressing shortcomings and anomalies so as to facilitate high quality research activities within the College structures.</p> <p>2.5 To oversee quality assurance and improvement measures in respect of research activity, including the efficacy of research quality measures.</p> <p>2.6 To advise the Dean of Research in his role in reporting internally and externally on research and related matters.</p> <p>2.7 To review Annual Reports relating to research matters and to make recommendations to Council.</p> <p>2.8 To approve procedures for allocating research funds and monitor their implementation.</p> <p>2.9 To establish Advisory Committees and Working Groups as required to develop and oversee policy in respect of research matters.</p>	<p>Turkana East Technical and Vocational College's assets and risk exposure.</p>	<p>systems. The Board has delegated to the Audit and Assurance, oversee and monitor these activities.</p>
Meetings	<p>At least three times annually. During the reporting period, the Committee met four times</p>	<p>At least three times annually. During the reporting period, the Committee met four times.</p>	<p>At least annually. During the reporting period, the Committee met two times.</p>

Resignation from the Board

A Board member may resign at any time by giving notice, in writing, to the appointing authority, copied to the Chairperson of the Board and the CEO/Principal of the Institute.

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The resignation shall take effect upon receipt of notice by the appointing authority or at any later time specified therein; and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

Board Responsibilities

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the organization and its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the Institute's management, staff and its external professional advisors and auditors.

In furtherance of its responsibilities, the Board will:

- a) Determine the Institute's Mission, Vision, Purpose and Core Values;
- b) Review, evaluate and approve, on a regular basis, long-term plans for the Institute;
- c) Review, evaluate and approve the Institute budget and financial forecasts;
- d) Review, evaluate and approve major resource allocations and capital investments;
- e) Ensure that the procurement process is cost-effective and delivers value for money;
- f) Review and approve the operating and financial results of the Institute;
- g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Institute operations and performance;
- h) Ensure that effective processes and systems of risk management and internal controls are in place;
- i) Review, evaluate and approve the overall Institute structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- j) Review, evaluate and approve the remuneration structure of the Institute;
- k) Adopt, implement and monitor compliance with the Institute's Code of Conduct and Ethics;
- l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- m) Review periodically the Institute's strategic objectives and policies relating to sustainability and social responsibility/investment;
- n) Enhance the Institute's organization's public image and ensure engagement with stakeholders through effective communication;
- o) Monitor compliance with the Constitution, all applicable laws, regulations and standards;
- p) Review, monitor and ensure that the Institute is effectively and consistently delivering on its mandate.

Responsibilities of Individual Board Members

Each Board member shall:

- a) Exercise the highest degree of care, skill and diligence in discharging their duties;
- b) Act in the best interest of the Institute and not for any other purpose;
- c) Act honestly at all times and must not place themselves in a situation where their personal interests conflict with those of the Institute;
- d) Exercise independent judgment;
- e) Devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills;

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- f) Promote and protect the image of the Institute;
- g) Owe their duty to the Institute and not to the nominating or appointing authority; and
- h) Owe the Institute the duty to hold in confidence all information available to them by virtue of their position as a Board member.

Induction and Training

In order to provide directions for the effective governance and oversight of the Institution, the Ministry of Education conducts induction and Training of the new board. The inductions program runs for three days for and covers a variety of areas including; Rationale & Status of On-going Reforms, An Overview of Mwongozo. The Role of Boards & Its Organs, Legal & Institutional framework for governance of TVET Institutions, Obligations, Accountability & Internal Controls in TVETs, Highlight on Key Policy Issues Governing Board Operations, The Role of Board in Organizational Competency Development, Board Dynamics & Evaluation (including Board tools), Statutory & Legal compliance, Risk Management in State Corporations, Institutionalizing Anti-Corruption Mechanism in TVETs, Ethical Leadership on Boards, Public Procurement and Disposal in TVETs.

Board Performance

The Board will conduct an annual evaluation to appraise its performance. This evaluation will be carried out in accordance with the Board Evaluation Tool.

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board will also evaluate the performance of the CEO/Principal/Secretary to the Board.

Conflict of Interest

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the Institute. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Board Secretary should keep a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

Board Remuneration

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Board members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance allowances and bonuses.

Ethics and Conduct

Code of Ethics for Board Members Goal aims establishing a set of principles and practices of the Turkana East Technical and Vocational College Board of Governors that will set parameters and provide guidance and direction for board conduct and decision-making.

Members of the Board of Governors of the Turkana East Technical and Vocational College are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the board of Turkana East Technical and Vocational College. Board members pledge to accept this code as a minimum guideline for ethical conduct and shall:

Accountability:

1. Faithfully abide by the Articles of Incorporation, by-laws and policies of Turkana East Technical and Vocational College
2. Exercise reasonable care, good faith and due diligence in organizational affairs.
3. Fully disclose, at the earliest opportunity, information that may result in a perceived for actual conflict of interest.
4. Fully disclose, at the earliest opportunity, information of fact that would have significance in board decision-making.
5. Remain accountable for prudent fiscal management to association members, the board, and non-profit sector, and where applicable, to government and funding bodies. Professional Excellence.
6. Maintain a professional level of courtesy, respect, and objectivity in all Turkana East Technical and Vocational College activities.
7. Strive to uphold those practices and assist other Turkana East Technical and Vocational College members of the board in upholding the highest standards of conduct Personal Gain.
8. Exercise the powers invested for the good of all members of the Institute rather than for his or her personal benefit, or that of the non-profit they represent.

Equal Opportunity:

9. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of geography, political, religious, or socio-economical characteristics of the state or region represented.
10. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of the organization's volunteer or staff make-up in respect to gender, sexual orientation, national origin, race, religion, age, political affiliation or disability, in accordance with all applicable legal and regulatory requirements. Confidential Information.
11. Respect the confidentiality of sensitive information known due to board service. Collaboration and Cooperation

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12. Respect the diversity of opinions as expressed or acted upon by the Turkana East Technical and Vocational College board, committees and membership, and formally register dissent as appropriate.
13. Promote collaboration, cooperation, and partnership among association members.

Governance Audit

The Board should ensure that a governance audit of the Institute is undertaken on an annual basis. The purpose of the governance audit is to ensure that the Institute conforms to the highest standards of good governance. The governance audit should cover the following parameters among others:

- a) Leadership and strategic management;
- b) Transparency and Disclosure;
- c) Compliance with Laws and Regulations;
- d) Communication with stakeholders;
- e) Board independence and governance;
- f) Board systems and procedures; and
- g) Consistent stakeholders' value enhancement

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Financial year ending 30th June, 2020.

Our approach to Corporate Social Responsibility (CSR) reflects the steps that we are taking to ensure we are, and remain, a good corporate citizen. Social responsibility encompasses everything we do that has an impact on society around us – it is our values and behaviour as a Public Entity.

Our role in supporting education, training and research makes a valuable contribution to the continuing development of a training society. As a TVET Institution that champion's competency based for our trainees, and online research and learning resources and services, we also support our members to deliver against their environmental priorities.

We are committed to ensuring that Turkana East Technical and Vocational College is a responsible corporate citizen. To do this, we must:

- Minimise the environmental impact of our corporate activities;
- Identify and address issues of equality, diversity and inclusion amongst our current and future workforce;
- Ensure that employees are supported in their mental and physical health and treated with dignity, respect and in accordance with basic human rights;
- Enhance our fundraising and volunteering activities for third party good causes;
- Understand our suppliers' commitments to CSR issues and practices and ethical approaches to business in our investment strategy.

REPORT OF THE BOARD OF GOVERNORS

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The Board members submit their report together with the financial statements for the year ended June 30, 2021 which show the state of Turkana East Technical and Vocational College affairs.

Principal activities

The principal activities of the entity are providing technical training services to trainees.

Results

The results of the entity for the year ended June 30th 2021 are set out.

BOARD OF GOVERNORS

The members of the Board of Governors who served during the year are shown on page v-xii.

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Auditors

The Auditor General is responsible for the statutory audit of Turkana East Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of Turkana East Technical and Vocational College for the year/period ended 30th June, 2021 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

Corporate Secretary
Nairobi
Date.....
Officer/Principal

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STATEMENT OF BOARD OF GOVERNORS/COUNCIL MEMBERS' RESPONSIBILITIES

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

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

The council members accept responsibility for Turkana East Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – TVETA/PUBLIC/TVC/0020/2016.

The council members are of the opinion that Turkana East Technical and Vocational College financial statements give a true and fair view of the state Turkana East Technical and Vocational College transactions during the financial year ended June 30th, 2021, and of Turkana East Technical and Vocational College financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Turkana East Technical and Vocational College, which have been relied upon in the preparation Turkana East Technical and Vocational College 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 Turkana East Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Turkana East Technical and Vocational College financial statements were approved by the Board on 30th June 2021 and signed on its behalf by:



Board Member



Board Member

Board Member

REPUBLIC OF KENYA

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



Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TURKANA EAST TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020

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 internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Disclaimer of Opinion is issued when the Auditor-General is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. A Disclaimer of Opinion indicates that the financial statements exhibit serious and significant misstatements that may arise from inadequate information, limitation of scope, inadequacy or lack of proper records such that I was not able to form an opinion on financial operations.

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.

Disclaimer of Opinion

The accompanying financial statements of Turkana East Technical and Vocational College set out on pages 1 to 72, which comprise of the statement of financial position as at 30 June, 2020 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Ndakala Advisory LLP, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit .

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Unsupported Financial Statements

The financial statements were not supported with the necessary ledgers, schedules and other relevant supporting documents such as invoices, ageing analysis, land title deeds as shown below.

Item	Amount Kshs.
Rendering Of Services	4,351,547
Use Of Goods & Services	13,780
Cash & Cash Equivalents	411,400
Current Portion of Receivables from Exchange Transactions	3,940,147
Trade & Other Payables	13,780

The financial statements were not prepared and presented in accordance to the prescribed format as they lacked important details such as employee cost, inventories, property, plant and equipment.

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

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matter(s) described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matter(s) described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 January, 2025

TURKANA EAST TECHNICAL AND VOCATIONAL COLLEGE
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30TH JUNE, 2020

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

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6		
Grants from development partners	7		
Public contributions and donations	8		
Property taxes revenue	9		
Licenses and permits	10		
Revenue from non-exchange transactions		0	0
Revenue from exchange transactions			
Rendering of services	11	4,351,547	
Sale of goods	12		
Rental revenue from facilities and equipment	13		
Finance income	14		
Other income	15		
Revenue from exchange transaction		4,351,547	0
Total revenue		4,351,547	0
Expenses			
Use of goods and services	16	13,780	
Employee costs	17		
Remuneration of directors	18		
Depreciation and amortization expense	19		
Repairs and maintenance	20		
Contracted services	21		
Grants and subsidies	22		
General expenses	23		
Total expenses		13780	0
Other gains/(losses)			
Gain on sale of assets	24		
Gain on foreign exchange transactions	25		
Unrealized gain on fair value of investments	26		
Impairment loss	27		
Surplus before tax		4,337,767	0
Taxation	27		
Surplus/(deficit) for the period/year			
Remission to National Treasury	51		
Net Surplus for the year		4,337,767	0
Attributable to:			

TURKANA EAST TECHNICAL AND VOCATIONAL COLLEGE
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Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity		4,337,767	0

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30TH JUNE, 2020.

14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	28	411,400	
Current portion of receivables from exchange transactions	29(a)	3,940,147	
Receivables from non-exchange transactions	30		
Inventories	31		
Investments	32		
Total Current Assets		4,351,547	0
Non-Current Assets			
Property, plant and equipment	33		
Investments	32		
Intangible assets	34		
Investment property	35		
Long term receivables from exchange transactions	29(b)		
Total Non- Current Assets		-	-
Total Assets		4,351,547	0
Liabilities			
Current Liabilities			
Trade and other payables	36	13,780	
Refundable deposits from customers	37		
Current Provision	38		
Finance lease obligation	39		
Current portion of borrowings	43		
Deferred income	40		
Employee benefit obligation	41		
Taxation	51		
Total Current Liabilities		13,780	0
Non-Current Liabilities			
Non-current employee benefit obligation	41		

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30TH JUNE, 2020

Non-current provisions	42		
Borrowings	43		
Service concession liability	44		
Deferred tax liabilities	52		
Total Non- Current Liabilities			
Total Liabilities		13,780	0
Net assets		4,337,767	0
Reserves			
Accumulated surplus		4,337,767	0
Capital Fund			
Total Net Assets			
Total Net Assets and Liabilities		4,337,767	0

The Financial Statements set out on pages 1 to 10 were signed on behalf of the Board of Directors by:



Accounting Officer

Name:

Date

Head of Finance

Name

ICPAK Member Number:

Date



Chairman of the Board

Name:

Date

TURKANA EAST TECHNICAL AND VOCATIONAL COLLEGE
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30TH JUNE, 2020.

15 STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2020

	notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
As at July 1, 2020		-	-	-	4,337,767	-	-	4,337,767
Issued new capital		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-	-	-
Surplus/ Deficit for the year		-	-	-	-	-	-	-
Capital/Development grants received during the year		-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	-	-	-	-
Dividends paid – 2019		-	-	-	-	-	-	-
Interim dividends paid – 2020		-	-	-	-	-	-	-
Proposed final dividends		-	-	-	-	-	-	-
As at June 30, 2020		-	-	-	4,337,767	-	-	4,337,767
As at July 1, 2020		-	-	-	4,337,767	-	-	4,337,767
Issue of new share capital		-	-	-	-	-	-	-
Revaluation gain		-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-	-	-	-

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	notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
Deferred tax on excess depreciation		-		-	-	-	-	
Fair value adjustment on quoted investments		-	-		-	-	-	
Surplus/ deficit for the year		-	-	-		-	-	
Capital/Development grants received during the year		-	-	-	-	-		
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-		-		-
Dividends paid – 2020		-	-	-	-			
Interim dividends paid – 2020		-	-	-		-	-	
Proposed final dividends		-	-	-				-
As at June 30, 2021					4,337,767			4,337,767

Note:

1. 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.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

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30TH JUNE, 2020.

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2020-2021	2019-2020
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities			
Grants from donors and development partners			
Public contributions and donations			
Property taxes revenue			
Licenses and permits			
Rendering of services		411,400	
Sale of goods			
Rental revenue from facilities and equipment			
Finance income			
Other income			
Total Receipts		411,400	0
Payments			
Use of goods and services			
Employee costs			
Remuneration of directors			
Depreciation and amortization expense			
Repairs and maintenance			
General expenses			
Grants and subsidies			
Total Payments		0	0
Net cash flows from/(used in) operating activities	45	411,400	0
Cash flows from investing activities			
Purchase of property, plant, equipment		(94390)	
Purchase of intangible assets			
Decrease/(Increase) in non-current receivables			
Purchase of investments			
Sale of investments			
Net cash flows from/(used in) investing activities		0	0
Cash flows from financing activities			
Grants for mentor institutions			

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Repayment of borrowings			
Proceeds from issue of shares			
Development grants (F & B project)			
Net cash flows from /(used in) financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		411400	0
Cash and cash equivalents at 1 JULY 2020	28	0	0
Cash and cash equivalents at 30 JUNE 2021	28	411,400	0

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. Entities should use the direct method of cash flow preparation as shown above)

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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities						
Levies, Fines, and penalties						
Public contributions and donations						
Property taxes revenue						
Licenses and permits						
Rendering of services				4,351,547		
Sale of goods						
Rental revenue from facilities and equipment						
Finance income						
Agency Income						
Other income						
Total income	-	-	-	4,351,547	-	-
Expenses						
Use of goods and services				13,780		
Employee costs						
Remuneration of directors						
Depreciation and amortization expense						
Tuition						

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Repairs and maintenance						
Contracted services						
Grants and subsidies						
Total expenditure	-	-	-	13,780	-	-
Surplus for the period	-	-	-	4,337,767	-	-

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis
 (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Turkana East Technical and Vocational College is established by Ministry of Education and derives its authority and accountability from TVET Act under certificate no. TVETA/PUBLIC/TVC/0020/2016. Turkana East Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. Turkana East Technical and Vocational College principal activity is to provide technical skills and training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, 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 Turkana East Technical and Vocational College accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Turkana East Technical and Vocational College.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations 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

TURKANA EAST TECHNICAL AND VOCATIONAL COLLEGE
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- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p>

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Standard	Effective date and impact:
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</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. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for

Standard	Effective date and impact:
	financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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. <i>(State the impact of the standard to the entity if relevant)</i>

iii *Early adoption of standards*

Turkana East Technical and Vocational College did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

Turkana East Technical and Vocational College recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

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.

Rendering of services

Turkana East Technical and Vocational College recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated

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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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies(Continued)

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.

ii) Revenue from exchange transactions

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.

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on xxxx. 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 xxxx on the 2020-2021 budget following the governing body's approval.

TURKANA EAST TECHNICAL AND VOCATIONAL COLLEGE
Annual Reports and Financial Statements for the year ended June 30, 2020.
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Turkana East Technical and Vocational College 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 actual as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where Turkana East Technical and Vocational College operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

- i) 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
- ii) 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 30-year period.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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.

f) Leases

Finance leases are leases that transfer substantially all of the 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. Turkana East Technical and Vocational College 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 Turkana East Technical and Vocational College 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

Turkana East Technical and Vocational College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) 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.

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

a) 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 Turkana East Technical and Vocational College 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.

Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

Turkana East Technical and Vocational College 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 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:

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

b) 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. Turkana East Technical and Vocational College 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

l) Contingent liabilities

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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.

m) 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.

n) 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.*

o) 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.

Summary of Significant Accounting Policies (Continued)

p) 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.

q) 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.

r) 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.

Summary of Significant Accounting Policies (Continued)

s) Related parties

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

t) 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 corresponding liability, adjusted by a cash consideration paid or received.

u) 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.

Summary of Significant Accounting Policies (Continued)

v) Comparative figures

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

w) 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, 2021.

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. State all judgements, estimates and assumptions made: e.g.

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

Significant Judgments and Sources of Estimation Uncertainty (Continued)

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:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) 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 40.

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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional Grants		
Operational grant	-	-
Other grants(capitation)	-	-
Total Unconditional Grants	-	-
Conditional Grants		
National housing grant	-	-
National infrastructure grant	-	-
Provincial health grant	-	-
Social services grant	-	-
Development grants (F & B project)	-	-
Transportation fund (international funding)	-	-
Other organizational Grants (mentor institutions)	-	-
Total conditional Grants	-	-
Total government grants and subsidies	-	-

Unconditional grants were capitation received as trainees' fees from the government while development grants were funds meant for the on-going food & beverage project funded by the government.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total transfers 2020/21 KShs	Prior year 2019/2020 KShs
State Department	-		-		-
xxx Ministry					
Total					

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending entity 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)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Levies, Fines and Penalties

Description	2020-2021	2019-2020
	KShs	KShs
Fuel levy	-	-
Other levies (Specify)	-	-
Fines	-	-
Penalties	-	-
Fees from students	4,351,547	
Total	4,351,547	-

(Provide brief explanation for this revenue)

8. Public Contributions and Donations

Description	2020-2021	2019-2020
	KShs	KShs
The Green Belt Movement	-	-
Health donations	-	-
Research donations	-	-
Other public donations (Africa Development Bank)	-	-
Total transfers and sponsorships	-	-
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

(Sponsorship received in 2019/2020 was for 100 Textile students)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Property Taxes Revenue

Description	2020-2021	2019-2020
	KShs	KShs
Taxable land and buildings		
Residential	-	-
Commercial	-	-
State	-	-
Penalties	-	-
Sub- total property and taxes	-	-
Income forgone	-	-
Total property taxes revenue	-	-

(Provide brief explanation for this revenue)

10. Licenses, Fees and Permits

Description	2020-2021	2019-2020
	KShs	KShs
Licenses	-	-
Fees	-	-
Permits	-	-
Total	-	-

(Provide brief explanation for this revenue)

11. Rendering Of Services

Description	2020-2021	2019-2020
	KShs	KShs
Waste management (solid waste)	-	-
Waste management (sewerage and sanitation)	-	-
Service fees	-	-
Water quality	-	-
Quality assurance	-	-
Total revenue from the rendering of services	-	-

(These are fees received from trainees apportioned in various vote heads)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Sale of Goods

Description	2020-2021	2019-2020
	KShs	KShs
Sale of goods		
Sale of electricity	-	-
Sale of water	-	-
Sale of books	-	-
Sale of publications	-	-
Other(include in line with your organisation)	-	-
Total revenue from the sale of goods	-	-

(Provide brief explanation for this revenue)

13. Rental Revenue from Facilities and Equipment

Description	2020-2021	2019-2020
	KShs	KShs
Operating lease revenues	-	-
Staff houses	-	-
Accommodation(students' hostels)	-	-
Contingent rentals*	-	-
Total rentals	-	-

Revenue received from staff quarters and students' hostels

*Contingent rentals include hire grounds, institutional facilities like halls, kitchen etc.

14. Finance Income

Description	2020-2021	2019-2020
	KShs	KShs
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

(Provide brief explanation for this revenue)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Other Income

Description	2020-2021 KShs	2019-2020 KShs
Insurance recoveries	-	-
Bulk infrastructure levies	-	-
Infrastructure improvement fee	-	-
Income from sale of tender	-	-
Services concession income(production unit)	xxx	-
Bus hire	-	-
Agency fee	-	-
Total other income	xxx	-

(NB All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

16. Use of Goods and Services

Description	2020-2021 KShs	2019-2020 KShs
Electricity	-	-
Water	-	-
Security	-	-
exams	-	-
Subscriptions	-	-
Advertising	-	-
Admin fees	-	-
Audit fees	-	-
Conferences and delegations	-	-
Medical	-	-
Industrial attachment	-	-
Fuel and oil	-	-
Bursary	-	-
Legal expenses	-	-
Licenses and permits	-	-
Library/Tuition	-	-
Water purification cost	-	-
Postage	-	-
Printing and stationery	-	-
Contingencies	13,780	-
Hire charges	-	-
Rental	xxx	Xxx
Security costs	xxx	Xxx
Sewage treatment costs	xxx	Xxx
Skills development levies	xxx	Xxx
Activity Expenses	-	-
Telecommunication	-	-
Training	-	-

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Description	2020-2021	2019-2020
	KShs	KShs
Travel, accommodation, subsistence and other allowances*		-
Other general expenses	13,780	-

*Travel, accommodation, subsistence and other allowances- Where this cost has been budgeted under employee costs, please report it under note 17

17. Employee Costs

Description	2020-2021	2019-2020
	KShs	KShs
Salaries and wages		-
Employer contribution to health insurance schemes(NHIF)	-	-
Employer contribution to pension schemes (NSSF)	-	-
Travel, motor car, accommodation, subsistence, and other allowances	xxx	xxx
PAYE	-	-
HELB	-	-
Performance and other bonuses	xxx	xxx
Social contributions	xxx	xxx
Gratuity	xxx	xxx
Other employee related costs *	xxx	xxx
Employee costs		-

* Other employee related costs- please provide a brief explanation for these costs.

18. Board /Council Expenses

Description	2020-2021	2019-2020
	KShs	KShs
Chairman/Directors' Honoraria	-	-
Directors sitting allowances	-	-
Medical Insurance	xxx	xxx
Induction and Training	xxx	xxx
Travel and accommodation	xxx	xxx
Other allowances	xxx	xxx
Total	-	-

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	xxx	xxx
Intangible assets	xxx	xxx
Investment property carried at cost	xxx	xxx
Total depreciation and amortization	xxx	xxx

20. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Property		-
Investment property – earning rentals	xxx	xxx
Equipment and machinery	xxx	-
Vehicles	xxx	-
Furniture and fittings	xxx	-
Computers and accessories	xxx	-
Others	xxx	xxx
Total repairs and maintenance		-

21. Contracted Services

Description	2020-2021	2019-2020
	KShs	KShs
Actuarial valuations	xxx	-
Investment valuations	xxx	-
Property valuations	xxx	-
Total contracted services	xxx	-

22. Grants and Subsidies

Description	2020-2021	2019-2020
	KShs	KShs
Development Grants (F & B project)	-	-
Mentor institutions	-	-
Social development	-	-
Community trust	-	-
Sporting bodies	-	-
Total grants and subsidies	xxx	xxx

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Finance Costs

Description	2020-2021	2019-2020
	KShs	KShs
Borrowings (amortized cost)*	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount	-	-
Interest on Bank overdrafts	-	-
Interest on loans from commercial banks	-	-
Total finance costs	xxx	xxx

*Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

24. Gain on Sale of Assets

Description	2020-2021	2019-2020
	KShs	KShs
	xxx	xxx
Property, plant and equipment	xxx	xxx
Intangible assets	xxx	xxx
Other assets not capitalised	xxx	xxx
Total gain on sale of assets	xxx	xxx

Times New Roman 25. Unrealized Gain on Fair Value Investments

Description	2020-2021	2019-2020
	KShs	KShs
Investments at fair value	xxx	-
Total gain	xxx	-

26. Impairment Loss

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	xxx	-
Intangible assets	xxx	xxx
Total impairment loss	xxx	xxx

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. Taxation

Description	2020-2021	2019-2020
	KShs	KShs
Current income tax charge		
Tax charged on rental income		
Tax charged on interest income		
Deferred tax: [Note 53]		
Original and reversal of temporary differences		
Income tax expense reported in the statement of financial performance		

28. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Current account	411,400	
Savings account		
On - call deposits		
Fixed deposits account		
Staff car loan/ mortgage		
Others(specify)		
Total cash and cash equivalents	411,400	

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

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

28(a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2019-2020	2018-2019
		KShs	KShs
a) Current account			
National bank		411,400	
Sub- total		411,400	
b) On - call deposits			
Kenya Commercial bank			
Equity Bank – etc			
Sub- total			
c) Fixed deposits account			
Kenya Commercial bank			
Bank B			
Sub- total			
d) Staff car loan/ mortgage			
Kenya Commercial bank			
Bank B			
Sub- total			
e) Others(specify)			
Cash in transit			
cash in hand			
Mobile money accounts			
Sub- total			
Grand total			

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 Receivables from Exchange Transactions

29(a) Current Receivables from Exchange Transactions

	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Service, water and electricity debtors		
Other exchange debtors (students)	3,940,147	
Total current receivables	3,940,147	

29(b) Long-term Receivables from Exchange Transactions

Description	2019-2020	2018-2019
	KShs	KShs
Total Receivables		
Service, water and electricity debtors		
Other exchange debtors (prepayments & refundable deposits)		
Less: impairment allowance		
Current portion transferred to current receivables		
Total non-current receivables		
Total receivables (a+b)		

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

Impairment Allowance/ Provision	2019-2020	2018-2019
	KShs	KShs
At the beginning of the year		
Additional provisions during the year		
Recovered during the year		
Written off during the year		
At the end of the year		

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 Receivables from Non-Exchange Transactions

Description	2019-2020 KShs	2018-2019 KShs
Property tax debtors		
Levies, Fines, and penalties		
Licences, fees and permits		
Other debtors (non-exchange transactions)		
Less: impairment allowance		
Total current receivables		

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

Description	2019-2020 KShs	2018-2019 KShs
At the beginning of the year		
Additional provisions during the year		
Recovered during the year		
Written off during the year		
At the end of the year		

31 Inventories

Description	2019-2020 KShs	2018-2019 KShs
Consumable stores		
Medical supplies		
Spare parts and meters		
Water for distribution		
Other goods held for resale		
Catering		
Less: Allowance for impairment		
Total inventories at the lower of cost and net realizable value		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 Investments

Description	2019-2020	2018-2019
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial Institution		
CBK		
CBK		
Sub- total		
b) Investment with Financial Institutions/ Banks		
Bank x		xxx
Bank y		xxx
Sub- total		xxx
c) Equity investments (specify)		
Equity/ shares in entity xxx		xxx
Sub- total		xxx
Grand total		xxx

d) Movement of Equity Investments

Impairment Allowance/ Provision	2019-2020	2018-2019
	KShs	KShs
At the beginning of the year	xxx	xxx
Purchase of investments in the year	xxx	xxx
Sale of investments during the year	(xxx)	(xxx)
Increase /(decrease) in fair value of investments	xxx	xxx
At the end of the year	xxx	xxx

e) Shareholding in other entities

For investments in equity share listed under note 32 above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares Current year	Fair value of shares Prior year
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%			
Entity A	xxx	xxx	xxx	xxx	xxx	xxx
Entity B	xxx	xxx	xxx	xxx	xxx	xxx
Entity C	xxx	xxx	xxx	xxx	xxx	xxx
	xxx	xxx	xxx	xxx	xxx	xxx

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2020								
Additions								
Disposals								
Transfers/adjustments								
As at 30 th June 2021								
Additions								
Disposals								
Transfer/adjustments								
As at 30 th June 2021								
Depreciation and impairment								
At 1 July 2019								
Depreciation								
Impairment								
Transfers/Adjustments								
As at 30 June 2020								
Depreciation								
Disposals								
Impairment								
Transfer/adjustment								

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As at 30 th June 2021								
Net book values								
As at 30 th June 2021								
As at 30 th June 2020								

(Include a brief description of WIP as a footer.)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and buildings were valued by xxx independent valuer on xxx on xxx basis of valuation. These amounts were adopted on xxx.

33 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	XXX	XXX	XXX
Buildings	XXX	XXX	XXX
Plant and machinery	XXX	XXX	XXX
Motor vehicles, including motorcycles	XXX	XXX	XXX
Computers and related equipment	XXX	XXX	XXX
Office equipment, furniture, and fittings	XXX	XXX	XXX
	XXX	XXX	XXX

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Plant and machinery	XXX	XXX
Motor vehicles, including motor cycles	XXX	XXX
Computers and related equipment	XXX	XXX
Office equipment, furniture and fittings	XXX	XXX
Total	XXX	XXX

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 Intangible Assets

Description	2019-2020	2018-2019
	KShs	KShs
Cost		
At beginning of the year		
Additions		
At end of the year		
Additions-internal development		
At end of the year		
Amortization and impairment		
At beginning of the year		
Amortization		xxx
At end of the year		xxx
Impairment loss		xxx
At end of the year		xxx
NBV		xxx

35 Investment Property

Description	2019-2020	2018-2019
	KShs	KShs
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Disposal during the year	(xxx)	(xxx)
Depreciation	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
At end of the year	xxx	xxx

(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 Trade and Other Payables

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	xxx	xxx
Payments received in advance	xxx	xxx
Employee payables	xxx	xxx
Third-party payments	xxx	xxx
Other payables	xxx	xxx
Total trade and other payables	xxx	xxx

37 Refundable Deposits and Prepayments from Customers

Description	2019-2020	2018-2019
	KShs	KShs
Customer deposits	xxx	xxx
Prepayments	xxx	xxx
Other deposits	xxx	xxx
Caution money		xxx
Payments received in advance	xxx	xxx
Total deposits	xxx	xxx

38 Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	KShs	KShs	Kshs	KShs	KShs
Balance b/d (1.07.2020)	xxx	xxx	xxx	xxx	xxx
Additional Provisions	xxx	xxx	xxx	xxx	xxx
Provision utilised	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Change due to discount and time value for money	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfers from non-current provisions	xxx	xxx	xxx	xxx	xxx
Total provisions as at 30.6.2021	xxx	xxx	xxx	xxx	xxx

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

39 Finance Lease Obligation

Description	2019-2020	2018-2019
	2019-2020	2018-2019
At the start of the year	xxx	Xxx
Discount interest on lease liability	xxx	Xxx
Paid during the year	(xxx)	(xxx)
At end of the year	xxx	Xxx

Maturity Analysis

Period	Amount
Year 1	xxx
Year 2	xxx
Year 3	xxx
Year 4	xxx
Year 5 and onwards	xxx
Less: Unearned interest	(xxx)
	xxx

Analysed as:

Description	Amount
Current	xxx
Non- Current	xxx
Total	xxx

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 Deferred Income

Description	2019-2020	2018-2019
	KShs	KShs
National government	xxx	xxx
International funders	xxx	xxx
Public contributions and donations	xxx	xxx
Total deferred income	xxx	xxx

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
Balance brought forward	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx
Transfers to Capital fund	(xxx)	(xxx)	(xxx)	(xxx)
Transfers to income statement	(xxx)	(xxx)	(xxx)	(xxx)
Other transfers	(xxx)	(xxx)	(xxx)	(xxx)
Balance carried forward	xxx	xxx	xxx	xxx

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2020-2021	2019-2020
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	xxx	xxx	xxx	xxx	xxx
Non-current benefit obligation	xxx	xxx	xxx	xxx	xxx
Total employee benefits obligation	xxx	xxx	xxx	xxx	xxx

Retirement benefit Asset/ Liability

Turkana East Technical and Vocational College operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

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

	2019-2020	2018-2019
	Kshs	Kshs
Discount rates	X%	X%
Future salary increases	X%	X%
Future pension increases	X%	X%
Mortality (Pre- retirement)	X%	X%
Mortality (Post- retirement)	X%	X%
Withdrawals	xx	Xx
Ill health	xx	xx
Retirement	Xx years	Xx years

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

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

Description	2019-2020	2018-2019
	Kshs	Kshs
The return on defined plan assets	XXX	XXX
Actuarial gains/ losses arising from changes in demographic assumptions	XXX	XXX
Actuarial gains/ losses arising from changes in financial assumptions	XXX	XXX
Actuarial gains and losses arising from experience adjustments	XXX	XXX
Others (Specify)	XXX	XXX
Adjustments for restrictions on the defined benefit asset	XXX	XXX
Remeasurement of the net defined benefit liability (asset)	XXX	XXX

b) Amounts recognised in the Statement of Financial Position

Description	2019-2020	2018-2019
	Kshs	Kshs
Present value of defined benefit obligations(a)	XXX	XXX
Fair value of plan assets(b)	(XXX)	(XXX)
Funded Status(=a-b)	XXX	XXX
Restrictions on asset recognised	XXX	XXX
Others	XXX	XXX
Net Asset or liability arising from defined benefit obligation	XXX	XXX

Turkana East Technical and Vocational College also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. Turkana East Technical and Vocational College obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. XXX per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

TURKANA EAST TECHNICAL AND VOCATIONAL COLLEGE
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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 Non-Current Provisions

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

(NB: The current portion deducted in this note should tie to line on current portion transferred from non-current provisions under note 38)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43 Borrowings

Description	2019-2020 KShs	2018-2019 KShs
a) External Borrowings		
Balance at beginning of the year	xxx	xxx
External borrowings during the year	xxx	xxx
Repayments of during the year	(xxx)	(xxx)
Balance at end of the year	xxx	xxx
b) Domestic Borrowings		
Balance at beginning of the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments during the year	(xxx)	(xxx)
Balance at end of the year	xxx	xxx
Balance at end of the period- Domestic and External borrowings c = a+b	xxx	xxx

The analyses of both external and domestic borrowings are as follows:

	2019-2020	2018-2019
	2019-2020	2018-2019
External Borrowings		
Dollar denominated loan from 'xxx organisation'	xxx	Xxx
Sterling Pound denominated loan from 'yyyorganisation'	xxx	Xxx
Euro denominated loan from zzzorganisation'	xxx	Xxx
Domestic Borrowings		
Kenya Shilling loan from KCB	xxx	Xxx
Kenya Shilling loan from Barclays Bank	xxx	Xxx
Kenya Shilling loan from Consolidated Bank	xxx	Xxx
Total balance at end of the year	xxx	Xxx

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

Description	2019-2020	2018-2019
	KShs	KShs
Short term borrowings(current portion)	xxx	xxx
Long term borrowings	xxx	xxx
Total	xxx	xxx

(NB: the total of this statement should tie to note 43 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

44 Service Concession Arrangements

Description	2019-2020	2018-2019
	KShs	KShs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	(xxx)
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	xxx	xxx
Service concession liability at end of the year	<u>xxx</u>	<u>xxx</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 Cash Generated from Operations

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year before tax	xxx	xxx
Adjusted for:		
Depreciation	xxx	xxx
Non-cash grants received	(xxx)	(xxx)
Contributed assets	(xxx)	(xxx)
Impairment	xxx	xxx
Gains and losses on disposal of assets	(xxx)	(xxx)
Contribution to provisions	xxx	xxx
Contribution to impairment allowance	xxx	xxx
Finance income	(xxx)	(xxx)
Finance cost	xxx	xxx
Working Capital adjustments		
Increase in inventory	(xxx)	(xxx)
Increase in receivables	(xxx)	(xxx)
Increase in deferred income	xxx	xxx
Increase in payables	xxx	xxx
Increase in payments received in advance	xxx	xxx
Net cash flow from operating activities	xxx	xxx

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 Financial Risk Management

Turkana East Technical and Vocational College activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. Turkana East Technical and Vocational College 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. Turkana East Technical and Vocational College does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

Turkana East Technical and Vocational College financial risk management objectives and policies are detailed below:

i) Credit risk

Turkana East Technical and Vocational College 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 Turkana East Technical and Vocational College management based on prior experience and their assessment of the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2021				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from non exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
As at 30 June 2020				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from non exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 entity 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 xxx.

The board of directors sets Turkana East Technical and Vocational College policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Financial Risk Management

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with Turkana East Technical and Vocational College directors, who have built an appropriate liquidity risk management framework for the management of Turkana East Technical and Vocational College short, medium and long-term funding and liquidity management requirements. Turkana East Technical and Vocational College manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
As at 30 June 2020				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred income	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

Financial Risk Management

iii) Market risk

Turkana East Technical and Vocational College has put in place an internal audit function to assist it in assessing the risk faced by Turkana East Technical and Vocational College 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.

Turkana East Technical and Vocational College 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 Turkana East Technical and Vocational College exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

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

Turkana East Technical and Vocational College manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

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

FY 2021

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2021			
Financial assets	xxx	xxx	xxx
Investments	xxx	xxx	xxx
Cash	xxx	xxx	xxx
Debtors	xxx	xxx	xxx
Total financial assets	xxx	xxx	xxx
Financial Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Total financial liabilities	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

FY 2020

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2020			
Financial assets	xxx	xxx	xxx
Investments	xxx	xxx	xxx
Cash	xxx	xxx	xxx
Debtors	xxx	xxx	xxx
Total financial assets	xxx	xxx	xxx
Financial Liabilities			
Trade and other payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Total financial liabilities	xxx	xxx	xxx
Net foreign currency asset/(liability)	xxx	xxx	xxx

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

Foreign currency sensitivity analysis

The following table demonstrates the effect on Turkana East Technical and Vocational College statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2021			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
2020			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

b) Interest rate risk

Interest rate risk is the risk that Turkana East Technical and Vocational College financial condition may be adversely affected as a result of changes in interest rate levels. Turkana East Technical and Vocational College interest rate risk arises from bank deposits. This exposes Turkana East Technical and Vocational College to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on Turkana East Technical and Vocational College deposits.

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

Turkana East Technical and Vocational College 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 KShsx^{xxx} (2020: KShsx^{xxx}). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShsx^{xxx} (2020 – KShsx^{xxx})

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

TURKANA EAST TECHNICAL AND VOCATIONAL COLLEGE
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	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
As at 30 June 2021				
Financial Assets				
Quoted equity investments	xxx	xxx	xxx	xxx
Non- financial Assets				
Investment property	xxx	xxx	xxx	xxx
Land and buildings	xxx	xxx	xxx	xxx
	xxx	xxx	xxx	xxx
As at 30 June 2020				
Financial Assets				
Quoted equity investments	xxx	xxx	xxx	xxx
Non- financial Assets				
Investment property	xxx	xxx	xxx	xxx
Land and buildings	xxx	xxx	xxx	xxx
	xxx	xxx	xxx	xxx

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) Capital Risk Management

The objective of Turkana East Technical and Vocational College capital risk management is to safeguard Turkana East Technical and Vocational College ability to continue as a going concern. Turkana East Technical and Vocational College capital structure comprises of the following funds:

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	xxx	xxx
Retained earnings	xxx	xxx
Capital reserve	xxx	xxx
Total funds	xxx	xxx
Total borrowings	xxx	xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/(excess cash and cash equivalents)	xxx	xxx
Gearing	xx%	xx%

47 Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder Turkana East Technical and Vocational College, holding 100% of Turkana East Technical and Vocational College equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of Turkana East Technical and Vocational College, both domestic and external.

Other related parties include:

- i) The Parent Ministry;
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) TVETA & KATTI

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Relates Party Disclosures

- v) Key management;
- vi) Board of directors;

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies	XXX	XXX
Rent Income from govt. agencies	XXX	XXX
Water sales to Govt. agencies	XXX	XXX
Others (Specify)c.g Interest and Bank charges	XXX	XXX
Total	XXX	XXX
b) Purchases from related parties		
Purchases of electricity from KPLC	XXX	XXX
Purchase of water from govt service providers	XXX	XXX
Rent expenses paid to govt agencies	XXX	XXX
Training and conference fees paid to govt. agencies	XXX	XXX
Others (specify)	XXX	XXX
Total	XXX	XXX
b) Grants /Transfers from the Government		
Grants from National Govt	XXX	XXX
Grants from County Government	XXX	XXX
Donations in kind	XXX	XXX
Total	XXX	XXX
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	XXX	XXX
Payments for goods and services for xxx	XXX	XXX
Total		
d) Key management compensation		
Directors' emoluments	XXX	XXX
Compensation to key management	XXX	XXX
Total	XXX	XXX

48 Segment Information

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

49 Contingent Assets and Contingent Liabilities

Contingent Assets

	2019-2020	2018-2019
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	xxx	xxx
Assets arising from determination of court cases	xxx	Xxx
Reimbursable indemnities and guarantees	xxx	Xxx
Receivables from other government entities	xxx	Xxx
Others (Specify)	xxx	xxx
Total	xxx	Xxx

(Give details)

Contingent Liabilities

	2019-2020	2018-2019
	Kshs	Kshs
Contingent liabilities	xxx	Xxx
Court case xxx against the entity	xxx	Xxx
Bank guarantees in favour of subsidiary	xxx	Xxx
Contingent liabilities arising from contracts including PPPs	xxx	Xxx
Others (Specify)	xxx	Xxx
Total	xxx	Xxx

(Give details)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

50 Capital Commitments

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Authorised for	xxx	Xxx
Authorised and contracted for	xxx	Xxx
Total	xxx	Xxx

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

51 Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. *In line with this legal requirement the entity remitted Kshs xxx (FY 2020Kshs xxx). Or The entity did not make any surplus during the year (FY 2020 Nil) and hence no remittance to the Consolidated Fund.*

[Entities to edit accordingly].

The Surplus Remission has been computed as follows:

	2019-2020	2018-2019
	Kshs	Kshs
Surplus for the period	XXX	XXX
Less: Allowable deductions by NT	(XXX)	(XXX)
90% computation (Included in Statement of Financial performance)	XXX	XXX

Surplus Remission Payable

	2019-2020	2018-2019
	Kshs	Kshs
Payable at the beginning of the year	XXX	XXX
Paid during the year	(XXX)	(XXX)
Payable at end of the year	XXX	XXX

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

52 Taxation

	2019-2020	2018-2019
	Kshs	Kshs
At beginning of the year	XXX	XXX
Income tax charge for the year (note 27)	XXX	XXX
Under/(over) provision in prior year/s (note 27)	XXX	XXX
Income tax paid during the year	(XXX)	(XXX)
At end of the year	XXX	XXX

[Provide short appropriate explanations as necessary]

53 Deferred Tax Liability

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

	2019-2020	2018-2019
	Kshs	Kshs
Accelerated capital allowances	XXX	XXX
Unrealised exchange gains/(losses)	XXX	XXX
Revaluation surplus	XXX	XXX
Tax losses carried forward	(XXX)	(XXX)
Provisions for liabilities and charges	(XXX)	(XXX)
Net deferred tax liability/(asset)	XXX	XXX
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	XXX	XXX
Credit to revaluation reserve	(XXX)	(XXX)
Under provision in prior year	XXX	XXX
Income statement charge/(credit)	XXX	XXX
Balance at end of the year	XXX	XXX

(In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes on surplus funds. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

54 Events after the Reporting Period

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

55 Ultimate And Holding Entity

Turkana East Technical and Vocational College is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Basic Education. Its ultimate parent is the Government of Kenya.

56 Currency

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

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APPENDIX

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

This is the first time the college is being audited and therefore there are no pending auditors recommendations

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.



Director General/C.E. O/M.D (enter title of head of entity)

Date.....

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 APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

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

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

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

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State Department of Technical and Vocational Training			
FY 2020/2021			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
			Xx
			Xx
			Xx
		Total	XXX
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
			Xx
			Xx
			Xx
		Total	XXX
c.	Direct Payments		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
			Xx
			Xx
			Xx
		Total	XXX
d.	Donor Receipts		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
			Xx
			Xx
			Xx
		Total	XXX

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

Finance Manager
Turkana East TVC

Head of Accounting Unit
xxx Ministry

Sign -----

Sign-----

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the donor transferor the funds	Date received statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution									
Ministry of Planning and Devolution									
USAID									
Ministry of Planning and Devolution									
Total									