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**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 22 FEB 2023	DAY:
TABLED BY:	HON. OWEN BAYA, MP DEPUTY LEADER OF MAJORITY
CLERK-AT-THE-TABLE:	CHRISTINE NDIRITU

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KIMASIAN TECHNICAL AND  
VOCATIONAL COLLEGE**

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



**International Public Sector Accounting Standards (IPSAS)**

**Annual Financial Reporting Template for**

*Technical Vocational Education Training (TVET) Institutions, National Polytechnics and Teacher Training Colleges*

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**KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE, 2021**

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

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

Kimasian Technical and Vocational College foundation stone was laid on 22/3/2014 by H.E The Deputy President of the Republic of Kenya Dr. Hon. William Samoei Ruto. The College was constructed using funds from the Government on a 30 acre piece of land donated by the County Government of Kericho under the mentor ship of Kaiboi Technical Training Institute. Upon its completion in late 2017, the College got registered under the TVET Act on 11<sup>th</sup>/4/2018 under the Ministry of Education State Department for Vocational & Technical Training.

The College received state of art welding and fabrication equipment from China in January 2018 and is a Centre of excellence in the same trade area. There are a total of eight different courses accredited by TVETA offered at different levels and we expect to roll out more in the next five years. All the courses offered are market driven and it is our desire to bridge the skill gaps currently being experienced in the country through effective curriculum implementation and ICT integration in training.

### **(b) Principal Activities**

The core mandate of the entity is to provide Technical and Vocational Education and Training under the Ministry of Education

#### **Vision**

To be a Centre of Excellence in Vocational and Technical Training and a point of reference in quality welding and fabrication in Kenya.

#### **Mission**

To provide quality and relevant training in research, technology, innovation and entrepreneurial skills necessary for self-reliance and enhanced quality of life.

#### **Core Values**

Kimasian Technical and Vocational College (KIMTVC) is committed to and will be identified by the following core values.

- i) Integrity
- ii) Professionalism
- iii) Transparency & Accountability
- iv) Team work
- v) Efficiency and Effectiveness
- vi) Equity and Fairness

### **Principal Mandate and Functions**

The College has outlined its mandate as provided for by the TVET Act of 2013, TVET strategy and reforms as follows:

- i) Offer TVET training

- ii) Prepare and guide trainees for evaluation and certification by the appropriate examining bodies
- iii) To promote science, technology and innovation in all training programs
- iv) To nurture trainees talent in different capacities

The specific mandate of the Colleges provided for by the TVET Act, TVET Strategy and reforms are;  
Offering Technical training,

Prepare and guide trainees for evaluation and certification by appropriate examining bodies

Promoting Research, Science, Technology and Innovation in all its training programs.

### **Core Functions**

The core functions of the College include;

- i) Implementation of TVET curriculum and approved programmes.
- ii) Supervision, monitoring and evaluation of programmes.
- iii) Strengthen linkages between the College and the community as well as the industry.
- iv) Diversification of income generating activities and optimization of available resources.
- v) Formulation, reviewing and co-ordination of College policies.
- vi) Promote Cooperate Social Responsibility (CSR).

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

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

Board of Governors

Accounting Officer/ Principal

The Principals' Council comprising of the Deputy Principal, The Registrar and the Dean of Students, the finance Officer and the procurement Officer.

Heads of various Academic and Non-Academic Departments

### **(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June, 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	The Principal	Rosemary Awuor Otieno -Soi
2.	Deputy Principal	Emmanuel Kipkorir Seroney
3.	Ag. Registrar	Betty Kipchumba
4.	Ag. Dean of Students	Susan Muniko
5.	Head of Finance	Enock Kiprotich
6.	Head of Procurement	Kipkoech Korir
7	Internal Auditor	Patrick Towett

### **(e) Fiduciary Oversight Arrangements**

Audit and risk committee activities:

- Carry out audit in the College on quarterly basis
- Scrutinize financial reports before submission to ascertain authenticity
- Submit committee and financial reports to the Board with recommendations on mitigation measures
- Finance and operations committee activities
- Oversee preparation of College budget in consultation with departments and present to the Board
- Monitor financial spending of the College and report on quarterly basis to the Board
- Mobilize resources to implement College projects and activities
- Propose recommendations to address financial challenges in the College.

Academic committee activities:

- Carry out planning on curriculum implementation in their respective departments
- Ensure implementation of curriculum activities as stipulated in the 'curriculum implementation manual'
- Prepare budgets for academic departments and submit to the Principal for preparation of grand College budget.
- Make recommendations to the Principal on improvement of service delivery within their respective departments
- Development partner oversight activities
- Verification of information relating to funding activities for the College
- Ensure official documentation of funds to the College
- Auditing of development funds to the College on regular basis
- Opening of development account(s) with development partner(s) to monitor use of development funds.

Other oversight activities:

- MOE-Require the College to submit student returns regularly to the Ministry to account for capitation and beneficiaries
- HELB-Monitor disbursement and absorption of funds to the College through returns and visits to the College

Oversight organ that held office during the financial year ending 30th June /2021 is presented in the table 1.

I: BOG oversight organ

S/No.	Name of the Sub-committee	Member
1	Finance Management	1. Caliph Sigei- Chairman 2. Hulder Moraa

		3.Peter Cheruiyot- County Director TVET
2	Technical (Education, Training, HRM and Projects)	1.Jorim Okeyo Guya - Chairman 2.Sophie Cheruiyot 3.Hulder Moraa
3	Internal Audit & Risk Management	1.Lucas Ng'eno – Chairman 2.Zippora Gwako 3.Partrick Towett

**(f) College Headquarters**

Kimasian Technical and Vocational College

P.O. Box 1149 - 20200

Nakuru-Kericho Highway

KERICHO, KENYA

**(g) College Contacts**

Telephone: (254) 748 186 340

E-mail: [kimasiantvc@gmail.com](mailto:kimasiantvc@gmail.com),

Website: [www.kimasiantvc.ac.ke](http://www.kimasiantvc.ac.ke)

**(h) College Bankers**

Kenya Commercial Bank

Londiani Branch

P. O. Box 218 - 20203

Londiani

**(i) Independent Auditors**

Auditor General

Office of Auditor General

Anniversary Towers, College Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**Principal Legal Adviser**

The Attorney General

State Law Office




Harambee Avenue




P.O. Box 40112



City Square 00200

Nairobi, Kenya




## II: THE COUNCIL/BOARD OF GOVERNORS

Name	Position	Qualifications
 1. David Sonoiya Ndugi	BOG Chairperson	<p><b>D.O.B:</b> 1957</p> <p><b>Qualifications:</b>                      Msc. in industrial Engineering and Management.                      Bachelor of Industrial Technology.</p> <p><b>Work Experience:</b> 31 years as a Civil Servant and as a Trainer</p>
 2. Lucas Cheruiyot Ng'eno	Internal Audit & Risk Management sub-committee Chair.	<p><b>D.O.B:</b> 21/6/1985</p> <p><b>Qualifications:</b>                      Bachelor of Commerce (Finance Option)                      Certified Public Accountant of Kenya</p> <p><b>Work Experience:</b> 12 years in hospitality in the Finance Department</p>
 3. Jorim Okeyo Guya	Technical subcommittee (Education, Training HRM and projects). Chair.	<p><b>D.O.B:</b> 20/9/1958</p> <p><b>Qualifications:</b>                      Bed(Hon) Education Management.                      Diploma in Technical Education.                      HND in Electrical Engineering (Power Option).                      Diploma in Electrical Engineering (Power Option).</p> <p><b>Work Experience:</b> 31 years as a teacher and as an Administrator in a TVET Institution.</p>

 <p>4. Zipporah Nyamoita Gwako</p>	<p>BOG Member</p>	<p><b>D.O.B:</b> 10/01/1965</p> <p><b>Qualifications:</b></p> <p>Ph.D in Project Management ongoing.</p> <p>Masters of Arts in Project Planning and Management.</p> <p>Bachelor of industrial Technology.</p> <p>Diploma in Technical Education (Electrical &amp; Electronics Engineering)</p> <p>HND in Electrical &amp; Electronics Engineering.</p> <p>Diploma in electrical Engineering.</p> <p><b>Work Experience:</b> 29 years in the Industry and Private Sector.</p>
 <p>5. Hulder Moraa Okangi</p>	<p>BOG Member.</p>	<p><b>D.O.B:</b> 31/08/1982</p> <p><b>Qualifications:</b></p> <p>Bachelor of Science in Biochemical and Processing Engineering.</p> <p><b>Work Experience:</b> 16 years in the industry in different capacity.</p>
 <p>6. Sigei Caliph.</p>	<p>Finance Management Chair</p>	<p><b>D.O.B:</b> 01/11/1974</p> <p>Bachelor of Science in Computer Information Systems.</p> <p>Diploma in Computer Studies.</p> <p><b>Work Experience:</b> 26 years in the Private Sector.</p>

 <p>7. Sophie Cherotich Cheruiyot</p>	<p>BOG Member.</p>	<p>D.O.B: 01/09/1980</p> <p><b>Qualifications:</b></p> <p>Bachelor of Philosophy in Technology (Food Science &amp; Technology).</p> <p>HND in Food Technology (Quality Control).</p> <p>Dipoma in Food Technology.</p> <p><b>Work Experience:</b> 17 years in the Industry and Private Sector.</p>
 <p>8. Rosemary Awuor Otieno –Soi</p>	<p>Principal/BOG Secretary.</p>	<p>D.O.B: 08/2/1968</p> <p><b>Qualifications:</b></p> <p>Bachelor of Science in Clothing Text &amp;Interior Design.</p> <p>Diploma in Technical Education.</p> <p>Diploma in Clothing Technology.</p> <p><b>Work Experience:</b> 25 years as a trainer in TVET institution &amp;12 years as an Administrator</p>

### III. MANAGEMENT TEAM

NAME	AREA OF RESPONSIBILITY
 <p>1. Rosemary Awuor Otieno –Soi</p>	<p><b>Principal/BOG Secretary.</b></p> <p>Bachelor of Science in Clothing Text &amp; Interior Design. Fashion and Design.</p>
 <p>2. Emmanuel Kipkorir Seroney</p>	<p><b>Deputy Principal</b></p> <p>MSC in Agricultural Education &amp; Extension BSC in Agricultural Education and Extension.</p>
 <p>3. Susan Muniko</p>	<p><b>Ag. Dean of Students</b></p> <p>BED - Technology, Mechanical Engineering</p>



4. Betty Kipchumba

**Ag. Registrar**

Diploma in Technical Education.

Diploma in Mechanical Engineering( production)



5. Enoch Kiprotich

**Finance Officer**

Certified Public Accountant of Kenya

Bachelor in Business Management (Finance Option)



6. Kipkoech Korir

**Procurement Officer**

BSC Business Administration with IT (Supply Chain Management Option)

#### IV. CHAIRMAN'S STATEMENT

It is with great pleasure that I take this opportunity to present the Kimasian Technical and Vocational College (KIMTVC) annual report and financial statements for the year which ended on 30<sup>th</sup> June 2021. In the report you will be able to find all the required information pertaining to this report.

During this period so many key activities took place in the College. The current Board was inaugurated on 23<sup>rd</sup> December 2019. During financial year 2020/2021 a total of eight full Board meetings took place, several other meetings of sub-committees were also done during the said period.

The Board acknowledges the role played by the College staff in producing well equipped graduates. It is the responsibility of the Board to mobilize resources and utilize them effectively and efficiently to promote technical and vocational training. In this regards the Board is working keenly with the College staff to ensure that programmes offered are done in the best way so as to enable the trainees acquire the necessary skills and knowledge so as to become responsible citizens wherever they will be.

The Board in conjunctions with other stake holders has tried to provide an enabling and friendly environment that will enhance delivery of quality TVET programmes for sustainable development of Kenya and beyond.

However there are some challenges being faced i.e., shortages of classrooms, science laboratory, workshops, student hostels among others to enable the College achieve its core mandate. The way forward or future outlook for the organization is to find ways of collaborating with various industries, notably the tea industries which are based within the county, and also to request the National Government to increasing the funding to the young institutions. Parents and guardians should send students to the College to enable the College to get more capitations.

Finally, I and on behalf of the Board, I wish to thank the Government of Kenya, the area member of parliament and other stakeholders for their continued financial support. I also wish to thank all the staff and students for their continued support and dedication.

Thank you and May the Lord bless all of you.

**David Sonoiya Ndugi**



**BOARD CHAIRMAN**

## V. REPORT OF THE PRINCIPAL

I wish to take this opportunity to present to you the annual financial statement for Kimasian Technical and Vocational College for year ending June 2021. This is the second annual financial report we have prepared for presentation to you.

Kimasian Technical & Vocational College is one of the new public TVET Institutions. It commenced operations on 11<sup>th</sup>/3/2019 under the mentorship of Kaiboi TVC until 23<sup>rd</sup> December, 2019 when the pioneer Board of Governors was inaugurated. Before the BOG inauguration, the College had an account at Kenya Commercial Bank Eldoret East branch which was being managed by our mentor.

The College had its first intake of 15 trainees in May 2019. The main intake was in September 2019 during which 314 trainees were admitted. The number increased to 384 by January 2020 and we anticipate to have the number increase gradually.

Currently the College has thirteen trainers employed by Ministry of Education, eight employed by the BOG, three part-time trainers and eleven support staff. Our staff are qualified to hold their respective positions and a good number were competitively hired. All the support staff and a good number of trainers are employed by the BOG. This has contributed heavily to the financial burden we have incurred

During the financial year under review, the College was able to do the following:-

- i. Constructed Masonry Shed to 90% completion
- ii. Procure assorted training consumable material and equipment.
- iii. Added surfaces for two PVC water tanks.
- iv. Fabricated 100 metallic trainees' chairs with writing surface.
- v. Fabricated 9 technical drawing tables.
- vi. Procured and installed two PVC tank with a capacity of 20,000 liters.

In support of the Government Big Four Agenda, the College has planted maize in 15 acres and cabbages in three quarter of an acre of the College farm in order to boost food security. We intend to improve and diversify on food security going forward and even incorporate the neighboring community.

Being the first end of year financial report we have prepared we have encountered several challenges during the compilation in the recommended format and hope to improve going forward with your assistance. Another challenge has been financial constrains occasioned by delay in grants and capitation remittance by our mother

Ministry. Being a new institution we heavily rely on the revenue we receive from the Government to meet our obligations.

Despite the challenges highlighted above, we are grateful to the Government of Kenya for the financial support we have received in form of grants and capitation. We also appreciate other stakeholders such as HELB who have supported our trainees by giving them bursaries and loans.

Rosemary Awuor Otieno

Principal

Date:.....



## VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Kimasian Technical and Vocational College has two strategic pillars and objectives within its Strategic Plan for the FY 2020- 2025. These strategic pillars are as follows:

Pillar 1: To provide Vocational and Technical Training

Pillar 2: To increase the number of courses

Kimasian Technical and Vocational College developed its annual work plans based on the above two pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kimasian Technical and Vocational College achieved its performance targets set for the FY 2020/2021 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
To provide quality Vocational & Technical Training	To offer market driven courses to trainees	Number of SET courses mounted and implemented	Advertisement of SET courses	The College mounted 1 SET courses over the FY 202/2021
		Level of adequacy of training materials and equipment	Requisitions for training materials and equipment	Training materials and equipment were procured progressively in all training areas based on need
		Number of trainers per course	Number of trainers employed per course	The College employed 6 more trainers under BOG terms bringing the total to 11 supplement the 18 PSC trainers
To increase the number of courses offered	To increase access to education for trainees	Number of courses introduced in FY 2019/2020	To market and do publicity for the College	The College introduced and maintained 21 courses over the financial year
			To participate in sports and recreational activities	Trainees were trained and registered for KNEC exams in all the courses offered by the College.
			To undertake corporate Social Responsibility to the Community	

## VII. CORPORATE GOVERNANCE STATEMENT

The Corporate Governance policies and structure provide the basis on which we operate, work and collaborate with our stakeholders. Our core mandates are guided by our Vision and Mission statements. Our core values are a source of inspiration from where we derive our strength.

The College, being one of the public TVET institutions is guided by the Government policies and majorly the TVET ACT of 2013. The College has a substantially appointed Board of Governors which was inaugurated on 23<sup>rd</sup> December, 2019. The Board comprises of nine members; seven having been appointed by the Cabinet Secretary. The County Director TVET and the Principal who sit as the full time member and the Secretary of the Board. All the BOG members have got diverse and vast experiences necessary for the development of such a young institution like Kimasian TVC.

BOG induction was conducted in May 2021 in Nakuru except for one member; the Kericho County Governor nominee who had not been formally appointed by the Governor at the time of induction. The College is planning for an induction soon there will be a similar forum organized by the Ministry.

There are three sub committees in the BOG who have been assigned various responsibilities. The sub-committees are Finance Management, Audit and Risk Management and Technical (Education and Training, HRM and Project Development and Managements committee). Each sub-committee has a Chairperson and two more members. The Principal sits in all the sub- committee meetings as the secretary.

The full BOG meetings are held once every quarter which were held accordingly in all quarters during the last financial year in strict adherence to COVID-19 protocols. Technical, Finance Management and Audit and Risk Management Sub- committees also meet once every quarter except in special cases occasioned by unavoidable circumstances.

According to the TVET ACT of 2013, the BOGs provide oversight role and is very instrumental in ensuring that the College is run in accordance to the prevailing Government policies and guidelines. The BOG also approves the annual budget, the annual procurement plan and ensures prudent use of all the revenue the College receives. The BOG has also been mandated by the TVET ACT to recruit trainers on behalf of Public Service Commission. The BOG has also played a key role in the recruitment and remunerating of the non-academic staff whose role in day to day running of the College is key.

There have been 8 full Board meetings so far which have culminated in the development of the five year College Strategic Plan, Master Plan, and Annual work Plan and approved the Draft PC document currently under review by the Ministry. All the documents have been approved by the BOG for use in the running of the College. The Human Resource Manual is still under development and is expected to be complete by September 2021. The College Strategic Plan was approved for implementation on February 2021. It is

expected that these crucial documents will propel the College to achieve its core mandates and strategic objectives and enhance service delivery to our trainees and stakeholders.

In this financial year, the College aspires to hold BOG meetings that will contribute towards implementation of College plans as stipulated in the College Plans, Policies and Procedures

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 institutions 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 institutions in accordance with this Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' Strategic Plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions; (1) receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (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 programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions 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 institutions, 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 institutions;

(q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and

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

The Board in this financial year will purpose 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.

## VIII. MANAGEMENT DISCUSSION AND ANALYSIS

### (a) Compliance with statutory requirements

The College did not have any compliance issues relating to its statutory requirements in the last financial year.

### (b) Key projects and Investment Decisions

There was also an additional PVC water tank donated by the Women representative, Kericho County in addition to the five already in place. This was through requests by the College management in the spirit of enhancing partnerships and good working relationships between National and County Governments. These tanks are currently being used in the storage of rain water harvested for general use within the College.

Generation of additional income to boost resource base of the College is key. Towards this goal, the College embarked in Maize production and plans to introduce more income generating activities as guided by the Strategic Plan.

### (c) Major Risks

The College as an educational institution receives income from Capitation, A-in-A, and Income Generating Activities and may expect funds from externally mobilized sources. This may pose financial risks. The College does not foresee any major risks in its financial operations. The Board of Governors has been able to mitigate risks especially in the key areas of operations. The management in collaboration with the BOG has put in place strong financial management policies and internal control systems aimed at minimizing risks that may arise. The College credit risk is mitigated and protected by holding deposits in state approved and reputable banking institutions namely, Kenya Commercial Bank. The College holds high quality fees debts that are continuously being monitored with a major portion being receivables underwritten by GOK agencies like HELB. The College's capital risk was minimal since at the end of the year under review, the College had no external borrowing and no pending bills.

### (d) Material arrears in Statutory/Financial Obligations

The College complied with all laws and key regulation that relate to its statutory obligations under the NSSF, NHIF, INCOME TAX and LABOUR Laws of Kenya. The College has also complied with PFM laws that relate to Public Procurement and Asset Disposal, Annual Estimates and Financial Reporting.

## IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

A conducive working environment and well trained personnel are pre-requisite factors that promote prudent financial management and an overall better service delivery in an institution such as ours.

### (a) sustainability strategy and profile

In the pursuit to enhance proper financial management, the College has put the following measures in place:-

- i. Employed qualified accountant and Internal Auditor to work in conjunction with the Finance officer to streamline financial issues.
- ii. Conducted regular capacity building forums for the officers in Finance department and management positions.
- iii. Customized and implemented financial procedures to ensure adoption of best practices in financial management.
- iv. Procured and installed Finance Management Information System to ensure proper and accuracy of financial data.

### (b) Environmental performance

The College is guided by other various Policies that work in line with the financial policies and support the smooth running of the organization. These include the procurement procedures and policies, Academic procedures and policies and Human Resource Policies among others. These has helped address challenges related to misappropriation and reduction of wastage in financial management.

### Employee welfare

The College adheres to the Public Service HR manual on hiring of officers in finance department. The College has employed two male and one officer in the department in conformity to the one-third gender rule. The staff in the department is trained regularly within and outside the College to upgrade their skills and be informed on emerging issues in the finance sector and more specifically TVET institutions. The College is in the process of developing *Occupational Safety and Health Act of 2007, (OSHA)*

### Market place practices-

The College is situated in a Serene environment away from other activities that distract learning. There is however competition from other neighboring Colleges and institutions. This has been addressed through adhering to Government guidelines in charging of fees related to TVET institutions to encourage enrolment and retention.

To mitigate on corruption, the college will work in partnership with EACC in this FY to implement guidelines in relation to corruption prevention in TVET Institutions and Government Agencies.

The College registered suppliers at the beginning of the FY and endeavors to continually register them to ensure adequate and quality suppliers for goods and services to the College. Payment of suppliers is done within one month of delivery of goods and services upon complete documentation as per the procurement procedures.

Advertisement by the College is done through electronic and print media. The College has a website which is regularly updated with information, radio stations are also used to disseminate information as well as newspapers with wide readership.

Trainees are engaged in sporting activities with other TVET institutions and community for competition and recreational purposes. To promote good health of trainees and staff, the College has scheduled for reproductive health sensitization and provides clean water for drinking. Staff are also required to register with NHIF to ensure affordable health care. Each staff member is also required to be a member of NSSF to contribute to the welfare scheme for retirement.

#### **Corporate Social Responsibility / Community Engagements**

The college gave partial scholarship to some trainees from local community.

## X. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Board members submit the report for the year ended June 30, 2021 which show the state of Kimasian Technical training institute affairs.

### Principal activities

The principal activities of the College are;

- Offer TVET training
- Prepare and guide trainees for evaluation and certification by the appropriate examining bodies
- To promote science, technology and innovation in all training programs
- To nurture trainees talent in different capacities.

### Results

The results of the College for the year ended June 30 2021 are set out on pages IV - VII

## BOARD OF GOVERNORS

The members of the Board who served during the year are shown on pages vii– viii.

### Auditors

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

By Order of the Board

Rosemary A O Soi

BOG SECRETARY

Date: .....

05/9/2022



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

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


The Board members are responsible for the preparation and presentation of Kimasian TVC financial statements, which give a true and fair view of the state of affairs of Kimasian TVC for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Kimasian 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 Kimasian TVC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act of 2013). The Board of governors are of the opinion that Kimasian TVC financial statements give a true and fair view of the state of Kimasian TVC transactions during the financial year ended June 30, 2019, and of Kimasian TVC financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Kimasian TVC, which have been relied upon in the preparation of Kimasian 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 Kimasian 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

Kimasian TVC financial statements were approved by the Board on 26<sup>th</sup> Sept 2021 and signed on its behalf by:

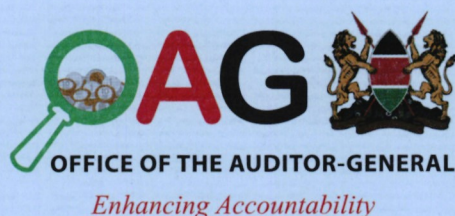
  
.....  
Chairperson of the Board

  
Accounting Officer/Principal



# REPUBLIC OF KENYA

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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and 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 Kimasian Technical and Vocational College set out on pages 2 to 34, which comprise the statement of financial

position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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 Kimasian Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Capital Fund**

The statement of financial position reflects capital fund balance of Kshs.130,000,000 as at 30 June 2021. However, the statement of changes in net assets reflects a capital fund balance of Kshs.117,529,439 as at the same date resulting in a variance of Kshs.12,470,561. Further, the statement of changes in net assets reflects opening capital fund balance of Kshs.124,598,350 which differs with the 2019/2020 certified closing balance of Kshs.122,155,350 by Kshs.2,443,000.

In the circumstances the accuracy of the capital fund balance of Kshs.130,000,000 as at 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kimasian Technical and Vocational College 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.

#### **Emphasis of Matter**

##### **Land without Title**

The statement of financial position reflects property, plant and equipment balance of Kshs.118,168,439 which includes thirty (30) acres of land valued at Kshs.30,000,000

which was allocated to the College by the County Government of Kericho in a letter dated 8 January, 2014 for development. However, the College does not have the title deed for the land.

My opinion is not qualified in this respect.

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipt budget and actual on comparable basis of Kshs17, 478,540 and Kshs.15,628,381 respectively resulting to a shortfall of Kshs.1,850,159 or 11% of the approved budget.

Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.17,486,185 and Kshs.9,692,057 respectively resulting in an under expenditure amounting to Kshs.7,794,128 or 45% of the approved budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to students.

## **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 matter 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**

#### **Non-Compliance with Law on Ethnic Composition**

Review of the payroll for the college revealed all the nineteen (19) or 100% employees of the College are from the dominant ethnic community in the County. This is contrary to Section 7(1) of the National Cohesion and Integration Act 2008 which provides that that no public institution shall have more than one third of its staff establishment from the same ethnic group.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

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

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

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

The Board of Governors is responsible for overseeing the College financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**26 October, 2022**

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2021

	Notes	2020/2021	2019/2020
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	4,631,159	5,083,084
Current portion of receivables from exchange transactions	16	4,686,492	5,292,066
Receivables from non-exchange transactions	17	-	532,500
Inventories	18	4,218,693	-
<b>Total Current Assets</b>		<b>13,536,344</b>	<b>10,907,650</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	118,168,439	124,598,350
Intangible assets	20	467,799	-
<b>Total Non-current assets</b>		<b>118,636,238</b>	<b>124,598,350</b>
<b>Total assets</b>		<b><u>132,172,582</u></b>	<b><u>135,506,000</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	3,310,240	936,064
Refundable deposits from customers	22	364,800	210,000
<b>Total liabilities</b>		<b>3,675,040</b>	<b>1,146,064</b>
<b>Net assets</b>			
Accumulated surplus		-1,502,458	12,204,586
Capital Fund		130,000,000	122,155,350
<b>Total Capital and Reserves</b>		<b>132,172,582</b>	<b>134,359,936</b>
<b>Total Liabilities and Capital reserves</b>		<b><u>132,172,582</u></b>	<b><u>135,506,000</u></b>

The Financial Statements set out on pages 2 to 7 were signed on behalf of the Institute Council/ Board of Governors by:

Chairman of Board of Governors

Date... 27/9/2022

Principal

Date... 05/9/2022

Finance Officer

Date... 05/09/2022

ICPAK No. 26207



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

	Notes	2020/-2021	2019/-2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfer from the National Government-grants/gifts in kind	6	11,242,500	4,097,500
Public contributions and donations		-	371,000
Development funds-kipkelioen east NG-CDF	6	1000	
<b>Total Revenue from non-exchange transactions</b>		<b>11,243,500</b>	<b>4,468,500</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	4,137,901	13,371,651
Sale of goods	8	244,800	
Other income	9	2,180	-
<b>Total Revenue from exchange transactions</b>		<b>4,384,881</b>	<b>13,371,651</b>
<b>Total revenues</b>		<b>15,628,381</b>	<b>17,840,151</b>
<b>Expenses</b>			
Use of goods and services	10	5,434,978	3,146,621
Employee costs	11	2,852,579	1,569,559
Remuneration of directors	12	1,404,500	367,000
Depreciation and amortization expense	13	7,068,911	7,844,650
Repairs and maintenance	14	369,871	552,385
Finance costs		-	-
<b>Total expenses</b>		<b>17,130,839</b>	<b>13,480,215</b>
<b>Surplus/(Deficit) before Tax</b>		<b>(1,502,458)</b>	<b>4,359,936</b>
Taxation		-	-
<b>Net Surplus/(Deficit) for the year</b>		<b>(1,502,458)</b>	<b>4,359,936</b>

The notes set out on pages 8 to 38 form an integral part of the Annual Financial Statements.

**XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021**

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>At July 1, 2020</b>	-	-	12,204,586	124,598,350	136,806,936
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	(1,502,458)	-	(1,502,458)
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	7,068,911	(7,068,911)	-
<b>At June 30, 2021</b>	-	-	17,771,039	117,529,439	135,300,478

*Note:*

*For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*

*Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

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

		<b>2020-2021</b>	<b>2019-2020</b>
	Notes	<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	11,243,500	4,097,500
Public contributions and donations			371,000
Rendering of services- Fees from students	7	4,137,901	13,371,651
Sale of goods	8	244,800	
Other income	9	2,180	
<b>Total Receipts</b>		<b>15,628,381</b>	<b>17,840,151</b>
<b>Payments</b>			
Compensation of employees	11	2,852,579	1,569,559
Use of goods and services	10	5,434,978	3,146,621
Repairs and maintenance	14	369,871	552,385
Remuneration of directors	12	1,404,500	367,000
<b>Total Payments</b>		<b>10,065,928</b>	<b>5,629,565</b>
<b>Net cash flows from operating activities</b>	23	<b>4,604,577</b>	<b>7,526,084</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(639,000)	(2,443,000)
Decrease in non-current receivables		0	0
<b>Net cash flows used in investing activities</b>		<b>(639,000)</b>	<b>(2,443,000)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			0

Repayment of borrowings			
Increase in deposits			
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,426,350</b>	<b>5,083,084</b>
Cash and cash equivalents at 1 JULY	15	5,083,084	
<b>Cash and cash equivalents at 30 JUNE</b>	<b>15</b>	<b>4,631,159</b>	<b>5,083,084</b>

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

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

Description	Actual	Budget	Variance	%difference
<b>Revenue</b>				
Transfers from other Govt entities Govt grants	11,242,500	7,980,000	3,247,500	28.
Public contributions and donations				

Ng-Cdf	1,000			
Rendering of services- Fees from students	4,137,901	9,247,000	-5,023,287	-11.9
Sale of goods				
Finance Income				
Income Generating activities	246,980	251,540	-4,560	-1.8
Gains on disposal, rental income and agency fees				
Total income	15,628,381	17,478,540	-1,780,347	-11.3
<b>Expenses</b>				
Compensation of employees	2,852,579	2,852,579		10
Use of Goods and services	5,434,978	12,999,106	-7,192,051	-123.8
Remuneration of directors	1,404,500	1,634,500	-23,0000	-16.3
Total expenditure	9,692,057	17,486,185	-7,422,051	-73.7
Surplus for the period	5,936,324	-7,645		

### Budget notes

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

The variance between budgeted and actual was due to long closure of the college due to covid 19. The college had prepared to income from students but it was not possible due to government closure of the college to curb the spread of the virus. It same as to expenses as for the period the college was not in session.

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

3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

## NOTES TO THE FINANCIAL STATEMENTS

### GENERAL INFORMATION

Kimasian Technical Training Institute 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.

### STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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

### ADOPTION OF NEW AND REVISED STANDARDS

Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	<b>Applicable: 1<sup>st</sup> January 2021:</b>  Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.  IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.  Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

	<p>was approved.</p> <p>IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> <p><i>(Entity to state the impact of the amendments to the financial statements)</i></p>
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**New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.**

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

	<p>about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <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>

**Early adoption of standards**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

**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 realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

## **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.

#### **a) Revenue recognition**

### **Revenue from exchange transactions**

#### **Rental income**

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

## **Budget information**

The original budget for FY 2020/2021 was approved by the Board on *11<sup>th</sup> July 2020*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

## **Taxes**

### ***Current income tax***

The entity is exempt from paying taxes as per schedule xxx of the xxx 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.

## 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.

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.

## 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.

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Buildings	2
Plant and machinery	12.5
Motor vehicles	25
Furniture and fittings	12.5
Computer equipment	30

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the Of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the Asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating Profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that Asset are transferred to retained earnings in the statement of changes in equity.

### **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.

### **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

### **Research and development costs**

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

The technical feasibility of completing the asset so that the asset will be available for use or sale

Its intention to complete and its ability to use or sell the asset

How the asset will generate future economic benefits or service potential

The availability of resources to complete the asset

The ability to measure reliably the expenditure during development.

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

## **Financial instruments**

### *Financial assets*

#### *Initial recognition and measurement*

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

#### *Loans and receivables*

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

#### *Held-to-maturity*

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

#### *Impairment of financial assets*

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if,

there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

The debtors or a entity of debtors are experiencing significant financial difficulty

Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

### ***Financial liabilities***

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

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

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

#### ***Loans and borrowing***

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

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

### **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

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.

### **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.

### **Nature and purpose of reserves**

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

### **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.

### **Employee benefits**

#### **Retirement benefit plans**

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

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

#### **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.

#### **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.

#### **Related parties**

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

### **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.

### **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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### **Comparative figures**

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

### **Subsequent events**

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

## **SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the

next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

#### Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

#### Provisions

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

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

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

#### 6(a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
<b>Unconditional grants</b>		
Capitation grants	11,242,500	1,597,500
Operational grant	-	2,500,000
Development cdf kipkelion east	1,000	
Other grants	-	-
	<b>11,243,500</b>	<b>4,097,500</b>
<b>Conditional grants</b>		
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-

Learning facilities grant	-	-
Other organizational grants	-	-
<b>Total Government grants and subsidies</b>	<b>11,243,500</b>	<b>4,097,500</b>

**(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	20xx-20xx
	KShs	KShs	KShs	KShs	KShs
Ministry of Education	11,242,500	-	-	-	11,242,500
Ministry of Education	-	-	-	-	-
<b>Total</b>	<b>11,242,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,242,500</b>

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix IV*

**7. RENDERING OF SERVICES**

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	1,112,890	13,351,030
Electricity Water And Conservancy	215,900	
Local Travel and Transport	257,398	
Activity Fee	226,223	
Industrial attachment	398,000	
Student Union	108,000	
Medical Fee	53,550	
R.M.I	297,040	
Personal Emolument	1,081,900	
KUCCPS payment	387,000	
<b>Total Rendering of Services</b>	<b>4,137,901</b>	<b>13,351,030</b>

## 8.SALE OF GOODS

Description	2020-2021	2019-2020
	KShs	KShs
Sale of goods	-	-
Sale of books	-	-
Sale of publications	-	-
Sale of farm produce	244,800	-
Cafeteria	-	-
Other(include in line with your organization)	-	-
<b>Total revenue from the sale of goods</b>	<b>244,800</b>	<b>-</b>

## 9.OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Insurance recoveries		
Consultancy fees		
Income from sale of tender	2,000	
Services concession income	180	
Reimbursements and refunds		
Graduation fees	-	-
Miscellaneous ( <i>Specify</i> )	-	-
<b>Total other income</b>	<b>2,180</b>	<b>-</b>

## 10.USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Industrial Attachment	48,000	
L.T&T-Seminars & Conference	268,800	
L.T&T-Staff on official Duties	799,292	11,000
Electricity Water and Conservancy		58,240
Tender Expenses	19,000	
Marketing, Advertisements & Publicity	67,000	
Student ID Cards		
Office Stationery	33,895	
Airtime	139,800	
Assorted textbooks	299,841	
Bank charges	9,964	121,203
Internet Subscription and Charges	79,163	
E.W.C-Electricity expenses	598,326	

Personal Accident Cover	42,229	
Travelling & Accommodation expenses		1,146,331
Medical expenses	3,200	540
Student Union Expenses	19,650	
Training Materials	387,144	
Construction of shade 2	242,140	
Sponsorship Expenses		80,900
Tuition Expenses		1,739,407
Production Unit/Farm	482,083	
Remitted	15,000	
Capacity Building (facilitation Fee)	917,049	
office Refreshment and kitchen Equipment	683,668	
Kenya association Of Technical Institute(KATTI)	185,000	
Covid management	94,734	
<b>Total good and services</b>	<b>5,434,978</b>	<b>3,088,381</b>

#### 11.EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
Basic Salary	2,595,704	1,569,559
House Allowance	256,875	
<b>TOTAL EMPLOYEE COSTS</b>	<b>2,852,579</b>	<b>1,569,559</b>

#### 12.REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
BOG Allowance	1,202,000	367,000
L.T&T-BOG Accommodation /Fuel Cost	202,500	
<b>Total director emoluments</b>	<b>1,404,500</b>	<b>367,000</b>

#### 13.DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	7,068,911	7,844,650
Intangible assets		
Investment property carried at cost		

Total depreciation and amortization		7,844,650
	7,068,911	

#### 14.REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Repair, Maintenance and Improvement	368,371	552,385
<b>Total Repairs and Maintenance</b>	<b>368,371</b>	<b>552,385</b>

#### 15.CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
On - call deposits	-	-
<b>Current account</b>		
Cash at hand	66,576	157,696
KIMASIAN KCB ELDORET A/C- 1153433486	547	45,488
KCB LONDIANI-CDF	1,000	
KIMASIAN KCB LONDIANI A/C- 1269508768	4,563,036	4,879,900
<b>Total cash and cash equivalents</b>	<b>4,631,159</b>	<b>5,083,084</b>

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

#### DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
<b>Current account</b>			
Kenya Commercial bank-ELDORET	1153433486	547	45,488

KCB LONDIANI CDF		1000	
Kenya Commercial bank-LONDIANI	1269508768	4,563,036	4,879,900
<b>Sub- total</b>			
<b>On - call deposits</b>			
Kenya Commercial bank	-	-	-
<b>Sub- total</b>			
<b>Fixed deposits account</b>			
Kenya Commercial bank	-	-	-
<b>Sub- total</b>			
<b>Staff car loan/ mortgage</b>			
Kenya Commercial bank			
Bank B			
<b>Sub- total</b>			
<b>Others(specify)</b>			
Cash in transit			
cash in hand		66,576	157,696
Mobile Money account			
<b>Sub- total</b>			
<b>Grand total</b>		4,631,159	5,083,084

#### RECEIVABLES FROM EXCHANGE TRANSACTIONS

##### 16.(a) Current Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
<b>Current receivables</b>		
Student debtors	4,686,492	5,291,066
Rent debtors		
Consultancy debtors		
Other exchange debtors		
Less: impairment allowance		
<b>Total current receivables</b>	4,686,492	5,291,066

16(b) Long- term Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
<b>Non-current receivables</b>		
Refundable deposits	364,800	210,000
Advance payments		
Public organizations		
Less: impairment allowance		
<b>Total</b>		
Current portion transferred to current receivables		
<b>Total non-current receivables</b>		
<b>Total receivables</b>	364,800	210,000

17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
<b>Current receivables</b>		
Capitation grants*		532,500
Transfers from other govt. entities		-
Undisbursed donor funds	-	-
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	-	532,500

18. INVENTORIES

Description	2020-2021	2019-2020
	KShs	KShs
Central-Repairs and Maintenance	587,605	-
Central Store-Stationary	192,660	-
Medical Drug Stores	314,200	-
Plumbing Stores	88,635	-
Central store cleaning	29,000	-
Farm Stores	29,200	-
Central Electricals	1,068,220	-
Central Store-Ict Department	118,570	-
Central Store-Mechanical	563,462	-
Central Store-Building And Civic Engineering	1,083,116	-
Central Store-Administration	144,025	-
Central Store-Institutional Management		-
information system and Automation		-

Total inventories at the lower of cost and net realizable value	4,218,693	-
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#### 19.(a)PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Furniture and fittings	Computers	Plant and Equipment	Total
Rate of depreciation	-	2	12.5	30	12.5	
Cost						
As at 1st July 2020	30,000,000	49,000,000	691,250	1,157,100	43,750,000	124,598,350
Additions				610,000	29,000	639,000
Transfers and Adjustments			-			-
As at 30TH June 2021	30,000,000	49,000,000	691,250	1,767,100	43,750,000	125,237,350
Depreciation and impairment						
As at 1 July 2020		1,000,000	98,750	495,900	6,250,000	7,844,650
depreciation as at 30 June 2021		980,000	86,406	530,130	5,472,375	7,068,911
Total depreciation as at 30 June 2021		1,980,000	185,156	1,026,030	11,722,375	14,913,561
Netbook value of the asset as at 30 June 2021	30,000,000	48,020,000	604,844	1,236,970	38,306,625	118,168,439
Netbook value as at 30 June 2020	30,000,000	49,000,000	691,250	1,157,100	43,750,000	124,598,350

#### 19. (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	30,000,000	-	30,000,000
Buildings	50,000,000	1,980,000	48,020,000
Plant and machinery	50,000,000	11,722,375	38,306,625
Motor vehicles, including motorcycles	-	-	-
Computers and related equipment	1,653,000	1,026,030	1,236,970
Office equipment, furniture, and fittings	790,000	185,156	604,844
<b>Total</b>	<b>132,443,000</b>	<b>14,913,561</b>	<b>118,168,439</b>

## 20. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021	2019-2020
	KShs	KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year		
Additions—internal development	-	-
At end of the year		
<b>Amortization and impairment</b>		
At beginning of the year		
Amortization	-	-
At end of the year		
Impairment loss	-	-
At end of the year	467,799	
<b>NBV</b>	<b>467,799</b>	

## 21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables		98,104
Fees paid in advance		837,960
	3,310,240	
Employee advances		
Third-party payments		
Other payables		210,000
<b>Total trade and other payables</b>	<b>3,310,240</b>	<b>1,146,064</b>

## 22. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
Consumer deposits		-
Caution money	364,800	
		210,000
Other refundable deposits		
<b>Total deposits</b>	<b>364,800</b>	<b>210,000</b>

## 23. CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
	KShs	KShs
Surplus for the year before tax		
<b>Adjusted for:</b>	<b>(1,502,458)</b>	<b>4,359,936</b>
Depreciation	7,068,911	7,844,650
Non-cash grants received		
Contributed assets		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance income		
Finance cost		
<b>Working Capital adjustments</b>		

Increase in inventory	(4,218,693)	
Increase/decrease in receivables	1,092,641	(5,824,566)
Increase in deferred income		
Increase in payables	2,164,176	1,146,064
Increase in payments received in advance		
<b>Net cash flow from operating activities</b>	<b>4,604,577</b>	<b>7,526,084</b>

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

## 24. FINANCIAL RISK MANAGEMENT

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

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

### (i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
	5,291,066			
Receivables from exchange transactions				
Receivables from non-exchange transactions	-			

	4,914,388			
Bank balances				
<b>Total</b>	<b>10,205,454</b>			
<b>At 30 June 2021</b>				
	7,607,497			
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances	4,902,508			
<b>Total</b>	<b>12,510,005</b>			

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

## 25. EVENTS AFTER THE REPORTING PERIOD

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

## 26. ULTIMATE AND HOLDING ENTITY

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

## 27. CURRENCY

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

## APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when issue resolved)
Basis for Adverse Opinion  1.0 Inaccuracies in the Financial Statements  1.1 Accounting Period	The accounting period of the statements of financial performance, statement of cash flows and statement of comparison of budget and actual amounts is not properly titled to reflect the sixteen (16) months period ended 30 June, 2020.  Similarly, the Report of the Board of Governors refers to the results of the College for the year ended 30 June, 2019 instead of 30 June, 2020.		resolved	26/04/2021
1.2 Employees Costs	Included in the statement of financial performance is employee costs totalling Kshs.1,569,559. However, review of the payrolls revealed a total amount of Kshs.1,459,520 resulting into unexplained variance of Kshs.110,039.  Consequently, the accuracy and validity of the employees cost expenditure amounting to Kshs.1,569,559 reflected in the financial statements for the sixteen-months (16) period ended 30 June, 2020 could not be confirmed.		resolved	26/04/21
1.3 Property, Plant and Equipment	Note 17 to the financial statements reflects property, plant and equipment valued at Kshs.124,598,350 as at 30 June, 2020. However, the total depreciation of Kshs.7,844,650 for different categories of assets reflected in Note 17 to the financial statements was not based on an approved depreciation policy. In addition, the asset register provided for audit reflected buildings with a historical cost of Kshs.60,000,000 which differs with the cost of buildings amounting to Kshs.50,000,000 reflected under Note 17. The difference of Kshs.10,000,000 was not explained.  Consequently, the accuracy, validity and completeness of the property, plant and equipment balance of Kshs.124,598,350 could not be confirmed.		resolved	26/04/21
1.4 Unsupported Amendments to Financial Statements Balances	The financial statements provided for audit on 27 September, 2020 were subsequently amended on 7 April, 2021. However, approved journal vouchers in support of the amendments were not provided. The amendments are as detailed below:  Item Financial Statements Submitted on 27 September 2020 , Revised Financial Statement Balance, Variance		resolved	26/04/21

	<p>Total Revenue 10,334,686 17,840,151 (7,505,465)</p> <p>Depreciation 15,426,960 7,844,650 7,582,310</p> <p>Repairs and Maintenance 1,042,720 552,385,490,335</p> <p>Receivables 7,020,020 5,824,566 1,195,454</p> <p>Current Liabilities 3,020,472 1,146,064 1,874,408</p> <p>Consequently, the accuracy of the financial statements for the sixteen (16) months period ended 30 June, 2020 could not be confirmed.</p>			
2.0 Undisclosed Inventories	<p>The statement of financial position reflects that the College had no inventories. However, paragraph (i) of the summary of significant accounting policies provides that inventories are also recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Institute. No evidence was provided to confirm the expensing of the loose tools held by the various departments and valued at Kshs.263,910 as at 30 June, 2020.</p> <p>Consequently, the accuracy and completeness of the nil balance for inventories as at 30 June, 2020 could not be confirmed.</p>		resolved	26/04/21
Other Matter  Budgetary Control and Performance	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.20,481,240 and Kshs.17,840,151 respectively, resulting in a shortfall of Kshs.2,641,089 or 13% of the approved budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.20,481,240 and Kshs.5,635,565 respectively resulting in an under performance amounting to Kshs.14,845,675 or 72%.</p> <p>The underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the students and stakeholders of Kimasian Technical and Vocational College.</p>		resolved	26/04/21
Basis for Conclusion  Non-Compliance with Law on Ethnic Composition	<p>During the year under review, the total number of employees of the College was nineteen (19) all who were members of the same ethnic community. This is contrary to 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 employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community”.</p> <p>Consequently, the Management was in breach of the law.</p>			

*Guidance Notes:*

Use the same reference numbers as contained in the external audit report;

Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Accounting Officer

Name

Rosemary Auvor Othenio-Sai

THE PRINCIPAL

Signature



Date.

05/09/2022



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

**Projects**

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

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

**Status of Projects completion**

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

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

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Vocational Technical Training				
FY 2020/2021				
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		<b>Total</b>		
b.	Development Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		<b>Total</b>		
c.	Direct Payments			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		<b>Total</b>		
d.	Donor Receipts			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		<b>Total</b>		

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

Finance Manager

Head of Accounting Unit

Kimasian TVC entity

Ministry of Education

Sign -----

Sign-----

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the LGA/Donor transferring the funds	Date received					
	as per bank statement	Nature: Recurrent/Develop ment/Others	Total Amount - KES	Statement of Financial Performance	Others - must be specific	Total Transfers during the Year
Ministry of Education	06/11/2020	capitation	2,812,500	2,812,500		2,812,500
Ministry of Education	16/02/2021	capitation	2,812,500	2,812,500		2,812,500
Ministry of Education	30/03/2021	capitation	2,092,500	2,092,500		2,092,500
Ministry of Education	30/6/2021	capitation	3,525,000	3,525,000		3,525,000
<b>total</b>			11,227,500	11,122,500		11,130,000