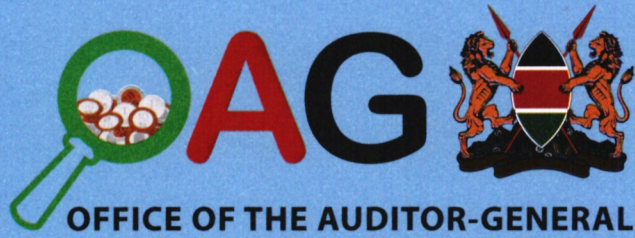


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

NATIONAL ASSEMBLY	
DATE: 01 AUG 2023	DAY: TUE
TABLED OF	Hon Naomi Wago, MP Deputy Majority Whip
CLERK AT THE TABLE:	Izofu mwale

**THE AUDITOR-GENERAL**

**ON**

**NAIVASHA TECHNICAL AND  
VOCATIONAL COLLEGE**

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





International Public Sector Accounting Standards (IPSAS)

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NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30 JUNE 2022

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

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022

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**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
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**FOR THE YEAR ENDED 30 JUNE 2022**

**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

Naivasha Technical and Vocational College is a newly established institution under the Ministry of Education, State department of Technical and Vocational Training domiciled in Kenya. The College was established under the TVET Act 2013. The College is situated near Longonot town, and off the Mai Mahiu - Naivasha Road. The college is currently in its fifth year since inception, having opened its doors for students' admission in March 2018.

**(b) Principal Activities**

The principal activity of Naivasha Technical and Vocational College is to train trainees in line with the college's vision, mission and core values which are:-

**Vision**

To be a leading regional Competence Based Educational and Training (CBET) provider in TVET.

**Mission**

To transform the lives of youth through provision of relevant skills for self-reliance and national development.

**Core values**

Excellence, Access, Creativity and Collaboration.

**(c) Key Management**

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

- Board of Governors'
- Accounting officer/ Principal
- Fiduciary Management

**(d) Fiduciary Management**

**(e)**

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

No.	Designation	Name
1.	Principal	Samuel Mugo Wambugu
2.	Deputy Principal	Dorcas Njeri Macharia
3	Ag.Registrar	Erick.K.Chebii
4..	Head of Finance	Herman Ndugi Munyare

**(f) Fiduciary Oversight Arrangements**

The BOG plays the role of oversight in all the college financials.

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.

**(g) Entity Headquarters**

P.O. Box 574-20117  
NAIVASHA, KENYA

**(h) Entity Contacts**

Telephone: (+254) 740429247  
E-mail: principalnaivashatechnical@gmail.com

**(i) Entity Bankers**

Kenya Commercial Bank  
P.O Box 484400-00100  
Nairobi.

**(j) Independent Auditors**



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

**(k) Principal Legal Adviser**



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

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
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**II. THE BOARD OF GOVERNORS**


 <p><b>MR OCHIENG OGUTU</b></p>	<p><b>ACADEMIC QUALIFICATION</b>          Egerton University- bachelor’s degree in Agriculture Education and extension          Currently pursuing a master’s degree in Public Health (MPH) specializing in epidemiology and population health.</p> <p><b>EXPERIENCE -</b></p> <ul style="list-style-type: none"> <li>➤ project coordinator -Impact project in Naivasha</li> <li>➤ Project manager-in APHIA II, LINKAGES project.</li> <li>➤ Project manager -Kenya National Outreach, Counselling and Training (K- NOTE)as a in the APHIA plus project funded by USAID through FHI360.</li> </ul> <p>Mr. Ochieng serves the board Chairperson</p> <p><b>Date of Appointment:</b> 9<sup>th</sup> February 2022</p> <p><b>Date of Contract Expiry:</b> 9<sup>th</sup> February 2025</p>
 <p><b>MR. SAMMY MARATHI WERU</b>          Board member</p>	<p><b>ACADEMIC QUALIFICATION</b></p> <ul style="list-style-type: none"> <li>➤ Master of Science degree in Biology of Conservation</li> <li>➤ BSc in Wildlife Management,</li> </ul> <p><b>EXPERIENCE -</b></p> <ul style="list-style-type: none"> <li>➤ consultancy services, specializing in Environmental Policy development; especially conservation incentives like Payment for Ecosystem Services (PES), Natural Resource Management and Programming, Kenya Wildlife Service</li> <li>➤ an international NGO -WWF</li> <li>➤ US Government at USAID</li> </ul> <p><b>Date of Appointment:</b> 9<sup>th</sup> February 2022</p> <p><b>Date of Contract Expiry:</b> 9<sup>th</sup> February 2025</p>

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
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 <p><b>RISPER JEMUTAI KANDIE</b> Board member</p>	<p><b>ACADEMIC QUALIFICATION</b></p> <ul style="list-style-type: none"> <li>➤ Institution Year Course Award United Nation-GTP 2017 Postgraduate certificate in Energy Technology Certificate</li> <li>➤ University of Auckland 2009 Postgraduate Certificate in Energy Technology Certificate</li> <li>➤ University of Nairobi 2009 Masters of Science Geology Degree</li> <li>➤ University of Nairobi 2002 Bachelor of Science Geology Degree</li> </ul> <p><b>EXPERIENCE</b></p> <ul style="list-style-type: none"> <li>➤ Center Leader, Kenya Geothermal Training Centre 2018 – Present</li> <li>➤ Senior Geologist, KenGen 2008 - Present</li> <li>➤ Geologist II, Ministry of Water and Irrigation (MWI), 2007-2008</li> <li>➤ University Board Member, South Eastern Kenya University (SEKU), 2013-2017</li> </ul> <p><b>Date of Appointment:</b> 9<sup>th</sup> February 2022</p> <p><b>Date of Contract Expiry:</b> 9<sup>th</sup> February 2025</p>
 <p><b>RUBBIN RORAT NASHIPAE</b> Board member</p>	<p><b>ACADEMIC</b></p> <ul style="list-style-type: none"> <li>➤ 2002-2006 Daystar University-Bachelor of commerce Accounting and Business Administration</li> </ul> <p><b>EXPERIENCE</b></p> <ul style="list-style-type: none"> <li>➤ Branch manager, Progressive Credit Limited – Narok branch(12<sup>th</sup> June 2017 to Date)</li> <li>➤ Credit Regional supervisor/Assistant manager credit, Equity Bank Limited.- Nairobi Region (25<sup>th</sup> August to 2016)</li> <li>➤ Credit Risk Analysis, Equity Bank Limited: head office (February 2011- August 2011)</li> <li>➤ Senior Credit Relationship Officer, Equity Bank Limited: Narok branch (August 2007 to January 2011)</li> </ul> <p><b>Date of Appointment:</b> 9<sup>th</sup> February 2022</p> <p><b>Date of Contract Expiry:</b> 9<sup>th</sup> February 2025</p>

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**

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 <p><b>VITALIS WAFULA WEKESA</b> Board member</p>	<p><b>ACADEMIC</b></p> <ul style="list-style-type: none"> <li>➤ D. Sc. in Agricultural Entomology, Department of Entomology, Phytopathology and Agricultural Zoology, Universidade de Sao Paulo, Brazil, 2008.</li> <li>➤ M.Sc. in Botany (Microbiology Option), Department of Botany, Jomo Kenyatta University of Agriculture and Technology, Thika, Kenya, 2004.</li> <li>➤ B.Sc. in Biological Sciences (Second Class Honors, Upper Division), Dept. of Biological Sciences, Jomo Kenyatta University of Agriculture and Technology, Thika, Kenya, 1997</li> </ul> <p><b>EXPERIENCE</b></p> <ul style="list-style-type: none"> <li>➤ Biorationals Business Unit Manager: June 2015 to Date</li> <li>➤ Flamingo Horticulture (K) Ltd (Dudutech)</li> <li>➤ Senior lecturer: Jan 2011 to May 2015 Technical University of Kenya, School of Pure and Applied Sciences (Applied and Technical Biology Department)</li> <li>➤ Post-Doctoral Research Associate: Sept 2009 to Dec 2010: Norwegian Institute of Agricultural and Environmental Research (BIOFORSK)</li> <li>➤ Post-Doctoral Research Associate: January-August 2009: University of Florida (Institute of Food and Agricultural sciences-IFAS)</li> <li>➤ Project Manager, April 2004 – February 2005 Dudutech (K) Ltd, an affiliate company of Finlays Horticulture Inc., Naivasha.</li> </ul> <p><b>Date of Appointment:</b> 9<sup>th</sup> February 2022</p> <p><b>Date of Contract Expiry:</b> 9<sup>th</sup> February 2025</p>



**ELIZABETH MBOVI MULAE**  
 Board member

**ACADEMIC**

- 2019 Kenya School of Government Senior Management Course
- 2014-2016 Nairobi University Master's in Development Communication
- 2011-2009 Daystar University. Bachelor of Arts in Communication. Major. Specialized in Public Relations
- 2005 Consolata Institute of Communication & Technology Diploma in Journalism Media Studies
- 2004 Consolata Institute of Communication & Technology Diploma in Marketing & Advertising
- 2003 Consolata Institute of Communication & Technology Diploma in Public Relations

**EXPERIENCE**

- 2018 to Date: Export Promotion Board: Designation Corporate Communications Manager
- 2012 to August 2018: Institution of Surveyors of Kenya. Designation: Public Relations/Communication officer
- 2010-2011: Business Platform Limited: Air Kenya Ndege News & Metropolitan Property Magazines: Designation Account Manager
- 2008-2009 Directorate Of Industrial Training: Designation Advertising Executive (DIT magazine)
- 2006- Daystar University Speech Center: Speech writing student assistant
- 2006-2007 Kenya Times News Services Subscriptions Executive/News Reporter

**Date of Appointment:** 9<sup>th</sup> February 2022

**Date of Contract Expiry:** 9<sup>th</sup> February 2025



**PETER MUIRU NDUNGU**  
Board member

**ACADEMIC**

- M.Sc. in Engineering Systems and Management (Energy Option) - Specializing in renewable Energy systems. Bachelor's Degree in Education Technology
- Higher Diploma in Mechanical Engineering

**EXPERIENCE**

- Part Time Teaching
- Taught the Following courses up to 2015:  
AGEN 122- Workshop Technology  
AGEN131- Basic Farm power source and Utilization, Aged 314 – Agricultural field machines, Aged 321- Rural structures
- USAL 222 – Practical skills in Agriculture Engineering at Egerton and Laikipia University Respectively.
- From January 2020; Lecturing in the following courses Aged 122, 123, 314 and Aged 321 at Laikipia University in the Department of Curriculum and Education Management.
- Assistant Director in Nyandarua County September 2015- January 11th 2020

**Date of Appointment:** 9<sup>th</sup> February 2022

**Date of Contract Expiry:** 9<sup>th</sup> February 2025

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
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**III.MANAGEMENT TEAM**

 <p><b>Mr.Samuel Mugo Wambugu</b> <b>PRINCIPAL</b></p>	<p><b>ACADEMIC QUALIFICATION</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Education in technical education(Moi University )</li> <li>• Master’s in Business Administration Strategic Management option ( Jomo Kenyatta University of Agriculture and Technology)</li> </ul> <p><b>EXPERIENCE -</b></p> <ul style="list-style-type: none"> <li>• Head of Mechanical Engineering Department -Kabete National Polytechnic)</li> <li>• Registrar -Kabete National Polytechnic</li> <li>• Deputy Principal Administration- Kabete National Polytechnic</li> </ul>
 <p><b>Mrs.Dorcas Njeri Macharia</b> <b>DEPUTY PRINCIPAL</b></p>	<p><b>ACADEMIC QUALIFICATION</b></p> <ul style="list-style-type: none"> <li>• Master’s in Education (Economics of Education)- university of Nairobi</li> <li>• Bachelor of Education (Arts) -Kenyatta university</li> </ul> <p><b>EXPERIENCE -</b></p> <ul style="list-style-type: none"> <li>• June 2020 - to date Deputy Principal Naivasha Technical and Vocational College</li> <li>• March 2018 - June 2020 Acting Deputy Principal Naivasha Technical and Vocational College</li> <li>• Feb 2018 - June 2020 Naivasha Technical and Vocational College as a lecturer</li> <li>• 2013 to Feb 2018 Emining Technical Training Institute as the Head of Department in Business Studies and Lecturer</li> </ul>

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
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**Mr.Erick.K.Chebii**  
**Ag.REGISTRAR.**

**ACADEMIC QUALIFICATION**

- Master’s in business administration finance option-Egerton University
- Bachelor of Education ( Mathematics and Business Studies)-Kenyatta University

**EXPERIENCE –**

- **Jan 2020 to date** Acting Registrar and Lecturer at Naivasha Technical and Vocational College
- **May 2018 – Jan 2020** Naivasha Technical and Vocational College as a lecturer
- **2014 - May 2018** Mathematics and Business Studies Teacher



**Mr.Herman Ndugi Munyare**  
**FINANCE OFFICER**

**ACADEMIC QUALIFICATION**

- Master’s in business administration finance option- Jomo Kenyatta University of Agriculture and Technology)
- Certified public accountant of Kenya-KASNEB
- Bachelor of arts in education(economics)-Moi university

**EXPERIENCE -**

- **Feb 2021 to date** Financial Officer at Naivasha Technical and Vocational College.
- **2017** Onserio And company CPAK as audit assistant
- **2013-2021** kabete national polytechnic as a lecturer
- **2013-2016** kife school of business as a part-time lecturer and accountant

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
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**IV. CHAIRMAN'S STATEMENT**

The Naivasha Technical and Vocational College Board of Governors was appointed on 9<sup>th</sup> February 2022 for a period of three years. The Board was inaugurated on 16<sup>th</sup> March 2022 by Regional TVET director Mr Peter Cheruiyot. During the first meeting the Board constituted management committees. The Board Committees included: - the Finance and Administration Committee which deals with finance and administration issues, the Audit Committee which deals with Audit matters of the college and the Academic/Human Resource Committee mandated to deal with all academics and staff related issues. All these committees and the Full Board will provide timely advisory and policy guidance to the management.

The current board is the second Board of Governors of the institution and hence great task ahead to create a good foundation for the college to operate. The Board members were inducted from 28<sup>th</sup> June to 1<sup>st</sup> July 2022 where they were enlightened on BOG mandate and scope. During the last quarter of the 2021/2022 financial year the board also signed an MOU with KenGen which increase cooperation and collaboration on various training aspects

Despite all the great strides the college has made since its inception we there has been challenges with the main challenge being limited resources for the college. Being a young college resources have been very little. Another challenge has been the poor state of the access road to the college. However as a board we know that the task bestowed upon us is enormous and challenging but we are up to the task to discharge our duties as required by law and would dedicate our time and energy to ensure the college produces competent and skilled manpower for the country.



**OCHIENG OGUO**  
BOG Chairperson

## **NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.**

#### **V. PRINCIPAL'S REPORT FOR THE YEAR 2021/2022**

Naivasha Technical and Vocational College is a newly established institution under the Ministry of Education, State department of Technical and Vocational Training. The college is situated near Longonot town, and off the Mai Mahiu - Naivasha Road. The college is currently in its fifth year since inception, having opened its doors for students' admission in March 2018.

The college is guided by its vision which is to be a leading regional Competence Based Education and Training (CBET) provider in TVET, its mission of transforming the lives of the youth through provision of relevant skills for self-reliance and national development and its core values which are Excellence, Access, Creativity and Collaboration.

During 2021/2022 financial year, the college made the following strides towards realization of its mandate:

- ❖ The college successfully negotiated for 2021/2022 performance contract.
- ❖ The college was visited by TVETA for quality audit, Ministry of Education (DTE) officials for monitoring and evaluation.
- ❖ The college was connected to a community water project which is now operational.
- ❖ The college started a new course in Social Work and Community Development.
- ❖ The college continued to undertake measures to prevent the spread of COVID-19 by implementing the guidelines provided by MOH and Ministry of Education,
- ❖ The college hosted the Nakuru County Development Implementation and Coordination Committee (CDICC) chaired by the County Commissioner.
- ❖ The college registered an overall pass rate of 60% in the November 2021 KNEC examinations.
- ❖ The college constructed Dean of Students and Procurement Officer' office.
- ❖ The Kenya power is in the process of installing a 458 Kw transformer in order to cater for future power demands.
- ❖ The college in collaboration with Naivasha sub-county Hospital organized a health awareness day where staff and students were sensitized on non-communicable diseases. Screening for blood pressure, blood sugar, HIV status and cervical cancer disease were undertaken.
- ❖ The TVETA inspected the college on 31<sup>st</sup> May 2022 for inspection and approved the following courses:
  - Certificate & diploma in tourism management
  - Artisan in plumbing
  - Certificate & diploma in project management
  - Certificate in store keeping
- ❖ Appointment of a new Board of Governors in March 2022 and later inducted by the MoE officers on 28<sup>th</sup> June to 1<sup>st</sup> July 2022.
- ❖ The college completed construction of Dean of Students and Procurement Officer's office. The construction is 100% complete and occupied

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
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**Challenges**

In the 2021/2022 financial year, the college faced the following challenges:

- ❖ Lack of development funds. The college did not receive any funding for development
- ❖ Poor state of the access road to the college. The college is located 2.5KM off the Naivasha Maai-Mahiu road with road connecting it to the highway being a murrum road and most of the time being in a very bad state.
- ❖ Lack of boarding facility for students. There are no good hostels for students in the neighbourhood and this discourages many potential students. We have several cases where students have failed to report citing lack of hostels.
- ❖ Lack of means of transport. The college lacks a college van for official operations.
- ❖ Delay in appointment of the Board of Governors. The college operated without a Board since November 2020 to march 2022
- ❖ Poor state of the access road to the college. The college is located 2.5KM off the Naivasha Maai-Mahiu road with road connecting it to the highway being a murrum road and most of the time being in a very bad state.
- ❖ Delay in the disbursement of capitation funds. The college did not receive 4<sup>th</sup> quarter capitation funds for 2021/2022 financial year.



Samuel Mugo W.  
Principal/BOG Secretary.

## NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.

### VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Naivasha Technical and Vocational College has 3 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2021- FY 2024. These strategic pillars are as follows:

Pillar/ theme/issue 1: Provide CBET opportunities for school leavers to develop skills, knowledge and attitudes that are aligned to industry needs and for self-reliance.

Pillar/ theme/ issue 2: Promote a culture of research, development, innovation and environmental sustainability among staff and trainees.

Pillar/ theme/ issue 3: Enhance collaboration and linkages with industry and modern Kenya societal needs.

Naivasha TVC develops its annual work plans based on the above three (3) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2021/21 period for its three (3) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Provide CBET opportunities for school leavers to develop skills, knowledge and attitudes that are aligned to industry needs and for self-reliance.	Facilitate learning that ensures trainees have the right knowledge & skills	Number of competence-based programmes	Implement CBET	Competent and skilled human resource that fits in the labour market
Promote a culture of research, development, innovation and environmental sustainability among staff and trainees	Implement environment friendly practises	Pavement in place	Landscaping and paving	Environmental conservation
Enhance collaboration and linkages with industry and modern Kenya societal needs.	Raise the college profile in the community	No. of programs initiated	CSR and outreach programs	Commitment and support of the community

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
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**VII. CORPORATE GOVERNANCE STATEMENT**

The Board of Governors consists of nine (9) Board members. The members are of sound and varied intellectual capacity, skills and competencies which is quite essential for efficient and effective decision making.

To undertake its duties, the Board has three (3) committees in place namely: -

1. Academic and Human resource committee which mainly deals with Academic issues and human resources issues i.e. hiring and firing of BOM staff, enumeration schemes of BOM staff and appraisal of staff. The committee is constituted of three (3) members.
2. Finance Committee which deals with budgeting and financial planning, reporting & monitoring of internal controls and accountability policies. The committee is constituted of three (3) members.
3. Audit Committee which deals with risk management, internal controls and governance. Then there is the Full Board to which all these Board Committees report their deliberations and recommendations for collective approval and resolution. The committee is constituted of three (3) members.

The Board operates on a government Financial Year. The Board Committees and the Full Board meet at least four (4) times a year. For unexpected issues a Special Board Meeting is called by the Principal in consultation with the Board Chairperson.

At the Management level the college has a number of committees to assist in decision making,

A budget is essential to undertake the college operations and activities. The budgetary process is annual, regular, consultative and participatory. The budget is implemented after presentation to the Board's Finance and Administration Committee for deliberation and approval by the Full Board.



**Samuel Mugo W.**  
**Principal/BOG Secretary.**

## NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.

#### VIII. MANAGEMENT DISCUSSION AND ANALYSIS

During the of the year under review i.e 2021/2022 financial year Naivasha Technical and Vocational College was able to undertake various activities leading to variance in the income and expenditure of the college.

Income during the year increased due to increased student enrolment and disbursement of government capitation. The income was also boosted by fee payment by the students through bursaries and HELB disbursements to few students who were yet to receive the loan. On expenditure during the year much was used on uses of goods and services due to increased college enrolment.

. It was also during the financial year that the college undertook various activities: -

- ❖ Performance Contracting (P.C drafting and Negotiation)
- ❖ Enrolment of 78 new students (September 2021 Intake)
- ❖ The college started a new course in Social Work and Community Development.
- ❖ Quality Auditing by TVETA and monitoring and evaluation by ministry of education
- ❖ The college hosted the Nakuru County Development Implementation and Coordination Committee (CDICC) chaired by the County Commissioner.
- ❖ The college installed 16 security solar flood lights and also replaced 100 fluorescent tubes with LED tubes to save on power.
- ❖ The college purchased 25 text books for the library in the quarter.
- ❖ The college was involved in activities to market the college and TVET courses. Several road shows were held in Naivasha town, Longonot town and Mai-mahiu town
- ❖ The college successfully conducted KNEC examinations for Technical and Business courses in November/December 2021 period.
- ❖ The college registered an overall pass rate of 60% in the November 2021 KNEC examinations.
- ❖ The college continued to undertake measures to prevent the spread of COVID-19 by implementing the guidelines provided by MOH and Ministry of Education.
- ❖ The college constructed Dean of Students and Procurement Officer Office. The construction is 90% complete.
- ❖ The Kenya power is in the process of installing a 458 Kw transformer in order to cater for future power demands.
- ❖ The college in collaboration with Naivasha sub-county Hospital organized a health awareness day where staff and students were sensitized on non-communicable diseases. Screening for blood pressure, blood sugar, HIV status and cervical cancer disease were undertaken
- ❖ The college procured 50 lecture chairs worth Ksh 142,500 and 33 textbooks worth Ksh 89,000.
- ❖ The TVETA inspected the college on 31st May 2022 for inspection and approved the following courses:
  - Certificate & diploma in tourism management
  - Artisan in plumbing
  - Certificate & diploma in project management
  - Certificate in store keeping

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
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- ❖ The new Board of Governors were inducted by the MoE officers on 28th June to 1st July 2022.
- ❖ The college completed construction of Dean of Students and Procurement Officer's office. The construction is 100% complete and occupied
- ❖ The college continued to undertake measures to prevent the spread of COVID-19 by implementing the guidelines provided by MOH and Ministry of Education.
- ❖ The college signed an MOU with KenGen company limited

However, our challenge remains delay of funds from the Government Capitation initiative which has made us move at a slow pace in drafting and initiating projects within the college. Despite the financial constrains the college was able to operate debt free.

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.**

**IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

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

**Sustainability strategy and profile**

With the rapid increase in use of technology the college is adapting to the changes in technology by adopting e-learning as a way of learning. This was fast-tracked by the covid-19 pandemic where TVETs had to continue with learning despite the lockdown and hence e-learning came handy. The college also in the FY20/21 adopted Teleconferencing as a way of holding meetings. Technology has really eased communication and learning on the other hand the challenge has been lack of good internet connectivity in some areas and hence some students missed class

**Environmental performance**

The college undertook a public health Inspection to ensure that the environment was conducive for learning.

**Employee welfare**

Naivasha TVC is an equal employer of all and always gives an opportunity to youth, women and People Living with Disability (PWDs) during employment.

The management goes ahead to train or send some of its staff to workshops, seminars and training to improve their skills and increase their knowhow on various matters.

**Market place practices-**

In the FY 20/21 the college paid all its supplier in time and closed the financial year without any supplier pending bill and hence maintained a good relationship with all suppliers.

The college also carried out various marketing activities with high ethical standards being maintained by ensuring we give true and accurate information.

**Corporate Social Responsibility / Community Engagements**

The college being the only public TVET College around its environs the college engaged the various secondary schools in career talks as a way of the college giving back to the society.

For free the college tasked the registrar office with this task and this really helped the youth around benefit from career talk ,additionally some schools visited the college and took an educational trip around the college getting exposure to TVET facilities.

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**X.REPORT OF THE BOARD OF GOVERNORS**

**Principal activities**

The principal activity of Naivasha Technical and Vocational College is to train trainees in line with the college's vision, mission and core values which are: -

Vision-To be a leading regional Competence Based Educational and Training (CBET) provider in TVET.

Mission-To transform the lives of youth through provision of relevant skills for self-reliance and national development.

Core Values-Excellence, Access, Creativity and Collaboration.

**Results**

The results of the entity for the period ended June 30, 2022 are set out on page 1-49

**BOARD/BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page iii-vii.

**Auditors**

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

By Order of the Board



**SAMUEL MUGO W.**  
Board Secretary.



**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
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**XI.STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES**

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

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

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the college
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the college's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act) Nothing has come to the attention of the board members to indicate that the Naivasha TVC will not remain a going concern for at least the next twelve months from the date of this statement

**Approval of the financial statements**

The Amended college's financial statements were approved by the Board on 9<sup>th</sup> May 2023 and signed on its behalf by:

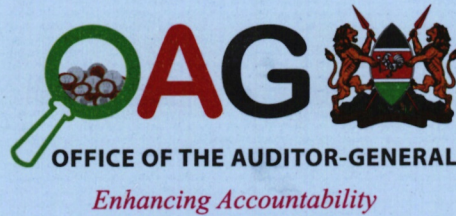


PETER MUIRU  
BOG MEMBER



# REPUBLIC OF KENYA

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



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

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Naivasha Technical and Vocational College set out on pages 1 to 46, which comprise the statement of financial

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Naivasha Technical and Vocational College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Comparative Retained Earnings**

The statement of financial performance reflects comparative retained earnings balance of Kshs.2,612,470. However, the statement of changes in net assets reflects an amount of Kshs.4,465,220 resulting to an unexplained variance of Kshs.1,852,750.

In the circumstances, the accuracy and completeness of the total retained earnings balanced of Kshs.2,612,470 could not be confirmed.

#### **2. Unsupported Board of Governors Expense**

The statement of financial performance reflects Board of Governors' expenses amount of Kshs.626,000 and as disclosed in Note 17 to the financial statements which includes an amount of Kshs.164,000 not supported by details of Members paid, the date and basis for payment.

In the circumstances, the accuracy and completeness of the Board of Governors' expenses amounting to Kshs.164,000 could not be confirmed.

#### **3. Undisclosed Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.2,413,550 and as disclosed in Note 31 to the financial statements. However, as previously reported, the College owns properties which include three parcels of land whose title deeds have not been processed, an office block and classrooms, multiple high value plant and machinery used for mechanical engineering classes, milling machines, lathe machines, hydraulic fork lift, grinding machines and computers which have not been valued and disclosed in the financial statements.

In the circumstances, the existence, accuracy and completeness of the property, plant and equipment balance of Kshs.2,413,550 could not be confirmed.

#### **4. Unconfirmed Assets and Liabilities from Management of Mentored Institution**

The Naivasha Technical and Vocational College at inception, operated under the mentorship of Kabete Technical Training Institute. However, the letter from the Ministry of Education outlining the terms of engagement or the handing over notes between the two Institutions at the close of the mentorship period has not been provided for verification. Further, it is not clear what assets and liabilities that the mentor Institution still holds for Naivasha Technical and Vocational College.

In the circumstances, the accuracy, existence, rights and obligations of the assets passed over from Kabete Technical Training Institute could not be confirmed.

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

#### **Key Audit Matters**

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

#### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amount of Kshs.15,148,200 and Kshs.12,286,520, respectively resulting to underfunding of Kshs.2,861,680 or 19%.

In the circumstances, the underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

#### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

#### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

In preparing the financial statements, Management is responsible for assessing the College's ability to sustain its services, disclosing, as applicable, matters related to sustainability of its services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease its 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 Governors is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

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

  
CPA Nancy Gatungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**17 July, 2023**

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.

**XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

Description	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	5,160,000	5,442,500
Grants from donors and development partners	7	-	0
Transfers from other levels of government	8	-	985,000
Public contributions and donations	9	-	0
		5,160,000	6,427,500
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	10	7,125,520	2,149,250
Sale of goods	11	-	0
Rental revenue from facilities and equipment	12	-	0
Finance income	13	-	0
Other income	14	1,000	0
<b>Revenue from Exchange transactions</b>		<b>7,126,520</b>	<b>2,149,250</b>
<b>Total Revenue</b>		<b>12,286,520</b>	<b>8,576,750</b>
<b>Expenses</b>			
Use of goods and services	15	7,802,797	3,095,251
Employee costs	16	3,567,477	1,616,164
Board of Governors Expenses	17	626,000	355,000
Depreciation and amortization expense	18	357,498	284,808
Repairs and maintenance	19	918,170	613,057
Contracted services	20	-	0
Grants and subsidies	21	-	0
Finance costs	22	-	0
<b>Total Expenses</b>		<b>13,271,942</b>	<b>5,964,280</b>
<b>Other Gains/(Losses)</b>			
Gain on sale of assets	23	-	0
Unrealized gain on fair value of investments	24	-	0
Impairment loss	25	-	0
<b>Total Other Gains/(Losses)</b>		<b>-</b>	<b>0</b>
<b>Net surplus for the year</b>		<b>(985,422)</b>	<b>2,612,470</b>



NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE  
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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	26	1,189,102.40	3,082,585
Current portion of receivables from exchange transactions	27(a)	2,479,381	1,177,455
Receivables from non-exchange transactions	28	560,000	560,000
Inventories	29	0	185,045
Investments	30	0	0
<b>Non-Current Assets</b>			
Long term receivables from exchange transactions	27(b)	0	0
Investments	30	0	0
Property, plant, and equipment	31	2,413,550	1,930,562
Intangible assets	32	0	0
Investment property	33	0	0
<b>Total Assets</b>		<b>6,642,033</b>	<b>6,935,647</b>
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	34	906,779	214,972
Refundable deposits from customers	35	0	0
Current provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of borrowings	41	0	0
Deferred income	38	0	0
Employee benefit obligation	39	0	0
Payments received in advance		0	0
<b>Non-Current Liabilities</b>			
Finance lease obligation	37	0	0
Deferred income	38	0	0
Non-Current Employee Benefit Obligation	39	0	0
Non-Current Provisions	40	0	0
Borrowings	41	0	0
Service Concession Liability	42	0	0
Deferred Tax Liabilities	49	0	0
<b>Total Liabilities</b>		<b>0</b>	<b>214,972</b>
<b>Financed by:</b>			
Reserves		2,255,456	2,255,456
Accumulated Surplus		3,479,798	4,465,220
<b>Total Liabilities</b>		<b>6,642,033</b>	<b>6,680,676</b>

NAIVASHA TECHNICAL & VOCATIONAL COLLEGE  
CHAIRPERSON  
09 MAY 2023  
B.O.G.  
P.O. Box 5714-20117, NAIVASHA  
BOG

NAIVASHA TECHNICAL & VOCATIONAL COLLEGE  
FINANCE OFFICER  
09 MAY 2023  
P.O. Box 5714-20117, NAIVASHA  
Finance officer (cpak no26989)

NAIVASHA TECHNICAL & VOCATIONAL COLLEGE  
PRINCIPAL  
09 MAY 2023  
P.O. Box 5714-20117, NAIVASHA  
Principal/BOG

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.

XV.STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR  
ENDED 30 JUNE 2022

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2021	0	0	0	0	0
Revaluation gain	0	-	-	-	0
Fair value adjustment on quoted investments	-	0	-	-	0
Total comprehensive income	-	-	0	-	0
Capital/Development grants received during the year	-	-	-	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	0	0	-
At June 30, 2021	0	0	4,465,220	0	4,465,220
At July 1, 2021	0	0	4,465,220	0	4,465,220
Revaluation gain	0	-	-	-	0
Fair value adjustment on quoted investments	-	0	-	-	0
Total comprehensive income	-	-	(985,422)	-	(985,422)
Capital/Development grants received during the year	-	-	-	0	0
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	0	0	-
At June 30, 2022	0	0	3,479,798	0	3,479,798

Note:

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



HERMAN MURRAY  
Finance officer (icpak no26989)

SAMUEL MURRAY  
Principal/BOG Secretary

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.

**XVI.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

		2021-2022	2020-2021
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	5,160,000	6,427,500
Rendering of services- Fees from students	10	7,125,520	2,149,250
Other income		1,000	
<b>Total Receipts</b>		<b>12,286,520</b>	<b>8,576,750</b>
<b>Payments</b>			
Compensation of employees	16	3,567,477	3,095,251
Use of goods and services	15	7,802,797	1,616,164
Remuneration of directors	17	626,000	355,000
Repairs and maintenance	19	918,170	613,057
<b>Total Payments</b>		<b>12,914,444</b>	<b>5,679,472</b>
<b>Net cash flows from operating activities</b>	43	<b>(627,924)</b>	<b>2,897,278</b>
<b>Cash flow From Operating Activities</b>			
Increase in Receivables from Exchange Transactions.		(1,301,926)	189,845
decrease in inventories		185,045	-185,045
Decrease/(Increase) in Receivables from Non-Exchange Transactions		-	0
Decrease in Payables		691,807	214,972
<b>Net Cash flow From Operating Activities</b>		<b>(1,052,998)</b>	<b>3,117,050</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	31	(840,486)	-2185558
<b>Net cash flows used in investing activities</b>		<b>(840,486)</b>	<b>-2,185,558</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,893,484)</b>	<b>931,492</b>
Cash and cash equivalents at 1 JULY 2021	26	3,082,585	2,151,093
Cash and cash equivalents at 30 JUNE 2022	26	1,189,102	3,082,585

  
**CHAIRPERSON**  
 11 MAY 2023  
 P. O. G.  
 OCHIENG OGUTU  
 BOG chairperson

  
**FINANCE OFFICER**  
 09 MAY 2023  
 SIGN: [Signature]  
 P. O. G. ROMILYARE  
 Finance officer (ipak no26989)

  
**PRINCIPAL**  
 09 MAY 2023  
 [Signature]  
 P. O. G. ROMILYARE  
 Principal/BOG Secretary

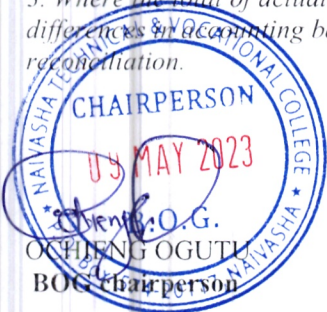
**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.

**XVII.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2020-2021	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Ksh	Ksh	Ksh	Ksh	Ksh	%
Transfers from other Govt entities Govt grants	8,300,000	0	8,300,000	5,160,000	3,140,000	62%
Public contributions and donations	0	0	0	0	0	0%
Rendering of services- Fees from students	6,848,200	0	6,848,200	7,125,520	-277,320	104%
Sale of goods	0	0	0	0	0	0%
Other Income	0	0	0	1000	-1,000	0%
Gains on disposal, rental income and agency fees	0	0	0	0	0	0%
<b>Total income</b>	<b>15,148,200</b>	<b>0</b>	<b>15,148,200</b>	<b>12,286,520</b>	<b>2,861,680</b>	<b>81%</b>
<b>Expenses</b>						
Compensation of employees	3,488,388	0	3,488,388	3,567,477	-79,089	102%
Use of Goods and services	6,785,330	0	6,785,330	7,802,797	-1,017,467	115%
Finance costs	0	0	0	0	0	0%
Repairs and maintenance	600,000	0	600,000	918,170	-318,170	153%
Depreciation and amortization expense	0	0	0	357,498	-357,498	0%
Remuneration of directors	1,272,000	0	1,272,000	626,000	646,000	49%
Grants and subsidies paid	0	0	0	0	0	0%
Development	3,000,000	0	3,000,000	840,486	2,159,514	28%
<b>Total expenditure</b>	<b>15,145,718</b>	<b>0</b>	<b>15,145,718</b>	<b>14,112,428</b>	<b>1,033,290</b>	<b>93%</b>
<b>Surplus for the period</b>	<b>2,482</b>	<b>0</b>	<b>2,482</b>	<b>-1,825,908</b>	<b>1,828,390</b>	

**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.
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.







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**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Naivasha technical and vocational college as an entity is established by and derives its authority and accountability from The Technical and Vocational Education and Training Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

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

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

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

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3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></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>

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE  
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ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>•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;</li> <li>•Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>•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.</li> </ul> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
IPSAS 42: Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

iii. Early adoption of standards

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

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

ii) Revenue from exchange transactions

**Rental income**

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

b) Budget information

The original budget for FY 2021-2022 was approved by the Board on 26<sup>th</sup> June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

c) Taxes

*Current income tax*

The entity is exempt from paying taxes as per The Education Act, Chapter 211 of the Laws of Kenya [1980]

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE  
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**NOTES TO THE FINANCIAL STATEMENTS**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**c) Taxes**

*Sales tax/ Value Added Tax*

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

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

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

**d) Investment property**

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

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

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

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

**e) Property, plant and equipment**

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

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE  
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**Depreciation policy of the entity**

The entity depreciates its assets full year depreciation in the year of purchase and no depreciation on year of disposal.

<b>Property plant and equipment</b>	<b>Depreciation rate</b>
Educational buildings including student hostels	10% per year on reducing balance
Motor vehicle and heavy earth moving equipment	25% per year on reducing balance
Computer and peripheral computer hardware and software, calculators, copiers and duplicating machines	25% per year on reducing balance
Furniture and fittings	10% per year on reducing balance
Telecommunications equipment	10% per year on reducing balance

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING

##### f) Leases

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

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

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

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

##### g) Intangible assets

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

##### h) Research and development costs

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

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

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

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE  
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**i) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

*Held-to-maturity*

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

*Impairment of financial assets*

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

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### i) Financial instruments

###### *Financial assets*

###### *Impairment of financial assets*

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

###### *Financial liabilities*

###### *Initial recognition and measurement*

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

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

###### *Loans and borrowing*

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

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

##### i) Inventories

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

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

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

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### i) Inventories

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

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

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

##### j) Provisions

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

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

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

##### *Contingent liabilities*

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

##### *Contingent assets*

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

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE  
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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**k) 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.*

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits**

**Retirement benefit plans**

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

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

**n) Foreign currency transactions**

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

**o) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**p) Related parties**

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

**q) Service concession arrangements**

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Subsequent events**

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

## 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

### Estimates and assumptions

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

### Useful lives and residual values

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

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

### Provisions

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2021-2022	2020-2021
	KShs	KShs
<b>Unconditional grants</b>		
Capitation grants	5,160,000	5,442,500
<b>Total government grants and subsidies</b>	<b>5,160,000</b>	<b>5,442,500</b>

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2021-2022	2020-2021
	KShs	KShs
JICA- Research grant	0	0
World Bank grants	0	0
In-kind Donations	0	0
Other grants	0	0
<b>Total grants from development partners</b>	<b>0</b>	<b>0</b>

Reconciliations of grants from donors and development partners

Description	2021-2022	2020-2021
	KShs	KShs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions to be met - remain liabilities	0	0

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2021-2022	2020-2021
	KShs	KShs
Transfer from County	0	985,000
<b>Total Transfers</b>	<b>0</b>	<b>985,000</b>

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2021-2022	2020-2021
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from alumni	0	0
Other donations	0	0
<b>Total donations and sponsorships</b>	<b>0</b>	<b>0</b>

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022.**

**10. RENDERING OF SERVICES**

Description	2021-2022	2020-2021
	KShs	KShs
Tuition fees	7,125,520	2,149,250
Activity fees	0	0
Industrial attachment fees	0	0
Examination fees	0	0
Library fees	0	0
Facilities and materials	0	0
Registration fees	0	0
Others ( <i>Specify</i> )	0	0
<b>Total revenue from the rendering of services</b>	<b>7,125,520</b>	<b>2,149,250</b>

**11. SALE OF GOODS**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Sale of goods</b>		
Sale of books	0	0
Sale of publications	0	0
Sale of farm produce	0	0
Cafeteria	0	0
Other(include in line with your organisation)	0	0
<b>Total revenue from the sale of goods</b>	<b>0</b>	<b>0</b>

(Provide brief explanation for this revenue)

**12. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

Description	2021-2022	2020-2021
	KShs	KShs
Hire of facilities and equipment	0	0
Contingent rental	0	0
operating lease revenue	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

(Provide brief explanation for this revenue)

**13. FINANCE INCOME**

Description	2021-2022	2020-2021
	KShs	KShs
Cash investments and fixed deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
<b>Total finance income</b>	<b>0</b>	<b>0</b>

(Provide brief explanation for this revenue)

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**14. OTHER INCOME**

Description	2021-2022	2020-2021
	KShs	KShs
Insurance recoveries	0	0
Consultancy fees	0	0
Income from sale of tender	1,000	0
Services concession income	0	0
Reimbursements and refunds	0	0
Graduation fees	0	0
Miscellaneous ( <i>Specify</i> )	0	0
<b>Total other income</b>	<b>1,000</b>	<b>0</b>

(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).

**15. USE OF GOODS AND SERVICES**

Description	2021-2022	2020-2021
	Ksh	Ksh
Teaching and learning materials	613,304	274,315
Industrial attachment costs	50,500	10,000
Electricity	239,551	163,367
Water	78,300	32,800
Security	672,000	518,000
Professional and Consultancy services	10,000	0
Subscriptions	271,732	0
Advertising	74,079	81,000
Examination fees	1,862,100	681,450
Audit expenses	118,600	27,950
Catering, Conferences, and delegations	544,567	310,308
Travelling and accommodation	1,520,310	179,670
Fuel and oil	41,110	5,950
Insurance	124,824	0
Legal expenses	0	0
Licenses and permits	33,000	0
Postage	10,965	8,805
Printing and stationery	613,011	151,328
Hire charges	0	0
Rent expenses	0	0
Skills development levies	0	0
Telephone expenses	99,000	98,750
Internet expenses	205,238	185,084
Training expenses	171,500	18,500
Covid-19 expense	57,546	92,233
Administration expense	261,860	99,050
Procurement expenses	18,800	0
Performance contract expense	110,900	61,640
<b>TOTAL</b>	<b>7,802,797</b>	<b>3,095,251</b>

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**16. EMPLOYEE COSTS**

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	3,541,377	1,263,524
Employee related costs - contributions to pensions and medical aids	0	0
Travel, motor car, accommodation, subsistence and other allowances	0	352,640
Housing benefits and allowances	0	0
Overtime payments	0	0
Performance and other bonuses	0	0
Social contributions	26,100	0
<b>Employee costs</b>	<b>3,567,477</b>	<b>1,616,164</b>

**17. BOARD OF GOVERNORS EXPENSES**

Description	2021-2022	2020-2021
	KShs	KShs
Sitting allowance	626,000	355,000
<b>Total director emoluments</b>	<b>626,000</b>	<b>355,000</b>

**18. DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	357,498	284,808
<b>Total depreciation and amortization</b>	<b>357,498</b>	<b>284,808</b>

**19. REPAIRS AND MAINTENANCE**

Description	2021-2022	2020-2021
	KShs	KShs
Property	918,170	475,628
Equipment and machinery	0	0
Furniture and fittings	0	24,500
Computers and accessories	0	49,610
Other	0	63,319
<b>Total repairs and maintenance</b>	<b>918,170</b>	<b>613,057</b>

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**20. CONTRACTED SERVICES**

Description	2021-2022	2020-2021
	KShs	KShs
Actuarial valuations	0	0
Investment valuations	0	0
Property valuations	0	0
<b>Total contracted services</b>	<b>0</b>	<b>0</b>

**21. GRANTS AND SUBSIDIES**

Description	2021-2022	2020-2021
	KShs	KShs
Community development	0	0
Education initiatives and programs	0	0
Social development	0	0
Community trust	0	0
Sporting bodies	0	0
<b>Total grants and subsidies</b>	<b>0</b>	<b>0</b>

**22. FINANCE COSTS**

Description	2021-2022	2020-2021
	KShs	KShs
Borrowings (amortized cost)*	0	0
Finance leases (amortized cost)	0	0
Unwinding of discount	0	0
Interest on Bank overdrafts	0	0
Interest on loans from commercial banks	0	0
<b>Total finance costs</b>	<b>0</b>	<b>0</b>

\*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.)

**23. GAIN ON SALE OF ASSETS**

Description	2021-2022	2020-2021
	KShs	KShs
	0	0
Property, plant and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
<b>Total gain on sale of assets</b>	<b>0</b>	<b>0</b>

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 24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2021-2022	2020-2021
	KShs	KShs
Investments at fair value	0	0
<b>Total gain</b>	<b>0</b>	<b>0</b>

25. IMPAIRMENT LOSS

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
<b>Total impairment loss</b>	<b>0</b>	<b>0</b>

26. CASH AND CASH EQUIVALENTS

Description	2021-2022	2020-2021
	KShs	KShs
<b>Current account</b>		
Main A/C-		
1223309193	1,141,678	1,340,027
Development A/C 1223309746	8,841.40	1,722,658.40
Fund account 1223309444	38,583	19,900.00
<b>Total cash and cash equivalents</b>	<b>1,189,102.4</b>	<b>3,082,585</b>

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

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

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank-Main a/c	1223309193	1,141,678	1,340,027
Development account	1223309746	8,841.40	1,722,658.40
Fund account	1223309444	38,583	19,900
<b>Grand total</b>		<b>1,189,102.4</b>	<b>3,082,585</b>

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27. RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a) Current Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Student debtors	2,479,381	1,177,455
Other exchange debtors	0	0
Less: impairment allowance	0	0
<b>Total current receivables</b>	<b>2,479,381</b>	<b>1,177,455</b>

27(b) Long- term Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	KShs	KShs
<b>Non-current receivables</b>		
Refundable deposits	0	0
Advance payments	0	0
Public organizations	0	0
Less: impairment allowance	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
Current portion transferred to current receivables	0	0
<b>Total non-current receivables</b>	<b>0</b>	<b>0</b>
<b>Total receivables</b>	<b>0</b>	<b>0</b>

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

Description	2021-2022	2020-2021
	KShs	KShs
At the beginning of the year		
Provisions during the year	0	0
Recovered during the year	0	0
Write offs during the year	0	0
At the end of the year	0	0

28. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Capitation grants*	560,000	560,000
<b>Total current receivables</b>	<b>560,000</b>	<b>560,000</b>

\*Receivables on capitation grants is recognised for monies received after year end but relating to the year under review

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

Description	2021-2022	2020-2021
	KShs	KShs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	0	0

**29. INVENTORIES**

Description	2021-2022	2020-2021
	KShs	KShs
Consumable stores	0	71,000
Maintenance stores	0	114,045
<b>Total inventories at the lower of cost and net realizable value</b>	<b>0</b>	<b>185,045</b>

**30. INVESTMENTS**

Description	2021-2022	2020-2021
	KShs	KShs
<b>a) Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	0	0
CBK	0	0
<b>Sub- total</b>	<b>0</b>	<b>0</b>
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank x	0	0
Bank y	0	0
<b>Sub- total</b>	<b>0</b>	<b>0</b>
<b>c) Equity investments (specify)</b>		
Equity/ shares in company xxx	0	0
<b>Sub- total</b>	<b>0</b>	<b>0</b>
<b>Grand total</b>	<b>0</b>	<b>0</b>

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**d) Shareholding in other entities**

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

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Shs	Shs	Shs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
Entity D	0	0	0	0	0	0
	0	0	0	0	0	0

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**31. PROPERTY, PLANT AND EQUIPMENT**

	Land and	Furniture and fittings	Computers&	Printer	Other Assets	Plant and	Total
	Buildings		CCTVs		(tank )	equipment	
Cost	Shs	Shs	Shs		Shs	Shs	Shs
At 1 July 2021 balance b/d	1,523,562	125,000	391,996	53,000	75,000	70,000	2,238,558
Additions	508,586	70,500	219,600	0	0	41,800	840,486
Disposals	0	0	-	0	0	-	0
Transfers/adjustments	0	0	-	0	0	0	0
<b>At 30<sup>th</sup> June 2022</b>	<b>2,032,148</b>	<b>195,500</b>	<b>611,596</b>	<b>53,000</b>	<b>75,000</b>	<b>111,800</b>	<b>3,079,044</b>
<b>Depreciation and impairment</b>	<b>10%</b>	<b>10%</b>	<b>25%</b>	<b>25%</b>	<b>10%</b>	<b>10%</b>	
At 1 July 2021	152,356	12500	97,999	30,641	7,500	7,000	23,188
Depreciation	187,979	18,300	128,399	5590	6750	10480	357,498
Disposals	0	0	-		0	-	0
Impairment	0	0	-		0	-	0
Transfer/adjustment	0	0	-		0	-	0
<b>At 30<sup>th</sup> June 2022</b>	<b>340,335</b>	<b>30,800</b>	<b>226,398</b>	<b>36,231</b>	<b>14250</b>	<b>17480</b>	<b>665,494</b>
<b>Net book values</b>							
<b>At 30<sup>th</sup> June 2022</b>	<b>1,691,813</b>	<b>164,700</b>	<b>385,198</b>	<b>16,769</b>	<b>67,500</b>	<b>94,320</b>	<b>2,413,550</b>

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**Valuation**

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

**31 (b) Property, Plant and Equipment at Cost**

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0	0	0
Buildings	0	0	0
Plant and machinery	0	0	0
Motor vehicles, including motorcycles	0	0	0
Computers and related equipment	0	0	0
Office equipment, furniture, and fittings	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

**32. INTANGIBLE ASSETS-SOFTWARE**

Description	2021-2022	2020-2021
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	0	0
Additions	0	0
<b>At end of the year</b>	0	0
Additions—internal development	0	0
<b>At end of the year</b>	0	0
<b>Amortization and impairment</b>	0	0
<b>At beginning of the year</b>	0	0
Amortization	0	0
<b>At end of the year</b>	0	0
Impairment loss	0	0
<b>At end of the year</b>	0	0
<b>NBV</b>	<b>0</b>	<b>0</b>

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**33. INVESTMENT PROPERTY**

Description	2021-2022	2020-2021
	KShs	KShs
<b>At beginning of the year</b>	0	0
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
<b>At end of the year</b>	0	0

*(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).*

**34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	0	214,972
Fees paid in advance	906,779	0
Employee advances	0	0
Third-party payments	0	0
Other payables	0	0
<b>Total trade and other payables</b>	<b>906,779</b>	<b>214,972</b>

**35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

Description	2021-2022	2020-2021
	KShs	KShs
Consumer deposits	0	0
Caution money	0	0
Other refundable deposits	0	0
<b>Total deposits</b>	<b>0</b>	<b>0</b>

**36. CURRENT PROVISIONS**

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	0	0	0	0	0
Additional Provisions	0	0	0	0	0
Provision utilised	0	0	0	0	0
Change due to discount and time value for money	0	0	0	0	0
Transfers from non -current provisions	0	0	0	0	0
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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37. FINANCE LEASE OBLIGATION

Description	2021-2022	2020-2021
	KShs	KShs
At the start of the year	0	0
Discount interest on lease liability	0	0
Paid during the year	0	0
At end of the year	0	0

Maturity Analysis

Period	Amount
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5 and onwards	0
Less: Unearned interest	0
	0

Analysed as:

Description	Amount
Current	0
Non- Current	0
<b>Total</b>	0

38. DEFERRED INCOME

Description	2021-2022	2020-2021
	KShs	KShs
National government	0	0
International funders	0	0
Public contributions and donations	0	0
<b>Total deferred income</b>	0	0

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The deferred income movement is as follows:

	National government	International funders/ donors	Public contributions and donations	Total
Balance brought forward	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to income statement	0	0	0	0
Other transfers	0	0	0	0
Balance carried forward	0	0	0	0

**39.EMPLOYEE BENEFIT OBLIGATIONS**

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	20xx-20xx	20xx-20xx
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
<b>Total employee benefits obligation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Retirement benefit Asset/ Liability**

The entity 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 valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	2021-2021	2020-2021
	Kshs	Kshs
Discount rates	0	0
Future salary increases	0	0
Future pension increases	0	0
Mortality (Pre- retirement)	0	0
Mortality (Post- retirement)	0	0
Withdrawals	0	0
Ill health	0	0
Retirement	0	0

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Recognition of Retirement Benefit Asset/ Liability

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

	2021-2022	2020-2021
Description	Kshs	Kshs
The return on defined plan assets	0	0
Actuarial gains/ losses arising from changes in demographic assumptions	0	0
Actuarial gains/ losses arising from changes in financial assumptions	0	0
Actuarial gains and losses arising from experience adjustments	0	0
Others (Specify)	0	0
Adjustments for restrictions on the defined benefit asset	0	0
<b>Remeasurement of the net defined benefit liability (asset)</b>	<b>0</b>	<b>0</b>

b) Amounts recognised in the Statement of Financial Position

	2021-2022	2020-2021
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	0	0
Fair value of plan assets(b)	0	0
Funded Status(=a-b)	0	0
Restrictions on asset recognised	0	0
Others	0	0
Net Asset or liability arising from defined benefit obligation	0	0

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

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40. NON-CURRENT PROVISIONS

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0	0
Additional Provisions	0	0	0	0	0
Provision utilised	0	0	0	0	0
Change due to discount and time value for money	0	0	0	0	0
Less: Current portion	0	0	0	0	0
<b>Total deferred income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

(NB: The current portion deducted in this note should tie to line on current portion transferred from non-current provisions under note 34)

41. BORROWINGS

Description	2021-2022	2020-2021
	KShs	KShs
Balance at beginning of the year	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the year	0	0

41 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2021-2022	2020-2021
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organisation'	0	0
Sterling Pound denominated loan from 'yyy organisation'	0	0
Euro denominated loan from zzz organisation'	0	0
<b>Domestic Borrowings</b>	0	0
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
<b>Total balance at end of the year</b>	<b>0</b>	<b>0</b>

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

Description	2021-2022	2020-2021
	KShs	KShs
Short term borrowings(current portion)	0	0
Long term borrowings	0	0
<b>Total</b>	0	0

(NB: the total of this statement should tie to note 42 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).

42. SERVICE CONCESSION ARRANGEMENTS

Description	2021-2022	2020-2021
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	0
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	0	0

43. CASH GENERATED FROM OPERATIONS

Description	2021-2022	2020-2021
	KShs	KShs
Surplus for the year before tax		
<b>Adjusted for:</b>		
Depreciation	0	0
Non-cash grants received	0	0
Contributed assets	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Finance income	0	0
Finance cost	0	0
<b>Working Capital adjustments</b>	0	0
Increase in inventory	0	0
Increase in receivables	0	0
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
<b>Net cash flow from operating activities</b>	0	0

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

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**44. FINANCIAL RISK MANAGEMENT**

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

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

**(i) Credit risk**

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

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

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 20xx</b>				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 20xx</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**(i) Credit risk (continued)**

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

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

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

**(ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 20xx</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	0	0	0	0
<b>At 30 June 20xx</b>	0	0	0	0
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	0	0	0	0

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44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	0	0	0
	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
	0	0	0
Net foreign currency asset/(liability)	0	0	0

The entity 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.

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44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

a) Foreign currency risk

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 201xx</b>			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

**Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>20xx</b>			
Euro	10%	0	0
USD	10%	0	0
<b>20xx</b>		0	0
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

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

*Management of interest rate risk*

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

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44 FINANCIAL RISK MANAGEMENT

(iii) Market risk

b) Interest rate risk

*Sensitivity analysis*

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2021 – KShs xxx)

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
<b>Total funds</b>	0	0
	0	0
	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
<b>Gearing</b>	0	0

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45. RELATED PARTY BALANCES

**Nature of related party relationships**

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

**Government of Kenya**

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

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

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

	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to Govt agencies	0	0
Rent Income from govt. agencies	0	0
Water sales to Govt. agencies	0	0
Others (Specify)	0	0
<b>Total</b>	0	0
<b>b) Purchases from related parties</b>		
Purchases of electricity from KPLC	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Others (specify)	0	0
<b>Total</b>	0	0
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	0	0
Grants from County Government	0	0
Donations in kind	0	0
<b>Total</b>		0
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
<b>Total</b>	0	
<b>d) Key management compensation</b>		
Directors' emoluments	0	0
Compensation to key management	0	0
<b>Total</b>	0	0

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**46. 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)*

**47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

**Contingent Assets**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent assets</b>		
Insurance reimbursements	0	0
Assets arising from determination of court cases	0	0
Reimbursable indemnities and guarantees	0	0
Others (Specify)	0	0
<b>Total</b>	0	0

**Contingent Liabilities**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent liabilities</b>	0	0
Court case against the entity	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from contracts including PPPs	0	0
Others (Specify)	0	0
<b>Total</b>	0	0

*(There were no Court case against the entity in the 2021-2022 FY)*

**48. CAPITAL COMMITMENTS**

<b>Capital commitments</b>	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
<b>Total</b>	0	0

*(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 entity but at the end of the year had not been contracted or those already contracted for and ongoing)*

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**49. 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:

	2021-2022	2020-2021
	Kshs	Kshs
Accelerated capital allowances	0	0
Unrealised exchange gains/(losses)	0	0
Revaluation surplus	0	0
Tax losses carried forward	0	0
Provisions for liabilities and charges	0	0
<b>Net deferred tax liability/(asset)</b>	<b>0</b>	<b>0</b>
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	0	0
Credit to revaluation reserve	0	0
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
Balance at end of the year	0	0

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

**50. EVENTS AFTER THE REPORTING PERIOD**

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

**51. ULTIMATE AND HOLDING ENTITY**

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

**52. CURRENCY**

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	The statement of financial performance and Note 10 for the year ended 30 June, 2021 reflects a balance of Kshs. 2,115,870 as revenue from fees payment from students. The following issues were noted; i.) The reported fee income is based on receipts and not invoiced amounts hence the reported revenue may be understated.	Invoiced amounts for the fee have been availed for every student in the year under review in order to correspond with the college fee received	resolved	
	The statement of financial performance for the year ended 30 June, 2021 reflects repairs and maintenance of Ksh. 644,307 and as disclosed under Note 19 to the financial statements. Included in this amount are payments totaling Ksh. 257,577 to various suppliers for the supply of goods and services as detailed below? The amounts have wrongly been classified under other budgetary items contrary to the standard chart of accounts approved by the National Treasury	The management has undertaken a review of the items under repair and maintenance in that some items have been re-classified while those that are not re-classified have been classified into various sub- ledgers under repair maintenance ledger	resolved	
	As at 30 June 2021, the Institution had 5 teaching staff and 4 non-teaching staff. However, the Institution did not have a staff establishment record therefore we could not ascertain the exact number of employees the institution is authorized to engage. Guide it on budget making process for staff recruitment and compensation, now and in the future	The college has a draft staff establishment policy which has not been approved by the BOG because the college has been without a board from November 2020 to March 2022	resolved	
	The statement of financial position reflects cash and cash equivalents balance of kshs. 3,082,585 as at 30 June, 2021. However, examination of cashbooks revealed the following; i. The cashbooks were prepared in excel format with no internal control mechanism to deter unauthorized changes to the entries without reference to any other supervisor for authorization. Considering the	The management acknowledges that there were no internal controls in the preparation of cashbook. The management will procure a physical cashbook as proposed from the government printers so that it can act as internal control tool for cash in and cash out of the college accounts	resolved	

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE  
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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)
	large number of transactions involved, errors of omission and commission may not be detected for rectification.			
	The statement of financial position as at 30 June, 2021 reflects receivables from exchange transactions totaling to Kshs.5,274,830, accruing from students. However, the supporting schedule reflected Kshs 2,801,050 leading to a variance of Kshs 2,473,780 which was not explained or reconciled.	The reported receivables from exchange transaction amounting to ksh 5,274,830 was a combination of both receivables from exchange and non-exchange transactions, this has been amended to separate them.	Not resolved	
	The statement of financial position and Note 31 as at 30 June, 2021 reflects property, plant and equipment balance of Kshs. 1,930,562. However, the College owns properties which include parcels of land, an office block and classes, multiple high value plant and machinery used for mechanical engineering classes, milling machines, lathe machines, hydraulic fork lift, grinding machines and computers which have not been valued and disclosed in the financial statements.	The college properties i.e. land, buildings, machinery and furniture were supplied by the government and no formal documentation or handing over was ever made hence their valuation is not known. The Management is in the process of conducting a proper valuation of the Non- currents i.e. Land, buildings, machinery and furniture in the college and thereafter maintain an asset register which will be updated from time to time in case of acquisitions, disposals and revaluations.	resolved	
	The Institution does not also have a fraud policy place contrary to the provisions of Section 165 (1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the national government entity develops—(a) risk management strategies, which include fraud prevention mechanism; and (b) a system of risk management and internal control	The college has a draft risk and fraud management policy but has not yet being presented to the BOG for discussion and approve, this is because the college have not had a BOG since 7th November 2020 to march 2022.	resolved	

NAIVASHA TECHNICAL & VOCATIONAL COLLEGE  
FINANCE OFFICER  
09 MAY 2023  
HERNIMONYA  
Finance officer (cpak no26989)

NAIVASHA TECHNICAL & VOCATIONAL COLLEGE  
PRINCIPAL  
09 MAY 2023  
SAMUEL MUGO  
Principal/BOG Secretary

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**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Dean of student's office & procurement officer office	1	Internal	6MONTHS	100%		

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, ie 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	Dean of student's office & procurement officer office	600,000	508,586	31/03/2022	600,000	508,586	Internal

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of XXX				
FY xx/xx				
a.	Recurrent Grants			
	Bank Statement	Amount (KShs)	Indicate the FY to which the amounts relate	
	Date			
		0		
		0		
		0		
	<b>Total</b>	<b>00</b>		
b.	Development Grants			
	Bank Statement	Amount (KShs)	Indicate the FY to which the amounts relate	
	Date			
		0		
		0		
		0		
	<b>Total</b>	<b>00</b>		
c.	Direct Payments			
	Bank Statement	Amount (KShs)	Indicate the FY to which the amounts relate	
	Date			
		0		
		0		
		0		
	<b>Total</b>	<b>00</b>		
d.	Donor Receipts			
	Bank Statement	Amount (KShs)	Indicate the FY to which the amounts relate	
	Date			
		0		
		0		
		0		
	<b>Total</b>	<b>00</b>		

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


  
 Herminia Muriyare  
 Finance officer (icpak #26989)


  
 Samuel Mugo  
 Principal/BOG Secretary

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Where Recorded/recognized						Total Transfers during the Year
	as per bank statement		Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Directorate of TVET	25/11/21	Capitation	1,687,500	0	0	0	0	0	1,687,500
Directorate of TVET	02-03-2022	Capitation	1,687,500	0	0	0	0	0	1,687,500
Directorate of TVET	03/06/22	Capitation	1,785,000	0	0	0	0	0	1,785,000
<b>Total</b>			<b>5,160,000</b>	0	0	0	0	0	<b>5,160,000</b>

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