

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

DATE: 26 JUL 2023

DAY: WED

PARLIAMENT  
OF KENYA  
LIBRARY

TABLED  
BY:

Hon Kimani (chungwani, MP  
the leader, majority party

OF

PRESENT AT  
THE TABLE:

Miriam Mado

**THE AUDITOR-GENERAL**

**ON**

**ELDAMA RAVINE TECHNICAL AND  
VOCATIONAL COLLEGE**

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



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**ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**JUNE 30, 2022**

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**ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE**  
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**I. Key Entity Information and Management**

**(a) Background information**

(i) Eldama Ravine Technical and Vocational College (ERTVC) is a government middle level Technical and Vocational Training College specializing in training of youth in different fields.

(ii) The College's operations are carried out in accordance with the Government policies and procedures as spelt out in official documents and circulars. The college is conscious of the Government's policy of industrialization and the Kenya Vision 2030. It is geared towards playing a significant and leading role in the fulfilment of its mandate.

(iii) Eldama Ravine Technical and Vocational College was officially opened on the 19<sup>th</sup> of May 2018 in Rift Valley Region. It is situated approximately 2 kilometres South-East of Eldama Ravine Town along Maji Mazuri-Makutano road.

(iv) The College admits students from all over Kenya and offers full-time courses ranging from Artisan, Certificate and Diploma levels. The courses are offered in 7 departments namely, Agricultural and Mechanical Engineering, Agriculture Education and Extension, Building & Construction, Electrical and Electronics, ICT, Business Studies as well as Hairdressing & Beauty Therapy. The students are examined by KNEC, CDACC, NITA, NTSA, among others.

**(b) Principal Activities**

Eldama Ravine Technical and Vocational College's core mandate is to train and assess students on technical skills and knowledge

**Vision**

To be a nationally competitive training Centre for imparting technical knowledge and skills for sustainable development

**Mission**

To create, preserve and transfer knowledge and technology through quality technical training, research and community service

**Core Values**

<b>Team Work</b>	- We work together collaboratively with respect and empathy to ensure we deliver services and products of good quality
<b>Integrity</b>	- We Value high standards of ethical behavior at all times. We shall uphold honesty and all moral principals in all the Eldama Ravine Technical and Vocational College Activities and decisions
<b>Discipline</b>	- We pursue excellence with commitment and perseverance respecting rules and regulations
<b>Accountability</b>	- We shall be Accountable for our Decisions and Actions
<b>Commitment</b>	- We are committed to providing quality services

**Motto** Technology for Sustainable Development

### **Objectives of ERTVC**

The general Objectives of Eldama Ravine Technical and Vocational College outlined below provide a framework for the achievement of the mandate of the College;

- i. To provide competent, dependable, innovative and creative human resource for Kenya Vision 2030;
- ii. To impart applied knowledge to trainees in order to gain entrepreneurship and problem-solving skills in the world of work;
- iii. To expand and upgrade the College's infrastructure and equipment to meet the current trends;
- iv. To collaborate with other Colleges, institutions and the community in providing extension services and solutions to emerging issues;
- v. To promote trainee welfare and maintain co-curricular facilities for training and wellness

#### **(c) Key Management**

The College is managed by a 9-member board of governors (BOG) appointed by the Cabinet Secretary for Education in accordance with the TVET Act of 2013. The day to day running of the College is done by the Principal (Secretary to the BOG) assisted by a management team comprising Deputy Principal, Ag. Registrar, Ag. Dean of Students and Accounts Clerk, academic and non-academic heads of department. In total there are 35 members of staff; 26 academic staff and 9 administrative staff.

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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:

1.	Principal	<b>Eric K.Tanui</b>
4	Ag. Registrar (s)	<b>Janet Siren</b>
5	Ag. Dean of students	<b>Eric Mutai</b>
6	Assistant accountant	<b>Sheila Toroitich</b>
7	Performance Contracting Coordinator	<b>Mayrose Chepchirchir</b>

*(Include all positions regarded as top management in your organisation).*

**(e) Fiduciary Oversight Arrangements**

*- Audit and risk committee activities*

**Auditors Comments**

- Accountant and the procurement officers need to be trained on IPSAS and PPADA respectively.
- Principal also should be trained in areas of governance and management
- The Finance committee of the board should keep on monitoring compliance in financial reporting and other areas of compliance.
- The institution should benchmark with established TVET institutions.
- The committee should request quarterly reports from time to time
- We recommend for the institution to acquire ERP system to ease preparations of financial statements and minimize errors and inconsistencies.
- The institutions should adopt a better salary scale to minimize staff turnover especially non-teaching staff

*- Finance and operations committee activities*

- Extending contract period from 3 months to 1 year
- Improving salary from an average of Ksh 6000 to Ksh 7700
- Paying NHIF for the staff members.
- Provision of better working conditions.

*- Academic committee activities*

- Guidance and counselling
  - Peer counselling was proposed by the members to the students
  - Capacity building of the deans and peer counsellors
- Marking class registers
  - follow up absent students immediately
  - student who doesn't attend classes will not be registered for exams

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-implement academic policy to the later

- Weak trainees to be assisted at individual level
- Equipping the library
  - Booklist to be prepared and forward to Baringo county governor
- Career guidance
  - students to be advised on choice of courses before selection/admission to minimize wrong choice of course.
- The registry to consider course requirements before admissions
  - Strictly enforce admission requirements
- Equipping the workshops
  - Prepare a supplementary budget so as to equip the workshops -especially electrical engineering workshop
- Timely provision of practical materials for technical courses
  - Procurement department to be asked to find ways of availing training materials without much delay
  - TD Equipment to be made in the institution and issued to students during the lesson
  - instructors to role models by using TD equipment during lessons
- Equipping computer lab with at least 7 more computers/desktops; budget for the computers
  - advising ICT students to purchase laptops
  - computer lab to be restricted to ICT students to enhance accessibility to ICT students
  - proper time tabling of the computer lab
  - install relevant software's in the computers

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

**(f)Entity Headquarters**

P.O. Box 560-20103,  
Along Maji Mazuri-Makutano Road  
Eldama Ravine, Baringo County, Kenya

**(g)Entity Contacts**

Cell: 0713 546595

Email: *principal@ertvc.ac.ke*

Website: *www.ertvc.ac.ke*

**(h)BANKERS**

1. Equity Bank
  - Eldama Ravine Branch
  - P. O Box 75104
  - Eldama Ravine

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2. Kenya Commercial Bank  
P.O. Box 415-20103  
Eldama Ravine

3. Access bank  
P.O Box 1010 - 20103  
Eldama Ravine

**(i)Independent/Internal**

Mr. Zacharia Koech (Internal Auditor,  
Eldoret National Polytechnic)

**(j)External Auditor**




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

**(k) Principal Legal Adviser**




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

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**II. THE BOARD OF GOVERNORS**

Member's photo and name	Member's brief
 <p><b>1. CHAIRMAN, BOARD OF GOVERNORS</b></p>	<p>Master in law(LLM)            University of Nairobi            Masters of Business Administration(MBA)            Laikipia University            Certified Public Secretaries Kenya(CPSK)            KASNEB            Bachelor of Law            Moi University.</p>
 <p><b>2.MEMBER, BOARD OF GOVERNORS</b>  <b>Michael Ngulat</b>  <b>BCOM -Accounting Option (UON), CPA,</b>  <b>DTec. Ed (KTTC)</b></p>	<p>Bachelor of Commerce (Accounting Option), -            University of Nairobi, Kenya.            Diploma in Technical Education            Certified Public Accountant            Currently, Branch Manager at Agricultural Finance            Corporation- Eldama Ravine.            Previously, Senior Credit Officer at Agricultural            Finance Corporation- Eldama Ravine.  <b>CHAIRMAN-FINANCE COMMITTEE</b></p>
 <p><b>3.MEMBER, BOARD OF GOVERNORS</b>  <b>Moses Mwangi Thiga</b>            PhD Information Systems -Kabarak            University, KE            M.Sc. Information Systems            Management – Liverpool University, UK            B.Sc. Computer Science – Egerton            University, KE</p>	<p>PhD in Information Systems            Master of Science in Information Systems            Management            Master of Science in Statistics            Bachelor of Science in Computer Science            Currently, Director- Research and Lecturer Computer            Science and Information Technology at Kabarak            University            Previously, Research Associate at Kenya Education            Network (KENET) Nairobi  <b>CHAIRMAN,ACADEMIC COMMITTEE</b></p>

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 <p><b>4.MEMBER, BOARD OF GOVERNORS</b>  <b>Dr. Emily Jepyegon Chemoiwa</b>          PhD. Philosophy in Animal Ecology – University of Eldoret, KE          Master of Philosophy in Zoology (Ecology) – Moi University, KE          Bachelor of Education Science- Maseno University, KE</p>	<p>PhD. Philosophy in Animal Ecology – University of Eldoret, KE          Master of Philosophy in Zoology (Ecology) – Moi University, KE          Bachelor of Education Science- Maseno University, KE          Currently, Lecturer- Animal Ecology and Examinations Coordinator-Zoology at University of Eldoret          Previously, Senior Graduate Teacher – Biology at Eldoret GK, Magereza Sec. School, Eldoret  <b>MEMBER</b></p>
 <p><b>5.MEMBER, BOARD OF GOVERNORS</b>  <b>Yunus Issa Aljab</b>          MA Religious Studies- UoN, ke          B. Ed –International University of Africa, Khartoum Sudan</p>	<p>Master of Arts Religious Studies- University of Nairobi, KE          Bachelor of Education –International University of Africa, Khartoum Sudan          Currently, Director at Education for Africa Charity Organization          Previously, Principal at Highlands High School, Limuru  <b>MEMBER</b></p>
 <p><b>6.MEMBER, BOARD OF GOVERNORS</b>  <b>Dr. Joyce Jepkorir Kiplimo Bett</b>          PhD. In Chemistry- University of KwaZulu Natal, SA          MSc. Chemistry- Egerton University, KE          B. Ed (Science)- Egerton University, KE</p>	<p>Doctor of Philosophy in Chemistry- University of KwaZulu Natal, South Africa          Master of Science in Chemistry- Egerton University, KE          Bachelor of Education Science- Egerton University, KE          Currently, Head of Department, Physical Sciences and Senior Lecturer at Kabianga University          Previously, Acting Dean, School of Science and Technology at Kabianga University  <b>CHAIRMAN,AUDIT AND RISK MANAGEMENT COMMITTEE</b></p>

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 <p><b>7.MEMBER, BOARD OF GOVERNORS</b>  <b>Peter Cheruiyot</b>          Ag. Director-TVET Nakuru-Baringo County and CD-TVET Kericho-Bomet County</p>	<p>He is a civil servant currently serving as the Acting Nakuru-Baringo County Director TVET and CD-TVET Kericho-Bomet County. He represents the Principal Secretary, State Department of Vocational &amp; Technical Training in the Board of Governors  <b>DIRECTOR -TVET</b></p>
 <p><b>8.MEMBER, BOARD OF GOVERNORS</b>  <b>Philip Odiwuor Nyabanda</b>          B. Sc Civil Engineering- JKUAT, KE          Cert Tender/Bid Prep, Claims Prep and Contract Mgmt- EU          HND Construction Engineering- Kenya Polytechnic University College</p>	<p>Bachelor of Science Civil Engineering- Jomo Kenyatta University of Agriculture and Technology, KE          Certificate in Tender/ Bid preparation, Claims Preparation and Contract Management-EU          Higher National Diploma in Construction (Structures) Engineering-Kenya Polytechnic University College, KE          National Diploma in Building Construction, Kenya Polytechnic University College, KE          Currently, The Technical Director of Kenya Federation of Master Builders and Neo Build Ltd  <b>MEMBER</b></p>
 <p><b>SECRETARY, BOARD OF GOVERNORS</b>   <b>Eric K. Tanui</b>  <b>M.Sc Pure Mathematics – Kenyatta University, KE</b>  <b>B. Ed Egerton University, KE</b></p>	<p>Master of Science in pure mathematics- Kenyatta University, KE          Bachelor of Education Egerton University, KE          Currently, Principal and Secretary to the Board of Governors          Previously, Principal, Kipsoen Technical and vocational College and trainer Eldoret National Polytechnic  <b>SECRETARY, BOARD OF GOVERNORS</b></p>

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**III. MANAGEMENT TEAM**

Name	Passport	Designation	Qualification	The main area of responsibility
Eric K. Tanui		Principal	Masters in- pure mathematics	He is the chief executive officer of the college serving as the principal and secretary to the board of governors.
Janet Siren		Registrar	MSC in agriculture extension	She is registrar of the college and trainer of General Agriculture
Erick Mutai		DOS	DIPLOMA in Agricultural Engineering	He is the Dean of students and trainer of Agricultural Engineering.
Sheila Toroitich		Assistant Account	CPA K finalised	She is the Accountant of the college.

#### IV Chairman's Statement

I have the pleasure to present an overview of the Eldama Ravine Technical and Vocational College performance for the year ended 30<sup>th</sup> June 2022. Eldama Ravine Technical and Vocational College endeavors to continually improve on the implementation of its mission and Objectives.

#### Governance

We have focused to promote highly and advanced technical trained manpower in the various fields as part of the college's contribution towards the achievement of Vision 2030 by providing quality technical training for self-reliance and economic empowerment for sustainable development.

It has 13 public service trainers and 13 BOG trainers thus it is able to meet its mandate of training.

The college faces the challenge of fee payment by trainees. Lack of enough public service trainers to cut cost on payment of BOG trainers.

Eldama Ravine Technical and Vocational College is planning to improve trainee population and engage stakeholders to improve on infrastructure e.g. more lecture rooms and dining hall.

#### Financial Policies

During the year ended 30<sup>th</sup> June 2022, Eldama Ravine Technical and Vocational College was mainly funded through the Government capitation and appropriation in Aid (A-I-A) for its recurrent expenditure.

I wish to finally thank the government of Kenya, Board of Governance, Management and staff for their dedication and participation over the year in striving to make Eldama Ravine Technical and Vocational College achieve its desire in producing a more skilled and trained workforce for our country.

**Vincent K. Kiptoon**  
CHAIRMAN, BOARD OF GOVERNORS

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## **V. Report of the Principal**

I am delighted to have the opportunity to give a report on Technical Training in Eldama Ravine Technical and Vocational College and financial statement of the institution. I am honoured and humbled to be the first principal to be deployed by the government of Kenya to this college. I thank God and appreciate the MOE for giving me the opportunity to serve in this capacity.

I want to share with you my Vision for the future of Eldama Ravine Technical and Vocational College. Very simply put, my vision is all about fulfilling Dreams. Fulfilling our students' dreams is at the core of everything we do. But what exactly are our students' dreams? And what must we do to help these dreams come true?

The dreams of our students fall into three major categories.

- i. Many of our student's dream of completing an artisan, craft or Diploma course and applying the skills attained in self-employment.
- ii. Many others dream of earning a credential that leads to a good paying job.
- iii. A few dream of simply taking customized/short training courses that will help them advance in their career.

Our staffs are committed to helping our students realize their dreams. Their dreams can't come true by them simply "walking in our doors." Thus, we help the students take responsibility in their college career by ensuring that they do practical work and make sure their tuition fee is paid on time; and by emphasizing to them that they must commit to the learning process, show up for classes, complete all class assignments, and ultimately pass the course. We also provide a conducive learning environment that enables students to be successful.

Our vision is for Eldama Ravine Technical and Vocational College to be the students' Dream-Catcher":

1. We work with all our stakeholders so that our students come to us better prepared for college.
2. We aim to increase access to quality of our programs by organizing outreach programs in high schools so that our potential students get a head start on a college certificate.
3. We are there for our students when they first come in our doors, reinforcing that they can and will be successful.
4. We always advise our students that their goal is not to go or come to college but rather to successfully complete College.
5. We help our students better understand the financial aid and loan process that the government has provided.
- 6.

For Eldama Ravine Technical and Vocational College to be a Premier college our staff are encouraged to have passion for hard work, they are also engaged in the planning and decision making process. Their voices are heard. Our students' accomplishments are directly related to the daily efforts of the staff. That is why as the first principal, I encouraged staff input from the very beginning in the development of the 2021-2025 Eldama Ravine Technical and Vocational College Strategic Plan.

Technical Education is constantly evolving. New initiatives or advances in technology require staff to conduct business differently. The management will advocate for targeted professional development and as the Principal, I will continue to invest in employee professional development.

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Our local communities and our people as a whole will be the ultimate beneficiaries of our dream. We envision a future where all of our communities have a college-educated workforce, ready and able to fill the needs of local business and industry.

Finally, we acknowledge that Eldama Ravine Technical and Vocational College is deserving investment and we appeal for continued financial support from the government so as to actualize our dreams.

God Bless Eldama Ravine Technical and Vocational College



**Eric K. Tanui**  
PRINCIPAL/SECRETARY BOG

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**VI. Statement of Performance against Predetermined Objectives**

ERTVC has 8 (Eight) Strategic Themes and Objectives within the current Strategic Plan for the FY 2020-FY 2025. These Strategic Themes are as follows:

- Theme 1: Academic and Student Welfare
- Theme 2: College Leadership and Governance
- Theme 3: Human Resource Development
- Theme 4: ICT Integration, Equipment and Technology
- Theme 5: Financial Stability
- Theme 6: Partnerships, Collaboration and Linkages
- Theme 7: Cross Cutting
- Theme 8: Corporate Image

ERTVC Develops its annual work plans based on the above 8 themes. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The ERTVC Achieved its performance targets set for the FY 2021/22 period for its 8 strategic pillars as indicated in the table below:

Strategic Theme		Objective	Key Performance Indicators	Activities	Achievements
<b>1. Academic and Student Welfare</b>	Academic programmes Library Lecture Rooms Workshops Student Welfare	To increase student enrolment from 370 to 800 and progression rates	Admission Lists Increase in enrolment Courses rolled out Lecture rooms in place Lecture chairs Equipped Workshops	Aggressively market the courses offered at the college Initiate Market driven	Objective achieved and surpassed
<b>2: College Leadership and Governance</b>		To Establish structures that ensure smooth running of the College	Governance Quality Assurance Safety and Security Research	Hold Meetings Implement Performance Contract	Governance policies established and implemented

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			and Extension Performance Contract		
<b>3. Human Resource Development</b>		To recruit, motivate, retain and enhance competent human resource	Scheme of Service TNA Reports Award System	Job Scale Drawn Capacity Building Implement Award Scheme	Competent human resource retained Motivated Staff
<b>ICT Integration, Equipment and Technology</b>		To enhance information and communication technology systems for efficient operations and training	ICT Equipment Procured	ICT Integration in Training and Service Delivery	ICT Equipment procured and in use. ICT Integration established Improved Service Delivery
<b>Financial Stability</b>		To Establish, improve and diversify income generating activities for the financial stability of the College	Increase in income Dairy unit and No. of dairy cows in place No. of students enrolled to the short courses	Increased Milk Production Students trained in the short courses	2 Income Generating Activities established and operationalized
<b>Partnerships, Collaboration and Linkages</b>		To enhance relevant quality practical skills through partnerships and collaboration with industry and other training institutions	No. of students placed for attachment No. of industries in partnersh	Students placed on attachment Collaboration	Collaboration and linkages with 2 industries Established and Students sent for attachment

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			ip and collaboration with ERTVC MoU		s
<b>Cross cutting</b>		HIV/AIDS COVID-19 Gender and Disability Alcohol, drugs and Substance abuse National Values, Cohesion and Integration Road Safety Mainstreaming	Reports sent to relevant authorities Policies in Place	Implementation of the policies	Cross cutting issues mainstreamed within the College
<b>Corporate Image</b>		To uphold and enhance the positive corporate image of ERTVC and improve visibility	Increased enrolment Service Charter CSR (Market Cleaning, ERTVC Farm Demonstration day)	Marketing Improved service delivery Market Cleaning Farming Demonstration	Eldama Ravine Technical and Vocational College corporate image enhanced

## **VII. Corporate Governance Statement**

The Eldama Ravine Technical and Vocational College is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholders, strengthens board of governors and management accountability and helps build public trust in the college.

The BOG is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, state department of Technical Vocational Education Training to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The BOG serves as the ultimate decision making body of the College, except for those matters reserved to or shared with the Government of Kenya. The BOG selects and oversees the members of senior management, who are charged by the BOG with conducting the business of the College in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The BOG has established Corporate Governance Guidelines which provide a framework for the effective governance of the College. The guidelines address matters such as the colleges' Vision and mission, overall strategy, members' responsibilities, BOG committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The BOG regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The college's corporate governance materials, including the Corporate Governance Guidelines, the College's legal order, the terms and reference for each BOG committee, the College's Codes of Business Conduct, information about how to report concerns about the college and the College's public policy engagement and technological contributions policy, can be accessed by visiting the college's website: [www.ertvc.ac.ke](http://www.ertvc.ac.ke).

The BOG members agreed in their meeting the BOG Chairman are paid sitting allowances of Ksh 13,000 and the the members Ksh 8,000. In all their sittings there has been no conflict of interest.

The BOG contacts internal audit by engaging internal auditor of Eldoret National Polytechnical and gives maximum support and corporations Office of the Auditor General when it's conducting its functions in the institution.

The number of BOG meetings held during the year was twelve (12).

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**VIII. Management Discussion and Analysis**

The BOG submitted their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the *college's* affairs.

The key project undertaken by the college is contract farming and farm and machinery day which are still in the pilot stage before they are fully implements as major sources of income in the college.

There is no major risk faced by the institution at the moment. The college ensures that their staffs contributes to the statutory deductions such as HELB, NHIF, NSSF etc The college ensure that all statutory deductions are remitted before 9<sup>th</sup> of the following month.

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**IX.Environmental and Sustainability Reporting Statement**

ERTVC Observes the annual tree planting day by planting and taking care of trees within the institution. Every government guest is always accorded an opportunity to plant a tree

**Environmental performance**

ERTVC Observes the annual tree planting day by planting and taking care of trees within the institution. Every government guest is always accorded an opportunity to plant a tree

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**Employee welfare**

Eldama Ravine Technical and Vocational College uses the Human Resource Document customized from the PSC Human Resource Policy to guide in the hiring process

Eldama Ravine Technical and Vocational College Undertakes skills gap analysis/TNA and capacity builds employees based on the results. The management conducts employee appraisal and rewards. Eldama Ravine Technical and Vocational College Implements Health and safety rules and regulations as guided by the Ministry of Health and conduct annual public health inspection and implements the recommendations proposed immediately.

**Market place practices-**

- a) Eldama Ravine Technical and Vocational College ensures responsible competition practices by participating in Sports and Games organized by TVET, sending quarterly reports to EACC, Participating in internal departmental competitions fairly with respect to all competitors
- b) ERTVC advertises using posters, brochures, local media houses, public barazas, for a and online platforms like WhatsApp and Facebook and ensures to maintain ethical marketing practices.
- c) Eldama Ravine Technical and Vocational College students are guaranteed quality training from professional trainers and are assured of acquiring the right skills and knowledge on a timely basis.

**Corporate Social Responsibility / Community Engagements**

The college plans to carry out the following social responsibilities:

- a) Cleaning the Eldama Ravine Market on Scheduled Dates
- b) Conduct Farmers Demonstration Day on a scheduled date.

## **X. Report of the Board of Governors**

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

### **Principal activities**

The principal activities of the Eldama Ravine Technical and Vocational College are (continue to be) training and assessment of trainees.

### **Results**

The results of the Eldama Ravine Technical and Vocational College for the year ended June 30 2022 are set out on page 1 to 8

### **Auditors**

The Auditor General is responsible for the statutory audit of the Eldama Ravine Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2022.

By Order of the Board



Eric K. Tanui  
BOG Secretary  
Eldama Ravine  
Date: 07/06/2023

**ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

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

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) require the Board members to prepare financial statements in respect of that Eldama Ravine Technical and Vocational College which give a true and fair view of the state of affairs of the Eldama Ravine Technical and Vocational College at the end of the financial year/period and the operating results of the Eldama Ravine Technical and Vocational Institute for the year 2021/2022. The Board Members are also required to ensure that the Eldama Ravine Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Eldama Ravine Technical and Vocational College. The Board members are also responsible for safeguarding the assets of the Eldama Ravine Technical and Vocational College.

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

The Board members accept responsibility for the Eldama Ravine Technical and Vocational 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 State Corporations Act, and the TVET Act) The Board members are of the opinion that the Eldama Ravine Technical and Vocational College's financial statements give a true and fair view of the state of Eldama Ravine Technical and Vocational College's transactions during the financial year ended June 30, 2022, and of the Eldama Ravine Technical and Vocational College's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Eldama Ravine Technical and Vocational College which have been relied upon in the preparation of the Eldama Ravine Technical and Vocational College's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that Eldama Ravine Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement

**Approval of the financial statements**

The Eldama Ravine Technical and Vocational College financial statements were approved by the Board on 07/06/2023 and signed on its behalf by:

Name... VINCENT KAPOON .....

Signature...  .....

Name... Eng. K. Tana .....

Signature...  .....

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE  
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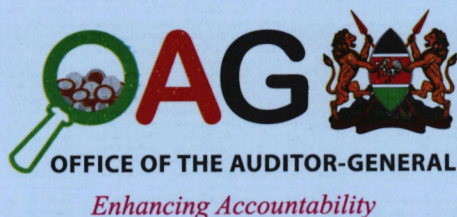
Chairperson of the Board

Accounting Officer/Principal



# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

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

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and overall 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 Eldama Ravine Technical and Vocational College set out on pages 1 to 58, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

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*Report of the Auditor-General on Eldama Ravine Technical and Vocational College for the year ended 30 June, 2022*

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 Eldama Ravine Technical and Vocational College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

Review of the financial statements presented for audit review revealed the following inaccuracies;

- 1.1 The statement of financial position reflects accumulated surplus balance Kshs.14,569,805 while the statement of changes in net assets reflect a balance of Kshs.23,244,265 resulting to an unexplained variance of Kshs.5,895,345;
- 1.2 The statement of financial position reflects total net assets balance of Kshs.14,569,805 while the statement of changes in net assets reflects a balance of Kshs.23,244,265 resulting to an unexplained variance of Kshs.8,674,460;
- 1.3 The statement of cash flows reflects purchase of intangible assets amount of Kshs.604,000 while Note 32 to the financial statements reflect zero additions;
- 1.4 The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.10,946,931 while Note 26 to the financial statements reflects a balance of Kshs.11,115,931 resulting to an unreconciled variance of Kshs.169,000.

In the circumstances, the accuracy and completeness of the above balance reflected in these financial statements could not be confirmed.

### **2. Unsupported Revenue from Transfers from Other National Government Entities**

The statement of financial performance reflects transfers from other national government entities expenditure of Ksh.8,675,500 as disclosed in Note 5 to the financial statements. However, the amount was not supported by validation list of beneficiaries, acknowledgement receipt, capitation returns to the Director, Technical Education and evidence that the grant had been credited to the student fee account. In addition, the amount erroneously includes Kshs.1,042,500 for financial year 2020/2021.

In the circumstances, the accuracy and completeness of transfers from other National Government entities could not be confirmed.

### **3. Unsupported Expenses**

The statement of financial performance reflects use of goods and services of Kshs.8,915,442 as disclosed in Note 14 to the financial statements. The amount includes teaching and learning materials expenditure of Kshs.841,427 which is not supported by user requisitions, request for quotations and inspection and acceptance reports.

Similarly, the statement reflects expenditure on repairs and maintenance of Kshs.546,720 as disclosed in Note 18 to the financial statements. However, the expenditure is not supported with user requisitions, request for quotations and inspection and acceptance reports.

In the circumstances, the regularity, completeness and accuracy of expenses on teaching and learning materials and repairs and maintenance could not be confirmed.

### **4. Unsupported Cash and Cash Equivalents Balance**

The statement of financial position reflects the cash and cash equivalents balance of Kshs.3,312,641 as disclosed in Note 25(a) to the financial statements. However, cash books, bank confirmation certificates, bank reconciliation statements and Mpesa Paybill statements were not provided for audit.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance could not be confirmed.

### **5. Unsupported Balance on Current Portion of Receivables from Exchange Transactions**

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.10,946,931 as disclosed in Note 26 to the financial statements relating to student debtors. However, the aging analysis of the student debtors was not provided for audit verification. Further, provision for bad and doubtful debts has not been made in the financial statements. In addition, the College received capitation grant totaling to Kshs.2,842,500 for the 2020/2021 financial year which has not been credited to the respective student fees account.

In the circumstances, the accuracy and completeness of the current portion of receivables from exchange transactions balance could not be confirmed.

### **6. Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment (biological assets) balance of Kshs.125,000 as disclosed in Note 31 to the financial statements. However, the biological assets have not been classified separately as prescribed in the recommended reporting template. Further, as previously reported, the property, plant and equipment balance does not include the value of land, buildings, motor vehicle and owned by the College.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Eldama Ravine 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 budget and actual amounts reflects final receipts budget of Kshs.35,588,000 and actual on comparable basis amount of Kshs.19,706,827 resulting to a revenue shortfall of Kshs.15,881,173 or 45% of the budget. Similarly, the College spent Kshs.13,811,482 from budgeted expenditure of Kshs.35,588,000 resulting to an under-expenditure of Kshs.21,776,518 or 61% of the budget.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Deduct Pay as You Earn Tax (PAYE)**

The statement of financial performance reflects board/council expenses of Kshs.819,000 as disclosed in Note 16 to the financial statements. However, these emoluments were paid without deducting Pay As You Earn Tax (PAYE). This is contrary to Section 37(1) of the Income Tax Act CAP 470 which provides that an employer paying emoluments to an employee shall deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed.

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

#### **2. Lack of Human Resource Plans**

The statement of financial performance reflects employment costs of Kshs.3,530,320 as disclosed in Note 15 to the financial statements. Review of personnel records revealed

that the College does not have an organizational structure, salary structure, a human resource manual or a human resource policy and there was no evidence of staff appraisal. This is contrary to Section B.2 of the Public Service Commission manual of May, 2016 which states that every state department shall prepare human resource plans to support achievement of goals and objectives in their strategic plans. In addition, the employees' files do not have copies of certificates and testimonials.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and the Board of Governors**

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of 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 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 policies and procedures may deteriorate.

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

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

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**05 July, 2023**

**ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE**  
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**XIII. Statement of Financial Performance for the year ended 30 June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	5	8,675,500	4,085,000
Grants from donors and development partners	6	0	0
Transfers from other levels of government	7	0	0
Public contributions and donations	8	0	0
		<b>8,675,500</b>	<b>4,085,000</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	9	10,983,327	4,297,710
Farm income	10		157,000
Rental revenue from facilities and equipment	11	48,0000	0
Finance income	12	0	0
Other income	13	0	0
<b>Revenue from Exchange transactions</b>		<b>11,031,327</b>	<b>4,454,710</b>
<b>Total Revenue</b>		<b>19,706,827</b>	<b>8,539,710</b>
<b>Expenses</b>			
Use of goods and services	14	8,915,442	5,792,277
Employee costs	15	3,530,320	2,503,195
Board /Council Expenses	16	819,000	423,000
Depreciation and amortization expense	17	0	0
Repairs and maintenance	18	546,720	412,385
Contracted services	19	0	0
Grants and subsidies	20	0	0
Finance costs	21	0	0
<b>Total Expenses</b>		<b>13811482</b>	<b>9,130,857</b>
<b>Other Gains/(Losses)</b>			
Gain on sale of assets	22	0	0
Unrealized gain on fair value of investments	23	0	0
Impairment loss	24	0	0
<b>Total Other Gains/(Losses)</b>		0	0
<b>Net surplus for the year</b>		<b>5,895,345</b>	<b>-591,147</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		0	0
Surplus attributable to owners of the controlling entity		0	0

**ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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		0	0
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The Financial Statements set out on pages 1 to 6 were signed by:

.....  


**Chairman of Council/Board**

**Date** 7/06/23

.....  


**Finance Officer**

ICPAK No 27292

**Date** 07.06.2023

.....  


**Principal**

**Date** 07/06/2023

**ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE**  
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**XIV. Statement of Financial Position as at 30th June 2022**

<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	25	3,312,641	1,774,451
Current portion of receivables from exchange transactions	26	10,946,931	6,994,809
Receivables from non-exchange transactions	27	0	0
Inventories	28	0	0
Investments	29	0	0
<b>Total Current Assets</b>		<b>14,259,572</b>	<b>8,769,260</b>
<b>Non-Current Assets</b>			
Long term receivables from exchange transactions		169,000	0
Investments		0	0
Property, plant, and equipment(biological asset)	31	125,000	105,000
Intangible assets	32	2,416,000	0
Investment property	33	0	0
<b>Total Non-Current Asset</b>		<b>2,710,000</b>	<b>105,000</b>
		0	
<b>Total Assets</b>		<b>16,969,572</b>	<b>8,874,260</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	34	2,688,941	0
Refundable deposits from customers	35	302,500	199,800
Current provisions	36	0	0
Finance lease obligation	37	0	0
Current portion of borrowings		0	0
Deferred income	39	0	0
Employee benefit obligation	40	0	0
Payments received in advance	41	0	0
		<b>2,990,941</b>	<b>199,800</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation		0	0
Deferred income		0	0
Non-Current Employee Benefit Obligation		0	0
Non-Current Provisions	45	0	0

**ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE**  
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Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Borrowings	42	0	0
Service Concession Liability	43	0	0
Deferred Tax Liabilities	44	0	0
		0	0
<b>Total Liabilities</b>		0	0
<b>Net Assets</b>		0	0
Reserves		0	0
Accumulated Surplus		14,569,805	8,674,460
Capital Fund			
<b>Total Net Assets and Liabilities</b>		<b>14,569,805</b>	<b>8,874,460</b>

The Financial Statements set out on pages 1 to 6 were signed by:

.....  
**Chairman of Council/Board**

**Date** 7/06/23

.....  
**Finance Officer**

ICPAK No 27292  
**Date** 07.06.2023

.....  
**Principal**

**Date** 07/06/2023

**ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE**  
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**XV.Statement of Changes in Net Asset for the year ended 30 June 2022**

<b>At July 1, 2020</b>	0	-	<b>9,265,607</b>	<b>0</b>	<b>8,674,460</b>
Revaluation gain	0	-	-	-	0
Fair value adjustment on quoted investments	-	0	-	0	-
Total comprehensive income	-	-	(591,147)	0	(591,147)
Capital/development grants received during the year	-	0	-	0	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	0	-	-
<b>At June 30, 2021</b>	<b>0</b>	<b>-</b>	<b>8,674,460</b>	<b>0</b>	<b>8,674,460</b>
<b>At July 1, 2021</b>	<b>0</b>	<b>-</b>	<b>8,674,460</b>	<b>0</b>	<b>8,674,460</b>
Revaluation gain	0	-	0	-	0
Fair value adjustment on quoted investments	0	-	0	-	0
Total comprehensive income	-	-	14,569,805	-	26,048,001
Capital/development grants received during the year	-	-	-	0	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	0	-	-
<b>At June 30, 2022</b>	<b>0</b>	<b>-</b>	<b>23,244,265</b>	<b>0</b>	<b>23,244,265</b>

**ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE**  
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**XVI. Statement of Cash Flows for the year ended 30 June 2022**

<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants		8,675,500	4,085,000
Public contributions and donations		0	0
Rendering of services- fees from students		7,570,350	2,943,416
Farm income		48,000	157,000
Rental revenue from facilities and equipment		0	0
Finance income		0	0
Other income		0	0
<b>Total Receipts</b>		<b>16,293,850</b>	<b>7,028,416</b>
<b>Payments</b>			
Employee Cost		3,530,320	2,503,195
Use of goods and services		8,915,442	5,792,277
Finance cost		0	0
Repair and Maintenance		546,720	412,385
Remuneration of Directors		819,000	423,000
Other payments		0	0
Grants and subsidies paid		0	0
<b>Total Payments</b>		<b>13,811,482</b>	<b>9,130,857</b>
<b>Net Cash Flows from operating activities</b>		<b>2,482,368</b>	<b>(2,102,441)</b>
<b>Cash flows from investing activities</b>			
Purchase of biological asset		(20,000)	(105,000)
Purchase of intangible assets		(604,000)	
Proceeds from sale of property, plant and equipment		0	0
<b>Net cash flows used in investing activities</b>		<b>(624,000)</b>	<b>(105,000)</b>
<b>Cash flows from financing activities</b>			
Proceeds From Borrowing		0	0
Repayment Of Borrowings		0	0
Deposits receipts		0	0
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>1,858,868</b>	<b>(3,257,406)</b>
Cash and Cash equivalents at 1 JULY		1,774,451	3,738,140

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Cash and Cash equivalents at 30 JUNE	26	3,312,641	1,774,451
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.....  
Chairman of Council/Board

Date 7/06/23



.....  
Finance Officer

ICPAK No 27292

Date 07-06-2023



.....  
Principal

Date 07/06/2023

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

	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
Transfers from other govt entities and govt grants	2,000,000	0	2,000,000	8,675,500	(6,675,500)		433%
Public contributions and donations	0	0	0	0	0		
Rendering of services- fees from students	22,568,000	0	22,568,000	10,983,327	11,584,673		49%
Driving school	2,600,000	-	2,600,000	0	4,000,000		
Short courses	3,000,000		3,000,000		2,600,000		
Farm income	180,000		180,000	48,000	3,000,000		27%
Fees arrears	4,000,000	-	4,000,000		132,000		
Other income	1,240,000	-	1,240,000	0	1,240,000		
Gains on disposal, rental income and agency fees	0	0	0	0	0		
<b>Total Income</b>	<b>35,588,000</b>	<b>(0)</b>	<b>35,588,000</b>	<b>19,706,827</b>	<b>15,881,173</b>		
<b>Expenses</b>							
Compensation of employees	4,042,400	-	4,042,400	3,530,320	-58920		59%
Use of goods and services	16,179,936	-	16,179,936	8,915,442	7,264,494		55%
Capital expenditure	14,862,000	0	14,862,000	0	0		
Repair and maintenance	487,800	0	487,800	546,720	0		0.01%
Remuneration of directors	656,000	0	656,000	819,000	(163,000)		124%
<b>Total Expenditure</b>	<b>35,572,136</b>	<b>0</b>	<b>35,572,136</b>	<b>13811482</b>	<b>21,760,654</b>		
<b>Surplus For the Period</b>	<b>15,864</b>	<b>0</b>	<b>15,864</b>	<b>5,895,345</b>	<b>7,760589</b>		

(Budget notes)

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

**XVIII. Notes to the Financial Statements**

- 1. General Information**
- 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 Eldama Ravine Technical and Vocational College accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

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

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

**3. Adoption of New and Revised Standards**

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> 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: <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>

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<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> 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	<b>Applicable: 1st January 2023:</b> 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	<b>Applicable 1<sup>st</sup> January 2023</b> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> Amendments to refer to the latest System of National Accounts (SNA 2008).

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<b>Standard</b>	<b>Effective date and impact:</b>
	<ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p>

**ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE**  
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**iii. Early adoption of standards**

Eldama Ravine Technical and Vocational College did not early-adopt any new or amended standards in year 2022.

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**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 (Continued)**

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

**Rental income**

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

**b) Budget information**

c) The original budget for FY 2021/2022 was approved by the Board on 30/06/2022. 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.

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

(e) 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.

(f) 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 **13 of financial provisions of TVET Act no .29 of 2013** of these financial statements.

**(g) Taxes**

***Current income tax***

Eldama Ravine Technical and Vocational College is exempted from paying taxes as per 1<sup>st</sup> schedule subsection (a) and (b) of the *income tax Act 2010*.

***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.

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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.

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

**e) Investment property**

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

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

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

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

**f) Property, plant and equipment**

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

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

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

#### **g) 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.

#### **h) 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.

#### **i) 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.

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

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

**j) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

*Held-to-maturity*

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

*Impairment of financial assets*

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

## Notes to the Financial Statements (Continued)

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

#### i) Financial instruments (Continued)

##### *Financial assets (Continued)*

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

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

##### *Financial liabilities*

##### *Initial recognition and measurement*

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

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

##### *Loans and borrowing*

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

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

#### k) 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

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**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.

**l) Provisions**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

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

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

**m) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements

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

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

**o) Employee benefits**

**Retirement benefit plans**

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

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

**p) 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.

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

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

**r) 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.

**s) 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.

**t) 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.

**u) Comparative figures**

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

**v) Subsequent events**

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

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

### **5. Significant Judgments and Sources of Estimation Uncertainty**

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

#### **Estimates and assumptions**

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

#### **Useful lives and residual values**

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

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

#### **Provisions**

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

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

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	8,675,500	2,585,000
Operational Grant	0	1,500,000
	<b>8,675,500</b>	<b>4,085,000</b>

**(a) Transfers from other Government entities (Categorized)**

Name Of The Entity Sending The Grant	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	2020-2021
			Kshs	Kshs	Kshs
Education ministry /State Department					
Education Ministry	8,675,000	0	0	8,675,500	<b>4,085,000</b>
<b>Total</b>	<b>8,675,000</b>	<b>0</b>	<b>0</b>	<b>8,675,500</b>	<b>4,085,000</b>

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**6. Grants from Donors and Development Partners**

Description	2021-2022	2020-2021
	Kshs	Kshs
JICA- Research Grant	xxx	xxx
World Bank Grants	xxx	xxx
In-Kind Donations	xxx	xxx
Other Grants	xxx	xxx
<b>Total Grants from Development Partners</b>	<b>xxx</b>	<b>xxx</b>

**Reconciliations of grants from donors and development partners**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>xxx</b>	<b>xxx</b>
Current year receipts	xxx	xxx
Conditions Met - Transferred to Revenue	xxx	xxx
<b>Conditions Yet To Be Met - Remain Liabilities</b>	<b>xxx</b>	<b>xxx</b>

**7. Transfers from Other Levels of Government**

Description	2021-2022	2020-2021
	Kshs	Kshs
	xxx	xxx
Transfer from County XX		
Transfer from XX University	xxx	xxx
Transfer from XX Institute	xxx	xxx
<b>Total Transfers</b>	<b>xxx</b>	<b>xxx</b>

**8. Public Contributions and Donations**

Description	2021-2022	2020-2021
	Kshs	Kshs
Public Donations	xxx	xxx
Donations from Local Leadership	xxx	xxx
Donations from Religious Institutions	xxx	xxx
Donations from Alumni	xxx	xxx
Other Donations	xxx	xxx
<b>Total Donations and Contributions</b>	<b>xxx</b>	<b>xxx</b>

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**9. Rendering of Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	7,812,347	3,210,500
Activity Fees	0	0
Industrial Attachment Fees	0	0
Examination Fees	2,134,680	684,010
Admission Fees	948,800	403,200
Computer packages	87,500	0
Farm income		157,000
Others ( <i>Specify</i> )	0	0
<b>Total Revenue from The Rendering Of Services</b>	<b>10,983,327</b>	<b>4,454,710</b>

**10. Sale of Goods**

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Books	xxx	xxx
Sale of Publications	xxx	xxx
Sale of Farm Produce	xxx	xxx
Cafeteria sales	xxx	xxx
Other	xxx	xxx
<b>Total Revenue from Sale of Goods</b>	<b>xxx</b>	<b>xxx</b>

**11. Rental revenue from facilities and equipment**

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment	48,000	
Contingent Rental		xx
Operating Lease Revenue		
<b>Total</b>	<b>48,000</b>	<b>xx</b>

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**12. Finance Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash investments and fixed deposits	xxx	xxx
Interest income from treasury bills	xxx	xxx
Interest income from treasury bonds	xxx	xxx
Interest from outstanding debtors	xxx	xxx
<b>Total finance income</b>	<b>xxx</b>	<b>xxx</b>

**13. Other Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance recoveries	xxx	xxx
Consultancy fees	xxx	xxx
Income from sale of tender	xxx	xxx
Services concession income	xxx	xxx
Reimbursements and refunds	xxx	xxx
Graduation fees	xxx	xxx
Miscellaneous ( <i>specify</i> )	xxx	xxx
<b>Total other income</b>	<b>xxx</b>	<b>xxx</b>

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**14. Use Of Goods And Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	841,427	00
Industrial attachment costs	69,400	102,2000
Electricity Water & conservation	191,376	236,030
Stationary	732,143	547,390
Kitchen	12,500	00
Development	0	120,000
Examination fees	1,512,580	2,029,340
Nihf	101,100	00
Activity fee	586,200	00
Travelling and accommodation	1,685,257	1,079,557
Tender	5,500	11,500
Insurance	24,000	11,792
Student id	72,400	25,000
House keeping	42,919	00
Helb Recovery	52,800	145,000
Farm expense	163,880	70,485
Administrative cost	1,795,903	756,460
Performance contracting	527,437	133,270
Attachment	0	306,000
Marketing	463,680	163,100
Bank charges	34,940	14,000
<b>Total good and services</b>	<b>8,915,442</b>	<b>5,778,277</b>

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**15. Employee Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	3,530,320	2,503,195
<b>Employee Costs</b>	<b>3,530,320</b>	<b>2,503,195</b>

**16. Board/Council Expenses**

Description	2021-2022	2020-2021
	Kshs	Kshs
Directors Emoluments	819,000	423,000
<b>Total</b>	<b>819,000</b>	<b>423,000</b>

**17. Depreciation and Amortization expense**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	xxx	xxx
Intangible assets	xxx	xxx
Investment property carried at cost	xxx	xxx
<b>Total depreciation and amortization</b>	<b>xxx</b>	<b>xxx</b>

**18. Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	546,720	412,385
<b>Total Repairs and Maintenance</b>	<b>546,720</b>	<b>412,385</b>

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**19. Contracted Services**

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

**20. Grants and Subsidies**

Description	2021-2022	2020-2021
	Kshs	Kshs
Community Development	xxx	xxx
Education Initiatives and Programs	xxx	xxx
Social Development	xxx	xxx
Community Trust	xxx	xxx
Sporting Bodies	xxx	xxx
<b>Total Grants and Subsidies</b>	<b>xxx</b>	<b>xxx</b>

**21. Finance Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Borrowings (Amortized Cost)*	xxx	xxx
Finance Leases (Amortized Cost)	xxx	xxx
Unwinding of Discount	xxx	xxx
Interest on Bank Overdrafts	xxx	xxx
Interest on Loans from Commercial Banks	xxx	xxx
<b>Total Finance Costs</b>	<b>xxx</b>	<b>xxx</b>

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

**22. Gain On Sale of Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	xxx	xxx
Intangible Assets	xxx	xxx
Other Assets not capitalised	xxx	xxx
<b>Total Gain On Sale of Assets</b>	<b>xxx</b>	<b>xxx</b>

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**23. Unrealized Gain on Fair Value Investments**

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value	xxx	xxx
<b>Total Gain</b>	<b>xxx</b>	<b>xxx</b>

**24. Impairment Loss**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	xxx	xxx
Intangible Assets	xxx	xxx
<b>Total Impairment Loss</b>	<b>xxx</b>	<b>xxx</b>

**25. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	3,312,641	2,943,416
<b>Total Cash and Cash Equivalents</b>	<b>3,312,641</b>	<b>2,943,416</b>

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**25. (a). Detailed Analysis of Cash and Cash equivalents**

Financial Institution	Account number	2021-2022 Kshs	2020-2021 Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1285703464	1,735,587	523,454
Equity Bank, etc.	1310276606399	1,577,054	1,201,851
Access Bank	0280100000080	00	17,593
<b>Sub- Total</b>		<b>3,312,641</b>	<b>1,742,898</b>
Cash in Hand		00	31,553
<b>Sub- Total</b>		<b>00</b>	<b>31,553</b>
<b>Grand Total</b>		<b>3,312,641</b>	<b>1,774,451</b>

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**26. Receivables from Exchange transactions**

**26.(a) Current Receivables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	10,946,931	6,869,809
Other receivables	169,000	125,000
<b>Total Current Receivables</b>	<b>11,115,931</b>	<b>6,994,809</b>

**26(b) Long- term Receivables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Non-Current Receivables</b>		
Refundable Deposits	302,500	199,800
Advance Payments	00	00
<b>Total Receivables</b>	<b>302,000</b>	<b>199,800</b>

**26. (c) Reconciliation for impairment Allowance on Receivables from Exchange Transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	xxx	xxx
Provisions during the year	xxx	xxx
Recovered during the year	(xxx)	(xxx)
Write offs during the year	(xxx)	(xxx)
At the end of the year	<b>xxx</b>	<b>xxx</b>

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**27. Receivables from Non-Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Capitation Grants*	xxx	xxx
Transfers from Other Govt. entities	xxx	xxx
Undisbursed Donor Funds	xxx	xxx
Other Debtors (Non-Exchange Transactions)	xxx	xxx
Less: Impairment Allowance	(xxx)	(xxx)
<b>Total Current Receivables</b>	<b>xxx</b>	<b>xxx</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	xxx	xxx
Additional provisions during the year	xxx	xxx
Recovered during the year	(xxx)	(xxx)
Written off during the year	(xxx)	(xxx)
At the end of the year	<b>xxx</b>	<b>xxx</b>

**28. Inventories**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	xxx	xxx
Maintenance stores	xxx	xxx
Health Unit stores	xxx	xxx
Electrical stores	xxx	xxx
Cleaning Materials stores	xxx	xxx
Catering stores	xxx	xxx
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>xxx</b>	<b>xxx</b>

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**29. Investments**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Investment in Treasury Bills and Bonds</b>		
<b>Financial Institution</b>		
CBK	xxx	xxx
CBK	xxx	xxx
<b>Sub- Total</b>	<b>xxx</b>	<b>xxx</b>
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank X	xxx	xxx
Bank Y	xxx	xxx
<b>Sub- Total</b>	<b>xxx</b>	<b>xxx</b>
<b>c) Equity Investments (Specify)</b>		
Equity/ Shares in Company Xxx	xxx	xxx
<b>Sub- Total</b>	<b>xxx</b>	<b>xxx</b>
<b>Grand Total</b>	<b>xxx</b>	<b>xxx</b>

**d) Shareholding in other entities**

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

Name of Entity where Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	
	Direct Shareholding	Indirect Shareholding	Effective Shareholding		Current Year	Prior Year
	%	%	%	Kshs	Kshs	Kshs
Entity A	xxx	xxx	xxx	xxx	xxx	xxx
Entity B	xxx	xxx	xxx	xxx	xxx	xxx
	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

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**31. Property, Plant and Equipment**

Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Biological asset	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2020	xxx	xxx	xxx	xxx	75,000	xxx	xxx	75,000
Additions	xxx	xxx	xxx	-	30,000	-	xxx	30,000
Disposals	(xxx)	(xxx)	-	-	(xxx)	-	(xxx)	(xxx)
Transfers/Adjustments	xxx	(xxx)	xxx	(xxx)	(xxx)	-	xxx	(xxx)
<b>At 30<sup>th</sup> June 2021</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>105,000</b>	<b>xxx</b>	<b>xxx</b>	<b>105,000</b>
Additions	xxx	xxx	xxx	-	20,000	xxx	xxx	20,000
Disposals	(xxx)	-	-	-	(xxx)	-	(xxx)	(xxx)
Transfer/Adjustments	(xxx)	xxx	xxx	(xxx)	(xxx)	-	xxx	(xxx)
<b>At 30<sup>th</sup> June 2021</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>125,000</b>	<b>xxx</b>	<b>xxx</b>	<b>125,000</b>
<b>Depreciation And Impairment</b>								
At 1 July 2019	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)	(xxx)
Depreciation	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)	(xxx)
Impairment	(xxx)	-	-	-	(xxx)	-	-	(xxx)
<b>At 30 June 2022</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>125,000</b>	<b>xxx</b>	<b>xxx</b>	<b>125,000</b>
Depreciation	(xxx)	(xxx)	(xxx)	-	(xxx)	(xxx)	(xxx)	(xxx)
Disposals	xxx	-	-	-	xxx	-	xxx	xxx
Impairment	(xxx)	(xxx)	-	-	(xxx)	-	-	(xxx)

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Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Biological asset	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	xxx	(xxx)	(xxx)	xxx	(xxx)	-	(xxx)	xxx
At 30 <sup>th</sup> June 2021	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Net Book Values								
At 30 <sup>th</sup> June 2022	xxx	xxx	xxx	xxx	125,000	xxx	xxx	125,000
At 30 <sup>th</sup> June 2021	xxx	xxx	xxx	xxx	105,000	xxx	xxx	105000

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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 xxx.

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

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	xxx	xxx	xxx
Buildings	xxx	xxx	xxx
Plant And Machinery	xxx	xxx	xxx
Motor Vehicles including Motorcycles	xxx	xxx	xxx
Computers and Related Equipment	xxx	xxx	xxx
Office Equipment, Furniture, And Fittings	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

**32. Intangible Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Cost</b>		
<b>At beginning of the year</b>	2,416,000	00
Additions	00	00
<b>At end of the year</b>	<b>2,416,000</b>	<b>00</b>

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**33. Investment Property**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>At beginning of the year</b>	xxx	xxx
Additions	xxx	xxx
Disposal during the year	(xxx)	(xxx)
Depreciation	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
<b>At end of the year</b>	xxx	xxx

**34. Trade and Other Payables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	1,812,000	xxx
Fees paid in advance	xxx	xxx
Salary deductions	xxx	xxx
Third-Party Payments	xxx	xxx
Other Payables	876,941	xxx
<b>Total Trade and Other Payables</b>	<b>2,688,941</b>	<b>xxx</b>

**35. Refundable Deposits from Customers/Students**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumer deposits	0	0
Caution money	302,000	199,800
Other refundable deposits	0	0
<b>Total Deposits</b>	<b>302,000</b>	<b>199,800</b>

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**36. Current Provisions**

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance at The Beginning Of The Year</b>	xxx	xxx	xxx	xx	xxx
Additional Provisions	xxx	xxx	xxx	xx	xxx
Provision Utilised	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Change Due To Discount And Time Value For Money	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Transfers From Non -Current Provisions	xxx	xxx	xxx	xx	xxx
<b>Total Provisions</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xx</b>	<b>xxx</b>

**37. Finance Lease Obligation**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>At the start of the year</b>	xxx	xxx
Discount interest on Lease Liability	xxx	xxx
Paid during the year	(xxx)	(xxx)
<b>At end of the year</b>	<b>xxx</b>	<b>xxx</b>

**Maturity Analysis**

Period	Amount
	Kshs
Year 1	xxx
Year 2	xxx
Year 3	xxx
Year 4	xxx
Year 5 and Onwards	xxx
Less: Unearned Interest	(xxx)
	xxx

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**Analysed as:**

Description	Amount
	Kshs
Current	xxx
Non- Current	xxx
<b>Total</b>	<b>xxx</b>

**39. Deferred Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government	xxx	xxx
International Funding Bodies	xxx	xxx
Public Contributions and Donations	xxx	xxx
<b>Total Deferred Income</b>	<b>xxx</b>	<b>xxx</b>

**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	xxx	xxx	xxx	xxx
Additions during the year	xxx	xxx	xxx	xxx
Transfers to capital fund	(xxx)	(xxx)	(xxx)	(xxx)
Transfers to income statement	(xxx)	(xxx)	(xxx)	(xxx)
Other transfers	(xxx)	(xxx)	(xxx)	(xxx)
Balance carried forward	xxx	xxx	xxx	xxx

**Analysed as:**

Description	Amount
	Kshs
Current	xxx
Non- Current	xxx

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<b>Total</b>	<b>xxx</b>
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**Notes to the Financial Statements (Continued)**

**40. Employee Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	xxx	xxx	xxx	xxx	xxx
Non-Current Benefit Obligation	xxx	xxx	xxx	xxx	xxx
<b>Total Employee Benefits Obligation</b>	xxx	xxx	xxx	xxx	xxx

**Retirement benefit Asset/ Liability**

The entity operates a defined benefit scheme for all full-time employees from July 1, 2021. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Discount Rates	x%	x%
Future Salary Increases	x%	x%
Future Pension Increases	x%	x%
Mortality (Pre- Retirement)	x%	x%
Mortality (Post- Retirement)	x%	x%
Withdrawals	xx	xx
Ill Health	xx	xx
Retirement	xx years	xx years

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**Recognition of Retirement Benefit Asset/ Liability**

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

Description	2021-2022 Kshs	2020-2021 Kshs
The return on defined plan assets	xxx	xxx
Actuarial gains/ losses arising from changes in demographic assumptions	xxx	xxx
Actuarial Gains/ Losses Arising From changes In Financial Assumptions	xxx	xxx
Actuarial gains and losses arising from experience adjustments	xxx	xxx
Others ( <i>specify</i> )	xxx	xxx
Adjustments for restrictions on the defined benefit asset	xxx	xxx
<b>Remeasurement of the net defined benefit liability (asset)</b>	xxx	xxx

**b) Amounts recognised in the Statement of Financial Position**

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

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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**41. Non-Current Provisions**

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

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

**42. Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	xxx	xxx
External borrowings during the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
Balance at end of the year	xxx	xxx

**42(a) Analysis of External and Domestic Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>External borrowings</b>		
Dollar denominated loan from 'xx organization'	xxx	xxx
Sterling pound denominated loan from 'yyy organization'	xxx	xxx
Euro denominated loan from zzz organization'	xxx	xxx
<b>Domestic borrowings</b>		
Kenya shilling loan	xxx	xxx
<b>Total balance at end of the year</b>	xxx	xxx

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**42( b) Breakdown of Long and Short-Term Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	xxx	xxx
Long Term Borrowings	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**43. Service Concession Arrangements**

Description	2021-2022	2020-2021
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	<u>xxx</u>	<u>xxx</u>

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**45. Cash generated from operations**

	2021-2022	2020-2021
<b>Surplus for the year before tax</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Adjusted for:</b>		
Depreciation	xxx	xxx
Non-Cash grants received	(xxx)	(xxx)
Contributed assets	(xxx)	(xxx)
Impairment	xxx	xxx
Gains and Losses on Disposal of Assets	(xxx)	(xxx)
Contribution to provisions	xxx	xxx
Contribution to impairment allowance	xxx	xxx
Finance Income	(xxx)	(xxx)
Finance Cost	xxx	xxx
<b>Working Capital Adjustments</b>		
Increase in Inventory	(xxx)	(xxx)
Increase in Receivables	(xxx)	(xxx)
Increase in Deferred Income	xxx	xxx
Increase in Payables	xxx	xxx
Increase in Payments received in advance	xxx	xxx
<b>Net Cash Flow from Operating Activities</b>	<b>xxx</b>	<b>xxx</b>

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in

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the statement of financial position are net of allowances for doubtful receivables, estimated by

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

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	Im pai red Ks hs
<b>At 30 June 2021</b>				
Receivables from exchange transactions	4,454,710	4,454,710	0	0
Receivables from non-exchange transactions	4,085,000	4,085,000	0	0
Bank balances	1,774,451	1,774,451	0	0
<b>Total</b>	<b>10,314,161</b>	<b>10,314,161</b>	0	0
<b>At 30 June 2022</b>			0	0
Receivables from exchange transactions	10,946,931	10,946,931	0	0
Receivables from non-exchange transactions	8,675,500	8,675,500	0	0
Bank balances	3,312,641	3,312,641	0	0
<b>Total</b>	<b>22, 935,072</b>	<b>22, 935,072</b>	0	0

**Financial Risk Management (Continued)**

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

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

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

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

**(ii) Liquidity risk management**

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

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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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade Payables	xxx	xxx	xxx	xxx
Current Portion Of Borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred Income	xxx	xxx	xxx	xxx
Employee Benefit Obligation	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>
<b>At 30 June 2022</b>				
Trade Payables	xxx	xxx	xxx	xxx
Current Portion Of Borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Deferred Income	xxx	xxx	xxx	xxx
Employee Benefit Obligation	xxx	xxx	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

**44. Financial Risk Management (Continued)**

**(iii) Market risk**

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

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

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

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

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

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	xxx	xxx	xxx
Liabilities			
Trade and Other Payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net Foreign Currency Asset/(Liability)	xxx	xxx	xxx

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**44. Financial Risk Management (Continued)**

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30<sup>th</sup> June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	xxx	xxx	xxx
Liabilities			
Trade and Other Payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net Foreign Currency Asset/(Liability)	xxx	xxx	xxx

**a) Foreign currency sensitivity analysis**

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

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

**b) Interest rate risk**

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

***Management of interest rate risk***

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

**44. Financial Risk Management (Continued)**

(iii) **Market risk (Continued)**

**b) Interest rate risk(continued)**

***Sensitivity analysis***

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

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**iv)Capital Risk Management**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	22,061,917	8,674,460
Capital Reserve	0	0
<b>Total Funds</b>	<b>22,061,917</b>	<b>8,674,460</b>
Total Borrowings	0	0
Less: Cash and Bank Balances	0	0
Net Debt/(Excess Cash and Cash Equivalentents)	0	0
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**8.Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with Related Parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	xxx	xxx
Rent income from govt. agencies	xxx	xxx
Water sales to govt. agencies	xxx	xxx
Others	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>B) Purchases from related parties</b>		
Purchases of electricity from kplc	xxx	xxx
Purchase of water from govt service providers	xxx	xxx
Rent expenses paid to govt agencies	xxx	xxx
Training and conference fees paid to govt. agencies	xxx	xxx
Others	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	xxx	xxx
Grants from County Government	xxx	xxx
Donations in Kind	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>
<b>c) Expenses incurred on behalf of related parties</b>		
Payments of Salaries and Wages for xx Employees	xxx	xxx
Payments for Goods and Services for XX	xxx	xxx
<b>Total</b>		
<b>d) Key Management Compensation</b>		
Directors' emoluments	xxx	xxx
Compensation to Key Management	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**9.Segment Information**

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**10. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Assets</b>		
Insurance Reimbursements	xxx	xxx
Assets arising from determination of Court Cases	xxx	xxx
Reimbursable Indemnities and Guarantees	xxx	xxx
Others	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**Contingent Liabilities**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Liabilities</b>	xxx	xxx
Court Case Xxx against	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Contingent liabilities arising from Contracts including PPPs	xxx	xxx
Others	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

**11. Capital Commitments**

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	xxx	xxx
Authorised and Contracted for	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

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**12. Deferred Tax Liability**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Accelerated Capital Allowances	xxx	xxx
Unrealised Exchange Gains/(Losses)	xxx	xxx
Revaluation Surplus	xxx	xxx
Tax Losses carried forward	(xxx)	(xxx)
Provisions for Liabilities and Charges	(xxx)	(xxx)
<b>Net Deferred Tax Liability/(Asset)</b>	xxx	xxx
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	xxx	xxx
Credit to revaluation reserve	(xxx)	(xxx)
Under provision in prior year	xxx	xxx
Income statement charge/(credit)	xxx	xxx
Balance at end of the year	xxx	xxx

**Events after the Reporting Period**

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

**13. Ultimate and Holding Entity**

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

**14. 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	Timeframe
4.1	No monthly bank reconciliation neither were separate cashbook for each bank	Bank reconciliation and cashbook to be prepared	resolved	1 week
4.2	Non-closure of property, plant & equipment	Management to carryout valuation of all the assets	Not resolved	1 year
4.3	Unreconciled receivables	To amend student debtors	resolved	1 week
4.4	Lack internal audit function & audit committee	Board to establish internal audit function & Audit committee	Not resolved	1 year
4.5	Lack of internal controls	Management to put in place proper internal control systems	resolved	6 months
4.6	Irregular board sitting allowance	Board of Governors remuneration to be subjected to 30% tax rate .Principal should receive board sitting allowance	Not resolved	3 months

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Name.....*Eric K. Kador*.....

Accounting Officer

Eldama Ravine Technical and Vocational College

Date.....*07/06/2023*.....

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**Appendix II: Projects Implemented by Eldama Ravine Technical and Vocational College**

**Projects**

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

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

**Status of Projects completion**

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

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

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

The wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> 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 [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022			Amount Received by [beneficiary Entity] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
<b>Total</b>						

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

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

**Name** ..... **Sign** ..... **Date** .....

**Appendix IV: Reporting of Climate Relevant Expenditures**

Name of the Organization  
 Telephone Number  
 Email Address  
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

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**Appendix V: Disaster Expenditure Reporting Template**

Date:		Entity		Year		Quarter	
Period to which this report refers (FY)							
Name of Reporting Officer							
Contact details of the reporting officer:							
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII	
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments	