

REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY

DATE: 05 JUL. 2023

DAY:

Wednesday

TABLED

BY:

Hon. Kimani Ichunguah
(Majority Party leader)

CLERK AT
THE TABLE:

Mach

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

**KINANGO TECHNICAL AND VOCATIONAL
COLLEGE**

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

OFFICE OF THE AUDITOR GENERAL
P.O.Box 95202, MOMBASA

24 APR 2023

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Revised Template: 30th June 2022



**KINANGO TECHNICAL AND VOCATIONAL COLLEGE
P.O BOX 6-80120 SAMBURU MOMBASA**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

Kinango Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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Kinango Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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I. Key Entity Information and Management

(a) Background information

Kinango Technical and Vocational College was incorporated/ established under the TVET Act/ 2013 Section 20 (1). The entity is domiciled in Kenya Kwale County Mackinnon Road Township. The institute is under the Ministry of Education. Kinango Technical and Vocational College has 3 (three) departments namely:

- i) Engineering department i.e. Electrical and Electronic Section, Automotive section and Fashion and design section.
- ii) Information Communication Technology department.
- iii) Business department.

(b) Principal Activities

COLLEGE VISION

Kinango Technical & vocational training college envisions itself to be a path finder and trail blazer in technical training in the current and next generation

THE COLLEGE MISSION

We aspire to provide demand based and industry tailored courses in technology for international competitiveness

MOTTO

Relevant skills for international competitiveness

COLLEGE STRATEGIC OBJECTIVES

1. To increase access to quality and relevant TVET training in the region and in the country
2. Embrace partnerships and collaboration with industry, organizations & the community
3. To create and maintain a green environment and culture for effective training
4. To position the college as premier research and innovation centre
5. To expand the college financial base by creating diversified production units
6. To brand and market, the college & integrate ICT in training
7. To put in place sound & accountable governance systems & standard financial reporting procedures
8. To bring up a well-motivated and courteous work force for quality services

(c) Key Management

The College day-to-day management is under the following key organs:

- Principal
- Deputy Principal
- Registrar
- Dean of student's
- Finance Officer
- Head of departments

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(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Maria Kimonyi
2.	Deputy principal Ag.	Nalwenge Emanuel
3.	Registrar Ag.	Duke Nyanchongi Kimori
4.	Dean of students Ag.	Robert Kipkoech Bett
5.	Head of Finance	Frumence K. Lagat

(e) Fiduciary Oversight Arrangements

Audit & Risk committee

This committee receives reports from the internal auditor. The college does not yet have an internal auditor; hence the Principal was advised to make use of the Mentor. The committee shall also be guided by the government auditor's reports.

Every department shall prepare a risk register. The college shall prepare the academic, and the human resource policy. The audit and risk committee is expected to interrogate the policies developed and then share with the full board. It was unanimously resolved that the preparation of the college strategic plan be expedited.

The Human Resource committee

This committee shall interrogate the Human Resource policy developed by the college management and determine the college Human Resource needs, including staff morale. This committee shall also source for additional funds and advise the college management on income generating activities.

Academic and Research committee

This committee advises on new courses to be developed and interrogates college external results. This committee shall meet with HoDs after the examination results to discuss the challenges, strategies and methods for improvement. Other areas of interest for the committee include:

1. Liaison with industry
2. Students welfare and discipline
3. Students morale and customer satisfaction and graduation (when necessary)

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Key Entity Information and Management (Continued)

(a) Entity Headquarters

Kinango Technical and Vocational College
P.O. Box 6 – 80120
Mackinnon Road
Samburu
Mombasa, Kenya

(b) Entity Contacts

Telephone: (254) 0746632243/0788280009
E-mail: kinangotti2030@gmail.com
Website: www.kinangotvc.go.ke

(c) Entity Bankers

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

Kenya Commercial Bank
P.O Box 137 - 80300
Voi Branch
Voi, Kenya

(d) Independent Auditors

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

(e) 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

No.	Member/ Director	Details
1.	 Idd Chuphi Yussuf Chairman to the Council/ Board Master's in Business Administration (MBA)	Date of birth: 02nd January 1977 Qualifications: Master's in Business Administration (MBA) Work Experience: March 2019 to date work as sector manager (KRA) Domestic Taxes Department East & South of Nairobi – Tax service office. - September 2016 to August 2018 work as Ag. Assistant manager KRA Domestic Taxes Department Eastleigh Satellite Station. - November 2015 to August 2016 work as Supervisor KRA Domestic Taxes Department Large Taxpayer Office. - July 2014 to March 2016 work as Officer 1 KRA Domestic Taxes Department Large Taxpayer Office. - March 2010 to July 2014 work as Revenue Officer 1 KRA Domestic Taxes Department Large Taxpayer Office. - April 2009 to March 2010 work as Ag. Revenue Officer 1 KRA Domestic Taxes Department Large Taxpayer Office. - August 2006 to March 2009 worked as Tax Auditor II KRA Domestic Taxes Department Large Taxpayer Office. - January 2005 to July 2006 worked as Audit semi senior (Pannel Kerr Forster-PKF Kenya Auditors) - January 2003 to December 2005 worked as Audit Assistant (Pannel Kerr Forster-PKF Kenya Auditors) - January 2001 to December 2002 worked as Audit Assistant (Anant Bhalt & Co. Auditors) Member description: BOG Chairman.
2.	 Mwangi Wangai Peter TVET County Director	Date of birth: 24/02/1966 Qualifications: Master's degree in Education Management and Administration. Work Experience: 2018 to date worked as TVET County Director in the Ministry of Education department of Technical Education. - Worked in Vocational Training in the County Government of Murangá. - Joined Ministry of youth affairs for some few years.

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	Master's degree in Education Management and Administration	- Worked as School Inspector for many years in the Ministry of Education. - Worked as a Teacher for five (5) years. Member description: TVET County Director.
3.	 Amina Ndinya Council/ BoG Member 2 Master's in Business Administration (MBA)	Date of birth: 27/9/1975 Qualifications: Master's in Business Administration (MBA) Work Experience: -Assistant Lecturer -- Taita Taveta University - Part Time Lecturer – Management University of Africa - Part Time Lecturer – Kenya Institute of Management. - Part Time Lecturer – University of Nairobi. - Procurement and Costing Officer – Micato Safaris. - Business Advisor – KIM (Jitihada Business Competition) - Trainer – KEPSA/KYEP Member description: Member
4.	 DR. Joseph Muthiani Malechwani Council/ BoG Member 3 Doctor of Philosophy (PhD)	Date of birth: 13th April 1981 Qualifications: Ph. D. Education Work Experience: -2019 to date, - Full Time Lecturer Pwani University, Kilifi. - August 2019- KNBS stationed in Kwale, Makobe sub location content supervisor. - June 2010 to Sept. 2019 – Coast Institute of Technology in Taita Taveta, Full Time Senior Lecturer. - Sept. 2018 to Dec. 2018 – Taita Taveta University Part Time Lecturer. - June 2017- Huazhong University of Science and Technology, China Teaching Assistant. - May 2008 to June 2010 – Lulu High School in Kwale. Teacher, class manager and deputy games master. - Sept. 2006 to April 2008 – Kwale High School. Teacher, class manager and handball team patron. - Dec. 2007 and 2013 – ECK/IEBC Stationed in Kwale and Taita Taveta respectively. Member description: Member

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5.	 Jane Waguthi Kabiru Council/ BoG Member 4 Bachelors Business and Information Technology (BBIT)	Date of birth: 17th September 1990 Qualifications: Bachelors Business and Information Technology (BBIT) Work Experience: May 2019 to date work as Marketing and Communication Manager at Safepak limited. - February 2017 – April 2019 work as Administrative Manager at AVVY group ltd. - June 2015 – July 2016 work as Customer Care Assistant at SPACE global ltd. - December 2013 – March 2015 work as Marketing Executive and Communication Officer at Capital Realty ltd. - August 2013 – November 2013 worked as Intern at Africa Centre of Cooperate Studies. - January 2010 – February 2011 worked as Executive Assistant at Sikamu Investment. - September 2012 – January 2013 worked as Programs Coordinator at IT Club Africa Nazarene University. Member description: Member
6.	 Maher Abdalla Abubakar Council/ BoG Member 5 Bachelors of Science (B.Sc.)	Date of birth: 14th September 1988 Qualifications: Bachelors of Science (B.Sc.) Work Experience: September 2018 to date worked as Project coordinator Technical University of Mombasa. - June 2015 to September 2018 worked as Estate Maintenance Supervisor Technical University of Mombasa. - June 2014 to August 2014 worked as Supervisor at A. A Bayusuf & Sons Limited as a Supervisor. - May 2009 to April 2014 worked as Construction Site Supervisor at AI Sultan Builders Limited. Member description: Member
7.	 Dr Mvurya Mgala Council/ BoG Member 6	Date of birth: 12th March 1968 Qualifications: Doctor of Philosophy (PHD) Work Experience: Coordination and Supervision: Director, Institute of Computing and Informatics <i>Technical University of Mombasa</i>. - Worked as Curriculum Development Officer Technical University of Mombasa. - Worked as Chairman Research Committee Technical University of Mombasa

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	Doctor of Philosophy (PHD)	- February 2011 to July 27, 2012 worked as Chairman of Department Mombasa Polytechnic University College. - May 2010 Feb 2011 worked as Examination Coordinator Mombasa Polytechnic University College. - 2004 - 2010 worked as Departmental Industrial liaison officer Mombasa. Polytechnic University College. - Worked as Curriculum Development officer Mombasa. Polytechnic University College. Member description: Member
8.	 Alfred Mshimba Mtuweta Council/ BoG Member 7 Master's in Business Administration (MBA)	Date of birth: 1959 Qualifications: Master's in Business Administration (MBA) Work Experience: 2011 - 2013: Deputy Chief of Logistics/Colonel Supply and Maintenance, Kenya Defence Forces DHQs (KDF), - 2007 – 2011: Appointed Kenya Defence Attaché to Beijing, Peoples Republic of China, - 2006-2007: Promoted to the rank of Colonel and Appointed as the Commander, Kenya Army Corps-Transport. - 2005-2006: Seconded by Government of Kenya as Liaison Officer, American Led Joint Task Force (JTF) Counter Terrorism Horn of Africa in Djibouti. - 2004-2005: Staff Officer Grade One; Personnel Branch-Kenya Army Headquarters. - 2003-2005: Staff Officer Grade One in charge of Works Services; Kenya Army Headquarters Logistics Branch. - 2000-2003: Promoted to Lieutenant Colonel and appointed Commanding Officer Transport Battalion. - 1996-2000: Battalion Second in Command, Transport Battalion. - 1995-1996: Military Observer, United Nations Western Sahara Morocco (MINURSO), Provided working experience with United Nations and in peace keeping. - 1990- 1995: Appointed Staff Officer Grade 11 (Two) in charge of Movement Control in Logistics Branch, Defence Headquarters Kenya.

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		- 1989-1990: Promoted to the rank of Major and appointed Staff Officer Grade Two: In charge of procurement at the Kenya Defence HQ Logistics Branch - 1987-1989: Appointed Grade Three Staff Officer (Captain) Procurement at Logistics Branch, Defence Headquarters Kenya. - 1985: Promoted to the rank of Captain and appointed Transport Second in Command. - 1982-1985: Platoon Commander Transport Company, - - April 1981: Joined the Kenya Armed Forces as an Officer Cadet and Commissioned in the rank of Second Lieutenant on (March 1982): Member description: Member.
9.	 Maria Kimonyi Secretary to the Board Masters Strategic Management (Ongoing)	Date of birth: 4TH May 1967 Qualifications: Masters Strategic Management (Ongoing) Work Experience: Worked as a teacher secondary school for 3 years. - Worked as a teacher training college for 10 years. - Also taught Technical Training Institute. - Worked as Registrar for 2 years. - Worked as Deputy Principal for 2 years. - Worked as Principal for 3 years Member description: Secretary to the Board
10.		

Kinango Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

III. Management Team

No.	Member/ Director	Details
1.	 Maria Kimonyi Secretary to the Board Masters Strategic Management (Ongoing)	Principal
2.	 Nalwenge O. Emanuel Bachelors in Education (Technology Education) Electrical and Electronic Technology	D/Principal Ag.
3.	 Duke Nyanchongi Kimori Bachelors of Science (B. Sc) Computer Science	Registrar Ag.
4.	 Robert K. Bett Diploma in Electrical and Electronic Engineering	Dean of Students Ag.
5.	 Frumence K. Lagat Certified Public Accountant (CPA III) Ongoing	Finance Officer

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IV. Chairman's Statement

Kinango Technical and Vocational College financial position is improving. Since its inception in September 2019, the college has increased its student population through College marketing and publicity from a population approximately 13 (thirteen) students to now almost 600 (Six hundred) students as at 30th June 2022. This shows positive response on strategies used by fiduciary management in College marketing and publicity.

However, the College have had his fair share of challenges. There has been a challenge of neighbouring village members encroaching on College land thus hindering College expansion and other activities such as having fencing around College land or a perimeter wall for that matter. Water also has been a problem and there had been proposal during meeting to having a borehole for the College in order to enable the College to have constant supply of clean water and minimise the cost of water bill being incurred.

The College is planning to continue increasing student population, improve service delivery to students through learning as they are our clients, enhance accountability in resource management and facilitate good implementation of College strategic plan.

The Kinango Technical and Vocational College Board of Governors recognizes the reforms that the government is undertaking on technical and vocational training in order to develop highly skilled manpower to provide the technical skills needed for industrialization. The national plans and other strategic priorities have consistently placed emphasis on development of skills that match the industry requirements and the government strategies and policies as outlined in the constitution of Kenya 2010.

The board of governors appreciates the critical role that the TVET play in building the foundation which will move this country to the next level of economic development.

Finally, I sincerely congratulates everybody that contributed in one way or another to the development of Kinango Technical and Vocational College. It is through your dedication, sacrifice and collaborative efforts that there is increase in College population.

for  - 20/04/2023
Mr. Idd Yusuf Chuphi
Board of Governors Chair.

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V. Report of the Principal

Kinango Technical and Vocational College has been expanding rapidly since its inception in 2019 with a total student's population of 616 (Six hundred and sixteen) as at 30th June 2022.

Challenges faced include encroaching on College land by squatters thus hindering College expansion and other activities. A fence around College land or a perimeter wall is urgently required. Water also has been a problem and there had been proposal during meeting to having a borehole for the College in order to enable the College to have constant supply of clean water and minimise the cost of water bill being incurred.

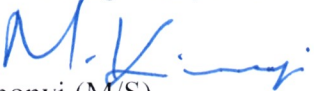
The College is planning to continue increasing student population, improve service delivery to students through learning as they are our clients, and enhance accountability in resource utilization by operationalizing the internal audit committee.

The College Management recognizes the reforms that the government is undertaking on technical and vocational training in order to develop highly skilled manpower to provide the technical skills needed for industrialization. The national plans and other strategic priorities have consistently placed emphasis on development of skills that match the industry requirements and the government strategies and policies as outlined in the constitution of Kenya 2010.

Kinango Technical and Vocational college operational and financial performance is based on direct fee collection from students, Students HELB loans applications, Bursary, Sponsorship, Capitation from government and government grants. The opening bank balance of this financial year 2021-2022 was kshs. 1,230,584. For the first Quarter i.e July – September 30th 2021, the college received funds from student's fee, HELB loans, Bursary and Sponsorship. The college however did not receive government grants and Capitation allocation for Quarter 4 2020-2021 financial year. Therefore, reporting a decrease in income by kshs 1,048,599 from initial retained income. In the 2nd Quarter the College reported an increase in income by Kshs 904,981.00. Therefore, on reporting the College reported a decrease of Kshs. 143,618 from initial opening balance. This is due to Capitation funds facilitation. HELB loans and direct fee collections from students. In the 3rd Quarter, the college reported an increase of income by Kshs 220,316.00 from previous quarter 2 report. Therefore, the College reported an increase of Kshs. 76,698.00 from initial opening balance. In the 4th Quarter, the college reported an increase of income by Kshs 1,744,105.00 from previous quarter 3 report. Therefore, the College reported an increase of Kshs. 1,820,803.00 from initial opening balance.

In the statements that follow, I'm pleased to present the statement of performance against Predetermined objectives which outlines the performance of the Board against its key pillars in the 5-year strategic plan. I also present management discussion and analysis that indicate how funds received were allocated and utilised.

I thank the Board of Management for their leadership and guidance throughout the year and for the members of staff for their commitment towards achievement of the set targets despite limitations in resources experienced. I also thank our stakeholders for their support and look forward to working with you in future.


Maria Kimonyi (M/S)
Board of Governors Secretary/ Principal.

20-04-2023

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	Develop and nurture youth talents	• Participate in co-curricular activities • Promote innovations • Provide guidance, counseling & mentorship
3. To continuously improve the college's Human Resource Capacity for effective service delivery	Plan and implement staff development programs	• Sponsor staff for training • Hold workshops and seminars for staff • Assess and Implement the TNA reports where possible
	Increasing number of staff	• Lobby the MoE for additional trainers • Employ more BOG staff
4.To Integrate technology and innovations in college management	Improve internet in the college	• Increase bandwidth in the college
	Integrate ICT in management	• Computerize services in the college • Build user capacity
	Build Staff capacity on ICT	• Train staff on relevant ICT skills • Install desktops in the staffroom • Encourage and support the acquisition of personal laptops where possible

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VI. Statement of Performance against Predetermined Objectives

Kinango Technical and Vocational College has the following strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2021 FY 2022. These strategic pillars are as follows:

Pillar 1: Increase College financial stability

Pillar 2: Promote relevant and quality TVET Training and learning.

Pillar 3: Improve the college's Human Resource Capacity for effective service delivery.

Pillar 4: Integrate technology and innovations in college management.

Kinango Technical and Vocational College develops its annual work plans based on the above 5 (Five) 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 2021/22 period for its 5 (Five) strategic pillars, as indicated in the diagram below:

OBJECTIVES	STRATEGIES	ACTIVITIES
1.To increase financial sustainability in the college	Develop alternative sources of funding	• Develop funding proposals for donors • Introduce new fundraising initiatives
	Introduce Income Generating Units	• Strengthen existing production units • Introduce new production units
	Improve financial management	• Enhance internal checks and Audits • Build capacity in financial management
2. To promote relevant and quality TVET Training and learning	Promote new and modern methods of Training/learning	• Build capacity in new and modern methods of Training • Acquire more learning resources
	Initiate research and development activities	• Operationalize Research department • Provide funds for research activities • Undertake research activities
	Networking and Collaboration	• Establish linkages with industry • Establish linkages with other tertiary institutions • Undertake CSR activities
	Enrol more trainees	• Introduce new courses • Strengthen linkage with KUCCPS • Introduce dynamic marketing methods
	Construct additional infrastructure	• Construct additional lecture rooms and additional workshops/labs
	Procure training equipment	• Procure additional Training equipment • Develop and implement a maintenance schedule

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VII. Corporate Governance Statement

The Governance and Strategy Committee of the Board is responsible for the Board's achievement of its strategic objectives and ensures that annual work plans are implemented. The Committee is also responsible to ensure that the organisation's budget and procurement plan are in line with the strategic plan. This committee is also responsible for managing the College risk, ensuring compliance to all applicable laws and regulations, and spearheading good governance practices within the Board of Governors Trainers and staff.

VIII. Management Discussion and Analysis

The College operational and financial performance

Kinango Technical and Vocational college operational and financial performance is based on direct fee collection from students, Students Helb loans applications, Bursary, Sponsorship, Capitation from government and government grants. The opening bank balance of this financial year 2021-2022 was **kshs. 1,230,584**. For the first Quarter i.e July – September 30th 2021, the college received funds from student's fee, Helb loans, Bursary and Sponsorship. The college however did not receive government grants and Capitation allocation for Quarter 4 2020-2021 financial year. Therefore, reporting a decrease in income by kshs **1,048,599** from initial retained income. In the 2nd Quarter the College reported an increase in income by **Kshs 904,981.00**. Therefore, on reporting the College reported a decrease of **Kshs. 143,618** from initial opening balance. This is due to Capitation funds facilitation, Helb loans and direct fee collections from students. In the 3rd Quarter, the college reported an increase of income by **Kshs 220,316.00** from previous quarter 2 report. Therefore, the College reported an increase of **Kshs. 76,698.00** from initial opening balance. In the 4th Quarter, the college reported an increase of income by **Kshs 1,744,105.00** from previous quarter 3 report. Therefore, the College reported an increase of **Kshs. 1,820,803.00** from initial opening balance.

College compliance with statutory requirements

Kinango Technical and Vocational College is compliant with statutory requirement. There is no major non-compliance that may expose the college to potential contingent liabilities.

Key projects and investment decisions the entity is planning/implementing.

The College is planning to have the following undertaken:

- a. The college is planning to equip a library for the purpose of research work.
- b. The college is planning to construct latrines to accommodate the increasing enrolment.
- c. The college is on the process to secure college title deed, construct a fence and a marked gate
- d. The college management intends to raise the additional cash by increasing enrollment
- e. The college is planning to market the college through various avenues i.e.
 - Consider airing our courses in Radio station and chief's barazas based on the college budget and impact assessment.
 - College to initiate a collaborative relationship with nearby secondary schools through career talks. The Chair promised to help coordinate with Taru and Samburu Secondary Schools.
 - Ensure the office of career guidance and counselling is fully functional, visible and accessible by the immediate clients to shape the career of the trainees.

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- Place more sign posts in strategic locations and ensure advertisers wear branded college T-shirts.
- The college to work closely with local administration in marketing.

Major risks facing the College

Challenges the college faces from squatters

1. The Squatters claim the whole plot of land belongs to them and any attempt to clear the compound for sports activities is faced with resistance, sometimes with a crude weapon
2. The squatters herd cattle and goats in the college compound and sometimes it disturbs classes
3. The college faces security issues from the same squatters: for example, on 2nd July 2020 a wild fire gutted the college neighbourhood and burned college trees and flowers. Though the college building was untouched (even by smoke), a perimeter wall is urgently required to keep such mishaps at bay. The County Government and Kinango constituency CDF have been non responsive so far.
4. The college faces challenges of funding currently the college is no longer receiving Government grants as we already attained a population of over 200 students. The college will only rely on Capitation funds, Helb loans, Bursary, Sponsorship and direct students fee collection.

Material arrears in statutory/financial obligations

Currently the College does not have serious material arrears. The management are on the process of sorting out issue of pending water bills that had emanated from TAVEVO miscalculation.

IX. Environmental and Sustainability Reporting Statement

Kinango Technical and Vocational College exists to transform lives of students and Kenyan citizens at large. 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

Kinango Technical and Vocational College shall increase its financial position through diversification of the sources of revenue and containment of costs so as to meet its financial obligation as per strategic plan. The college will also pursue the following Specific Measures:

- i) Enhance procurement procedures to ensure competitive bidding and minimum costs;
- ii) Enhance the capability and productivity of staff at all levels;
- iii) Conduct regular and periodic administrative and financial audits.
- iv) Phase development projects to match the expected funding.
- v) Prioritize projects that enhance quality and relevance in training

Environmental performance

We are in the process of formulating environmental policy guiding the College. That will outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the College's products

Employee welfare

Kinango TVC employees are usually taken go for benchmarking, workshops and trainings to improve on their skills and improve service delivery.

Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- d) Product stewardship- outline efforts to safeguard consumer rights and interests.

Corporate Social Responsibility / Community Engagements

Kinango TVC has usually visit the nearby Mackinnon Township to do environmental sanitation and visit children homes as a way of corporate social responsibility in every term.

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X. Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Kinango Technical and Vocational College affairs.

Principal activities

The principal activities of the Kinango Technical and Vocational College are to be a path finder and trail blazer in technical training in the current and next generation

Results

The results of Kinango Technical and Vocational College for the year ended June 30 are set out on page 1 to 6

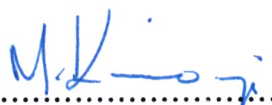
Council/Board of Governors

The members of the Board /Council who served during the year are shown on page (v) to (ix). During the year 2021-2022 there was no director who retired/ resigned and no appointment was made.

Auditors

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

By Order of the Board


.....

Maria Kimonyi (M/S)
Secretary of the Board/Council
Nairobi

Date: 20.04.2023
.....

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XI. Statement of Board of Governors/ Council's Responsibilities

Section 83 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the council members to prepare financial statements in respect of Kinango Technical and vocational college which gives a true and fair view of the state of affairs of the college at the end of the financial period and the operating results of the College for that period. The council 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 council members are also responsible for safeguarding the assets of the entity.

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

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

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

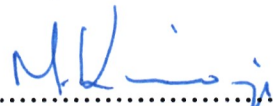
Approval of the financial statements

The Kinango Technical and Vocational College financial statements were approved by the Board on 20th April, 2023 and signed on its behalf by:

.....


Name **IDD YUSUF CHUPHI**

Chairperson of the Board/Council

.....


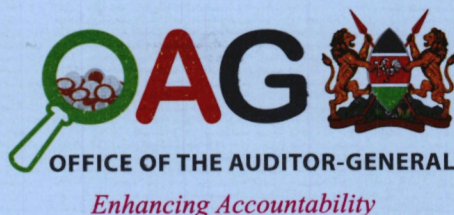
Name

MARIA KIMONYI

Accounting Officer/Principal

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 KINANGO TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals 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 Kinango Technical and Vocational College set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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 Kinango Technical and Vocational College as at 30 June, 2022, and 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 Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The following anomalies were noted in the financial statements;

Statement	Observation
Statement of Financial Performance	- Reflects transfers from other National Government entities amount of Kshs.25,584,559 which includes capitation grant of Kshs.10,935,000. However, supporting schedule indicated Kshs.7,710,000, resulting in a variance of Kshs.3,225,000 which was not explained or reconciled. - Rendering services-fee from students amount was revised to Kshs.20,525,161 from Kshs.23,750,161 but the amendment was not supported or explained.
Statement of Financial Position	- Reflects current portion of receivables from exchange transactions balance of Kshs.12,535,034 while the ledger indicates Kshs.15,759,994, resulting in a variance of Kshs.3,224,960 which was not explained or reconciled. - Reflects receivables from non-exchange transactions balance of Kshs.3,225,000, being capitation grant which was received on 3 June, 2022, hence not a receivable as at 30 June, 2022.
Notes to the Financial Statements	Deferred income total for current and non-current deferred income liability disclosed in Note 20 is wrongly casted as Kshs.146,086,565 instead of Kshs.160,236,125, resulting in a casting error of Kshs.14,149,560 which was not corrected.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2022 could not be confirmed.

2. Undisclosed Receipts

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects revenue from rendering of services-fees from students of Kshs.20,525,161. Review of the receipt books for the month of July, 2021 revealed that, out of the recorded revenue of Kshs.1,230,660, only Kshs.125,000 was recorded in cashbook and ledger. The balance of Kshs.1,105,660 was not disclosed and accounted for.

In the circumstances, the accuracy and completeness of the revenue from rendering of services-fees from students of Kshs.20,525,161 for the year ended 30 June, 2022 could not be confirmed.

3. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.168,011,052 as at 30 June, 2022. Included in the balance is land valued at Kshs.20,661,250 measuring approximately 8.2645 acres, which according to the footnote under Note 17 to the financial statements is the estimated nominal value of Kshs.2,500,000 per acre. However, the basis of the estimate was not provided. Further, the land ownership documents were not provided for audit.

In the circumstances, the accuracy, completeness and ownership of the land valued at Kshs.20,661,250 as at 30 June, 2022 could not be confirmed.

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

Other Matter

Budgetary Control and Performance

The statement of comparison of the budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.11,553,000 and Kshs.16,200,147 respectively, resulting in an over-funding of Kshs.4,647,147 (or 40%) of the budget. Similarly, the College incurred expenditure of Kshs.13,343,985 against an approved budget of Kshs.13,622,283, resulting in an under-expenditure of Kshs.278,298 (or 2%) of the budget.

The excess revenue represents idle funds not re-voted and spent on other activities during the year under review.

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. Engagement of Unregistered and Unlicensed Tutors

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects employee costs of Kshs.2,960,100. Review of human resource records revealed that the College had twenty-six (26) trainers in the year under review, out of whom twelve (12) and fourteen (14) were employees of the Board of Governors and Ministry of Education respectively. However, the trainers were not licensed and registered by the Board of Technical and Vocational Education and Training Authority, contrary to Section 23(1) of the Technical and Vocational Education and Training Act, 2013 which stipulates that 'any person who intends to become a trainer in an institution shall apply for licensing and registration by the Board in accordance with the provisions of this Act'.

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

2. Irregular Board Membership and Budget

Review of records revealed that the College had ten (10) Board Members instead of the approved maximum number of nine as provided in Section 1 of the Second Schedule to the Technical and Vocational Education and Training Act, 2013 which stipulates that 'the Board of Governors of a public institution shall consist of not less than seven and not more than nine members appointed by the Cabinet Secretary'.

Further, the College's approved budget indicated that Kshs.1,257,000 and Kshs.9,849,083 were budgeted for Board and operations expenditures respectively. The Circular No. OP/CAB.9/1A of 11 March, 2020, Paragraph D(1) stipulates that 'the Board budget is to be capped at Kshs.30 million or 5% of the operations budget whichever is lower'. Therefore, the Board's budget exceeded the allowed limit of Kshs.492,454, being 5% of the operations expenditure, by Kshs.764,546.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

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 processes and systems of internal controls, 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 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 control, 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 services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease operations.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting method 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 to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 June, 2023

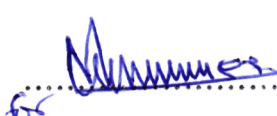
Kinango Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Notes	2021-2022	
		Kshs	
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	25,584,559.13	
Public contributions and donations		-	
		25,584,559.13	
Revenue from Exchange transactions			
Rendering of services- fees from students	7	20,525,161.00	
Other income	8	47,240.00	
Revenue from Exchange transactions		20,572,401.00	
Total Revenue		46,156,960.13	
Expenses			
Use of goods and services	9	9,444,582.00	
Employee costs	10	2,960,100.00	
Board /Council Expenses	11	567,880.00	
Depreciation and amortization expense	12	14,271,511.63	
Repairs and maintenance	13	371,423.00	
Total Expenses		27,615,496.63	
Net surplus/deficit for the year		18,541,463.51	

The notes set out on pages' 8 to 32 form an integral part of the Annual Financial Statements.

The Financial Statements set out on pages 1 to 32 were signed by:



 Chairman of Council/Board



 Finance Officer



 Principal

Date 20/04/2023

Date 20/04/2023

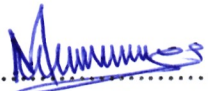
Date 20.04.2023

Kinango Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Notes	2021-2022	
		Kshs	
Assets			
Current Assets			
Cash and cash equivalents	14	3,062,887.00	
Current portion of receivables from exchange transactions	15	12,535,034.00	
Receivables from non-exchange transactions	16	3,225,000.00	
Inventories		-	
		18,822,921.00	
Non-Current Assets			
Property, plant, and equipment	17	168,011,052.38	
Intangible assets		-	
		168,011,052.38	
Total Assets		186,833,973.38	
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	18	302,610.00	
Refundable deposits from customers	19	11,500.00	
Deferred income	20	14,149,559.13	
		14,463,669.13	
Non-Current Liabilities			
Deferred income	20	131,937,006.75	
Total Liabilities		146,400,675.88	
Net Assets			
Revaluation Reserve	22(iv)	20,661,250.00	
Accumulated Surplus	22(iv)	19,772,047.51	
Retained earnings			
		40,433,297.51	
Total Net Assets and Liabilities		186,833,973.38	

The Financial Statements set out on pages 1 to 32 were signed by:



 Chairman of Council/Board

Date 20/04/2023



 Finance Officer
 ICPAK No

Date 20/04/2023



 Principal

Date 20.04.2023

Kinango Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

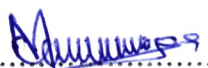
Description	Revaluation reserves	Accumulated surplus	Total
At July 1, 2021	20,661,250.00	1,230,584.00	21,891,834.00
Total comprehensive income	-	18,541,463.51	18,541,463.51
Capital/development grants received during the year	-	-	-
At June 30, 2022	20,661,250.00	19,772,047.51	40,433,297.51

Kinango Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Note	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants		8,210,000.00	
Public contributions and donations		-	
Other income	8	47,240.00	
Rendering of services- fees from students	7	8,304,237.00	
Total Receipts		16,561,477.00	
Payments			
Working capital changes			
Compensation of employees	10	2,960,100.00	
Use of goods and services	9	9,444,582.00	
Board /Council Expenses	11	567,880.00	
Repairs and maintenance	13	371,423.00	
Total Payments		13,343,985.00	
Net Cash Flows from operating activities	14	3,217,492.00	
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(1,385,189.00)	
Proceeds from sale of property, plant and equipment		-	
Net cash flows used in investing activities		1,385,189.00	
Net Increase/(Decrease) in Cash and Cash equivalents		1,832,303.00	
Cash and Cash equivalents at 1 JULY	14	1,230,584.00	
Cash and Cash equivalents at 30 JUNE	15	3,062,887.00	

The Financial Statements set out on pages 1 to 32 were signed by:

		
for Chairman of Council/Board	Finance Officer	Principal
	ICPAK No	
Date 20/04/2023	Date 20/04/2023	Date 20.04.2023

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

Description	Original budget	Adjustments From Supplementary budget	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 %
Revenue						
Transfers from other govt entities and govt grants	6,200,000.00	-	6,200,000.00	8,210,000.00	(2,010,000.00)	-32.42
Rendering of services- fees from students	5,353,000.00	-	5,353,000.00	7,990,147.00	(2,637,147.00)	-49.26
Total Income	11,553,000.00	-	11,553,000.00	16,200,147.00	(4,647,147.00)	-40.22
Expenses						
Compensation of employees	2,208,000.00	308,200.00	2,516,200.00	2,960,100.00	(443,900.00)	-17.64
Use of goods and services	7,588,000.00	1,761,083.00	9,349,083.00	9,444,582.00	(95,499.00)	-1.02
Remuneration of directors	1,257,000.00	-	1,257,000.00	567,880.00	689,120.00	54.82
Repairs and maintenance	500,000.00	-	500,000.00	371,423.00	128,577.00	25.71
Total Expenditure	11,553,000.00	-	13,622,283.00	13,343,985.00	278,298.00	2.04
Surplus For the Period	-	-	-	2,856,162.00	(4,925,445.00)	

(Budget notes)

1. Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

The college had budgeted for 250 students at the end of financial year but due to extensive marketing and publicity done it yielded to more students being enrolled to College hence the increase in both Capitation funds and students fees from rendering of service.

2. Explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

The College Board later amended the earlier budget due to increase in student's population thus necessitating employment of more trainers. The increase in population expanded the employee costs and use of goods hence the overpayment at the end of financial year.

3. Reconciliation of actual on comparable basis and the statement of financial performance totals due to differences in accounting basis (budget is cash basis; statement of financial performance is accrual).

RECONCILIATION STATEMENT

AS at 30 th June 2022	Kshs	Kshs.
Rendering of services- fees from students as per financial performance		23,750,161.00
Receivables from non-exchange transactions	(3,225,000.00)	
Receivables from students	(12,535,034.00)	(15,760,034.00)
		7,990,127.00
Rendering of services- fees from students as per actual on Comparable basis		7,990,127.00

Kinango Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

XVIII. Notes to the Financial Statements

1. General Information

Kinango Technical and Vocational College is established by and derives its authority and accountability from TVET 2013 Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The College principal activity is to be a path finder and trail blazer in technical training in the current and next generation.

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 Kinango Technical and Vocational College accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 16.

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

Kinango Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
IPSAS 42: Social Benefits	Applicable: 1st January 2023 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: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	Applicable 1st January 2023 • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits

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Standard	Effective date and impact:
	Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of Kinango TVC. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

Kinango Technical and Vocational College did not early-adopt any new or amended standards in year 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.

4 Summary of Significant Accounting Policies (Continued)

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 Council or Board on **27th July 2021**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **12th August 2021** on the FY 2021/2022 budget following the Council/ Board's approval.

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 College is exempt from paying taxes as per schedule xxx of the income tax Act.

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 10 years.

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

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

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

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

4 Summary of Significant Accounting Policies

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets

Impairment of financial assets

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

Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

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

j) Inventories

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

Provisions are recognized when the College 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

Kinango TVC 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.

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Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

Kinango TVC creates and maintains reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

Kinango TVC has no retirement benefits for its employees and directors.

o) Foreign currency transactions

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

p) Borrowing costs

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

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

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4 Summary of Significant Accounting Policies

q) Related parties

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

r) Service concession arrangements

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

s) Cash and cash equivalents

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

t) Comparative figures

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

u) Subsequent events

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

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Notes to the Financial Statements

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.

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).

6. Transfers from other National Government entities

Description	2021-2022	
	Kshs	
Unconditional Grants		
Capitation Grants	10,935,000.00	
Operational Grant	500,000.00	
Other Grants from Deferred income	14,149,559.13	
	25,584,559.13	

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(a) Transfers from other Government entities

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year
				Kshs	Kshs
Ministry of Education -State dept VTT	0	25,584,559.13	-	-	25,584,559.13
Total	0	25,584,559.13	-	-	25,584,559.13

7. Rendering of Services

Description	2021-2022	
	Kshs	
Tuition Fees	19,838,201.00	
E.W.C	68,100.00	
Transport and Subsistence	81,880.00	
Repairs and Maintenance	23,000.00	
Personal Emoluments	220,650.00	
Practicals Fee		
Examination Fee	77,780.00	
Student ID fee	21,000.00	
Registration Fees	194,550.00	
Total Revenue from The Rendering Of Services	20,525,161.00	

8. Other Income

Description	2021-2022	
	Kshs	
Services concession income	-	
Reimbursements and refunds	47,240.00	
Graduation fees	-	
Miscellaneous (specify)	-	
Total other income	47,240.00	

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9. Use Of Goods And Services

Description	2021-2022	
	Kshs	
Teaching and learning materials	2,191,000.00	
Industrial attachment costs	136,500.00	
Electricity and Water	456,669.00	
General Expenses	799,830.00	
Subscriptions	719,450.00	
Advertising	1,285,830.00	
Examination fees	341,340.00	
Workshops, Benchmarking and Meetings	1,535,445.00	
Administrative Expense	828,783.00	
Sports Music and Drama	491,200.00	
Library	60,257.00	
Bank Charges		
Printing and stationery	287,740.00	
Rent expenses	30,000.00	
Telephone expenses	156,556.00	
Internet expenses	123,982.00	
Total good and services	9,444,582.00	

10. Employee Costs

Description	2021-2022	
	Kshs	
Salaries and wages	2,065,900.00	
Employee related costs - contributions to pensions and medical aids	47,600.00	
Travel, motor car, accommodation, subsistence and other allowances	846,600.00	
Employee Costs	2,960,100.00	

11. Board/Council Expenses

Description	2021-2022	
	Kshs	
Chairman's Honoraria	-	
Directors Emoluments	567,880.00	
Other Allowances		
Other Board/Council Expenses	-	
Total	567,880.00	

Kinango Technical and Vocational College
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12. Depreciation and Amortization expense

Description	2021-2022
	Kshs
Property, plant and equipment	14,271,511.63
Intangible assets	-
Total depreciation and amortization	14,271,511.63

13. Repairs and Maintenance

Description	2021-2022
	Kshs
Property	371,423.00
Total Repairs and Maintenance	371,423.00

14. Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2021-2022	
		Kshs	
a) a) Current Account			
Kenya Commercial Bank	1277092303	3,062,087.00	
Sub- Total		3,062,087.00	
e) Others(Specify)			
b) Cash in Hand		800.00	
Sub- Total		800.00	
Grand Total		3,062,887.00	

15. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

Description	2021-2022	
	Kshs	
Current Receivables		
Student Debtors	12,535,034.00	
Total Current Receivables	12,535,034.00	

The receivables reported represents student debtors for FY 2021/2022 exclusive of debtors from non-exchange transactions i.e Capitation fund.

16. Receivables from Non-Exchange transactions

Description	2021-2022	
	Kshs	
Current Receivables		
Capitation Grants*	3,225,000.00	
Transfers from Other Govt. entities		
Undisbursed Donor Funds		
Total Current Receivables	3,225,000.00	

(*Receivables on capitation grants are recognised for monies received after year end but relating to the year under review).

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17. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Rate	0	0.02	0.25	0.125	30.00%	0.125	
At 1 July 2021	20,661,250.00	56,630,025.00	-	-		103,606,100.00	180,897,375.00
Additions	-	-	120,000.00	735,620.00	-	529,569.00	1,385,189.00
Additions 30th September 2022							
At 30th September 2022	20,661,250.00	56,630,025.00	120,000.00	735,620.00	-	104,135,669.00	182,282,564.00
Depreciation	-	(1,132,600.50)	(30,000.00)	(91,952.50)	-	(13,016,958.63)	(14,271,511.63)
At 30th September 2022	20,661,250.00	55,497,424.50	90,000.00	643,667.50	-	91,118,710.38	168,011,052.38

Depreciation on property plant and equipment is calculated using reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates;

Motor Vehicle 25%
 Furniture & fitting 12.5%
 Computers 30%
 Equipment 12.5%
 Building 2%

-Land has been estimated in handing over report from our mentor institution to be 4 ha (hectares) which is equivalent to 8.2645 Acres. The approximated value of land per acre is estimated at a nominal value of kshs. 2,500,000 (Two million five hundred thousand) on market price. Therefore, the total amount for 8.2645 Acres is Kshs. 20,661,250 (Twenty million six hundred and sixty-one thousand two hundred and fifty).
 -Building has been estimated at a cost of ksh. 56,630,025 as per the handing over report to Kinango TVC Board of Governors.
 -Plant, Machinery and Equipment's, Computers, Laptops and accessories, Furniture and Fittings donated by Government to Kinango TVC had a cost of US Dollars. 1,036,061 which is equivalent to Kshs. 103,606,100 on assumption that 1Usd = Kshs. 10

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Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on 30th June 2022.

(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:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land Revaluation	20,661,250.00	-	20,661,250.00
Buildings	56,630,025.00	(1,132,600.50)	55,497,424.50
Plant And Machinery	104,135,669.00	(13,016,958.63)	91,118,710.38
Motor Vehicles including Motorcycles	120,000.00	(30,000.00)	90,000.00
Computers and Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	735,620.00	(91,952.50)	643,667.50
Total	182,282,564.00	(14,271,511.63)	168,011,052.38

18. Trade and Other Payables from Exchange transactions

Description	2021-2022	
	Kshs	
Trade payables	-	
Fees paid in advance	302,610.00	
Total Trade and Other Payables	302,610.00	

19. Refundable Deposits from Customers/Students

Description	2021-2022	
	Kshs	
Caution money	11,500.00	
Total Deposits	11,500.00	

a) Amounts recognised in the Statement of Financial Position

The College 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.

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20. Deferred Income

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government	160,236,125.00	
International Funding Bodies		
Public Contributions and Donations		
Total Deferred Income	160,236,125.00	

The deferred income movement is as follows:

Description	National government	International funders / donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward		-	-	-
Additions during the year				
Transfers to capital fund	160,236,125.00			160,236,125.00
Transfers to income statement	(14,149,559.13)			(14,149,559.13)
Other transfers				
Balance carried forward				146,086,565.88

Analysed as:

Description	Amount
	Kshs
Current	14,149,559.13
Non- Current	146,086,565.88
Total	131,937,006.75

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21. Cash generated from operations

		2021-2022	
Surplus for the year before tax		Kshs	
Adjusted for:	-	18,541,463.51	
Depreciation		14,271,511.63	
Non-Cash grants received			
Contributed assets		-	
Impairment			
Gains and Losses on Disposal of Assets			
Contribution to provisions			
Contribution to impairment allowance			
Deferred income		(14,149,559.13)	
Finance Cost			
		18,663,416.01	
Working Capital Adjustments			
Increase in Inventory		-	
Increase in Receivables from non-exchange transactions		(3,225,000.00)	
Increase in Receivables		(12,535,034.00)	
Increase in Deferred Income			
Increase in Payables		11,500.00	
Increase in Payments received in advance		302,610.00	
Net Cash Flow from Operating Activities		3,217,492.01	

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

22. 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.

Kinango TVC 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

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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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	-			
Receivables from non-exchange transactions	-			
Bank balances	1,230,584.00			
Total	1,230,584.00			
At 30 June 2022				
Receivables from exchange transactions	12,535,034.00			
Receivables from non-exchange transactions	3,225,000.00			
Bank balances	3,062,087.00			
Total	18,822,121.00			

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

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

Kinango TVC has significant concentration of credit risk on amounts due from undisbursed capitations and student fees.

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.

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Notes to the Financial Statements (Continued)

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.

(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.

Kinango TVC 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.

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a) Foreign currency risk

Kinango TVC has no foreign currency risks because all purchases done are locally.

a) Interest rate risk

Kinango TVC has no interest risks currently because there is no loan owed to any bank.

iv) Capital Risk Management

The objective of Kinango TVC capital risk management is to safeguard the College ability to continue as a going concern.

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	20,661,250.00	
Accumulated surplus	19,772,047.51	
Total Funds	40,433,297.51	

23. 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 Kinango Technical and Vocational College, holding 100% of the College 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; Ministry of Education
- iii) State Department of Vocational Technical Training
- iv) County Government
- v) Semi- Autonomous Government Agencies;
- vi) Key management;
- vii) Board of directors;

24. Events After the Reporting Period

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

25. Ultimate and Holding Entity

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

26. Currency

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

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**XIX. Appendices
Appendix 1: Implementation Status of Auditor-General Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments"; required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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Name **MARIA KIMONYI (M/S)**

Accounting Officer

PRINCIPAL

Date.....**20.04.2023**

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Appendix III- Inter-Entity Confirmation Letter



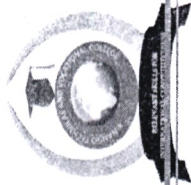
MINISTRY OF EDUCATION
KINANGO TECHNICAL AND VOCATIONAL COLLEGE

SAMBURU – MOMBASA

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Vision: To Be a Path Finder and Trail Blazer in Technical Training in the Current and Next Generation

Our Ref: KTVC/MOE/VOL. 1/88

Date: 30TH September 2022

Kinango Technical and Vocational College
P.o Box 6 – 80120
Samburu Mombasa

The Kinango Technical and Vocational College wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Kinango Technical and Vocational College as at 30 th June 2022					
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2022			Amount Received by [Kinango TVC] (KShs) as at 30 th June 2021 (E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	
Coast Institute of Technology CHQ10641	13/10/2021	2093432			2093432
					Differences (F)=(D-E)
					-

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Capitation Fund	23/11/2021	1815000				1815000
Capitation Fund	02/03/2022	1815000				1815000
Capitation Fund	03/06/2022	3225000				3225000
Total		8948432				8948432

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

Head of Accountants department of Kinango Technical and Vocational College

Name FRANCIS LAGAT Sign [Signature] Date 20/04/2023

