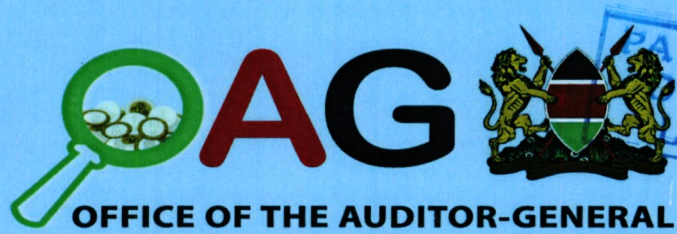



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	
DATE:	02 MAR 2023
	DAY: Thursday
TABLED BY:	Leader of the Majority Party OF
CLERK-AT THE-TABLE:	Joyce Kemerele

THE AUDITOR-GENERAL

ON

**SEME TECHNICAL AND VOCATIONAL
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



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

SEME TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2021

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Seme Technical and Vocational College was established under the TVET Act 2013 in September 2019. The entity is domiciled in Kenya and has no branches at the moment. The college is under the Ministry of Education, State Department of Vocational and Technical Training (MOE-SDVTT)

The College offers a wide range of courses ranging from Artisan, Certificate and Diploma levels spread across seven academic departments

- Building and Civil Engineering
- Electrical and Electronics Engineering
- Welding and Fabrication
- Information and Communication Technology
- Business and Liberal Studies
- Hair Dressing and Beauty Therapy
- Tailoring and Garment Making
- Food and Beverages

(b) Principal Activities

The principal activity/mission/ mandate of the College is Vocational and Technical Training

Vision: To be a centre of excellence in provision of Technical and Vocational training

Mission: To produce high quality result oriented graduates for both local and global market

Core objectives:

- To provide quality and customer driven technical and vocational training that would make the trainees fit for the dynamic demands of the local and global market
- To equip trainees with relevant knowledge, skills and attitudes needed to address societal and personal development needs.
- To endeavour to continuously improve on services and operations through research and innovation

(c) Key Management

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

Board of Governors
Accounting officer/ Principal
Management

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr Kenneth Odero
2.	Deputy Principal Finance	
3	Deputy Principal Academics	Mr Jared Hasea
4	Registrar (s)	Mr Victor Okeyo
5	Dean of Students	Mr Samuel Ayodo
6	Head of Finance	Mrs Linet Otieno
7	Procurement Officer	Mr Roy Odhiambo

(e) Fiduciary Oversight Arrangements

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

(f) Entity Headquarters

P.O. Box 47-40102
Seme Technical & Vocational College Building
Along Kisumu -Bondo Highway
Kombewa- Kisumu Kenya

(g) Entity Contacts

Telephone: (254) 775 261 202
E-mail: info@semetechnical.ac.ke
Website: xxx.semetechnical.ac.ke

(h) Entity Bankers

Kenya Commercial Bank Ltd
Kisumu International Airport Branch
P.O. Box 17 -40100
Kisumu, Kenya

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(i) Independent Auditors



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

(j) Principal Legal Adviser

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

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II. THE COUNCIL/BOARD OF GOVERNORS

BOG'S PASSPORT-SIZE PHOTO AND NAME.	DESCRIPTION OF EACH BOG'S DATE OF BIRTH, KEY QUALIFICATIONS AND WORK EXPERIENCE.
 <p>1. Mr. Arthur Anam Rateng Chairperson of the Board</p>	<p>Year of Birth: 1953</p> <p>Key Qualifications: Masters (Entrepreneurship Education), University of Illinois, USA, 1992</p> <p>Work Experience:</p> <ul style="list-style-type: none"> • Director of Technical Education in the Ministry of Education, Science and Technology (2004-2008). • Chief Principal, Machakos Technical Training Institute (2000-2004). • Deputy Director of Technical Training, • Principal, Mawego Technical Training Institute (1994). • Head of Department Kenya Technical Teachers College (KTTC) Production Unit (1990-1994). • Principal Lecturer and Head of Mechanical Engineering Dept, Kenya Technical Teachers College (1988-1993).
 <p>2. MR. Kenneth Odera Principal/Secretary of the Board</p>	<p>Year of Birth 1968</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • BSc, PGDE. <p>Work Experience</p> <ul style="list-style-type: none"> ➤ March 11th 2019 to date: Principal Seme Technical and Vocational College ➤ October 1994 – To 6/03/2019 – Lecturer/trainer of Fisheries and Aquaculture at Ramogi Institute of Advanced Technology (RIAT), Kisumu ➤ Acting Principal (27th September 2018 to 6TH March 2019) ➤ Acting Deputy Principal- Administration (1st July 2018 to 26th September 2018) ➤ Performance Contracting Coordinator (July 2010 to July 2018) ➤ Head of Agriculture & Fisheries Department (February 1994 to July 2018)

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3. Paul Aduwo Obuya
Chairperson -Finance, Infrastructure, and Risk Management Committee

Year of Birth 1987

Key Qualifications:

Bachelor of Commerce (Finance Option), Catholic University of Eastern Africa(CUEA), 2017 CPA(K), KCA University, 2012

Work Experience:

- Chief Accountant at Owiti, Otieno & Ragot Advocates

Formerly

- Audit Partner at Imran Osman & Associates Certified Public accountants
- Senior Accountant, G.S. Patel & Co., CPA(K)



4. Ronald Kipkurui Bett
Chairperson- Education, Training and Research Committee

Year of Birth: 1980

Key Qualifications:

BST. Electronics, University of Eastern Africa, Baraton, 2009

Work Experience:

Currently serving as:

- Co-founder/Director Operations, Workbench;



5. Michael Kabinga Weru
BOARD MEMBER

Year of Birth: 1968

Key Qualifications:

Final Proficiency Certificate (Electrical), 1995




Work Experience:

Currently serving as Electrical Foreman at Muhoroni Sugar Company;

Previously served as:



- Electrical technician at Muhoroni Sugar Company for 15 years;
- Electrical technician at Farm Engineering Industries;

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 <p>6. Daniel Amuli Bulali BOARD MEMBER</p>	<p>Year of Birth: 1965 Key Qualifications: HND, Mechanical Engineering(Plant Option), Eldoret Polytechnic Work Experience:</p> <ul style="list-style-type: none"> ➤ Currently serving as the Shift Superintendent (Mechanical), West Kenya Sugar Co. <p>Formerly</p> <ul style="list-style-type: none"> ➤ Senior Factory plant Technician at Kiegoi Tea Factory Meru ➤ Snr Inspector Mechanical B services -Ministry of Public Works
 <p>7. Immaculate Ndanu Kioko BOARD MEMBER</p>	<p>Year of Birth: Key Qualifications: She holds a degree in Bachelor of Science in Information Technology BSc. (Information Technology), Maseno University, 2014 Work Experience:</p> <ul style="list-style-type: none"> ➤ Member of Seme TVC Board since 2019. ➤ Currently serving as the Head of Department of ICT Tom Mboya University College , a constituent college of Maseno University ➤ Formerly Systems Administrator at KEMRI Kisumu
 <p>9.Mr.Fanuel Onyango BOARD MEMBER Regional Director of TVET</p>	<p>Year of Birth: Key Qualification and Work Experience</p> <ul style="list-style-type: none"> ➤ Fanuel Onyango is currently the County Director TVET – Kisumu and Siaya Counties. ➤ He has a wealth of experience in Education Management. Has served as Principal and Deputy Principal, in various institutions. ➤ He has been a Dean of Students, Head of Department, Teacher Trainer in a Diploma College, Lecturer, and teacher in High School. ➤ He has done work for Kenya National Examinations Council (KNEC) and has also been involved in Curriculum Development & Consultancy in small and medium-sized enterprises;

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III. MANAGEMENT TEAM

PASSPORT-SIZE PHOTO AND NAME	RESPONSIBILITIES
 <p>MR. KENNETH ODERO PRINCIPAL</p>	<p>Chief Executive Officer/Accounting officer for the college. In charge of the overall management of the college Responsible for the preparation of the budget estimates Interpreting and implementing policy decisions</p>
 <p>MR. JARED HASEA DEPUTY PRINCIPAL</p>	<p>The Principal assistant to the Principal in the management of the college In charge of coordinating all aspects of trainings.</p>
 <p>MR. VICTOR O. OKEYO REGISTRAR</p>	<p>In charge of marketing of college programs and general students admission; Management of students' records, Formulation of education plans; Maintain academic standards and preparation of timetables.</p>

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 <p>MR. SAMUEL AYODO DEAN OF STUDENTS</p>	<p>In charge of management of students' affairs and welfare,</p> <p>Maintain students' discipline;</p> <p>Overseeing students' governance, clubs, societies Sports and recreational activities</p>
 <p>MS LYNET OTIENO FINANCE OFFICER</p>	<p>In charge of preparation of budget estimates, budgetary control and financial reports</p> <p>Provides financial advice to the management</p> <p>In charge of non-academic staff</p>
 <p>MR. ROY ODHIAMBO PROCUREMENT OFFICER</p>	<p>In charge of supplies and procurement management</p> <p>Manages and advises the management on procurement issues</p>

IV. CHAIRMAN'S STATEMENT

It is a great pleasure for me to make this statement on behalf of the Board of Governors and the entire Seme TVC fraternity.

The Annual Report and Financial Statements for the year ended 30th June 2021 has presented us with an opportunity to reflect on our achievements over the past one year and to plan for the future as an institution. This Inaugural Board took over the Governance of the College on 23rd October 2019 following the appointment of its members by the Cabinet Secretary, MOE in July 2019. Since then, the Board has continued to carry out its oversight role and provision of strategic direction to the College in line with the TVET Act 2013, Mwongozo and other Government Guidelines and Policies.

The Board remains focused on its mandate of addressing the Country's TVET agenda of increasing access and equity. As a board, we fully embrace the Government's Vision on TVET as envisioned in the Kenya Vision 2030 and the Big 4 Agenda. To this end, the Board has made the following significant achievements since taking over Governance of the College:

- Increased enrolment from 143 in January 2020 to 460 by May 2021
- Expansion academic departments from 4 to 7.
- Involvement in the recruitment of PSC/TVET trainers
- Continued improvement of college physical infrastructure;
- Clearing and levelling of the compound
- Completion of a borehole water system with a provision to serve the surrounding Community.
- Laying down ground work for the development of the College's Strategic Plan.

In our endeavour to achieve the aforementioned successes, the Board encountered a number of challenges that have considerably deaccelerated our performance. These include:

- Lack of adequate funds for implementation of key planned activities and projects such as acquisition of vital training and leaning equipment and facilities.
- Delayed completion of the bridge along the access road that has hindered easy and quick access to the College.
- Lack of Accommodation and Catering facilities for students and staff in the college.
- Inadequate training facilities and equipment (Classes, Laboratories, Library, etc.)
- On-going court case over an illegal structure inside the College's compound.

Despite all these, the Board is optimistic of ensuring that the college grows as envisioned in its vision and mission statements.



Mr. Aurther Anam Rateng

CHAIRMAN,
BOARD OF GOVERNORS

V. REPORT OF THE PRINCIPAL

The TVET Act, 2013 outlines mandates and functions all TVET colleges in the Kenya.

In realization of the TVET Act, Seme TVC wishes to distinguish itself as a centre of excellence in the provision of quality technical training in Kisumu County and beyond. Towards this, the College's management wishes to create timely and sustainable interventions that would ensure successful implementation of all the planned activities while ensuring quality in service delivery.

Achievements

Under the able strategic leadership and guidance of the Board, the Management and Staff have accomplished the following:

- Increased enrolment from 143 in January 2020 to 460 by March 2021
- Expansion academic department from 4 to 7.
- Successful recruitment of PSC trainers that has seen an increase in number from 8 to 17 between July 2020 and June 2021.
- Engagement of BOG trainers to supplement and bridge the deficit of PSC trainers
- Acquisition of additional basic training equipment (computers and accessories, student's chairs)
- Improvement of basic physical facilities such as toilets and playing grounds.
- Planting of over 1,000 trees and flowers and general beautification of the college.
- Putting in place Covid-19 compliance measures to ensure to ensure continued programs and activities of the College
- Active involvement in sports and co-curricular activities.
- Creation of partnerships and cordial relations with the neighbouring community (such as in the provision of boarding and catering facilities for students, provision of free clean water to the community as part of corporate social responsibility etc.).

Challenges

The FY 2020/2021 had its fair share of challenges some of which include:

1. Outbreak of the COVID-19 pandemic that led to abrupt closures of the college in March 2020 and also March 2021 consequently affecting the smooth operations of virtual the planned college activities.
2. Limited funds to implement some of the planned activities and financial obligations in time
3. Lack of Strategic Plan for the college, making it difficult to develop the work plans, draw the budget and procurement plans, and to evaluate the College performance
4. Lack of Financial policy manual to guide in compliance with Financial management procedures
5. Lack of HRM policy manual to guide Management on Human Resource procedures
6. Limited funds to hire desired professional support staff in key areas like Internal Audit, Finance, Procurement, and Human Resource leading to challenges in the implementation and compliance with ideal regulatory and reporting requirements.
7. Shortage of Government employed trainers in high demand courses that led to engagement of BOG trainers. This in turn led to high wage bill.

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8. Lack of essential equipment and facilities for administrative staff, internet connectivity, etc.
9. Scanty Assets' records and values, particularly those supplied by the Ministry this having been occasioned by the lack of clear or detailed asset handing over by the mentoring institution.

Despite the challenges, I am sincerely grateful to the Board of Governors for the dedication and guidance provided during the year and to the staff for their teamwork and cooperation that led to the realization of the College's mandate.

I am equally grateful to the Ministry of Education, State Department of Vocational and Technical Training, HELB and NG-CDF Seme for offering financial support to the college during the financial year 2020/2021.



.....
Mr. Kenneth Odera

PRINCIPAL/SECRETARY,
BOARD OF GOVERNORS

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.

Seme TVC was in the process of developing the Strategic Plan during the FY 2020/2021 and therefore it was not possible to compare the performance against predetermined objectives during this period.

VII. CORPORATE GOVERNANCE STATEMENT

Board Meetings

Seme TVC Board wishes to conduct its business in accordance to the TVET ACT, 2013, which requires that the Board meet at least once every three months. In line with this requirement, Seme TVC Board held three Full BOG meetings.

An Ad Hoc COVID BOG meeting on 11th September 2020. There was also a BOG induction training which lasted for 3 days from 16th to 18th November 2020

A summary of the attendance of the Board meetings is as follows:

S.No	Name	No of Meetings	Actual meetings attended	No of meetings missed
1	Mr. Arthur Rateng	4	4	0
2	Mr. Paul AduwoObuya	4	4	0
3	Mr. Ronald K. Bett	4	4	0
4	Mr. Michael KabingaWeru	4	3	1
5	Ms. Immaculate NdanuKioko	4	4	0
6	Mr. Daniel AmuliBulali	4	4	0
7	Mrs. Florence Obwocha	4	1	3
8	Mr. Kenneth Odera	4	4	0
9	Mr. Fanuel Onyango	4	4	0
10				

Seme TVC Board had nine (9) members constituted as follows:

- Seven (7) members appointed by the Cabinet Secretary;
- The County director of TVET representing the PS- SDVTT and
- The Principal as the Board Secretary and Chief Accounting Officer

Composition of the Board

The membership of the Board of Governors comprises:

- (a) A Chairperson;
- (b) A representative of the Principal Secretary in the Ministry of education, State Department of Vocational and Technical Training (MOE-SDVTT)
- (c) A representative of the County Governor of the county within which the institution is located; a
- (d) Six other persons appointed based on their knowledge and experience in—
 - Leadership and management;
 - Financial management;
 - Technology;
 - Industry;
 - Engineering;
 - Information Communication Technology (ICT).

Revocation of Board Membership

The appointment of a member to a Board of Governors or to its committees may be revoked and the member may vacate office if the member

- Resigns by giving notice in writing to the Cabinet Secretary; the person shall cease to be a member of the Board from the date specified in the notice.
- Becomes insolvent or has conveyed or assigned his property or has made a proposition or arrangement for the benefit of his creditors;
- Is sentenced by a court of law to imprisonment for a term of six months or more;
- Is incapacitated by physical or mental illness;
- Has been absent from three consecutive meetings of the Board of Governors without leave;
- Where the member is a representative, has his appointment revoked by the nominating body
- Is otherwise unable or unfit to discharge his functions as a member of the Board of Governors on account of any matter in the Act.

The roles of the Board

The roles of the board members include:

- Overseeing the conduct of education and training in the institution in accordance with the provisions of the Act and any other written law;
- Promoting and maintaining standards, quality and relevance in education and training in the institution in accordance with the Act and any other written law;
- Administering and managing the property of the Institution;
- Developing and implementing the institution's strategic plan;
- Reviewing and approving annual budget estimates of revenue and expenditure for the Institution and incurring expenditure on behalf of the institution;
- Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the Institution or other bodies or persons;

The roles of the Board (continued)

- determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of the TVET Act
- mobilizing resources for the institution;
- developing and reviewing programs for training and to make representations thereon to the Board;
- regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- recruiting and appointing trainers from among qualified professionals and practicing trades' persons in relevant sectors of industry;
- determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- making regulations governing organization, conduct and discipline of the staff and students;
- preparing2 comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- providing for the welfare of the students and staff of the institution;
- encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution
- Discharging all other functions conferred upon it by the Act or any other written law.

Conflict of Interest

- If a member of the Board has any Conflict of Interest he/she declares the same in the meeting.
- A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made
- A member of the Board of Governors who contravenes this commits an offence and is liable to a fine or imprisonment.

Remuneration of Board Members

Members of a Board of Governors are paid in respect of their services such remuneration or allowances as the Board of Governors, with the approval of the Cabinet Secretary.

Board Accountability and Financial Reporting

- The Board of Governors should ensure that Management keeps all proper books and records of accounts of the income, expenditure and assets of the institution and review Quarterly Reports
- within a period of four months from the end of each financial year, a Board of Governors submit to the Auditor- General or to an auditor appointed, the accounts of the institution together with:
(a) a statement of the income and expenditure of the institution during that year; and
(b) a balance sheet of the institution on the last day of that year.
- The Final accounts of the institution are audited and reported upon in accordance with the Public Audit Act, 2003.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Summary of financial results against the budget

Year ending 30th June	Budget FY2020/2021	Actual FY2020/2021	Utilisation FY 2020/2021
Receipts	22,859,100	19,774,132	86.5%
Payments	22,859,100	11,494,849	50.3%

- The College was able to raise **86.5%** of the budgeted revenue despite the challenges mentioned above which disrupted learning process from July 2020 to January 2021
- Utilized only **50.3%** of the budgeted expenditure. The under-utilization was due to the disruptions in planned college activities and KNEC Exams as a result of the confused COVID pandemic lockdowns from July 2020 to January 2021

GOK Capitation: Budgeted Vs Actual Receipts Analysis

This Inaugural Board took over the Governance of the College on 23rd October 2019 following the appointment of its members by the Cabinet Secretary, MOE in July 2019. Through the support of NG –Seme CDF, the college admitted 143 students who were validated by KUCCPs as September 2019 intake.

In September 2020 KUCCPs total placed students to College increased to 460 students which included

- inaugural 143 admitted in September 2019 and reported back on 15th February 2021
- Additional 60 students admitted in January 2020 intake and reported back on 15th February 2021
- Additional 257 students placed in September 2020 of which 32 reported and 225 did not report on 15th February 2021 when the College fully reopened its doors to normal operation.
- The placed 225 placed students who did not report were duly replaced by 225 own recruited students who are eligible to validation by KUCCPs in the September 2021 submissions.

Consequently **Kshs 13,200,000** was received as capitation in the FYE 30th June 2021 summarized below:

Quarter	Months	Students	Rate Kshs	Amount Kshs	Date Received	Receipt Number
Q1	July 2020 – Sept 2020	460	7,500	3,450,000	14.12.2020	RR 495
Q2	Oct 2020 - Dec 2020	460	7,500	3,450,000	24.02.2021	RR 585
Q3	Jan 2021 – March 2021	383	7,500	2,872,500	19.04.2021	RR 621
Q4	Apr 2021 – June 2021	457	7,500	3,427,500	12.07.2021	RR 706
	Total			13,200,000		

Fee from Students: Budgeted Vs Actual Receipts Analysis

The variation between the projected income of **KShs11,619,100** and the actual collection of **KShs6,160,045** the FY 2020/2021 arose because most of the students are from poor families and mainly relied on HELB loans as well as NG Seme CDF bursaries as their main sources of fee payment

HELB and **CDF** faced challenges and expected disbursements were deferred to FYE 2021-2022 due to the COVID pandemic interruptions and parents also adversely suffered due COVID control lock downs.

COMPLIANCE WITH STATUTORY REQUIREMENTS

Seme TVC is accredited by TVETA to offer a variety of both technical and business course. The college has engaged BOG trainers and support staff to complement the PSC staff.

The college complied with statutory requirements by deducting NSSF, NHIF and PAYE from salaries and wages of BOG staff and PAYE on seating allowances to Board members and submitted the same to NSSF, NHIF and KRA on due dates during the year under review.

KEY CAPITAL PROJECTS AND INVESTMENT DECISIONS

ONGOING PROJECTS

In order for the college to effectively discharge its mandate and to continue improving its capabilities and efficiency, the college has identified certain projects and programmes. The current ongoing projects include;

- Acquisition of additional equipment and furniture for classrooms,
- Acquisition and development of learning/teaching resource materials
- Development of Strategic Plan.

PLANNED/FUTURE PROJECTS

- Construction of tuition complex and additional workshops and laboratories
- Construction of Engineering Workshop shed and Equipping of the library
- Construction of additional pit latrines and Acquisition of standby generator
- Acquisition and installation of water tanks and Rain water roof catchment
- Acquisition of additional Training and Learning materials, equipment and software.
- Expansion of IGAs (Hairdressing and Beauty services & Block Production) to supplement the college revenue base.

Major risk facing the entity

- Credit risk with suppliers and Liquidity risk to fund desired projects
- Infrastructural capacity risk to accommodate high students enrolment

IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT / SUSTAINABILITY REPORTING

Seme TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver:

a. Sustainability strategy and profile

Seme TVC's key sustainability strategies include environmental and social responsibility, Human Resource Development, Innovation and adherence to statutory and regulatory guidelines of the Government of Kenya.

b. Environmental performance

On environment, the college staff have managed to plant over five hundred trees and over one thousand flowers in the college in line with National Environment Management authority requirements. This is also meant to beautify the college as well as to control soil erosion since the college compound is sloppy. Being a centre of excellence in Building and Civil Engineering, the college has laid down strategies to ensure that the community around the college also benefit from the Building and Civil Engineering activities and initiatives offered

c. Employee welfare

Seme TVC plans to develop a recruitment and selection policy (Human Resource manual) that will ensure consistency, transparency, fairness, and merit based hiring.

The college further hopes to continually develop skills for its employees to improve organization performance. It hopes to conduct Annual Performance Appraisal and Training Needs Assessments to establish how well the employees are performing their duties as well as the employees that need training, salary increment and job promotion.

The college endeavours to strictly adhere to OSHA Act 2007 guidelines to: identify workplace hazards, evaluate health safety conditions, design and conduct health and safety surveys, recommend training for new and existing employees, recommend and track new safety practices and Accident / Incident Investigations.

d. Market place practices

Seme TVC's fidelity to anti-corruption practices remains steadfast. It's also committed to promoting local content in its procurement processes and ensuring that all pending bills are cleared in the shortest time possible.

e. Community Engagements

The plight of the immediate community remains a daily concern for the college. The College has on several occasions used its facilities to help maintain the surrounding marram access roads.

f. Education and Training

SemeTVC Strives to admit trainees from all the country without discrimination. This aimed at enhancing equity and access to college education and acquisition of skills by students from all walks of life

g. Sports

Seme TVC has identified sports as a key marketing and publicity strategy and has therefore put a lot of emphasis in participation in competitive sports within and without the KATTI organized sporting activities as well as friendly matches with neighboring institutions. These sporting activities have enhanced discipline and cohesiveness amongst the trainees within the college.

h. Healthcare

Seme TVC is yet to establish an operational clinic for students and staff in the college. There has however been established a Guidance and Counseling Unit help address students and staff counselling needs.

i. Labour Relations

Seme TVC has adopted the implementation of the Public Service Staff Performance Appraisal (SPAS) as a means of identifying Staff Training Needs as well as a way of recommending for rewards and/or sanctions.

j. Water and Sanitation Initiatives

Seme TVC still has an inadequate supply of fresh drinking water despite having an extensively large roof catchment for rain water harvesting. This is due to absence of roof gutters and adequate water storage facilities/tanks. So we plan to install, 10,000 litres tank to help in collection of pure rain water. This will also aid in controlling the free flowing rain water draining into the septic tank which then overflow, the draining of which costs the college heavily. Similarly, the ablution facilities are still inadequate. However, plans are underway to expand ablution facilities to enhance hygiene and to accommodate the growing

SEME TECHNICAL AND VOCATIONAL COLLEGE
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FOR THE YEAR ENDED 30 JUNE 2021

X. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of Seme TVC affairs.

Principal activities

The principal activities of the entity are and continue to be offering quality vocational and technical training.

Results

The results of the entity for the year ended 30th June 2021 are set out on page 1 to 21.

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on Page **Vi** to **Viii** during the year ended 30th June 2021, one director Florence Obwocha passed away on 18th December 2020 creating a casual vacancy was appointed with effect from that date.

Auditors

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

By Order of the Board



Kenneth Odera
Board Secretary

Date... 7/7/2022.....

XI. STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and, *and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013* require the Board members to prepare financial statements in respect of Seme TVC which give a true and fair view of the state of affairs of SemeTVC at the end of the financial year ended 30th June 2021 and the operating results of Seme TVC for year ended 30th June 2021.

The Board members are also required to ensure that Seme TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Seme TVC. The Board members are also responsible for safeguarding the assets of Seme TVC.

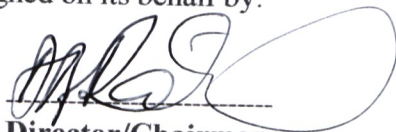
The Board members are responsible for the preparation and presentation of Seme TVC financial statements, which give a true and fair view of the state of affairs of Seme TVC for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Seme TVC (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Seme TVC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 *and the TVET Act*. The council members are of the opinion that Seme TVC financial statements give a true and fair view of the state of *Seme TVC* transactions during the financial year ended June 30, 2021, and of Seme TVC financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Seme TVC, which have been relied upon in the preparation of Seme TVC financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that Seme 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

Seme TVC financial statements are hereby approved by the Board on 7/7/22 2022 and signed on its behalf by:



**Director/Chairman
Board of Governors**

Date... 7/7/2022

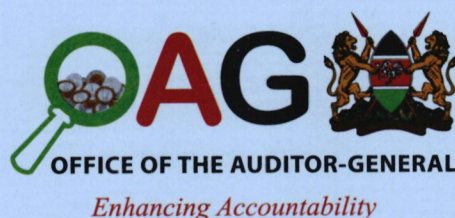


**Principal/Chief Accounting Officer
Board of Governors**

Date... 7/7/2022

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 SEME TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

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 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 Seme Technical and Vocational College set out on pages 1 to 22, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual

amounts for the year then ended, and a summary of significant accounting policies and other explanatory information 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 Seme Technical and Vocational College as at 30 June, 2021, 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. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 17 to the financial statements, reflects property, plant and equipment balance of Kshs.91,539,871 which includes land at a cost of Kshs.3,000,000 and buildings valued at Kshs.77,500,000 that were donated to the College during the year under review. However, Management did not provide any evidence in support of the land and buildings balance. Further, the assets procured during the year amounting to Kshs.2,691,750 were not supported with the requisite schedules.

In the circumstances, the accuracy and completeness of property, plant and equipment of Kshs.91,539,871 could not be confirmed.

2. Inaccuracies in the Statement of Cash Flows

The statement of financial performance and as disclosed in Note 7 to the financial statements, reflects revenues on rendering of services (fees from students) amount of Kshs.6,160,045. However, the statement of cash flows reflects an amount Kshs.3,311,916 on the same item, resulting to an unexplained and unreconciled variance of Kshs.2,848,129.

In the circumstances, the accuracy and completeness of statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Seme 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.

Emphasis of Matter

Disputed Ownership of Land and Lack of Title Deed

The statement of financial position and as disclosed in Note 17 to the financial statements, reflects property, plant and equipment balance of Kshs.91,539,871. However, and as previously reported, review of records provided for audit revealed that the College does not have a title deed for the land valued at Kshs.3,000,000 on which it stands. Further, available information revealed that in the month of March, 2021 a citizen went to court claiming ownership of part of the land and the case is still pending determination.

In the circumstances, the ownership of the college land valued at Kshs.3,000,000 could not be confirmed.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.22,859,100 and Kshs.19,860,045 respectively resulting to under-collection of Kshs.2,999,055 or 13% of the budget. Similarly, the College spent a total of Kshs.11,717,642 against a budget of Kshs.22,859,100 resulting to under expenditure of Kshs.11,141,458 or 51% of the budget.

The revenue shortfall and under expenditure affected the planned activities and may have impacted negatively on service delivery to citizens.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Maintain Register of Assets

The statement of financial position and as disclosed in Note 15 to the financial statements, reflects property, plant and equipment balance of Kshs.91,539,871. However, and as previously reported, no assets register was provided for audit. This is contrary to the

Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant law.

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

2. Non-Remittance of Statutory Deductions

The statement of financial position and as disclosed in Note 18 to the financial statements, reflects trade and other payables from exchange transactions of Kshs.3,683,469 which includes statutory deductions for PAYE, NSSF and NHIF payables of Kshs.52,708, Kshs.33,828 and Kshs.95,111 respectively, all totalling to Kshs.181,647 had not been remitted as at 30 June, 2021.

In the circumstances, the College risks incurring avoidable costs in form of penalties and interest on unremitted statutory deductions as stated in Section 37(2) of the Income Tax Act, Cap 470 of the Laws of Kenya, Section 27(1) of the National Social Security Fund Act, 2013 and Section 18(1) of the National Hospital Insurance Fund Act, 1998.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Segregation of Duties in Cash and Stores Management

As previously reported, review of records revealed that the duties of handling cash, maintaining cashbooks, preparation and checking bank reconciliation statements were being handled by one person. Similarly, one officer performed all the procurement processes in addition to receiving, issuing and recording of all store's transactions.

In the circumstances, the effectiveness of the College's internal controls systems on cash and stores management could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 September, 2022

XIII. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
Revenues from non-exchange transactions			
Transfers from the National Government - grants	6	13,700,000	5,217,500
Revenues from exchange transactions			
Rendering of services - fee from students	7	6,160,045	3,051,004
Total Revenue		19,860,045	8,268,504
Expenses			
Use of goods and services	8	5,398,917	2,974,689
Employee costs	9	2,098,892	786,850
Remuneration of directors	10	863,830	453,000
Depreciation and amortization	11	4,627,549	4,274,580
Repairs and maintenance	12	653,358	233,000
Finance Costs	13	2,780	2,302
Total expenses		13,645,326	8,724,421
Net surplus/(deficit) for the year		6,214,719	(455,917)

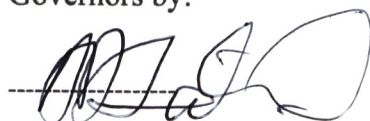
The notes set out on pages 6 to 21 form an integral part of the Annual Financial Statements.

SEME TECHNICAL AND VOCATIONAL COLLEGE
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XIV. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

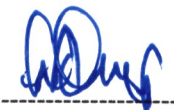
	Notes	2020/2021	2019/2020
ASSETS		Kshs	Kshs
Current assets			
Cash and cash equivalents	14	7,194,606	4,154,712
Current portion of receivables from exchange transactions	15	4,991,634	906,386
Receivables from non-exchange transactions	16	3,927,500	1,072,500
Total current asset		16,113,740	6,133,598
Non-current assets			
Property, plant and equipment	17	91,539,871	93,475,625
Total assets		107,653,611	99,609,223
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	3,683,469	2,415,540
Non trade payables from exchange transactions	19	100,310	40,000
Refundable deposits from customers/students	20	894,930	393,500
Total current liabilities		4,678,709	2,849,040
Non-current liabilities		-	-
Total liabilities		4,678,709	2,849,040
Net assets		102,974,902	96,760,183
Accumulated Funds			
Reserves			-
Retained Earnings		12,115,634	2,722,499
Capital fund	21	90,859,268	94,037,684
Total net assets and liabilities		102,974,902	96,760,183

The Financial Statements set out on pages 1 to 21 were signed on behalf of the Board of Governors by:




Chairman/Director
Board of Governors

Date... 7/7/2022



Finance Officer
ICPAK No

Date... 7/7/2022



Principal/Chief Accounting Officer
Board of Governors

Date... 7/7/2022

SEME TECHNICAL AND VOCATIONAL COLLEGE
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XV. STATEMENT OF CHANGES IN NET ASSET
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Revaluation reserve	Fair value adjustment reserve	Retained earnings Reserves	Capital Fund	Total Net Assets Equity
		Funds				
As at July1,2019		Kshs		Kshs		Kshs
Revaluation gain						-
Fair value adjustment on quoted investments						-
Total comprehensive income				(455,917)		(455,917)
Capital/Development grants received during the year	21				97,216,100	97,216,100
Transfer of depreciation from capital funds to retained earnings				3,178,416	(3,178,416)	-
As at June 30,2020		-	-	2,722,499	94,037,684	96,760,183
As at July1,2020		-	-	2,722,499	94,037,684	96,760,183
Total comprehensive income				6,214,719		6,214,719
Transfer of depreciation from capital funds to retained earnings	21			3,178,416	(3,178,416)	-
As at June 30,2021		-	-	12,115,634	90,859,268	102,974,902

SEME TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

XVI. STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		Kshs	Kshs
Cash Flow from operating activities			
Receipts			
Government Grants and Subsidies		10,845,000	4,145,000
Rendering of services		3,311,916	4,154,096
Total Receipts		14,156,916	8,299,096
Payments			
Compensation of Employees		1,691,745	786,850
Use of Goods and Services		5,217,825	2,226,127
BOG Allowances		863,830	453,000
Repairs and Maintenance		709,357	182,000
Finance Costs		2,780	2,302
Total Payments		8,485,537	3,650,279
Net cash flow from operating activities	22	5,671,379	4,648,817
Cash flow from investing activities			
Purchase of property and equipments		(2,631,485)	(494,105)
Net Cash flow from investing activities		(2,631,485)	(494,105)
Net Cash flow from Financing activities		-	-
Net Increase in cash and cash equivalents		3,039,894	4,154,712
Cash and cash equivalents at 1 July 2019		4,154,712	-
Cash and cash equivalents at 30 June 20		7,194,606	4,154,712

SEME TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference	Budget Notes
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Transfers from other Govt entities (Operational grants)	0	0	0	500,000	(500,000)	(100 %)	
Transfers from other Govt entities (Capitation)	11,000,000	0	11,000,000	13,200,000	(2,200,000)	(20 %)	1
Rendering of services- Fees from students	11,619,100	0	11,619,100	6,160,045	5,459,055	47 %	2
Other Income	240,000	0	240,000	0	240,000	100 %	3
Total income	22,859,100	0	22,859,100	19,860,045	2,999,055	(11 %)	
Expenses		0					
Use of Goods and services	11,760,500	0	11,760,500	5,398,917	6,361,583	54 %	4
Compensation of employees	4,975,500	0	4,975,500	2,098,892	2,876,608	58 %	5
Remuneration of directors	880,000	0	880,000	863,830	16,170	2 %	
Repairs, Maintenance and Improvements	704,100	0	704,100	653,358	50,742	7 %	
Finance costs	36,000	0	36,000	2,780	33,220	92 %	
Deferred liabilities	850,000	0	850,000	8,070	841,930	99 %	
Other: Capital Expenditures	3,653,000	0	3,653,000	2,691,795	961,205	26 %	6
Total expenditure	22,859,100	0	22,859,100	11,717,642	11,141,458	49 %	
Surplus for the period	0	0	0	8,142,403	(8,142,403)		

Budget notes

- 1. Transfer from other Government Entities (Capitation) -20% surplus variance**
 Capitation was received for Q1 (July 2020 to September 2020) and Q2 (October 2020 to December 2020) when the College was closed due to COVID controls
- 2. Rendering services (Fees from students) 47% deficit variance**
 - The variation between the projected income of **KShs11,619,100** and the actual collection of **KShs 6,160,045** for the FY 2020/2021 arose because most of the students are from poor families and mainly relied on HELB loans and CDF bursaries
 - The Covid -19 lockdowns adversely affected term dates and overall activities
- 3. Other Incomes (Block making machine) 100% deficit variance**
 - No blocks were made because other required moulds were not available
- 4. Use of Goods and services -54% deficit variance**
 - COVID restrictions closed down operations for 7 months from July 2020 to Jan 2021
 - Projected student enrolment was not attained
- 5. Compensation of Employees -58% deficit variance**
 - BOG teaching staff were not paid from July 2020 to September 2020 due to COVID restrictions and closure of the Colleges in Kenya
- 6. Capital Expenditures -26% deficit variance**
 - COVID restrictions closed down operations for 7 months from July 2020 to Jan 2021 thereby disrupting normal implementation of planned activities.

SEME TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Seme Technical and Vocational College is established by and derives its authority and accountability from TVET 2013 Act. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is technical and vocational training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, Furniture and Fixtures and Computer at fair 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 *College's* accounting policies.

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

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

**SEME TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Early adoption of standards

The College did not early – adopt any new or amended standards in year 2021.

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.

b) Budget information

The original budget for FY 2020/2021 was approved by the Board on xxxx. There were no subsequent revisions or additional appropriations made to the approved budget.

The College'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.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes

Current income tax

The College pays Income taxes in accordance with KRA regulations

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) 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 or Expert valuation reports.

Office Equipment, Furniture and Property, plant and Equipment donated by Government of Kenya through Ministry of Education have been recognized in the based on Expert valuation while assets bought by the College from September 2019 have been reported at actual historical cost

The College depreciates its fixed assets on a straight line basis using the following rates over their useful lives computed on balances at the end of each quarter

Asset Category	Depreciation rate
• Buildings and Workshops	2.5% pa
• Property, Plant and Equipment	12.5% pa
• Furniture and Fittings	12.5% pa
• Motor Vehicles	25% pa
• Computers and Electronic Equipment	30% pa

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

f) 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.

g) *Contingent liabilities*

The college 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.

h) *Contingent assets*

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Nature and purpose of reserves

The College creates and maintains reserves in terms of specific requirements which include caution money, student council funds and Students Identity Cards funds. Respective expenditures relating to these reserved funds are charged directly to the funds and balance reported in Statement of Financial position as Current liabilities

j) Changes in accounting policies and estimates

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

k) Employee benefits : Retirement benefit plans

The College provides retirement benefits for its BOG employees in accordance with defined contributions plans regulations. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (NSSF 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.

l) 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.

m) 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.

There were no related party transactions during the year ended 30th June 2021

n) 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.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) 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.

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the College'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 College 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 College
- 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.

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.

There were no provisions made during the year ended 30th June 2021 for bad debts or obsolete stocks

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

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

	2020/2021	2019/2020
Unconditional grants	Kshs	Kshs
Operations grant received	500,000	2,000,000
Capitation grants received	9,275,500	2,145,000
Capitation grants receivable	3,927,500	1,072,500
Total Government grants and subsidies	13,700,000	5,217,500

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

b) Transfers from Ministries, Departments and Agencies

Name of Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in Capital fund	Total grant income during the year	2020/2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education	500,000	-	-	500,000	500,000
Ministry of Education	9,275,500	-	-	9,275,500	9,275,500
Total	9,775,500	-	-	9,775,500	9,775,500

7. RENDERING OF SERVICES

	2020/2021	2019/2020
	Kshs	Kshs
Tuition fee	1,624,780	858,800
Activity fee	464,850	254,800
Industrial attachment	448,000	347,000
Registration fee	69,400	90,550
Examination fee	737,750	-
Personnel emoluments	1,021,400	510,600
Repairs and maintenance	227,269	118,100
Local transport and Travelling	535,036	275,865
Electricity, water & conservancy	394,826	203,689
Computer fee	336,500	173,500
Medical	201,900	114,000
Insurance	98,334	104,100
Total revenue from the rendering of services	6,160,045	3,051,004

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

8. USE OF GOODS AND SERVICES

	2020/2021	2019/2020
	Kshs	Kshs
Teaching and learning materials	938,330	112,609
Industrial attachment	185,501	-
Electricity	284,315	230,807
Water	2,400	34,050
Security	459,000	405,000
Professional and Consultancy	37,500	-
Subscriptions	65,000	190,000
Advertising	52,370	367,290
Examination fee	606,250	-
Property valuation	-	270,000
Catering, Conferences and Delegations	564,750	589,234
Insurance	9,325	-
Legal expenses	16,197	-
Travelling and accommodation	624,175	405,180
Postages	19,970	17,155
Printing and stationery	596,527	219,992
Telephone expenses	97,600	37,000
Internet expenses	106,579	6,000
Training expenses	223,641	27,130
Planting of trees	45,900	4,300
Social contributions	79,000	10,000
Administrative expenses	15,283	3,000
COVID /Cleaning expenses	369,304	45,942
Total goods and services	5,398,917	2,974,689

9. EMPLOYEE COSTS

	2020/2021	2019/2020
	Kshs	Kshs
Salaries and wages	2,007,092	786,850
Employer NSSF contributions	91,800	-
Total employee costs	2,098,892	786,850

10. REMUNERATION OF DIRECTORS

Remunerations of directors	2020/2021	2019/2020
	Kshs	Kshs
Chairman's Honoraria	140,000	60,000
Directors emoluments	723,830	393,000
Total directors emoluments	863,830	453,000

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

11. DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation	2020/2021	2019/2020
	Kshs	Kshs
Buildings	1,937,500	1,937,500
Property and Equipment	1,823,622	1,777,050
Computers and Accessories	292,526	366,000
Furniture and Fittings	573,901	194,030
Total depreciation/Amortization	4,627,549	4,274,580

12. REPAIRS AND MAINTENANCE

Repair and maintenance	2020/2021	2019/2020
	Kshs	Kshs
Property and Buildings	262,188	0
Equipment and machinery	341,975	168,350
Furniture and Fittings	49,195	64,650
Total repairs and maintenance	653,358	233,000

13. FINANCE COSTS

Finance Costs	2020/2021	2019/2020
	Kshs	Kshs
Bank charges	2,780	2,302
Total finance costs	2,780	2,302

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	2020/2021	2019/2020
	Kshs	Kshs
Cash at bank	7,182,267	4,125,473
Cash in hand	12,339	29,239
Total Cash and cash equivalents	7,194,606	4,154,712

14(a) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial Institution	Account Number	2020/2021	2019/2020
Current Account		Kshs	Kshs
Kenya Commercial Bank Ltd	1262078237	7,182,267	4,125,473
Others			
Cash in hand		12,339	29,239
Grand Total	-	7,194,606	4,154,712

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

15. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2020/2021	2019/2020
	Kshs	Kshs
Student debtors	3,928,332	906,386
CDF sponsored fee debtors	907,302	-
PMC advances receivables	100,000	-
PSC Staff advances	42,000	-
BOG Staff advances	14,000	-
Total current receivables	4,991,634	906,386

16. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivables from Non Exchange transactions	2020/2021	2019/2020
	Kshs	Kshs
Capitation Grants	3,927,500	1,072,500
Total current receivables	3,927,500	1,072,500

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

17. Fixed Assets Depreciation Schedule

	Land	Buildings	Furniture & Fittings	Property and Equipment	Computers & Accessories	Total Assets
Cost/Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2020	3,000,000	77,500,000	1,808,805	14,216,400	1,225,000	97,750,205
Additions			4,800		197,800	202,600
At end of Quarter 1	3,000,000	77,500,000	1,813,605	14,216,400	1,422,800	97,952,805
Additions			593,750	226,700	50,000	870,450
At end of Quarter 2	3,000,000	77,500,000	2,407,355	14,443,100	1,472,800	98,823,255
Additions			162,585	405,100	759,750	1,327,435
At end of Quarter 3	3,000,000	77,500,000	2,569,940	14,848,200	2,232,550	100,150,690
Additions					291,310	291,310
At end of Quarter 4	3,000,000	77,500,000	2,569,940	14,848,200	2,523,860	100,442,000
Depreciation			-			-
As at 01.07.2020	-	1,937,500	194,030	1,777,050	366,000	4,274,580
Charge for Quarter 1	-	484,375	56,675	444,263	106,710	1,092,023
At end of Quarter 1	-	2,421,875	250,705	2,221,313	472,710	5,366,603
Charge for Quarter 2	-	484,375	75,230	451,347	110,460	1,121,412
At end of Quarter 2	-	2,906,250	325,935	2,672,659	583,170	6,488,014
Charge for Quarter 3	-	484,375	80,311	464,006	167,441	1,196,133
At end of Quarter 3	-	3,390,625	406,246	3,136,666	750,611	7,684,148
Charge for Quarter 4	-	484,375	80,311	464,006	189,290	1,217,981
At end of Quarter 4	-	3,875,000	486,556	3,600,672	939,901	8,902,129
Net Book Values						-
As at 30 June 2020	3,000,000	75,562,500	1,614,775	12,439,350	859,000	93,475,625
At end of Quarter 1	3,000,000	75,078,125	1,562,900	11,995,088	950,090	92,586,202
At end of Quarter 2	3,000,000	74,593,750	2,081,420	11,770,441	889,630	92,335,241
At end of Quarter 3	3,000,000	74,109,375	2,163,694	11,711,534	1,481,939	92,466,543
At end of Quarter 4	3,000,000	73,625,000	2,083,384	11,247,528	1,583,959	91,539,871
Depreciation rates	0%	2.50%	12.5%	12.5%	30%	

Depreciation has been computed using straight line method on quarterly basis

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

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2020/2021	2019/2020
	Kshs	Kshs
Trade payables	1,015,962	785,562
Fees paid in advance	2,246,360	1,629,978
PAYE Payables	52,708	-
NHIF Payable	33,828	-
NSSF Payable	95,111	-
Wages Payable	239,500	-
Total trade and other payables	3,683,469	2,415,540

19. NON TRADE PAYABLES FROM EXCHANGE TRANSACTIONS

	2020/2021	2019/2020
	Kshs	Kshs
Computers and related equipments	100,310	-
Furniture and Fittings	-	40,000
Total non-trade payables	100,310	40,000

20. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

	2020/2021	2019/2020
	Kshs	Kshs
Students ID Cards funds	192,070	106,000
Student Council Funds	502,360	173,500
Caution money	200,500	114,000
Total refundable deposits	894,930	393,500

21. CAPITAL FUNDS

Capital Funds	Land	Buildings	Furniture & Fittings	Property and Equipment	Computer & Accessories	Total Assets
Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2019	3,000,000	77,500,000	1,294,700	14,216,400	1,205,000	97,216,100
Depreciation transfers	-	1,453,125	121,378	1,332,788	271,125	3,178,416
At 30 June 2020	3,000,000	76,046,875	1,173,322	12,883,612	933,875	94,037,684
Depreciation transfers	-	1,453,125	121,378	1,332,788	271,125	3,178,416
At 30 June 2021	3,000,000	74,593,750	1,051,944	11,550,824	662,750	90,859,268

Donated assets were valued by Leo Realtors Ltd Independent Valuers

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

22. CASH GENERATED FROM OPERATIONS

	2020/2021	2019/2020
Cash flow from operating activities	Kshs	Kshs
Deficit for the year before tax	6,214,719	(455,917)
Adjustments for		
Depreciation	4,627,549	4,274,580
Working capital adjustments		
Increase in receivables from exchange transactions	(4,085,248)	(906,386)
Increase in receivables from Non exchange transactions	(2,855,000)	(1,072,500)
Increase in trade payables	1,267,929	2,415,540
Increase in refundable deposits	501,430	393,500
Net cash flow from operating activities	5,671,379	4,648,817

23. FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

Management assesses the credit quality of each student, taking into account its financial position, past experience and other factors.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	4,991,634	1,273,228	3,611,996	106,410
Receivables from non-exchange transactions	3,927,500	3,927,500	0	0
Bank balances	7,194,606	7,194,606	0	0
Total	16,113,740	12,395,334	3,611,996	106,410

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 no allowance for uncollectible amounts that the college has recognised in the financial statements as potentially irrecoverable amounts.

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

(ii) Liquidity risk management

The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021	29,260	209,926		
Trade payables	388,560	3,000	624,402	1,015,962
Payroll liabilities	276,242	94,644	50,261	421,147
Fee paid in advance	29,260	1,605,540	611,560	2,246,360
Total	694,062	1,703,184	1,286,222	3,683,469

(iii) Market risk

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

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:

	2020/2021	2019/2020
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	12,115,634	2,722,499
Capital reserve	90,859,268	94,037,684
Total funds	102,974,902	96,760,183
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

24. RELATED PARTY BALANCES

There were no related party transactions during the year ended 30 June 2021

25. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities

**SEME TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. CAPITAL COMMITMENTS

Capital commitments	2020/2021	2019/2020
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
Total	0	0

27. DEFERRED TAX LIABILITY

There were no deferred tax liability during the year ended 30 June 2021

28. EVENTS AFTER THE REPORTING PERIOD

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

29. ULTIMATE AND HOLDING ENTITY

The College is a Public State owned Technical and Vocational College under the Ministry of Education, State Department of Technical and Vocational Training Its ultimate parent is the Government of Kenya.

30. CURRENCY

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

**SEME TECHNICAL AND VOCATIONAL COLLEGE
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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The college is new and has not been subjected to External audit

Accounting Officer

Name *Kenneth Oieno Odero*

Principal/Chief Accounting Officer

Signature 

Date. *7/7/2020*

**SEME TECHNICAL AND VOCATIONAL COLLEGE
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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

There were no projects implemented by the College Funded by development partners during the year ended 30 June 2021

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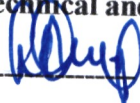
APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME		Seme Technical and Vocational College		
Breakdown of Transfers from the State Department of Technical and Vocational Training				
FY 2020/2021				
		Bank Statement		FY to which amount relate
		Date	Amount (Kshs)	FYE
a	Recurrent Grants			
	Capitation grant receivable	28.08.2020	1,072,500	2019/2020
	Capitation grant income	14.12.2020	3,450,000	2020/2021
	Capitation grant income	24.02.2021	3,450,000	2020/2021
	Capitation grant income	19.04.2021	2,872,500	2020/2021
b	Development Grants		-	
c	Direct Payments		-	
d	Donor Receipts		-	
	Total		10,845,000	

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

Finance Officer
Seme Technical and Vocational College

Sign



Head of Accounting Unit
Ministry of Education

Sign



**SEME TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

b) Transfers from Ministries, Departments and Agencies	Date received	Nature : Recurrent/Development/Others	Where recorded/recognized							
			Total Amount Kshs	Statement of Financial Performance Kshs	Capital Funds Kshs	Deferred Income Kshs	Receivables Kshs	Others -Must be specific Kshs	Total transfers during the year Kshs	
Ministry of Education	28.08.2020	Capitation Grant	1,072,500					1,072,500		1,072,500
Ministry of Education	14.12.2020	Capitation Grant	3,450,000	3,450,000						3,450,000
Ministry of Education	24.02.2021	Capitation Grant	3,450,000	3,450,000						3,450,000
Ministry of Education	19.04.2021	Capitation Grant	2,872,500	2,872,500						2,872,500
Total		-	10,845,000	9,772,500	-	-	-	1,072,500	-	10,845,000

