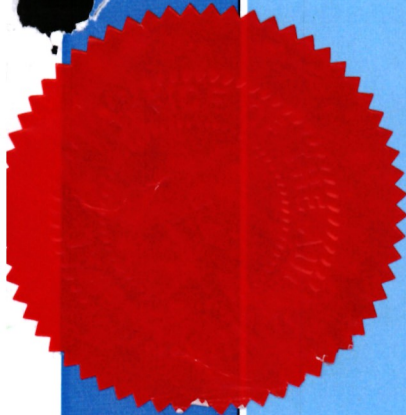
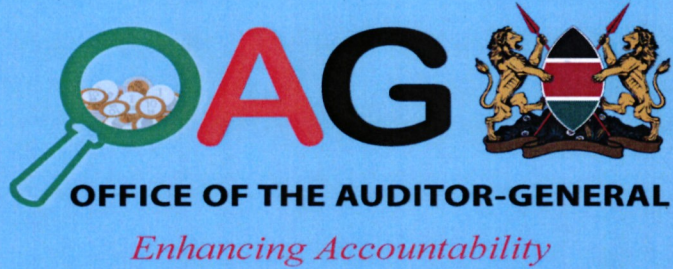


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY	
REPORT	
DATE: 26 JUL 2023	OAG WED
TABLED BY: OF	Hon Kimani Ichungwaho, MP The leader, majority party
CLERK AT THE TABLE:	Miriam Mado

THE AUDITOR-GENERAL

ON

**KERICHO TOWNSHIP TECHNICAL
AND VOCATIONAL COLLEGE**

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

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



KERICHO TOWNSHIP TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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I. Key Entity Information and Management

a) Background information

The *College* was incorporated/ established under the TVET Act 2013 of 25th January, 2013. The entity is domiciled in Kenya. The institute is under the Ministry of Education.

The institute currently has three functional departments namely;

- Engineering Department
- Hospitality and college Management
- Business and Information communication technology

b) Principal Activities

The principal mandate of the Kericho Township TVC is captured in our vision and mission statements as well as our strategic objectives guided by our core values as stated below.

i) Vision

To make a better world through quality education, research and innovation

ii) Mission

To accelerate the world's transition using technological advancement in addressing contemporary human challenges for prosperity.

iii) Strategic objectives

Creating more diverse revenue stream

Budget for additional funds for marketing initiatives

To increase market coverage

To provide quality service through staff training and development

To adhere to the ministry of education provided guidelines

iv) Core Values

Teamwork

Innovation

Accountability

Non-

discrimination

Selfless service

Excellence

Integrity

c) Key Management

Kericho Township TVC day-to-day management is under the following key organs:

- ✓ BOARD OF GOVERNORS
- ✓ PRINCIPAL/SECRETARY TO THE BOARD
- ✓ DEPUTY PRINCIPAL
- ✓ REGISTRAR
- ✓ DEAN OF TRAINERS
- ✓ FINANCE OFFICER
- ✓ PROCUREMENT OFFICER

d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. Shadrack Tonui
2.	Ag.Deputy Principal	Ms. Nancy Tonui
3.	Ag.Registrar	Ms. Clara Muge
4.	Ag. Dean of Students	Mr. Leornard Yegon
5.	Head of Finance	C.P.A Enoch Kosgei
6.	Head of Procurement	Mr.Nicholas Kirui

e) Fiduciary Oversight Arrangements

- The oversight role of Kericho Township TVC, is done by its Board of Governors (B.O.G) Inaugurated on 8th of June 2021. The Board Constitute of Three Fiduciary Oversight Committees Namely;
 - ✓ Finance and Human Resource
 - ✓ Education and Training Committee
 - ✓ Audit and Risk Committee

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

Key Entity Information and Management (Continued)

f) Entity Headquarters

P.O. Box 828- 20200,
Kericho, Kenya
Off John Kerich - Keongo Road.

g) Entity Contacts

Telephone: (254) 0713107307
E-mail: keritownshiptechnical@gmail.com

h) Entity Bankers

i. Kenya Commercial Bank
Kericho branch
P.O Box 264-20406
Kericho, Kenya

ii. Equity Bank
Kericho Branch
P.o Box 396
Kericho, Kenya

i) Independent Auditors



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

j) Principal Legal Adviser


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

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





II. The Board of Governors

No.	Member/ Director	Details
1.	 <p>Name: Dr. Reuben Langat Profession/Academic Qualification: PHD. Nonparametric Regression and Estimation in Survey Sampling</p>	<p>Date of birth: 31st Dec, 1972</p> <p>Work Experience: Lecturer, University of Kabianga Independent Board Member Chairman BOG</p>
2.	 <p>Name: Rosaline W. Nyaga Profession/Academic Qualification:</p> <ol style="list-style-type: none"> I. PhD-Doctor of philosophy in Business Administration (ongoing) II. Bachelor of Business Administration and IT(BBA with IT) 	<p>Date of birth: 25th May 1978</p> <p>Work Experience:</p> <p>Independent Board Member</p> <p>Chair Finance and Human Resource Committee</p>


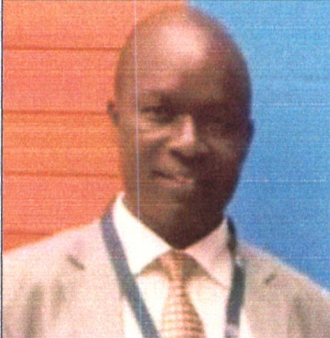
**Kericho Township Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022**

3.	 Name: Patrick Oduor Orwa (MSc.) Profession/Academic Qualification: MSc Fisheries and Aquatic Sciences	Date of birth: 12 th April, 1985, Work Experience: Independent Board Member Member Finance and Human Resource Committee
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Kericho Township Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

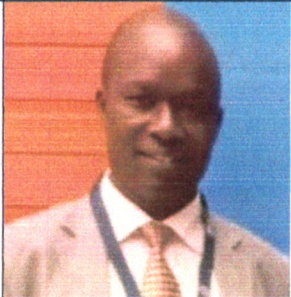


4.	 <p>Name: Dr. Joseph Mafurah Profession/Academic Qualification: Phd-Bsc Agriculture Education & Extension</p>	<p>Date of birth: 12th December 1972</p> <p>Work Experience: Lecturer Egerton University Independent Board Member Chair Education and Training Committee</p>
5.	 <p>Name: Ms. Laurah Chemtai Cheptegei Profession/Academic Qualification :PhD- Computer Science</p>	<p>Date of birth: 28th August, 1983</p> <p>Work Experience: Lecturer Kabarak University Independent Board Member</p> <p>Member Audit and Risk Committee Member Education and Training Committee</p>
6.	 <p>Name: Mr. Peter Cheruiyot Profession/Academic Qualification :Masters Degree in Education Planning</p>	<p>Date of birth: 8th August, 1972,</p> <p>Work Experience: County Director TVET Alternate Board Member Member Finance and Human Resource Committee</p>
7.		<p>Date of birth: 17th Aug, 1970</p> <p>Work Experience: Branch Manager Absa Bank</p> <p>Independent Board Member Chair Audit and Risk Committee</p>

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

	<p>Name: Mr. Joseph Kirui Profession/Academic Qualification: Bachelor of Science in mathematics</p>	
8.	 <p>Name: Ms Norah Jepngetich Profession/Academic Qualification: Bachelor Science in Mathematics</p>	<p>Date of birth: 4th May 1988</p> <p>Work Experience:</p> <p>Independent Board Member</p> <p>Member Audit and Risk Sub-Committee</p>
9.	 <p>Name: Mr. Shadrack Tonui Profession/Academic Qualification: Bed Education – Moi University MPH (ongoing)</p>	<p>Date of birth: 20th August 1976</p> <p>Work Experience:</p> <p>Principal/Secretary BOG</p>

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

III. Management Team

No.	Member/ Director	Details
1.	 <p>Name: Mr. Shadrack Tonui Profession/Academic Qualification: Bachelor of Education Moi University</p>	Principal/Secretary BOG
2.	 <p>Name: Nancy Tonui Profession/Academic Qualification: Bachelor of Education University of Nairobi</p>	Ag. Deputy Principal
3.	 <p>Name: Clara Chelangat Muge Profession/Academic Qualification: Masters in Hospitality Management- University of Eldoret</p>	Ag. Registrar

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

4.	 <p>Name: Leonard Yegon Profession/Academic Qualification: Applied Statistics with Computer (University of Kabianga)</p>	Ag. Dean Of Students
5.	 <p>Name: Kosgei Enock (CPA) Profession/Academic Qualification: Bachelor Business Management-Finance Option (University of Kabianga) Certified Public Accountant of Kenya (CPA-K)</p>	Head of Finance
6.	 <p>Name: Kipngeno Kirui Nicholas Profession/Academic Qualification: Bsc in Procurement and Contract Management (ongoing) Higher Diploma in Entrepreneurship Development Diploma in Supply Chain Management</p>	Head of Procurement

IV. Chairman's Statement

The Kericho Township Technical and Vocational Training College BOG had just been inaugurated and were barely in office in the fourth quarter of the Financial Year 2020/2021. The budgeting making process as well as procurement plan was approved by the Board. The institute was exiting mentorship of Bureti TTI.

The board and the three subcommittees held meetings during the year to ensure that all activities in the College were run efficiently and effectively. the Successes during the year were;

- ✓ The College started operating independently after three-year mentorship from bureti Technical and Vocational College.
- ✓ High Student Admission was realized
- ✓ Successful Hosting of KATTI sports
- ✓ Successful implementation of the Curriculum

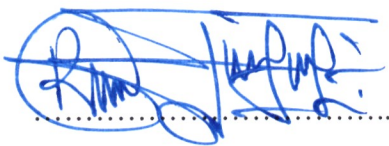
We look forward to engagements Stakeholders in putting up more structures including Tuition block, Workshops and Other Amenities in tandem with enrolment.

We however encountered a number of challenges within this financial year as follows;

- The three-phase electricity is yet to be Connected
- There is need to title deed. Already the process is ongoing and Surveying has been done.
- Delay in disbursement capitation and Helb loan.

Moreover, we look forward to giving focus to creation of Income Generating unit so as to Supplement the strings of revenue in the College

This report on financial statements presented has been prepared in conformance to IPSAS accruals and other set standards.



Dr. Reuben c. Lang 'at
Chairman Board of Governors

V. Report of the Principal

The institute was on its formative stages with less dependence on the mentor (Bureti Technical Training Institute). This also happened to be the transition period as the institute was preparing for take-off.

During this period, the institute fared on well and managed to admitted students to a number of Business and Technical programs.

It can be noted that committees had been established to develop institute. Therefore, there were draft policies awaiting ratification by the Board. The institute had 2 bank accounts one with KCB and another with Equity bank for fee collection and operations respectively.

There was also financial recorded borrowed money from the mentor during its formative stages awaiting deliberations before being refunded back.

It was during this period, after the demise of inaugural Principal (Evans Kemmey) that occurred on 28/6/2021 that Madam Nancy Tonui (Acting Deputy Principal) was recommended to act as Principal from July 2021 to 13th January 2022 when Mr Shadrack Tonui was Deployed as Principal.

In terms of infrastructure, the only structure was the phase 1 twin workshop for hospitality programs fully equipped with support from GoK on Hospitality (Hairdressing, Beauty Therapy and Food and beverage equipment.)

There was absence of 3 phase electricity connectivity but the Government had paid for its installation. Contractor was on site but the source of 3 phase which happens to be neighboring Kenya Prisons was reluctant to clear for wayleave. This has delayed connectivity to 3 phase. Lack of 3 phase rendered some equipment's unable to be unutilized.

There was also irregular supply of piped water by service provider (KEWASCO) due to rationing exercise. This caused the institute to rely on bowser for supply of water.

The land Title deed is yet to acquire though I am happy to report that the process is ongoing Survey has been conducted and we endeavor to conclude by 30/06/2023

Way forward for the institute includes but not limited to the following;

1. Expediting induction of Board of Governors,
2. Developing institutes policies, strategic plan, work plans
3. Expediting clearance with mentor on pending debt.
4. Following up the matter with Ministry and KPLC on 3 phase connectivity
5. Identifying alternative source of water
6. Ensuring operations based on approved budget.
7. Ensuring that the budget is based on realistic enrolment projections for the financial year.
8. Policies to be developed progressively to address institute operations.


.....
MR. SHADRACK TONUUI
PRINCIPAL

VI. Statement of Performance against Predetermined Objectives

Kericho Township Technical and Vocational College has 2 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2022- FY 2025. These strategic pillars are as follows:

- I. Enhanced Access to Learning
- II. Increase the Number of Teaching and Non-Teaching Staff

Kericho Township Technical and Vocational College develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *COLLEGE* achieved its performance targets set for the FY 2021/22 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Strategy 1: Enhance access to learning	➤ Introduce courses	• courses introduced	To introduce more courses	➤ Introduced 28 programs
	➤ Advertise programs	• Number of advertisements	To market and publicize the Institute's courses	➤ Radio Advertisement done Every holyday
	➤ Organize for forums and student activities	• Number of events participation	To participate in sports and recreation activities	➤ Participated in Ball games, Athletics and Drama to the National Level.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Strategy 2: Increase the number of Teaching and Non Teaching staff	➤ request for PSC trainers	• Trainers sourced as per CBE establishment.	• Write letters to DHRM for posting of Teachers in areas of shortage	➤ Twelve Trainers were deployed/posted by PSC during the year <input type="checkbox"/>
	➤ Recruitment of BOG staff	• BOG staff recruited as per existing vacancies	Advertise for vacancies	➤ Eighteen BOG Staff were absorbed

VII. Corporate Governance Statement

Under the TVET act of 2013, the functions of Board of Governors as set out under section 28 (1) shall include -

- (a) Overseeing the conduct of education and training in the COLLEGES in accordance with the provisions of this Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the COLLEGES in accordance with this Act and any other written law;
- (c) Administering and managing the property of the COLLEGES;
- (d) Developing and implementing the Colleges' strategic plan;
- (e) Preparing annual estimates of revenue and expenditure for the COLLEGE and incurring expenditure on behalf of the COLLEGES; (1) receiving, on behalf of the COLLEGE, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the COLLEGE or other bodies or persons;
- (g) determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
- (i) Developing and reviewing programs for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the COLLEGES, subject to a qualification's framework and the provisions of this Act;
- (k) Approving collaboration or association with other COLLEGES and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the COLLEGES, in consultation with the Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- (p) Providing for the welfare of the students and staff of the COLLEGES;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the COLLEGES; and

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

(r) Discharging all other functions conferred upon it by this Act or any other written law.

The board in the period it has been in existence has endeavored to discharge its functions independently with vigor and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office. They have been able to interpret government policies and TVET Act as well as other relevant laws in existence making the COLLEGE to move forward as we actualize the strategic plan. Moving forward, the Board is aligning its discharging of duties by improving on its operations while surpassing the set targets where possible. In the interest of quality service delivery, the board is able to read from the same script as the render their duties above board.

This will be attained with the incorporation of team spirit and self-sacrifice that is deep within them.

During financial year 2021/2022 Board of Governors meet four times with full attendance this was mainly to foster their oversight role.

The process of appointment and removal of the Members of the Board is done through Ministry of Education in Accordance to Tveta Act 2013

Remuneration of the Board is by the College in form of sitting Allowances whenever the Board sits using the rates approved by the Board in their inaugural sitting, for Kericho Township Technical and Vocational College rates are;

- ✓ Chairman to the Board ksh. 12,000 per sitting
- ✓ Member to the Board Ksh 10,000 per sitting

Board of Governors does the overall oversight role in the College

Board induction as organized by the Ministry of Education was done in June 2022

VIII. Management Discussion and Analysis

Kericho Township TVC operations were fairly well irrespective of a number of challenges as stated below;

1. Capitation;
 - ✓ The 4th quarter Capitation was not disbursed
 - ✓ The Number of Trainees Validated for capitation was less than the enrolment in the Fy
 - ✓ Delayed Disbursement of Helb loan
2. Phase Electricity connectivity
Though the MOE had paid for Electricity transformer the challenge has been granting of the way leaf by our Neighbouring Annex prison.
3. Inadequate student accommodation and support framework
4. Staff moving to greener pastures in search of better pay

However, a number of Successes were recorded as listed below;

- Increase in Admission
- Undisturbed Curriculum implementation
- Our Operation and Financial Performance were fair as shown in the financial statements.
- The institute was able to pay all its statutory obligation and liabilities and therefore there were no accrued arrears in the FY 2021/2022.
- Ongoing Construction of twin workshop

IX. Environmental And Sustainability Reporting Statement

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

Sustainability strategy and profile

Kericho Township TVC operates in an environment that is influence by political and macroeconomic components.

For purposes of registering progressive successes, the institute played neutral role to political affiliations. It is recognizable that the government of the day plays a key role in support to the COLLEGE. During the financial year, the institute enjoyed support of the area member of parliament. This enable us to secure bursaries from NG-CDF. Equally, the national government provided support in terms of Capitation and employment of PSC staff.

Environmental performance

Kericho Township Technical & Vocational College recognizes environment as an important factor in its operations.

During the Financial year, there wasn't an existing policy on environmental, however, a committee was formed to develop the policy. The policy is in the tail end-of formulation and is awaiting final presentation before it is presented to the Board for deliberation and subsequent approval.

Nevertheless, in the financial year, the institute managed to attain the following as part of its concerted efforts to dealing with environment;

1. Planting of trees;

Tree cover was increased on the lower part of the institute land. This included planting of blue gum and cypress. This was done with engagement of Provincial administration who were invited to grace the occasion. They were the area Chiefs and assistant Chiefs. Indeed, the exercise was a success.

On the upper part, ornamental as well as indigenous trees were also planted to improve the institutes' aesthetics. In addition, flowers were also planted around the building.

2. Drainage.

It became necessary that drainage line was constructed to allow drainage of rain water from the building to the lower side of the institute.

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

Employee welfare

Kericho Township Technical & Vocational College is an equal opportunity providing COLLEGE. We recognize the roles and contributions of employees towards the success of the institute. During the financial year, we were mainly supported by policy of the mentoring COLLEGE and even received deployment of their staff as the College was in formative stage. We anticipate to have the Human resource policy approved to enable us to comply with the governments' requirements.

We also anticipate compliance with Occupational Safety and Health Act of 2007, (OSHA)

Market place practices-

The institute is aware of competition as a factor for its existence and growth. During the financial year, we endeavored the following;

- a) Responsible competition practice.

We championed fair competition even as we marketed our programs in an environment where other TVET COLLEGE was in existence. We ensured that we stick to our mandate both in print and electronic media.

- b) Responsible Supply chain and supplier relations-
During the financial year, we are grateful that we had a responsive mentor who engaged our suppliers positively, this secured confidence to the institute. Equally, the suppliers were able to gain confidence in us.

- c) Responsible marketing and advertisement-

Ethical practices remains key in reaching to our prospective clients. Our marketing materials, distribution strategies and information dissemination was done with the background of this component.

- d) Product stewardship- outline efforts to safeguard consumer rights and interests.

A number of staff were subjected to capacity building through attending to core mandate deliberations. This included attending AGM by Principal as was organized by KATTI in Mombasa. Piped water was connected to the institute even as other methods of water harvesting and storage is being deliberated.

Corporate Social Responsibility / Community Engagements

The institute managed to have deliberations with provincial administration, clergy and leaders during the financial year. During these deliberations, it was evident that there is need to have more robust deliberations towards securing a workable CSR in the subsequent financial years.

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

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 *entity's* affairs.

Principal activities

The principal activities of the Kericho Township are;

- ✓ Training/Imparting Skills to our Trainees

Results

The results of the entity for the year ended June 30 are set out on pages 1 to 32

Board of Governors

The members of the Board who served during the year are shown on page vi-vii. During the year 2021/2022 No Director Retired or Resigned.

Auditors

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

By Order of the Board

.....
Secretary of the Board

Date: 12/07/2023

XI. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) require the council members to prepare financial statements in respect of Kericho Township TVC, which give a true and fair view of the state of affairs of Kericho Township TVC at the end of the financial year and the operating results of Kericho Township TVC for that year. The council members are also required to ensure Kericho Township TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Kericho Township TVC. The council members are also responsible for safeguarding the assets of Kericho Township TVC

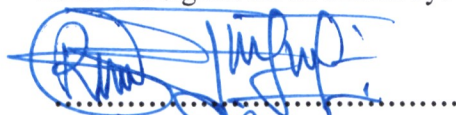
The council members are responsible for the preparation and presentation of Kericho Township TVC financial statements, which give a true and fair view of the state of affairs of Kericho Township TVC for and as at the end of the financial year (period) ended on June 30, 2022 This responsibility includes: (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 Kericho Township TVC (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for Kericho Township TVC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (and the TVET Act of 2013). The board of governors are of the opinion that Kericho Township TVC financial statements give a true and fair view of the state of Kericho Township TVC transactions during the financial year ended June 30, 2022, and of Kericho Township TVC financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Kericho Township TVC, which have been relied upon in the preparation of Kericho Township TVC financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Kericho Township TVC financial statements were approved by the Board on **28th September 2022** and signed on its behalf by:



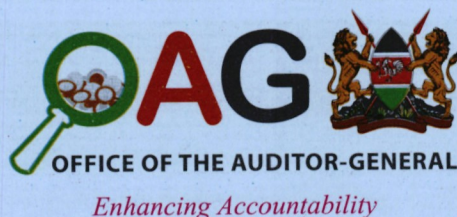
Name **Dr Reuben C Langat**
Chairperson of the Board



Name **STANLEY IDRI**
Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KERICHO TOWNSHIP TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kericho Township Technical and Vocational College set out on pages 1 to 32, 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 statement of

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kericho Township 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 Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

Inaccuracy of the Receivables from Exchange Transactions

The statement of financial position reflects prior year amounts in receivables from exchange transactions of Kshs. 13,655,698 while recalculated prior year amounts in Note 14 to the financial statements reflects receivables of Kshs.12,193,198 resulting to unexplained variance of Kshs.1,462,500. Further, Management did not provide for impairment of the receivables for both financial years. Therefore, it is assumed that all receivables from exchange transactions are recoverable which is unlikely.

In the circumstances, accuracy and completeness receivables from exchange transactions of Kshs.12,887,215 could not be confirmed.

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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects final receipts budget and actual amounts on a comparable basis of Kshs.34,304,580 and Kshs.18,215,603 respectively resulting to an underfunding of Kshs.16,088,977 or 47% of the budget. Similarly, the college expended Kshs.20,578,329 against an approved budget of Kshs.34,304,580 resulting to an under-expenditure of Kshs.13,726,251 or 40% of the budget.

In the circumstances, the underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery by the college.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

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. Land without Title Deed

The statement of financial position and as disclosed under Note 18 to the financial statements reflects property, plant and equipment with a net book value of Kshs.161,803,904 which includes freehold land valued at Kshs.60,000,000 and has no title deed. Further, letter of allotment in possession of the college dated 17 February, 2005 shows that the land is registered under Kericho Township Primary School while a letter to the institution by National Land Commission dated 27 June, 2022 states that the matter is being looked into by the National Land Commission and Kericho County Government respectively.

In the circumstances, the ownership of the parcel of land valued at Kshs.60,000,000 could not be confirmed.

2. Failure to Comply with Ethnic Balance

During the year under review, the Vocational College did not have a human resource department to manage human resource operations. Further, the college did not have a substantive human resources officer. In addition, twenty seven (27) employees of the college (100 %) were members of the same ethnic community contrary to provisions of Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Internal Audit Function

Kericho Township Technical and Vocational College management has not put in place an internal audit function to carry out the functions outlined in paragraph 160(1) of Public Finance Management (National Government) Regulations 2015.

In the circumstances, the existence of an effective system of internal controls and risk management could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become


inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 June, 2023

Report of the Auditor-General on Kericho Township Technical and Vocational College for the year ended 30 June, 2022

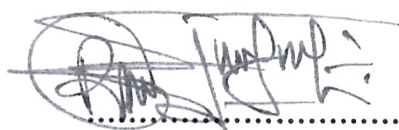
**Kericho Township Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022**

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

	Notes	2021/2022	2020/2021
		Kshs	Kshs (Restated)
Revenue from non-exchange transactions			
Transfers from the National Government – Recurrent grants		5,467,500	4,687,590
Total Revenue from non-exchange transactions	6	5,467,500	4,687,590
Revenue from exchange transactions			
Rendering of services- Fees from students	7	11,236,493	3,706,200
Other income	8	1,511,610	-
Revenue from exchange transactions		12,748,103	3,706,200
Total revenue		18,215,603	8,393,790
Expenses			
Use of goods and services	9	16,341,848	4,753,240
Employee costs	10	3,097,981	1,392,260
BOG Allowance	11	1,138,500	176,500
Depreciation and Amortization Expense	12	4,027,854	4,071,384
Total expenses		24,606,183	10,393,384
Net Surplus for the year		(6,390,580)	(1,999,594)

(The notes set out on pages 6 to 32 form an integral part of the Annual Financial Statements).

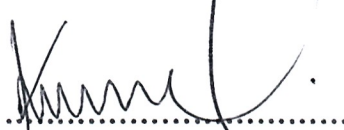
The Financial Statements set out on pages 1 to 32 were signed by:



Chairman of Board

Date

12/5/2023



Finance Officer

ICPAK No 97306

Date

12/05/2023



Principal

Date

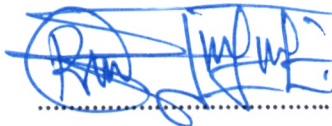
12/05/2023

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

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

	Notes	2021-2022	2020-2021 (Restated)
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	13	2,607,473	2,381,521
Receivables from exchange transactions	14	12,887,215	13,655,698
Total Current Assets		15,494,688	16,037,219
Non-current assets			
Property, plant and equipment	18	161,803,904	163,919,611
Intangible assets		-	-
Total Non-current Assets		161,803,904	163,919,611
Total assets		177,298,592	179,956,830
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	5,115,065	1,661,383
Refundable balances	17	278,660	-
Total Current Liabilities		5,393,725	1,661,383
Total liabilities		5,393,725	1,661,383
Capital and Reserves			
Accumulated surplus		(13,757,611)	7,367,031
Development funds		185,662,478	185,662,478
Total Reserves		171,904,867	178,295,447
Total Liabilities and Reserves		177,298,592	179,956,830

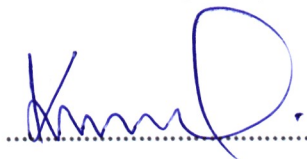
The Financial Statements set out on pages 1 to 32 were signed by



Chairman of Board

Date

12/5/2023

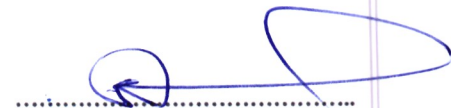


Finance Officer

ICPAK No

Date

27306
12/5/2023



Principal

Date

12/5/2023

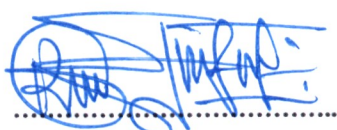
XV. Statement of Changes in Net Asset for the year ended 30 June 2022

	Accumulated Surplus	Capital/ Development Grants/Fund	Total
At July 1, 2020	(5,367,437.00)	185,662,478.00	180,295,041.00
Revaluation gain	-	-	-
Fair value adjustment on quoted investments	-	-	-
Total comprehensive income	(1,999,594)		(1,999,594)
Capital/Development grants received during the year	-	-	-
At June 30, 2021	(7,367,031)	185,662,478.00	178,295,447.00
At July 1, 2021	(7,367,031)	185,662,478.00	178,295,447.00
Revaluation gain	-	-	-
Total comprehensive income	(6,390,580)	-	(6,390,580)
Capital/Development grants received during the year	0		-
At June 30, 2022	(13,757,611)	185,662,478.00	171,904,867

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

		2021-2022	2020-2021
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		5,467,500.00	4,687,590.00
Rendering of services- Fees from students		11,236,493.00	3,706,200.00
Other Income		1,511,610.00	-
Total Receipts		18,215,603.00	8,393,790.00
Payments			
Employee Cost		3,097,981.00	1,392,260.00
Use of goods and services		11,841,023	4,900,286.00
BOG Allowance		1,138,500.00	176,500.00
Total Payments		16,077,504.00	6,469,046.00
Net cash flows from operating activities	16.00	2,138,099	1,924,744.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(1,912,147.00)	-
Increase in investments		-	-
Net cash flows used in investing activities		(1,912,147.00)	0.00
Cash flows from financing activities			
Proceeds from borrowings		0	-
Net cash flows used in financing activities		0	-
Net increase/(decrease) in cash and cash equivalents		225,952.00	1,924,744.00
Cash and cash equivalents at 1 JULY	13.00	2,381,521.00	456,777.00
Cash and cash equivalents at 30 JUNE 2022	13.00	2,607,473.00	2,381,521.00

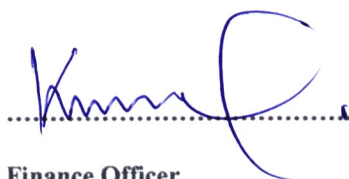
The Financial Statements set out on pages 1 to 32 were signed by:



Chairman of Board

Date

12/5/2023



Finance Officer

ICPAK No

Date

22306
12/25/2023



Principal

Date

12/25/2023

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from Government	12,570,000	5,400,000	17,970,000	5,467,500	12,502,500	-70%
Rendering of services- Fees from students	10,818,580	4,647,600	15,466,180	11,236,493	4,229,687	-27%
Other income	661,400	207,000	868,400	1,511,610	643,210	74%
Total income	24,049,980	10,254,600	34,304,580	18,215,603	-16,088,977	-47%
Expenses						
Compensation of employees	6,528,000	1,690,740	8,218,740	3,097,981	(5,120,759)	-62%
Use of Goods and services	16,589,980	8,313,860	24,903,840	16,341,848	(8,561,992)	-34%
BOG Allowance	932,000	250,000	1,182,000	1,138,500	(43,500)	-4%
Total expenditure	24,049,980	10,254,600	34,304,580	20,578,329	(13,726,251)	
Surplus for the period	-	-	-	(2,362,726)	(2,362,726)	

(Budget notes)

- ✓ The variation between Actual Versus Budgeted Transfers from Government of -70% is due to partial Disbursement of a Capitation due.
- ✓ Variance of -27% on Rendering of Services is due to Delayed disbursement of HELB Loan in which our Trainees depends on
- ✓ We Surpassed our target on other income to a tune of 74% due the Hosting of KATTI Sports
- ✓ The variance of -62% on Compensation of employees is due to low revenue resulting from incomplete disbursement of Government capitation
- ✓ The variance of -34% on Use of Goods and Services is due to low revenue resulting from incomplete disbursement of Government capitation
- ✓ The Adjustment in the Original Budget was to Cater for Higher admissions foreseen in January 2022 and May 2022 Intakes

XVIII. Notes to the Financial Statements

1. General Information

Kericho Township TVC is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer technical skills and knowledge

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 Kericho Township TVC accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Kericho Township TVC

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

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.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity

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

Standard	Effective date and impact:
	<p>provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>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.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

**Kericho Township Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st 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 1st 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>

iii Early adoption of standards

Kericho Township Tvc did not early-adopt any new or amended standards in year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (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

The original budget for FY 2021/2022 was approved by the Council or Board on **30/06/2021**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **ksh 10,254,600** on the FY 2021/2022 budget following the Council/ Board's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page **5** of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule **2** of the *Income tax Act*.

Sales tax/ Value Added Tax

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

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

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

Notes to the Financial Statements (Continued)

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 5 years.

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

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

e) Property, plant and equipment

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

4 Summary of Significant Accounting Policies (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

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

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

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.

i) Inventories

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

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

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

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.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

4. Summary of Significant Accounting Policies (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

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.

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.

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	5,467,500.00	4,687,590.00
Conditional Grants		
Other Organizational Grants	-	-
Total Government Grants and Subsidies	5,467,500.00	4,687,590.00

Notes to the Financial Statements (Continued)

(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
State Department	5,467,500.00	0	0	5,467,500.00	4,687,590.00
Total	5,467,500.00	0	0	5,467,500.00	4,687,590.00

Narration

During the financial year 2021/2022 the management discovered that revenue from non-exchange transactions for the financial year 2020/2021 had been understated due to Capitation relating to 3rd quarter 2020/2021 of ksh. 1,462,500 received in 1st quarter 2021/2022 and the Financial statement were restated, From 3,225,090 to 4,687,590

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7. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and Learning Materials	41,200	3,659,100
Activity fees	768,697	-
Attachment & Linkages	739,282	-
Insurance	341,030	-
placement fees	377,060	-
Examination fee	1,684,987	-
Student ID	175,087	-
Electricity and water	921,086	
Development	1,196,742	
Administrative cost	1,337,602	
Repairs Maintainance and Improvement	1,119,071	
Medical expenses	250,263	
Personel Emoluments	529,523	
Internet & Computer	2,607	
Registration	-	47,100
Travel, motor car, accommodation, subsistence and other allowances	1,752,256	
Total Revenue from The Rendering Of Services	11,236,493	3,706,200

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8. Other Income

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Boarding and catering income		-
Student council	179,810	-
Katti Ball Games	150,000	-
Katti Meals & Accomodation	1,178,800	-
Centre fee	3,000	-
Total	1,511,610	

9. Use Of Goods And Service

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Teaching and Learning Materials	1,974,695	2,434,419
Electricity and water	145,720	778,840
Administrative costs	3,066,938	572,756
Medical expenses	8,660	-
Bank charges	30,660	-
Internet & Computer	511,026	34,479
Travel, motor car, accommodation, subsistence and other allowances	2,610,588	642,840
Development		8,990
Repairs Maintainance and Improvement	1,123,997	256,190
Student id	51,920	300
Student Council	182,318	5,276
Stationery	1,142,192	19,150
Insurance	25,500	
Activity fees	1,048,947	
Attachment & Linkages	254,510	
Examination fee	2,805,644	
KATTI Ball Games	322,810	
KATTI Ball Games Meals & Accomodation	713,593	
Marketing	290,930	
Professional Dvt	21,200	
Advance/Imprest	10,000	
Total good and services	16,341,848	4,753,240

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10. Employee Costs

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Salaries and wages	2,740,779	1,392,260
Nssf	266,502	
Nhif	90,700	
Total Employee COSTS	3,097,981	1,392,260

Narration

In the financial year 2021/2022 the management realized that Employee cost for financial year 2020/2021 had been understated, due to employee cost relating to June 2021 of ksh. 144,140 paid in July 2021 subsequently Financial statement were restated from 1,248,120 to 1,392,260.

11. Board Expenses

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
BOG Allowance	1,138,500	176,500
Other allowances	-	-
Total director emoluments	1,138,500	176,500

12. Depreciation and Amortization expense

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Property, plant and equipment	4,027,854	4,071,384
Intangible ASSETS		-
Total depreciation and amortization	4,027,854	4,071,384

13. Cash and Cash Equivalents

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Kenya Commercial Bank - Operation	352,293	2,299,046
- Equity	2,254,930	82,475
Cash on hand	250	-
Total cash and cash equivalents	2,607,473	2,381,521

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13(a). Detailed Analysis of Cash and Cash equivalents

Financial COLLEGE	Account	2021-2022 Kshs	2020-2021 Kshs
a) Current Account			
Kenya Commercial Bank	1267113979	352,293	2,299,046
Equity Bank, etc.		2,254,930	82,475
Sub- Total		2,607,223	2,381,521
b) Others(Specify)			
Cash in Transit		0	0
Cash in Hand		250	0
Mobile Money account		0	0
Sub- Total		250	0
Grand Total		2,607,473	2,381,521

14. Receivables from Exchange transactions

14(a) Current Receivables from Exchange transactions

Description	FY 2021-2022 KShs	FY 2020-2021 KShs
Current receivables		
Student debtors	12,877,215	12,193,198
Advances	10,000	-
Total current receivables	12,887,215	13,655,698

Narration

During the financial year 2021/2022 the management discovered that receivables from exchange Transactions had been understated due to Capitation relating to 3rd quarter 2020/2021 of ksh. 1,462,500 received in 1st quarter 2021/2022, subsequently Financial statement were restated from 12,193,198 to 13,655,698

15. Trade and other Payables from Exchange Transactions

Description	FY 2021-2022 KShs	FY 2020-2021 KShs
Trade payables	2,668,757	736,243
Other payables		144,140
Payables to bureti TTI	2,446,308	781,000
Fees paid in advance	-	-
Total trade and other payables	5,115,065	1,661,383

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Narration

During the financial year 2021/2022, the management discovered that Trade and other payables were understated due to employee cost relating to June 2021 of ksh. 144,140 paid in July 2021. The Financial statement were restated.

16.Cash generated from operations

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Surplus for the year	(6,390,580)	(1,999,594)
Adjusted for:		
Depreciation and amortisation	4,027,854	3,924,335
Working Capital adjustments		
(Increase)/(Decrease) in receivables	768,483	0
Decrease in payables	3,732,342	0
Net cash flow from operating activities	2,138,099	1,924,744

17.Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumer deposits	0	0
Caution money	278,660	0
Other refundable deposits	0	0
Total Deposits	278660	0

18. Property, Plant and Equipment's

	Land and	Buildings	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
Cost /revaluation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 th June 2021	60,000,000.00	88,850,000.00	3,843,250.00	368,611.00	10,857,750.00	-	163,919,611.00
Additions	0	139,787.00		999,500.00	0	772,860.00	1,912,147.00
Disposals	0	0	0	0	0	0	0
Transfer/Adjustments	0	0	0		0	0	0
At 30 th June 2022	60,000,000.00	88,989,787.00	3,843,250.00	1,368,111.00	10,857,750.00	772,860.00	165,831,758.00
Depreciation And Impairment							
At 30 June 2021	0	0	0	0	0	0	0
Depreciation	0	1,779,795.74	480,406.25	410,433.30	1,357,218.75	0	4,027,854.04
Disposals	0	0	0	0	0	0	
Impairment	0	0	0	0	0	0	
Transfer/Adjustment	0	0	0	0	0	0	
At 30 th June 2022	-	1,779,795.74	480,406.25	410,433.30	1,357,218.75	-	4,027,854.04
Net Book Values							
At 30 th June 2021	60,000,000.00	88,850,000.00	3,843,250.00	368,611.00	10,857,750.00	-	163,919,611.00
At 30 th June 2022	60,000,000.00	87,209,991.26	3,362,843.75	957,677.70	9,500,531.25	772,860.00	161,803,904

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on 30th June 2021

18 (b) Property, Plant and Equipment at Cost/valuation

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	60,000,000	0	60,000,000
Buildings	88,989,787	1,779,795.74	87,209,991.26
Plant And Machinery & Equipment	10,857,750	1,357,218.75	9,500,531.25
Computers and Related Equipment	1,368,111	410,433.30.	957,677.70
Office Equipment, Furniture, And Fittings	3,843,250	480,406.25	3,362,843.75
Capital work in progress	772,860	0	772,860
Total	165,831,758	4,027,854.04	161,803,904

16. 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 College'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 College does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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 Board of governors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by

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the College'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:

of financial position)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the College 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 Board of governors sets the College's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated

The table below illustrates analysis or Credit risk

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	13,655,698	9,558,989	4,096,709	0
Bank balances	2,381,521	2,381,521	0	0
Total	16,037,219	11,940,510	4,096,709	0
At 30 June 2022				
Receivables from exchange transactions	12,887,215	8,790,506	4,096,709	0
Bank balances	2,607,473	2,607,473	0	0
Total	15,494,688	11,397,979	4,096,709	0

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's Board of governors, 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.

iii) Market risk

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

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

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

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

a) 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 College's interest rate risk arises from bank deposits. This exposes the College to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the College's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with COLLEGES that offer favorable interest rates.

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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20. 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 Board of governors;

Related party Transaction are disclosed in the table below;

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with Related Parties		
a) Grants /Transfers from the Government		
Grants from National Govt	5,467,500	4,687,590
Grants from County Government	0	0
Donations in Kind	0	0
Total	5,467,500	4,687,590
b) Key Management Compensation		
Directors' emoluments	1,138,500	176,500
Total	1,138,500	176,500

21.Events After The Reporting Period

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

22.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.

23.Currency

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

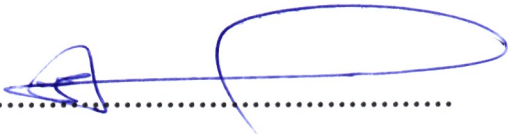
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Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unsupported Property, Plant and Equipment	A Valuer was engaged to do revaluation of Assets.	Resolved	N/a
2	Unsupported Capital Fund	The Board adopted the valuation report as a basis for valuing Assets Received from Ministry of Education.	Resolved	N/a
3	Employee Cost	Reallocation were done	Resolved	N/a
4	Land Ownership Documents	Survey has been done	Not resolved	30/06/2023
5	Non-Compliance with Law on ethnic composition	Advertisement was done for vacancies in December 2021. Both the long and Shortlist were from one ethnic community	Not resolved	30/06/2023
6	Lack of Approved Budget	Budget for Fy 2021/2022 was approved accordingly	Resolved	N/a

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Name Sitharatu Ruvu
 Accounting Officer
 Principal
 Date 12/05/2023