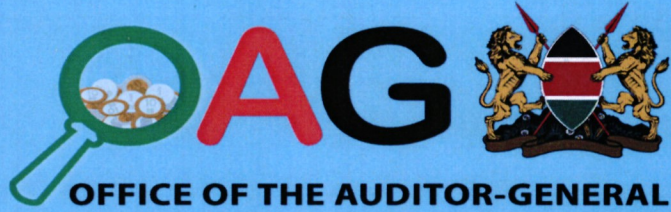


REPUBLIC OF KENYA



*Enhancing Accountability*

PARLIAMEN  
OF KENYA  
LIBRARY

REPORT DATE: 27 JUN 2023

THE NATIONAL ASSEMBLY  
PAPERS Laid

TUESDAY

TABLED BY: Hon Owen Baya, MP  
Deputy leader, Majority

CLERK AT THE TABLE: Wazir Mwale

OF

**THE AUDITOR-GENERAL**

**ON**

**EMGWEN TECHNICAL TRAINING  
AND VOCATIONAL COLLEGE**

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



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**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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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**

The *institution* was established under the TVET Act/2013 Act on 26<sup>th</sup> April 2021. The entity is domiciled in Kenya. The institute is under the Ministry of Education.

**(b) Principal Activities**

The principal activity/mandate of the entity is to train individuals to acquire technical skills relevant to industrial needs needed in the job market and dynamic technology.

**The vision**

“To be a centre of excellences in technical and technological advancement in the region and beyond”.

**The mission**

“To nature, develop and promote technological advancement through technical skills and produce creative and innovative trainees ready to transform the society”

**CORE STRATEGIC OBJECTIVES**

1. To nature, develop and promote technological advancement through technical skills and produce creative innovative trainees ready to transform the society.
2. To promote TVET access through the use of ICT, open and distance learning, this shall provide technical solutions to emerging issues.
3. To acquire training equipment and expand infrastructure which will enhance practical skills that are relevant to trainees and global emerging trends.
4. To collaborate with organisations in providing trainees with industrial exposure leading to enhanced technology that solves emerging issues.
5. To promote trainee welfare through provision of co-curriculum facilities, counselling and career services

**(c) Key Management**

The entity’s day-to-day management is under the following key organs:  
 Board of Governors headed by the Board chairperson and its eight members and the Management headed by the Principal assisted by Deputy Principal, Registrar, Dean of Students and Procurement Officer.

**(d) Fiduciary Management**

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

		<b>Name</b>
1.	Principal	- Evelyn Ruto
2.	Deputy principal	- Richard Kiprob
4	Registrar (s)	- Oscar Kiprono
5	Dean of students	- Lilian Gisemba
6	Procurement Officer	- Albert Kipruto

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**(e) Fiduciary Oversight Arrangements**

**Finance and operations and strategy committee activities**

- Interrogate budget and procurement plan
- Align expenditure to the budget
- Receive and propose developmental projections
- Plan for use of student fees and capitation

**Education Training and Research committee activities**

- Implement TVET Training
- Ratify internal policies and procedures
- Provide framework for research

**Audit, Risk and Compliance Committee activities**

- Receive audit reports both financial and non-financial
- Propose actions based on the audit reports
- Identify risks and management of the risks

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

**(a) Entity Headquarters**

Emgwen Technical and Vocational College  
P.O. Box 345-30300 Kapsabet ,KENYA.

**(b) Entity Contacts**

Telephone: (+254) – (0)112-332525  
E-mail: [emgwentvc@gmail.com](mailto:emgwentvc@gmail.com)  
Website: [www.emgwentvc.ac.ke](http://www.emgwentvc.ac.ke)

**(c) Entity Bankers**

1. Kenya commercial bank –Eldoret East Branch (Main Account)
2. Kenya commercial Bank –Kapsabet Branch(NG-CDF Account)


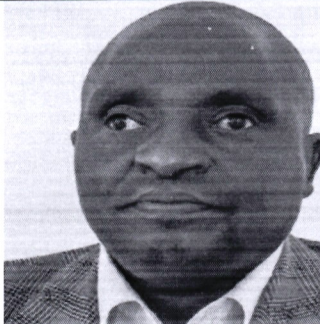

**(d) Independent Auditors**

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




**(e) Principal Legal Adviser**

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




**II. The Board of Governors**

No	Member/ Director	Details
1.	 Dr. Tarus Benjamin Kipchumba (PhD)	BOG Chairperson: Doctor of Philosophy in Business Management (Strategic Management); MSc. (Human Resource Development); MBA (Executive); BBM (Accounting) Diploma Business Management (KIMS) CPS (K) & Governance Auditor Date of Birth: 19 <sup>th</sup> September 1973. 26 Years experience in Administration and Finance in Moi Teaching and Referral Hospital 5 Years experience in Senior Management position in Moi Teaching and Referral Hospital.
2.	 Mr. Gichuru Mutulili	BOG Member Mr. Gichuru Mutulili CDTVET
3.	 Ms. Grace Sugut	BOG Member Ms. Grace Sugut Date of Birth: Post graduate diploma in Education, Egerton University Bachelor of arts degree UON Currently, Mphil Education technology and communication Experience and occupation 19 years teaching experience 10 years in county government. Positions held; Vice chair Public service board, Chief officer, public service and CECM Education.


**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

<p>4.</p>	 <p>Mr. Charles Kisigwa Ikutwa</p>	<p>BOG Member          Mr. Charles Kisigwa Ikutwa          MA. Development studies; BSc. In Agriculture (Agricultural finances );Diploma in Range Management          Date of Birth: 2nd July 1967.          5 Years' experience as Technical Officer Range management Division- Ministry of Livestock Development.          17 Years' experience as Farm Manager Ministry of Agriculture and Livestock Development.          2 Years' experience as Consultancy on Training on Range Management, Farm Management, Livestock Production and Agriculture and Food Security.</p>
<p>5.</p>	 <p>Eng. Geoffrey Chepkwony</p>	<p>BOG Member          Eng. Geoffrey Chepkwony          MBA in strategic management; BSc. Mechanical Engineering.          Date of Birth: 31st August 1974.          3 Years' experience in Ministry of water resources as assistant engineer (Mechanical Engineer)          2 Years' experience as management trainee in K.T.D.A          5 Years' experience as regional engineer in K.T.D.A.          5 Years' experience as Factory Unit Manager Chebut Tea Factory.</p>
<p>6.</p>	 <p>Mrs. Lensa Atieno Ongoro</p>	<p>BOG Member          Mrs. Lensa Atieno Ongoro          BSc. Business Management ;Diploma in Business Manegment          Date of Birth: 11<sup>th</sup> May 1986.          6 Years' experience as Sales and Marketing executive in Cables and Plastics ltd Mombasa.          2 Years' experience as Sales and Marketing Executive in Leeway Commodities LTD Mombasa.          3 Years' experinces as Sales and Marketing Executive in Polyester Plastiks LTD Nairobi.</p>




**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**


7.	 Mrs. Angeline Kyololo	BOG Member Mrs. Angeline Kyololo MBA.Business Administration;BBM Purchasing and Supplies (Management Option);DPM.Business Management Date of Birth: 5 <sup>th</sup> May 1968. 19 Years' experience as Junior Bookshop Assistant in Moi University. 5 Years' experience as Bookshop Assistant in Chepkoilel Assistant. 12 Years' Experience as Administrative Assistant in University of Eldoret.
8.	 Eng. Walter Kibichiy	BOG Member Eng. Walter Kibichiy BSc. Industrial and textile Engineering; Diploma mechanical Engineering (Plan Option) Date of birth: 25 <sup>th</sup> March 1985. 1 Year experience manager at Equatorial oils. 5 Years' experience as Quality Control Engineer at Tarpo Industries Nairobi. 3. Year experience as Head of production at Tarpo Industries.
9.	 Mr. Timothy Kipkorir Sawe	BOG Member Mr. Timothy Kipkorir Sawe Masters in Computer Sciences; Bachelors of sciences (Computer Sciences, Maths & Physics) Date of Birth: 8 <sup>TH</sup> October 1979 1 Year experience as soft-ware engineer in Dzine Crew Software company. 1 Year experience as lecturer in Institute of community Development and Research Centre (ICDRC) 11 Years Experience as lecturer in Computer Science and Information Technology in Kabarak University.

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

10.	 Mrs. Evelyn Ruto	<p>BOG Secretary Mrs. Evelyn Ruto Bachelors of Education Date of Birth: 20<sup>th</sup> June 1966. BSc Agricultural Education and Extension. 1 Year experience Teaching at Kilimo High School. 29 Years as Trainer in Rift-Valley Institute of Science and Technology (RVIST). 12 Years' experience as Registrar (RVIST). 1 Year experience as Deputy Principal in (RVIST). 1 Year experience as Principal in Emgwen Technical and Vocational College.</p>
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**III. Management Team**

No.	Member/ Director	Details
1.	 Mrs. Evelyn Ruto	Principal: Mrs. Evelyn Ruto BSc Agricultural Education and Extension. 1 Year experience Teaching at Kilimo High School. 29 Years as Trainer in Rift-Valley Institute of Science and Technology (RVIST). 12 Years' experience as Registrar (RVIST). 1 Year experience as Deputy Principal in (RVIST). 1 Year experience as Principal in Emgwen Technical and Vocational College.
2.	 Mr. Richard Kiprop	Deputy Principal Richard Kiprop MSc. Biotechnology; Bsc. Education. 16 Years training experience in Kaiboi, Eldoret Polytechnic, Chepsirei and Emgwen TVC 5 Years' experience as Deputy Principal in Chepsirei and Emgwen TVC.
3.	 Mr. Oscar Kiprono	Registrar Mr. Oscar Kiprono Bsc. Education Technology. 2 Years' Training experience in Emgwen Technical and Vocational College. 2 Years' experience as Registrar Emgwen TVC.

4.	 <p>Mrs. Lilian Nyanchama Gisemba</p>	<p>Dean of Students Mrs. Lilian Nyanchama Gisemba Bsc. Education Technology. 2. Years Training Experience in Emgwen Technical and Vocational College. 2 Years' experience as Dean of Student in Emgwen TVC.</p>
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#### **IV. Chairman's Statement**

During the year the institute was formally registered by the Ministry of Education it was overseen by the Mentor College, Kaiboi T.T.I. On 24<sup>th</sup> November, 2021. Inauguration was conducted graced by H.E the Deputy President .Dr.William Samoei Arap Ruto. The Institution as experienced challenges including low trainees enrolment and insufficient funds and training Equipment and Materials. The institution does not have enough training, technical and essential service personnel.

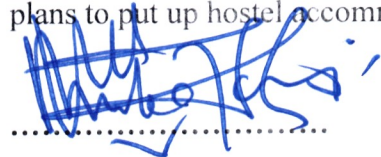
The following are key activities witnessed in the course of the year.

- (a) Registration of the institution
- (b) Commissioning of the institution by the contractor
- (c) Inauguration of the current Board of Governors
- (d) Inauguration of the institution by H.E Dr.William Samoei Arap Ruto

Successes so far witnessed include first admission of 10 trainees. However the institution faces the challenges which include;

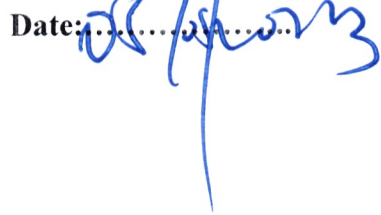
- a) Inadequate sanitation facilities
- b) water challenges
- c) Incomplete perimeter fence
- d) Lack of trainee hostel accommodation

The institution plans to increase trainee enrolment through rigorous marketing and outreach activities and provision of adequate sanitation , training facilities and materials., More importantly the institution plans to put up hostel accommodation and catering facilities.



.....  
**Chairman of the Board**

**Emgwen TVC**

Date:.....  


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

During the year the institute was formally registered by the Ministry of Education. This was overseen by the Mentor College, Kaiboi T.T.I. On 24<sup>th</sup> November 2021.

Inauguration of the institute was done and graced by H.E the Deputy President Dr. William Samoei Arap Ruto. The Institution experienced many challenges including low trainees enrolment which stood at 22 trainees. The institution also had insufficient funds as well as training Equipment and Materials. The building department which is the Centre of Excellence does not have the required machines and equipment. The Government of Kenya through the Ministry of Education is yet to deliver the machines and equipment as earlier planned. The management will keep following up and report to BOG the progress. The institution does not have enough training, technical and essential service personnel. Currently the institution has 6(Six) Public Service Trainers and 2 (Two) BOG Trainers. Other essential service personnel include: 1(One) cleaner and 2 (Two) Security officers.

The following are key activities witnessed in the course of the year. (a)Registration of the institution

(b)Commissioning of the institution by the contractor

(c)Inauguration of the current Board of Governors

(d)Inauguration of the institution by H.E Dr. William Samoei Arap Ruto

Successes so far witnessed include first admission of 10 trainees, acquisition of 10 (Ten) desk top computers for use in ICT training and 1 (One lap top)computer for use by members of staff. Secondly (3) Three white boards were installed in three training venues and six courses were approved and registered by TVETA in four departments. The inaugurated board members were also inducted on their roles; however the institution faced challenges which included;

(a).Inadequate sanitation facilities i.e. wash rooms, Pit latrines and an incinerator.

(b).inadequate water supply and storage

(c). Incomplete perimeter fence

(d).Lack of trainee hostel accommodation and catering service

(e) Lack of electricity supply to the institution.

### **Way forward**

The institution plans to increase trainee enrolment from 20 to 200 by the end of the F/Y 2022/2023 through rigorous marketing and outreach activities.

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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The management intends to provide adequate sanitation, training facilities and materials for use by trainees and staff. More importantly the institution plans to put up hostel accommodation and catering facilities in its plans to expand training opportunities.



.....  
**Secretary of the Board**

**Emgwen TVC**

**Date:.....** 5/05/2023

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives. The College has twelve (12) strategic issues and objectives within current Strategic Plan for the FY 2022- FY 2027. These strategic pillars are as follows:

Pillar/ theme/issue 1: Land

Pillar/ theme/ issue 2: Information communication technology

The College develops 12 annual work plans based on the above 12 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The College achieved its performance targets set for the FY 2021/22 period for its 12 strategic pillars, as indicated in the diagram below:

Issue	Land	Information communication technology	Quality assurance	Gender and Disability mainstreaming	Community Service	Trainers and support staff welfare
Issue 1	To increase land acreage to facilitate infrastructural development	To ensure digitalization of information	To ensure quality adherence	To ensure there is an equality in gender and disability in all opportunities	To be socially responsible to the community well being	To promote growth and development of
Issue 2	Information communication technology	Quality assurance	Gender and Disability mainstreaming	Community Service	Trainers and support staff welfare	
Issue 3	Land	Information communication technology	Quality assurance	Gender and Disability mainstreaming	Community Service	Trainers and support staff welfare
Issue 4	Information communication technology	Quality assurance	Gender and Disability mainstreaming	Community Service	Trainers and support staff welfare	
Issue 5	Community Service	Trainers and support staff welfare				
Issue 6	Trainers and support staff welfare					

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE  
Annual Report and Financial Statements for the year ended 30th June 2022**

		trainers and support staff well being	attended	
Issue 7	Student welfare	To promote growth and development of students wellbeing	Student organisation and leadership	Assisting students during bereavement
Issue 8	Water	To ensure adequate supply and efficient usage of clean water	Availability of water	Harvesting rain water and enhancing piped water supply
Issue 9	Income generating and resource mobilisation	To provide sustainable projects for institution growth	Tea plantation	Tea production
Issue 10	Environment	To provide an eco-friendly environment	Number of planted trees	Planted trees
Issue 11	Sports	To promote sporting activities	Number of sports introduced	Introduce sports
Issue 12	Image of the institution	To brand the institution for its uniqueness	Good informative billboards	Erect billboards and posters for signage

**VII. Corporate Governance Statement**

In the financial year FY 2021/22, the full board meetings held were three sittings while committee board meetings were done five times. The attendance by the members met the quorum. The succession plan was in place. The functions of the board were well stipulated while induction and training of board members has been done. The first full board was done on 28<sup>th</sup> September 2021 with the main agenda being inauguration and approval of opening of college Bank accounts, while the other board sittings deliberated mostly on the launch of the college and approval of KUCCPS, KNEC and HELB. The Education and Finance committees deliberated on KUCCPS, KNEC and HELB. The conflict of interest was usually declared before any activity of the board was undertaken. The board members were remunerated.

**VIII. Management Discussion and Analysis**

The college undertook the launch by the Deputy President on 24<sup>th</sup> November 2021. The College then was registered with TVETA, application for approval of courses, registration with KUCCPS, HELB and KNEC. The College then conducted Board inauguration and induction. The trainees were registered for July series KNEC examination. Training and marketing of College courses was undertaken. The possible risk of un-approved staff establishment, non-compliance by the state agencies providing supportive services to the College.

**IX. Environmental and Sustainability Reporting Statement**

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

**Sustainability strategy and profile**

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

**Environmental performance**

**No Environmental Policy has been developed yet for the college.**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's product.

**Employee welfare**

The College provides meals, trainings and guiding and Counselling services to its employees. There is also a welfare kitty run by the College to assist the employees during emergencies.

**Market place practices-**

- a) The institute undertook fair competition especially when recruiting trainees by avoiding conflict with other training institutions. The institution carried out its mandate in compliance with the anti-corruption policies and bipartisan political involvement. The institution also maintained good relations with its suppliers by honouring contracts and making payments on time.  
The institution participated in various seminars and workshops beneficial for staff and provided training opportunities for clients.

**Corporate Social Responsibility / Community Engagements**

Currently there the institute has engaged in the service to community. The College has employed the non-technical staff from the immediate community. The College has carried out sensitisation on career guidance and also engaged in various community activities such as assistance during bereavement and provision of electricity during social functions.

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the college affairs.

**Principal activities**

The principal activities of the college is training

**Results**

The results of the college for the year ended June 30<sup>th</sup>

<b>Board meeting on</b>	<b>Activity</b>
	<ul style="list-style-type: none"> <li>✓ Finance</li> <li>✓ Education</li> <li>✓ Full board</li> </ul>
	<b>Results</b>
	<ul style="list-style-type: none"> <li>✓ Minutes of the Board Sitzings on Finance and Strategy, Education and Training and Full Board Meetings.</li> </ul>

**Board of Governors**

The members of the Board who served during the year are shown on page VI.

**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 or a Certified Public Accountants were nominated by the Auditor General to carry out the audit of the college for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....  
**Secretary of the Board**  
**Emgwen TVC**  
**Date:**

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**XI. Statement of Board of Governors/ Responsibilities**

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

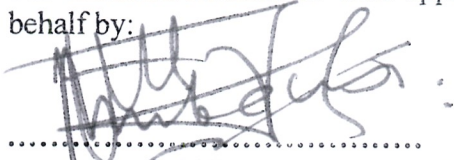
The BOG members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining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

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

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

**Approval of the financial statements**

The financial statements were approved by the Board on 22/09/2022 and signed on its behalf by:



.....  
Name DR. TARUS K. BENJAMIN  
Chairperson of the Board



.....  
Name TARUS JOB BARKEBO  
Principal

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



*Enhancing Accountability*

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

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Emgwen Technical Training and Vocational College set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of

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

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Emgwen Technical Training and Vocational College as at 30 June, 2022, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

### **Basis for Adverse Opinion**

#### **1. Presentation of the Financial Statements**

The financial statements do not include appendices on inter-entity transfers and recording of transfers from other government entities as required by the Public Sector Accounting Standards Board (PSASB). Financial risks, related party transactions and balances have also not been disclosed. Further, the statement of changes in net assets reflects revaluation gain amounting to Kshs.65,191,020 and transfer of depreciation/amortization from capital fund for retained earnings amounting to Kshs.1,655,783. However, the amounts were not supported with a valuation report.

In addition, the table of contents is incomplete and page 3 of the financial statements is blank.

In the circumstances, the financial statements do not comply with the financial reporting guidelines issued by the Public Sector Accounting Standards Board pursuant to the provisions of Section 194(1) of the Public Finance Management Act, 2012 and the International Public Sector Accounting Standards.

#### **2. Unsupported Use of Goods and Services Expenses**

The statement of financial performance reflects use of goods and services amounting to Kshs.1,153,500 as disclosed in Note 10 to the financial statements. However, the expenditure was not supported with purchase orders, invoices, goods receipts notes and payment vouchers.

In the circumstances, the accuracy and completeness of use of goods and services amounting to Kshs.1,153,500 could not be confirmed.

#### **3. Unsupported Board Expenses**

The statement of financial performance reflects board expenses amounting to Kshs.883,370 as disclosed in Note 12 to the financial statements. However, supporting schedules for the expenses were not provided for audit.

In the circumstances, the accuracy and completeness of board expenses amounting to Kshs.883,370 could not be confirmed.

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

The statement of financial position reflects cash and cash equivalents amounting to Kshs.373,788. However, the cash book was not updated and bank reconciliation statements were not provided for audit. Further, the statement of cash flows reflects cash and cash equivalents balance of Kshs.31,500 as at 1 July, 2021 which was not supported.

In addition, the statement of cash flows reflects net increase in cash and cash equivalent amounting to Kshs.342,288 which differ with the recomputed net decrease in cash and cash equivalents amounting to Kshs.578,000 resulting to unexplained variance of Kshs.920,288.

In the circumstance, the accuracy and completeness of the cash and cash equivalents amounting to Kshs.373,788 could not be confirmed.

#### **5. Unconfirmed Student Debtors**

The statement of financial position reflects current portion of current receivables from exchange transactions amounting to Kshs.707,985 in respect of student debtors as disclosed in Note 16 to the financial statements. However, the College did not have a debt management policy for formal guidance on the management of debts. Further, no provision for bad and doubtful debts was made for in the financial year under review.

In the circumstances, the accuracy and completeness current portion of receivables from exchange transactions amounting to Kshs.707,985 could not be confirmed.

#### **6. Inaccuracy of Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment amounting to Kshs.63,839,512. The amount includes Land balance of Kshs.9,194,000 as disclosed in Note 19 to the financial statements. However, the title deed for the land was not provided for audit verification.

Further the assets of the College were not tagged for ease of identification and tracking.

In the circumstances, the accuracy, completeness and ownership of land amounting to Kshs.9,194,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Emgwen Technical Training and Vocational College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

## **Key Audit Matters**

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

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.4,923,250 and Kshs.2,569,120 respectively resulting to an under-funding of Kshs.2,354,130 or 48% of the budget. Similarly, the statement reflects actual expenditure of Kshs.3,146,958 resulting to an under expenditure of Kshs.1,776,292 or 36% of the budget.

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Opinion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Lack of an Approved Human Resource Policy Manual, Career Progression Guidelines and Staff Establishment**

The statement of financial performance reflects employees cost of Kshs.342,250 as disclosed in Note 12 to the financial statements. However, the Management has not prepared and approved a Human Resource Policy manual, career progression guidelines and a staff establishment. This is contrary to Policy B1(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016, which states that every Ministry/State Department shall prepare human resource plans to support achievement of goals and objectives in their strategic plans. The plans shall be based on comprehensive job analysis and shall be reviewed every year to address emerging issues and needs. In the absence Approved Human Resource Policy Manual, Career Progression Guidelines and Staff Establishment, the Management may not hire, promote and retain an optimal staff level and maximize staff productivity.

In the circumstance, Management was in breach of the Human Resource Policies and Procedures Manual for the Public Service, 2016

## **2. Failure to Develop an Annual Work Plan for the Board**

The statement of financial performance reflects board expenses amounting to Kshs.883,370 as disclosed in Note 13 to the financial statements. However, the Board of Governors did not develop an annual Board plan for the financial year. This is contrary to parameter 1.9(1) of principle 4 of the Mwongozo - Code of Governance for State Corporations, 2015 which requires Board Members to development of an annual Board work plan.

In the circumstance, Management was in breach of the Mwongozo - Code of Governance for State Corporations, 2015.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Credit Policy and Aging Analysis for Trade and Other Payables**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.1,474,862. The amount includes other payables - borrowing from Kaiboi Technical Training Institute amounting to Kshs.1,286,000 as disclosed in Note 21 to the financial statements. Included in this balance is an amount of Kshs.1,286,000 in respect to other payables - borrowing from Kaiboi Technical Training Institute. However, the Management has not formulated a credit policy.

Lack of a credit policy may hamper effective management of creditors.

#### **2. Lack of Risk Management Policy**

The Management had not developed risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, potential threats to success of the College may not be identified and managed before they cause losses.

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 overall governance.

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

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.

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

I communicate with 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**

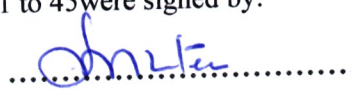
**31 May, 2023**

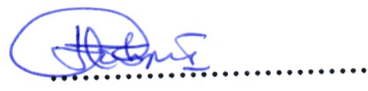
**X. Statement of Financial Performance for the year ended 30 June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants& capitation	6	2,075,000	00
		<b>2,075,000</b>	<b>00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	798,105	00
Sale of goods	8	360,000	00
Other income	9	44,000	00
		<b>1,202,105</b>	<b>00</b>
<b>Revenue from exchange transactions</b>		<b>3,277,105</b>	<b>00</b>
<b>Total revenue</b>			
<b>Expenses</b>			
Use of goods and services	10	1,153,500	00
Employee costs	11	342,250	00
Board Expenses	12	883,370	00
Depreciation and amortization expense	13	1,655,782	00
Repairs and maintenance	14	-	00
		<b>4,034,902</b>	<b>00</b>
<b>Total expenses</b>			
Other gains/(losses)		0	00
Gain on sale of assets		0	00
Unrealized gain on fair value of investments		0	00
Impairment loss		0	00
		<b>0</b>	<b>00</b>
<b>Total other gains/(losses)</b>			
		<b>(757,797)</b>	
<b>Net Surplus/deficit for the year</b>			<b>00</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		0	00
Surplus attributable to owners of the controlling entity		0	00

The Financial Statements set out on pages 1 to 45 were signed by:

  
 .....  
**Chairman of Board**

  
 .....  
**Finance Officer**  
 ICPAK No 19614

  
 .....  
**Principal**

**Date** 15/07/2023

**Date** 5/5/2023

**Date** 5/05/2023

**XI. Statement of Financial Position as at 30th June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	373,788	00
Current portion of receivables from exchange transactions	16	707,985	00
Receivables from non-exchange transactions		-	00
Inventories	18	-	00
		<b>1,081,773</b>	<b>00</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	63,839,512	00
Investments		-	00
Intangible assets		-	00
Investment property		-	00
Long term receivables from exchange transactions		-	00
		<b>63,839,512</b>	<b>00</b>
<b>Total assets</b>		<b>64,921,285</b>	<b>00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	1,474,862	00
Refundable deposits from customers	22	13,200	00
		<b>1,488,062</b>	<b>00</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation		0	00
<b>Total liabilities</b>		<b>1,488,062</b>	<b>00</b>
<b>Net Assets</b>		<b>64,433,223</b>	<b>00</b>
<b>Capital and Reserves</b>			
Reserves-Revaluation		-	00
Accumulated surplus		(757,797)	00
Capital Fund		65,191,020	00
<b>Total capital and Reserves</b>		<b>64,433,223</b>	<b>00</b>

The Financial Statements set out on pages 1 to 45 were signed by:

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

  
 .....  
**Finance Officer**

  
 .....  
**Principal**

**Date**



**ICPAK No** 19614

**Date**

5/5/2023

**Date**

5/5/2023

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**I.Statement of Changes in Net Asset for the year ended 30 June 2022**

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	TOTAL
<b>At July 1, 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Re-evaluation gain	-	-	-	65,191,020 -	65,191,020
Fair value adjustment on quoted investments	-				
Total comprehensive income				-	
Capital/Development grants received during the year			-	-	
Transfer of depreciation/amortisation from capital fund to retained earnings			1,655,782.85	(1,655,782.85)	0
Prior year adjustment	0	-		-	
<b>At June 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,535,237.15</b>	<b>65,191,020</b>

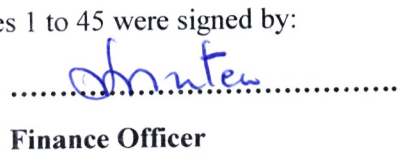
**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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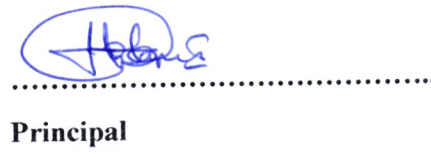
**I. Statement of Cash Flows for the year ended 30 June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	2,075,000	00
Rendering of services- Fees from students		90,120	00
Sale of goods	8	360,000	00
Other income	9	44,000	00
<b>Total Receipts</b>		<b>2,569,120</b>	<b>00</b>
<b>Payments</b>			
Compensation of employees	11	342,250	00
Use of goods and services		964,638	00
Board Expenses	12	883,370	00
Repairs and Maintenance		-	00
<b>Total Payments</b>		<b>2,190,258</b>	<b>00</b>
<b>Net cash flows from operating activities</b>		<b>378,862</b>	<b>00</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(956,700)	00
Proceeds from sale of property, plant and equipment			
Decrease in non-current receivables			
Increase in intangible assets		-	
<b>Net cash flows used in investing activities</b>		<b>(956,700)</b>	<b>00</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>			
Net increase/(decrease) in cash and cash equivalents		342,288	00
Cash and cash equivalents at 1 JULY		31,500	00
Cash and cash equivalents at 30 JUNE	26	373,788	00

The Financial Statements set out on pages 1 to 45 were signed by:

  
 Chairman of Council/Board

  
 Finance Officer

  
 Principal

Date 

ICPAK No 19814  
 Date 5/5/2023

Date 5/5/2023

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**III. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2020-2021	2021-2022	2021-2022	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other Govt entities			2,000,000	2,075,000	(75,000)	(3.61)
Govt grants	2,000,000					
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Fees from students	2,803,250	-	2,803,250	90,120	2,713,130	3,010.57
Sale of goods	120,000		120,000	360,000	(240,000)	(66.67)
Finance Income	-	-	-	-	-	
Other income		-	-	44,000	(44,000)	(100.00)
<b>Total income</b>	<b>4,923,250</b>	<b>-</b>	<b>4,923,250</b>	<b>2,569,120</b>	<b>2,354,130</b>	<b>91.63</b>
Expenses						
Compensation of employees	1,056,000	-	1,056,000	342,250	713,750	67.59
Use of Goods and services	3,172,250	-	3,172,250	964,638	2,207,612	69.59
Board Expenses	560,000	-	560,000	883,370	(323,370)	(57.74)
Repairs and Maintenance	135,000		135,000	-	135,000	100.00
<b>Total expenditure</b>	<b>4,923,250</b>	<b>-</b>	<b>4,923,250</b>	<b>3,146,958</b>	<b>1,776,292</b>	<b>36.08</b>
Surplus for the period				(577,838)	577,838	

**IV. Notes to the Financial Statements**

**1. General Information**

Emgwen TVC is established by and derives its authority and accountability from TVET 2015 Act. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is to provide training services.

**2. Statement of Compliance and Basis of Preparation**

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

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

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

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

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

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

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

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

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

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<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:  (a) The nature of such social benefits provided by the colleges; (b) The key features of the operation of those social benefit schemes; and  (c) The impact of such social benefits provided on the college's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.  Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<b>Applicable 1<sup>st</sup> January 2023</b> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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<b>Standard</b>	<b>Effective date and impact:</b>
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and.</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**iii. Early adoption of standards**

The colleges did not early-adopt any new or amended standards in year 2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

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

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

##### **a) Budget information**

The original budget for FY 2021/2022 was approved by the Board on **September 2021**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the college upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section PFM Act 2012 of these financial statements.

#### **5 Taxes**

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

The college is exempt from paying taxes as per schedule section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013

##### **Sales tax/ Value Added Tax**

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

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

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

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

**6 Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 6years.

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.

**7 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. The assets are depreciated on reducing balance using the following rates: -

Asset	Rate
Buildings	2.5%
Plant and machinery	20%
Motor vehicles, including motorcycles	25%
Computers and related equipment	33.3%
Office equipment, furniture, and fittings	12.5%

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

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

**8 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.

**9 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

**10 Research and development costs**

The college 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.

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

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

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

**11 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 college determines the classification of its financial assets at initial recognition.

**Loans and receivables**

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

**Held-to-maturity**

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

**Impairment of financial assets**

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

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

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

**i) Financial instruments (Continued)**

**Financial assets (Continued)**

**Impairment of financial assets (Continued)**

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

**Financial liabilities**

**Initial recognition and measurement**

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

**Loans and borrowing**

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

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

**12 Inventories**

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

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

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

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

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

**Inventories (Continued)**

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

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

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

**13 Provisions**

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

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

**Contingent assets**

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

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

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

**14 Changes in accounting policies and estimates**

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

**15 Employee benefits**

**Retirement benefit plans**

The college 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.

**16 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.

**17 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.

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

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

**18 Related parties**

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

**19 Service concession arrangements**

The college 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.

**20 Cash and cash equivalents**

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

**21 Comparative figures**

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

**22 Subsequent events**

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

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

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

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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

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

Description	2021/2022
	Kshs
Unconditional grants	2,000,000
Operational grants	75,000
Capitation grants	-
Other grants	-
	<b>2,075,000</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>2,075,000</b>

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

Ministry of Education State Department of VTTI	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2021- 2022
	KShs	KShs	KShs	KShs	KShs
State Department of VTTI	2,075,000	-	0	2,075,000	
	-	-	-	-	-
<b>Total</b>	<b>2,075,000</b>	-	-	<b>2,075,000</b>	-

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

**7. Rendering of Services**

<b>Description</b>	<b>2020-2021</b>
	<b>KShs</b>
TUITION FEE	291,320
P.E	120,080
EWC	31,000
LTT	29,735
RMI	15,500
ACTIVITY FEE	30,950
MEDICAL FEES	9,100
STUDENTS WELFARE	14,800
COMPUTER&INTERNET	44,000
STUDENT REGISTRATION	44,000
EXAMINATION FEES	100,420
ID	11,000
KUCCP	33,000
ATTACHMENT	10,000
CAUTION	13,200
<b>Total revenue from the rendering of services</b>	<b>798,105</b>

This is revenue from fees

**8. Sale of Goods**

<b>Description</b>	<b>2021-2022</b>
	<b>KShs</b>
Sale of goods	
Sale of books	
disposal of idle assets	
Sale of farm produce	360,000
Cafeteria-food and beverage	
Other(include in line with your organisation)	
<b>Total revenue from the sale of goods</b>	<b>360,000</b>

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

**9. Other Income**

Description	2021-2022
	Kshs
Computer Packages	44,000
Consultancy fees	-
Income from sale of tender	-
Services concession income	-
Reimbursements and refunds	-
Graduation fees	-
Miscellaneous (specify)	44,000
<b>Total other income</b>	

**10. Use Of Goods And Services**

Description	2021-2022
	KShs
Training Materials(SES)	14,395
Stationery	48,762
Research and Development	210,000
Marketing	108,800
Administrative	189,005
Local Transport & Travelling	209,900
Medical	28,080
Bank charges and commission	15,558
Activity	-
Application	78,000
Exam	38,000
Farm	-
Refunds	204,000
Electricity Bills & maintenance	9,000
<b>Total good and services</b>	<b>1,153,500</b>

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**11. Employee Costs**

Description	2021-2022
	KShs
Salaries and wages	342,250
Employee related costs - contributions to pensions and medical aids	-
Travel, motor car, accommodation, subsistence and other allowances	-
Housing benefits and allowances	-
Overtime payments	-
Performance and other bonuses	-
Social contributions	-
<b>Employee Costs</b>	<b>342,250</b>

**12. Board Expenses**

Description	2021-2022
	KShs
Chairman's Honoraria	-
Directors emoluments	-
Sitting Allowances	883,370
<b>Total director emoluments</b>	<b>883,370</b>

**13. Depreciation and Amortization expense**

Description	2021-2022
	KShs
Property, plant and equipment	1,655,782.85
Intangible assets	-
Investment property carried at cost	-
<b>Total depreciation and amortization</b>	<b>1,655,782.85</b>

**14. Repairs and Maintenance**

Description	2021-2022
	KShs
Property	-
Investment property—earning rentals	-
Equipment and machinery	-
Vehicles	-
Furniture and fittings	-
Computers and accessories	-
<b>Total Repairs and Maintenance</b>	<b>-</b>

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

**15. Cash and Cash Equivalents**

Description	2020-2021
	KShs
KCB Bank -1178002578	373,788
KCB Bank -	10
Cash in Hand, money orders	-
<b>Total cash and cash equivalents</b>	<b>373,788</b>

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

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

Financial Institution	Account number	2021-2022
		Kshs
<b>a) Current Account</b>		
KCB Bank -1178002578		373,788
Equity Bank, etc.		-
<b>Sub- Total</b>		-
<b>b) Others</b>		-
Cash in Transit		-
Cash in Hand		-
Mobile Money account		-
<b>Sub- Total</b>		-
<b>Grand Total</b>		<b>373,788</b>

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**16. Receivables from Exchange transactions**

<b>Description</b>	<b>2020-2021</b>
	<b>Kshs</b>
Current receivables	
Student debtors	707,985
Rent debtors	-
Consultancy debtors	-
Other exchange debtors- advances	-
Less: impairment allowance	-
<b>Total current receivables</b>	<b>707,985</b>

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

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

**18. Inventories**

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**d) Shareholding in other entities**

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

Name of Entity where Investment is Held	No. of Shares			Nominal Value of Shares	Fair Value of Shares	
	Direct Shareholding	Indirect Shareholding	Effective Shareholding		Current Year	Prior Year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
	-	-	-	-	-	-

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

**19. Property, Plant and Equipment**

	Land		Buildings and structures		Motor vehicles		Furniture and fittings		Computers		Plant and Equipment		Capital WIP		Total		
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	
<b>Cost</b>																	
At 1st July 2021	0	0	-	0	-	0	0	0	0	0	0	0	0	0	0	0	0
Additions	9,194,000	55,344,594				92,700	660,000	204,000								65,495,294	
WIP																	
Revaluation																	
<b>At 30th June 2022</b>																	
<b>Depreciation and impairment</b>																	
At 1st July 2021																	
Depreciation	0	0		55,344,594		92,700	660,000	204,000								65,495,294	
On Disposals																	
Impairment																	
At 30 June 2022	-	1,383,614.85				11,588	219,780	40,800								1,655,782.85	
Net book values																	
<b>At 30 June 2022</b>	<b>9,194,000</b>	<b>53,960,979.15</b>				<b>81,113</b>	<b>440,220</b>	<b>163,200</b>								<b>63,839,511.15</b>	
Depreciation rates	0.00	0.025	0.25	0.13	0.33	0.20	0.00										

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on 27.

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

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

Description	Cost Kshs	Accumulated Depreciation Kshs	NBV Kshs
Land	9,194,000	0	9,194,000
Buildings	55,344,594	1,383,614.85	53,960,979.15
Plant And Machinery	204,000	40,800	163,200
Motor Vehicles including Motorecycles	-	-	-
Computers and Related Equipment	660,000	219,780	440,220
Office Equipment, Furniture, And Fittings	92,700	11,588	81,113
<b>Total</b>	<b>65,495,294</b>	<b>1,655,782.15</b>	<b>63,839,512.15</b>

**20. Intangible Assets**

Description	2021-2022 Kshs
<b>Cost</b>	-
<b>At beginning of the year</b>	-
Additions	-
<b>At end of the year</b>	-
Additions—internal development	-
<b>At end of the year</b>	-
<b>Amortization and impairment</b>	-
<b>At beginning of the year</b>	-
Amortization	-
<b>At end of the year</b>	-
Impairment loss	-
<b>At end of the year</b>	-
<b>NBV</b>	-

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

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

<b>Description</b>	<b>2021-2022</b>
	<b>KShs</b>
Trade payables	188,862
Fees paid in advance	
Employee advances	
Other payables( borrowing from Kaiboi TTI)	1,286,000
<b>Total trade and other payables</b>	<b>1,474,862</b>

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

<b>Description</b>	<b>2021-2022</b>
	<b>KShs</b>
Consumer deposits	-
Caution money	13,200
Other refundable deposits	-
<b>Total deposits</b>	<b>13,200</b>

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

**23. Cash generated from operations**

2021-2022	Kshs
Surplus for the year before tax	
<b>Adjusted for:</b>	
Depreciation	-
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	-
Increase in Receivables	-
Increase in Deferred Income	-
Increase in Payables	-
Increase in Payments received in advance	-
<b>Net Cash Flow from Operating Activities</b>	-

**24. Financial Risk Management**

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

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

**(i) Credit risk**

The college 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

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

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

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

The entity has significant concentration of credit risk on amounts due from 30<sup>th</sup> June 2022

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

**(ii) Liquidity risk management**

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

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

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

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

**(iii) Market risk**

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

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

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

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

**a) Foreign currency risk**

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

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

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

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

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

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

**a) Foreign currency sensitivity analysis**

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

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

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**44 Financial Risk Management (Continued)**

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

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

**Sensitivity analysis**

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**IV) Capital Risk Management**

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

Description	2021-2022	2020-2021
Capital Risk Management	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
<b>Total Funds</b>	<b>-</b>	<b>-</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash and Cash Equivalents)	-	-
<b>Gearing</b>	<b>-</b>	<b>-</b>

**25. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

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

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

**26. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

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

**Contingent Liabilities**

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

(Give details)

**27. Capital Commitments**

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

**28. Deferred Tax Liability**

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

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

**29. Events After The Reporting Period**

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

**30. Ultimate And Holding Entity**

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

**31. Currency**

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

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

**Guidance Notes:**

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



.....  
**Name: TARUS JOB BARKEBO**  
**Accounting Officer**  
**Principal- Emgwen Technical and Vocational College**  
**Date: 8-05-2023**

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Appendix II: Projects Implemented byEMGWEN TVC**

**Projects**

Projects implemented by the SAGA Funded by development partners

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

**Status of Projects completion**

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

Project	Budget	Actual	Sources of funds
1	-	-	-
2	-	-	-
3	-	-	-

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

**[Insert your Letterhead]**

[Insert name of beneficiary Entity]

[Insert Address/

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

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

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

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

**Name** .....

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



**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Appendix V: Disaster Expenditure Reporting.**

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

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	27 JUN 2023
DAY:	TUESDAY
TABLED BY:	Hon Owen Bayo, MP Deputy leader, Majority
CLERK AT THE TABLE:	Mzofu Mwale

PARLIAMEN  
OF KENYA  
LIBRARY

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**EMGWEN TECHNICAL TRAINING  
AND VOCATIONAL COLLEGE**

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



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**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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Prepared In Accordance With the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)



**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

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**I. Key Entity Information and Management**

**(a) Background information**

The *institution* was established under the TVET Act/2013 Act on 26<sup>th</sup> April 2021. The entity is domiciled in Kenya. The institute is under the Ministry of Education.

**(b) Principal Activities**

The principal activity/mandate of the entity is to train individuals to acquire technical skills relevant to industrial needs needed in the job market and dynamic technology.

**The vision**

“To be a centre of excellences in technical and technological advancement in the region and beyond”.

**The mission**

“To nature, develop and promote technological advancement through technical skills and produce creative and innovative trainees ready to transform the society”

**CORE STRATEGIC OBJECTIVES**

1. To nature, develop and promote technological advancement through technical skills and produce creative innovative trainees ready to transform the society.
2. To promote TVET access through the use of ICT, open and distance learning, this shall provide technical solutions to emerging issues.
3. To acquire training equipment and expand infrastructure which will enhance practical skills that are relevant to trainees and global emerging trends.
4. To collaborate with organisations in providing trainees with industrial exposure leading to enhanced technology that solves emerging issues.
5. To promote trainee welfare through provision of co-curriculum facilities, counselling and career services

**(c) Key Management**

The entity’s day-to-day management is under the following key organs:  
 Board of Governors headed by the Board chairperson and its eight members and the Management headed by the Principal assisted by Deputy Principal, Registrar, Dean of Students and Procurement Officer.

**(d) Fiduciary Management**

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

		<b>Name</b>
1.	Principal	- Evelyn Ruto
2.	Deputy principal	- Richard Kiprob
4	Registrar (s)	- Oscar Kiprono
5	Dean of students	- Lilian Gisemba
6	Procurement Officer	- Albert Kipruto

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**(e) Fiduciary Oversight Arrangements**

**Finance and operations and strategy committee activities**

- Interrogate budget and procurement plan
- Align expenditure to the budget
- Receive and propose developmental projections
- Plan for use of student fees and capitation

**Education Training and Research committee activities**

- Implement TVET Training
- Ratify internal policies and procedures
- Provide framework for research

**Audit, Risk and Compliance Committee activities**

- Receive audit reports both financial and non-financial
- Propose actions based on the audit reports
- Identify risks and management of the risks

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

**(a) Entity Headquarters**

Emgwen Technical and Vocational College  
P.O. Box 345-30300 Kapsabet ,KENYA.

**(b) Entity Contacts**

Telephone: (+254) – (0)112-332525  
E-mail: [eemgwentvc@gmail.com](mailto:eemgwentvc@gmail.com)  
Website: [www.emgwentvc.ac.ke](http://www.emgwentvc.ac.ke)

**(c) Entity Bankers**

1. Kenya commercial bank –Eldoret East Branch (Main Account)
2. Kenya commercial Bank –Kapsabet Branch(NG-CDF Account)




**(d) Independent Auditors**

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




**(e) Principal Legal Adviser**

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




**II. The Board of Governors**

No	Member/ Director	Details
1.	 Dr. Tarus Benjamin Kipchumba (PhD)	BOG Chairperson: Doctor of Philosophy in Business Management (Strategic Management) ; MSc. (Human Resource Development); MBA (Executive); BBM (Accounting) Diploma Business Management (KIMS) CPS (K) & Governance Auditor Date of Birth: 19 <sup>th</sup> September 1973. 26 Years experience in Administration and Finance in Moi Teaching and Referral Hospital 5 Years experience in Senior Management position in Moi Teaching and Referral Hospital.
2.	 Mr. Gichuru Mutulili	BOG Member Mr. Gichuru Mutulili CDTVET
3.	 Ms. Grace Sugut	BOG Member Ms. Grace Sugut Date of Birth: Post graduate diploma in Education, Egerton University Bachelor of arts degree UON Currently, Mphil Education technology and communication Experience and occupation 19 years teaching experience 10 years in county government. Positions held; Vice chair Public service board, Chief officer, public service and CECM Education.


**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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<p>4.</p>	 <p>Mr. Charles Kisigwa Ikutwa</p>	<p>BOG Member          Mr. Charles Kisigwa Ikutwa          MA. Development studies; BSc. In Agriculture (Agricultural finances );Diploma in Range Management          Date of Birth: 2nd July 1967.          5 Years' experience as Technical Officer Range management Division- Ministry of Livestock Development.          17 Years' experience as Farm Manager Ministry of Agriculture and Livestock Development.          2 Years' experience as Consultancy on Training on Range Management, Farm Management, Livestock Production and Agriculture and Food Security.</p>
<p>5.</p>	 <p>Eng. Geoffrey Chepkwony</p>	<p>BOG Member          Eng. Geoffrey Chepkwony          MBA in strategic management; BSc. Mechanical Engineering.          Date of Birth: 31st August 1974.          3 Years' experience in Ministry of water resources as assistant engineer (Mechanical Engineer)          2 Years' experience as management trainee in K.T.D.A          5 Years' experience as regional engineer in K.T.D.A.          5 Years' experience as Factory Unit Manager Chebut Tea Factory.</p>
<p>6.</p>	 <p>Mrs. Lensa Atieno Ongoro</p>	<p>BOG Member          Mrs. Lensa Atieno Ongoro          BSc. Business Management ;Diploma in Business Manegment          Date of Birth: 11<sup>th</sup> May 1986.          6 Years' experience as Sales and Marketing executive in Cables and Plastics ltd Mombasa.          2 Years' experience as Sales and Marketing Executive in Leeway Commodities LTD Mombasa.          3 Years' experinces as Sales and Marketing Executive in Polyester Plastiks LTD Nairobi.</p>




**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**


7.	 Mrs. Angeline Kyololo	BOG Member Mrs. Angeline Kyololo MBA.Business Administration;BBM Purchasing and Supplies (Management Option);DPM.Business Management Date of Birth: 5 <sup>th</sup> May 1968. 19 Years' experience as Junior Bookshop Assistant in Moi University. 5 Years' experience as Bookshop Assistant in Chepkoilel Assistant. 12 Years' Experience as Administrative Assistant in University of Eldoret.
8.	 Eng. Walter Kibichiy	BOG Member Eng. Walter Kibichiy BSc. Industrial and textile Engineering; Diploma mechanical Engineering (Plan Option) Date of birth: 25 <sup>th</sup> March 1985. 1 Year experience manager at Equatorial oils. 5 Years' experience as Quality Control Engineer at Tarpo Industries Nairobi. 3. Year experience as Head of production at Tarpo Industries.
9.	 Mr. Timothy Kipkorir Sawe	BOG Member Mr. Timothy Kipkorir Sawe Masters in Computer Sciences; Bachelors of sciences (Computer Sciences, Maths & Physics) Date of Birth: 8 <sup>TH</sup> October 1979 1 Year experience as soft-ware engineer in Dzine Crew Software company. 1 Year experience as lecturer in Institute of community Development and Research Centre (ICDRC) 11 Years Experience as lecturer in Computer Science and Information Technology in Kabarak University.

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

10.	 Mrs. Evelyn Ruto	BOG Secretary Mrs. Evelyn Ruto Bachelors of Education Date of Birth: 20 <sup>th</sup> June 1966. BSc Agricultural Education and Extension. 1 Year experience Teaching at Kilimo High School. 29 Years as Trainer in Rift-Valley Institute of Science and Technology (RVIST). 12 Years' experience as Registrar (RVIST). 1 Year experience as Deputy Principal in (RVIST). 1 Year experience as Principal in Emgwen Technical and Vocational College.
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**III. Management Team**

No.	Member/ Director	Details
1.	 <p data-bbox="272 824 507 860">Mrs. Evelyn Ruto</p>	<p data-bbox="762 383 890 418">Principal:</p> <p data-bbox="762 418 995 454">Mrs. Evelyn Ruto</p> <p data-bbox="762 454 1326 562">BSc Agricultural Education and Extension. 1 Year experience Teaching at Kilimo High School.</p> <p data-bbox="762 562 1358 638">29 Years as Trainer in Rift-Valley Institute of Science and Technology (RVIST).</p> <p data-bbox="762 638 1329 674">12 Years' experience as Registrar (RVIST).</p> <p data-bbox="762 674 1294 750">1 Year experience as Deputy Principal in (RVIST).</p> <p data-bbox="762 750 1315 826">1 Year experience as Principal in Emgwen Technical and Vocational College.</p>
2.	 <p data-bbox="272 1294 531 1330">Mr. Richard Kiprop</p>	<p data-bbox="762 1003 979 1039">Deputy Principal</p> <p data-bbox="762 1039 963 1075">Richard Kiprop</p> <p data-bbox="762 1075 1251 1111">MSc. Biotechnology; Bsc. Education.</p> <p data-bbox="762 1111 1374 1187">16 Years training experience in Kaiboi, Eldoret Polytechnic, Chepsirei and Emgwen TVC</p> <p data-bbox="762 1187 1315 1263">5 Years' experience as Deputy Principal in Chepsirei and Emgwen TVC.</p>
3.	 <p data-bbox="272 1809 520 1845">Mr. Oscar Kiprono</p>	<p data-bbox="762 1496 884 1532">Registrar</p> <p data-bbox="762 1532 1007 1568">Mr. Oscar Kiprono</p> <p data-bbox="762 1568 1123 1603">Bsc. Education Technology.</p> <p data-bbox="762 1603 1294 1680">2 Years' Training experience in Emgwen Technical and Vocational College.</p> <p data-bbox="762 1680 1382 1715">2 Years' experience as Registrar Emgwen TVC.</p>

4.	 Mrs. Lilian Nyanchama Gisemba	Dean of Students Mrs. Lilian Nyanchama Gisemba Bsc. Education Technology. 2. Years Training Experience in Emgwen Technical and Vocational College. 2 Years' experience as Dean of Student in Emgwen TVC.
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#### **IV. Chairman's Statement**

During the year the institute was formally registered by the Ministry of Education it was overseen by the Mentor College, Kaiboi T.T.I. On 24<sup>th</sup> November, 2021. Inauguration was conducted graced by H.E the Deputy President .Dr.William Samoei Arap Ruto. The Institution as experienced challenges including low trainees enrolment and insufficient funds and training Equipment and Materials. The institution does not have enough training, technical and essential service personnel.

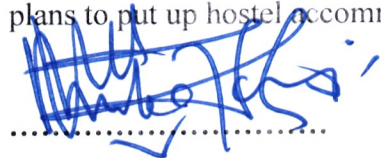
The following are key activities witnessed in the course of the year.

- (a) Registration of the institution
- (b) Commissioning of the institution by the contractor
- (c) Inauguration of the current Board of Governors
- (d) Inauguration of the institution by H.E Dr.William Samoei Arap Ruto

Successes so far witnessed include first admission of 10 trainees. However the institution faces the challenges which include;

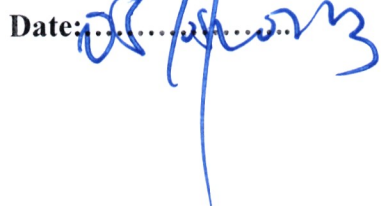
- a) Inadequate sanitation facilities
- b) water challenges
- c) Incomplete perimeter fence
- d) Lack of trainee hostel accommodation

The institution plans to increase trainee enrolment through rigorous marketing and outreach activities and provision of adequate sanitation , training facilities and materials., More importantly the institution plans to put up hostel accommodation and catering facilities.



.....  
**Chairman of the Board**

**Emgwen TVC**

Date:.....  


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

During the year the institute was formally registered by the Ministry of Education. This was overseen by the Mentor College, Kaiboi T.T.I. On 24<sup>th</sup> November 2021.

Inauguration of the institute was done and graced by H.E the Deputy President Dr. William Samoei Arap Ruto. The Institution experienced many challenges including low trainees enrolment which stood at 22 trainees. The institution also had insufficient funds as well as training Equipment and Materials. The building department which is the Centre of Excellence does not have the required machines and equipment. The Government of Kenya through the Ministry of Education is yet to deliver the machines and equipment as earlier planned. The management will keep following up and report to BOG the progress. The institution does not have enough training, technical and essential service personnel. Currently the institution has 6(Six) Public Service Trainers and 2 (Two) BOG Trainers. Other essential service personnel include: 1(One) cleaner and 2 (Two) Security officers.

The following are key activities witnessed in the course of the year. (a)Registration of the institution

(b)Commissioning of the institution by the contractor

(c)Inauguration of the current Board of Governors

(d)Inauguration of the institution by H.E Dr. William Samoei Arap Ruto

Successes so far witnessed include first admission of 10 trainees, acquisition of 10 (Ten) desk top computers for use in ICT training and 1 (One lap top)computer for use by members of staff. Secondly (3) Three white boards were installed in three training venues and six courses were approved and registered by TVETA in four departments. The inaugurated board members were also inducted on their roles; however the institution faced challenges which included;

(a).Inadequate sanitation facilities i.e. wash rooms, Pit latrines and an incinerator.

(b).inadequate water supply and storage

(c). Incomplete perimeter fence

(d).Lack of trainee hostel accommodation and catering service

(e) Lack of electricity supply to the institution.

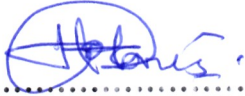
### **Way forward**

The institution plans to increase trainee enrolment from 20 to 200 by the end of the F/Y 2022/2023 through rigorous marketing and outreach activities.

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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The management intends to provide adequate sanitation, training facilities and materials for use by trainees and staff. More importantly the institution plans to put up hostel accommodation and catering facilities in its plans to expand training opportunities.



.....  
**Secretary of the Board**

**Emgwen TVC**

**Date:.....** 5/05/2023

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**VI. Statement of Performance against Predetermined Objectives**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives. The College has twelve (12) strategic issues and objectives within current Strategic Plan for the FY 2022- FY 2027. These strategic pillars are as follows:

Pillar/ theme/issue 1: Land

Pillar/ theme/ issue 2: Information communication technology

The College develops its annual work plans based on the above 12 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The College achieved its performance targets set for the FY 2021/22 period for its 12 strategic pillars, as indicated in the diagram below:

Issue	Land	To increase land acreage to facilitate infrastructural development	Availability of land	Purchase of land
Issue 2	Information communication technology	To ensure digitalization of information	Installed functional modern computer laboratory	Purchase of computers
Issue 3	Quality assurance	To ensure quality adherence	Quality standards	Quality improvement
Issue 4	Gender and Disability mainstreaming	To ensure there is an equality in gender and disability in all opportunities	Number of women and disable employed	Women and Disabled empowerment
Issue 5	Community Service	To be socially responsible to the community well being	Operational funded projects within the community	Enhance community relationship
Issue 6	Trainers and support staff welfare	To promote growth and development of	Training programmes	Enhance teaching capacity

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		trainers and support staff well being	attended	
Issue 7	Student welfare	To promote growth and development of students wellbeing	Student organisation and leadership	Assisting students during bereavement
Issue 8	Water	To ensure adequate supply and efficient usage of clean water	Availability of water	Harvesting rain water and enhancing piped water supply
Issue 9	Income generating and resource mobilisation	To provide sustainable projects for institution growth	Tea plantation	Tea production
Issue 10	Environment	To provide an eco-friendly environment	Number of planted trees	Planted trees
Issue 11	Sports	To promote sporting activities	Number of sports introduced	Introduce sports
Issue 12	Image of the institution	To brand the institution for its uniqueness	Good informative billboards	Erect billboards and posters for signage

### **VII. Corporate Governance Statement**

In the financial year FY 2021/22, the full board meetings held were three sittings while committee board meetings were done five times. The attendance by the members met the quorum. The succession plan was in place. The functions of the board were well stipulated while induction and training of board members has been done. The first full board was done on 28<sup>th</sup> September 2021 with the main agenda being inauguration and approval of opening of college Bank accounts, while the other board sittings deliberated mostly on the launch of the college and approval of KUCCPS, KNEC and HELB. The Education and Finance committees deliberated on KUCCPS, KNEC and HELB. The conflict of interest was usually declared before any activity of the board was undertaken. The board members were remunerated.

### **VIII. Management Discussion and Analysis**

The college undertook the launch by the Deputy President on 24<sup>th</sup> November 2021. The College then was registered with TVETA, application for approval of courses, registration with KUCCPS, HELB and KNEC. The College then conducted Board inauguration and induction. The trainees were registered for July series KNEC examination. Training and marketing of College courses was undertaken. The possible risk of un-approved staff establishment, non-compliance by the state agencies providing supportive services to the College.

### **IX. Environmental and Sustainability Reporting Statement**

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

#### **Sustainability strategy and profile**

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

#### **Environmental performance**

##### **No Environmental Policy has been developed yet for the college.**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's product.

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Employee welfare**

The College provides meals, trainings and guiding and Counselling services to its employees. There is also a welfare kitty run by the College to assist the employees during emergencies.

**Market place practices-**

- a) The institute undertook fair competition especially when recruiting trainees by avoiding conflict with other training institutions. The institution carried out its mandate in compliance with the anti-corruption policies and bipartisan political involvement. The institution also maintained good relations with its suppliers by honouring contracts and making payments on time.  
The institution participated in various seminars and workshops beneficial for staff and provided training opportunities for clients.

**Corporate Social Responsibility / Community Engagements**

Currently there the institute has engaged in the service to community. The College has employed the non-technical staff from the immediate community. The College has carried out sensitisation on career guidance and also engaged in various community activities such as assistance during bereavement and provision of electricity during social functions.

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the college affairs.

**Principal activities**

The principal activities of the college is training

**Results**

The results of the college for the year ended June 30<sup>th</sup>

<b>Board meeting on</b>	<b>Activity</b>
	<ul style="list-style-type: none"> <li>✓ Finance</li> <li>✓ Education</li> <li>✓ Full board</li> </ul>
	<b>Results</b>
	<ul style="list-style-type: none"> <li>✓ Minutes of the Board Sitzings on Finance and Strategy, Education and Training and Full Board Meetings.</li> </ul>

**Board of Governors**

The members of the Board who served during the year are shown on page VI.

**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 or a Certified Public Accountants were nominated by the Auditor General to carry out the audit of the college for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....  
**Secretary of the Board**  
**Emgwen TVC**  
**Date:**

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**XI. Statement of Board of Governors/ Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and (section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - (require the BOG membersto prepare financial statements in respect of that Emgwen TVC, which give a true and fair view of the state of affairs of the Emgwen TVCat the end of the financial year/period and the operating results for the year/period. The BOG members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the collegeThe BOG members are also responsible for safeguarding the assets of the y.

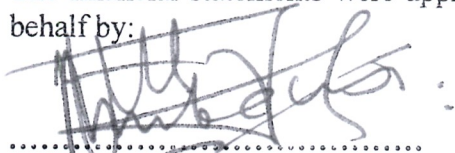
The BOG membersare responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining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

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

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

**Approval of the financial statements**

The financial statements were approved by the Board on 22/09/2022 and signed on its behalf by:



.....  
Name DR. TARUS K. BENJAMIN  
Chairperson of the Board



.....  
Name TARUS JOB BARKEBO  
Principal

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Emgwen Technical Training and Vocational College set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of

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

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Emgwen Technical Training and Vocational College as at 30 June, 2022, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

### **Basis for Adverse Opinion**

#### **1. Presentation of the Financial Statements**

The financial statements do not include appendices on inter-entity transfers and recording of transfers from other government entities as required by the Public Sector Accounting Standards Board (PSASB). Financial risks, related party transactions and balances have also not been disclosed. Further, the statement of changes in net assets reflects revaluation gain amounting to Kshs.65,191,020 and transfer of depreciation/amortization from capital fund for retained earnings amounting to Kshs.1,655,783. However, the amounts were not supported with a valuation report.

In addition, the table of contents is incomplete and page 3 of the financial statements is blank.

In the circumstances, the financial statements do not comply with the financial reporting guidelines issued by the Public Sector Accounting Standards Board pursuant to the provisions of Section 194(1) of the Public Finance Management Act, 2012 and the International Public Sector Accounting Standards.

#### **2. Unsupported Use of Goods and Services Expenses**

The statement of financial performance reflects use of goods and services amounting to Kshs.1,153,500 as disclosed in Note 10 to the financial statements. However, the expenditure was not supported with purchase orders, invoices, goods receipts notes and payment vouchers.

In the circumstances, the accuracy and completeness of use of goods and services amounting to Kshs.1,153,500 could not be confirmed.

#### **3. Unsupported Board Expenses**

The statement of financial performance reflects board expenses amounting to Kshs.883,370 as disclosed in Note 12 to the financial statements. However, supporting schedules for the expenses were not provided for audit.

In the circumstances, the accuracy and completeness of board expenses amounting to Kshs.883,370 could not be confirmed.

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

The statement of financial position reflects cash and cash equivalents amounting to Kshs.373,788. However, the cash book was not updated and bank reconciliation statements were not provided for audit. Further, the statement of cash flows reflects cash and cash equivalents balance of Kshs.31,500 as at 1 July, 2021 which was not supported.

In addition, the statement of cash flows reflects net increase in cash and cash equivalent amounting to Kshs.342,288 which differ with the recomputed net decrease in cash and cash equivalents amounting to Kshs.578,000 resulting to unexplained variance of Kshs.920,288.

In the circumstance, the accuracy and completeness of the cash and cash equivalents amounting to Kshs.373,788 could not be confirmed.

#### **5. Unconfirmed Student Debtors**

The statement of financial position reflects current portion of current receivables from exchange transactions amounting to Kshs.707,985 in respect of student debtors as disclosed in Note 16 to the financial statements. However, the College did not have a debt management policy for formal guidance on the management of debts. Further, no provision for bad and doubtful debts was made for in the financial year under review.

In the circumstances, the accuracy and completeness current portion of receivables from exchange transactions amounting to Kshs.707,985 could not be confirmed.

#### **6. Inaccuracy of Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment amounting to Kshs.63,839,512. The amount includes Land balance of Kshs.9,194,000 as disclosed in Note 19 to the financial statements. However, the title deed for the land was not provided for audit verification.

Further the assets of the College were not tagged for ease of identification and tracking.

In the circumstances, the accuracy, completeness and ownership of land amounting to Kshs.9,194,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Emgwen Technical Training and Vocational College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

## **Key Audit Matters**

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

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.4,923,250 and Kshs.2,569,120 respectively resulting to an under-funding of Kshs.2,354,130 or 48% of the budget. Similarly, the statement reflects actual expenditure of Kshs.3,146,958 resulting to an under expenditure of Kshs.1,776,292 or 36% of the budget.

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Opinion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Lack of an Approved Human Resource Policy Manual, Career Progression Guidelines and Staff Establishment**

The statement of financial performance reflects employees cost of Kshs.342,250 as disclosed in Note 12 to the financial statements. However, the Management has not prepared and approved a Human Resource Policy manual, career progression guidelines and a staff establishment. This is contrary to Policy B1(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016, which states that every Ministry/State Department shall prepare human resource plans to support achievement of goals and objectives in their strategic plans. The plans shall be based on comprehensive job analysis and shall be reviewed every year to address emerging issues and needs. In the absence Approved Human Resource Policy Manual, Career Progression Guidelines and Staff Establishment, the Management may not hire, promote and retain an optimal staff level and maximize staff productivity.

In the circumstance, Management was in breach of the Human Resource Policies and Procedures Manual for the Public Service, 2016

## **2. Failure to Develop an Annual Work Plan for the Board**

The statement of financial performance reflects board expenses amounting to Kshs.883,370 as disclosed in Note 13 to the financial statements. However, the Board of Governors did not develop an annual Board plan for the financial year. This is contrary to parameter 1.9(1) of principle 4 of the Mwongozo - Code of Governance for State Corporations, 2015 which requires Board Members to development of an annual Board work plan.

In the circumstance, Management was in breach of the Mwongozo - Code of Governance for State Corporations, 2015.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Credit Policy and Aging Analysis for Trade and Other Payables**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.1,474,862. The amount includes other payables - borrowing from Kaiboi Technical Training Institute amounting to Kshs.1,286,000 as disclosed in Note 21 to the financial statements. Included in this balance is an amount of Kshs.1,286,000 in respect to other payables - borrowing from Kaiboi Technical Training Institute. However, the Management has not formulated a credit policy.

Lack of a credit policy may hamper effective management of creditors.

#### **2. Lack of Risk Management Policy**

The Management had not developed risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, potential threats to success of the College may not be identified and managed before they cause losses.

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 overall governance.

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

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.

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

I communicate with 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**

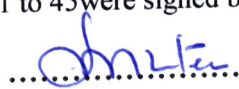
**31 May, 2023**


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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants& capitation	6	2,075,000	00
		<b>2,075,000</b>	<b>00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	798,105	00
Sale of goods	8	360,000	00
Other income	9	44,000	00
		<b>1,202,105</b>	<b>00</b>
		<b>3,277,105</b>	<b>00</b>
<b>Total revenue</b>			
<b>Expenses</b>			
Use of goods and services	10	1,153,500	00
Employee costs	11	342,250	00
Board Expenses	12	883,370	00
Depreciation and amortization expense	13	1,655,782	00
Repairs and maintenance	14	-	00
		<b>4,034,902</b>	<b>00</b>
<b>Total expenses</b>			
Other gains/(losses)		0	00
Gain on sale of assets		0	00
Unrealized gain on fair value of investments		0	00
Impairment loss		0	00
		<b>0</b>	<b>00</b>
		<b>(757,797)</b>	<b>00</b>
<b>Net Surplus/deficit for the year</b>			
Attributable to:			
Surplus/(deficit) attributable to minority interest		0	00
Surplus attributable to owners of the controlling entity		0	00

The Financial Statements set out on pages 1 to 45 were signed by:

  
 .....  
**Chairman of Board**

  
 .....  
**Finance Officer**  
**ICPAK No 19614**

  
 .....  
**Principal**

**Date** 15/07/2023

**Date** 5/5/2023

**Date** 5/05/2023

**XI. Statement of Financial Position as at 30th June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	373,788	00
Current portion of receivables from exchange transactions	16	707,985	00
Receivables from non-exchange transactions		-	00
Inventories	18	-	00
		<b>1,081,773</b>	<b>00</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	63,839,512	00
Investments		-	00
Intangible assets		-	00
Investment property		-	00
Long term receivables from exchange transactions		-	00
		<b>63,839,512</b>	<b>00</b>
<b>Total assets</b>		<b>64,921,285</b>	<b>00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	1,474,862	00
Refundable deposits from customers	22	13,200	00
		<b>1,488,062</b>	<b>00</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation		0	00
<b>Total liabilities</b>		<b>1,488,062</b>	<b>00</b>
<b>Net Assets</b>		<b>64,433,223</b>	<b>00</b>
<b>Capital and Reserves</b>			
Reserves-Revaluation		-	00
Accumulated surplus		(757,797)	00
Capital Fund		65,191,020	00
<b>Total capital and Reserves</b>		<b>64,433,223</b>	<b>00</b>

The Financial Statements set out on pages 1 to 45 were signed by:

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


  
 .....  
**Finance Officer**

  
 .....  
**Principal**

**Date**



**Date**

ICPAK No 19614  


**Date**



**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	TOTAL
<b>At July 1, 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Re-evaluation gain	-	-	-	65,191,020 -	65,191,020
Fair value adjustment on quoted investments	-				
Total comprehensive income				-	
Capital/Development grants received during the year			-	-	
Transfer of depreciation/amortisation from capital fund to retained earnings			1,655,782.85	(1,655,782.85)	0
Prior year adjustment	0	-		-	
<b>At June 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,535,237.15</b>	<b>65,191,020</b>

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

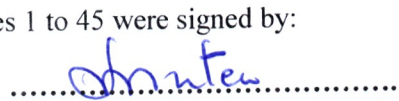
**I. Statement of Cash Flows for the year ended 30 June 2022**

Description		2021-2022	2020-2021
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	2,075,000	00
Rendering of services- Fees from students		90,120	00
Sale of goods	8	360,000	00
Other income	9	44,000	00
<b>Total Receipts</b>		<b>2,569,120</b>	<b>00</b>
<b>Payments</b>			
Compensation of employees	11	342,250	00
Use of goods and services		964,638	00
Board Expenses	12	883,370	00
Repairs and Maintenance		-	00
<b>Total Payments</b>		<b>2,190,258</b>	<b>00</b>
<b>Net cash flows from operating activities</b>		<b>378,862</b>	<b>00</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(956,700)	00
Proceeds from sale of property, plant and equipment			
Decrease in non-current receivables			
Increase in intangible assets		-	
<b>Net cash flows used in investing activities</b>		<b>(956,700)</b>	<b>00</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>			
Net increase/(decrease) in cash and cash equivalents		342,288	00
Cash and cash equivalents at 1 JULY		31,500	00
Cash and cash equivalents at 30 JUNE	26	373,788	00

The Financial Statements set out on pages 1 to 45 were signed by:



Chairman of Council/Board



Finance Officer

ICPAK No 19814

Date 5/5/2023



Principal

Date 5/5/2023

Date 

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**III. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2020-2021	2021-2022	2021-2022	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other Govt entities			2,000,000	2,075,000	(75,000)	(3.61)
Govt grants	2,000,000					
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Fees from students	2,803,250	-	2,803,250	90,120	2,713,130	3,010.57
Sale of goods	120,000		120,000	360,000	(240,000)	(66.67)
Finance Income	-	-	-	-	-	
Other income		-	-	44,000	(44,000)	(100.00)
<b>Total income</b>	<b>4,923,250</b>	<b>-</b>	<b>4,923,250</b>	<b>2,569,120</b>	<b>2,354,130</b>	<b>91.63</b>
Expenses						
Compensation of employees	1,056,000	-	1,056,000	342,250	713,750	67.59
Use of Goods and services	3,172,250	-	3,172,250	964,638	2,207,612	69.59
Board Expenses	560,000	-	560,000	883,370	(323,370)	(57.74)
Repairs and Maintenance	135,000		135,000	-	135,000	100.00
<b>Total expenditure</b>	<b>4,923,250</b>	<b>-</b>	<b>4,923,250</b>	<b>3,146,958</b>	<b>1,776,292</b>	<b>36.08</b>
Surplus for the period	-			(577,838)	577,838	

**IV. Notes to the Financial Statements**

**1. General Information**

Emgwen TVC is established by and derives its authority and accountability from TVET 2015 Act. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is to provide training services.

**2. Statement of Compliance and Basis of Preparation**

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

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

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

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

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

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

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

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

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<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>

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<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the colleges; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the college's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<b>Applicable 1<sup>st</sup> January 2023</b> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector.</li> </ul> Amendments to refer to the latest System of National Accounts (SNA 2008). <ul style="list-style-type: none"> <li>• IPSAS 39: Employee Benefits</li> </ul>

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

<b>Standard</b>	<b>Effective date and impact:</b>
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and.</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**iii. Early adoption of standards**

The colleges did not early-adopt any new or amended standards in year 2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

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

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

##### **a) Budget information**

The original budget for FY 2021/2022 was approved by the Board on **September 2021**/Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the college upon receiving the respective approvals in order to conclude the final budget

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section PFM Act 2012 of these financial statements.

#### **5 Taxes**

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

The college is exempt from paying taxes as per schedule section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013

##### **Sales tax/ Value Added Tax**

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

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

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

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

**6 Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 6 years.

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

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

**7 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. The assets are depreciated on reducing balance using the following rates: -

Asset	Rate
Buildings	2.5%
Plant and machinery	20%
Motor vehicles, including motorcycles	25%
Computers and related equipment	33.3%
Office equipment, furniture, and fittings	12.5%

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

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

**8 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.

**9 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

**10 Research and development costs**

The college 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.

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

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

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

**11 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 college determines the classification of its financial assets at initial recognition.

**Loans and receivables**

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

**Held-to-maturity**

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

**Impairment of financial assets**

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

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

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

**i) Financial instruments (Continued)**

**Financial assets (Continued)**

**Impairment of financial assets (Continued)**

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

**Financial liabilities**

**Initial recognition and measurement**

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

**Loans and borrowing**

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

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

**12 Inventories**

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

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

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

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

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

**Inventories (Continued)**

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

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

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

**13 Provisions**

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

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

**Contingent assets**

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

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

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

**14 Changes in accounting policies and estimates**

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

**15 Employee benefits**

**Retirement benefit plans**

The college 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.

**16 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.

**17 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.

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

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

**18 Related parties**

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

**19 Service concession arrangements**

The college 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.

**20 Cash and cash equivalents**

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

**21 Comparative figures**

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

**22 Subsequent events**

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

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

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

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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

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

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

<b>Description</b>	<b>2021/2022</b>
	<b>Kshs</b>
Unconditional grants	2,000,000
Operational grants	75,000
Capitation grants	-
Other grants	2,075,000
<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>2,075,000</b>

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

<b>Ministry of Education State Department of VTTI</b>	<b>Amount recognized to Statement of Comprehensive Income</b>	<b>Amount deferred under deferred income</b>	<b>Amount recognised in capital fund.</b>	<b>Total grant income during the year</b>	<b>2021- 2022</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
State Department of VTTI	2,075,000	-	0	2,075,000	
	-	-	-	-	-
<b>Total</b>	<b>2,075,000</b>	-	-	<b>2,075,000</b>	-

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**7. Rendering of Services**

<b>Description</b>	<b>2020-2021</b>
	<b>KShs</b>
TUITION FEE	291,320
P.E	120,080
EWC	31,000
LTT	29,735
RMI	15,500
ACTIVITY FEE	30,950
MEDICAL FEES	9,100
STUDENTS WELFARE	14,800
COMPUTER&INTERNET	44,000
STUDENT REGISTRATION	44,000
EXAMINATION FEES	100,420
ID	11,000
KUCCP	33,000
ATTACHMENT	10,000
CAUTION	13,200
<b>Total revenue from the rendering of services</b>	<b>798,105</b>

This is revenue from fees

**8. Sale of Goods**

<b>Description</b>	<b>2021-2022</b>
	<b>KShs</b>
Sale of goods	
Sale of books	
disposal of idle assets	
Sale of farm produce	360,000
Cafeteria-food and beverage	
Other(include in line with your organisation)	
<b>Total revenue from the sale of goods</b>	<b>360,000</b>

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**9. Other Income**

Description	2021-2022
	Kshs
Computer Packages	44,000
Consultancy fees	-
Income from sale of tender	-
Services concession income	-
Reimbursements and refunds	-
Graduation fees	-
Miscellaneous (specify)	44,000
<b>Total other income</b>	

**10. Use Of Goods And Services**

Description	2021-2022
	KShs
Training Materials(SES)	14,395
Stationery	48,762
Research and Development	210,000
Marketing	108,800
Administrative	189,005
Local Transport & Travelling	209,900
Medical	28,080
Bank charges and commission	15,558
Activity	-
Application	78,000
Exam	38,000
Farm	-
Refunds	204,000
Electricity Bills & maintenance	9,000
<b>Total good and services</b>	<b>1,153,500</b>

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**11. Employee Costs**

Description	2021-2022
	KShs
Salaries and wages	342,250
Employee related costs - contributions to pensions and medical aids	-
Travel, motor car, accommodation, subsistence and other allowances	-
Housing benefits and allowances	-
Overtime payments	-
Performance and other bonuses	-
Social contributions	-
<b>Employee Costs</b>	<b>342,250</b>

**12. Board Expenses**

Description	2021-2022
	KShs
Chairman's Honoraria	-
Directors emoluments	-
Sitting Allowances	883,370
<b>Total director emoluments</b>	<b>883,370</b>

**13. Depreciation and Amortization expense**

Description	2021-2022
	KShs
Property, plant and equipment	1,655,782.85
Intangible assets	-
Investment property carried at cost	-
<b>Total depreciation and amortization</b>	<b>1,655,782.85</b>

**14. Repairs and Maintenance**

Description	2021-2022
	KShs
Property	-
Investment property-earning rentals	-
Equipment and machinery	-
Vehicles	-
Furniture and fittings	-
Computers and accessories	-
<b>Total Repairs and Maintenance</b>	<b>-</b>

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**15. Cash and Cash Equivalents**

Description	2020-2021
	KShs
KCB Bank -1178002578	373,788
KCB Bank -	10
Cash in Hand, money orders	-
<b>Total cash and cash equivalents</b>	<b>373,788</b>

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

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

Financial Institution	Account number	2021-2022
		Kshs
<b>a) Current Account</b>		
KCB Bank -1178002578		373,788
Equity Bank, etc.		-
<b>Sub- Total</b>		-
<b>b) Others</b>		
Cash in Transit		-
Cash in Hand		-
Mobile Money account		-
<b>Sub- Total</b>		-
<b>Grand Total</b>		<b>373,788</b>

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**16. Receivables from Exchange transactions**

Description	2020-2021
	Kshs
Current receivables	
Student debtors	707,985
Rent debtors	-
Consultancy debtors	-
Other exchange debtors- advances	-
Less: impairment allowance	-
<b>Total current receivables</b>	<b>707,985</b>

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

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

**18. Inventories**

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

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

**d) Shareholding in other entities**

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

Name of Entity where Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	
	Direct Shareholding	Indirect Shareholding	Effective Shareholding		Current Year	Prior Year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
	-	-	-	-	-	-

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

**19. Property, Plant and Equipment**

	Land		Buildings and structures		Motor vehicles		Furniture and fittings		Computers		Plant and Equipment		Capital WIP		Total		
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	
<b>Cost</b>																	
At 1st July 2021	0	0	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions	9,194,000	55,344,594					92,700	660,000	204,000								65,495,294
WIP																	
Revaluation																	
<b>At 30th June 2022</b>																	
At 30th June 2022		55,344,594		55,344,594		92,700	660,000	204,000									65,495,294
<b>Depreciation and impairment</b>																	
At 1st July 2021																	
Depreciation	0	0				0	0	0	0	0	0	0	0	0	0	0	0
On Disposals																	
Impairment																	
At 30 June 2022		-		1,383,614.85		11,588	219,780	40,800									1,655,782.85
Net book values																	
<b>At 30 June 2022</b>																	
At 30 June 2022	9,194,000	53,960,979.15		81,113	440,220	163,200											63,839,511.15
Depreciation rates	0.00	0.025	0.25	0.13	0.33	0.20	0.00										

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on 27.

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

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

Description	Cost Kshs	Accumulated Depreciation Kshs	NBV Kshs
Land	9,194,000	0	9,194,000
Buildings	55,344,594	1,383,614.85	53,960,979.15
Plant And Machinery	204,000	40,800	163,200
Motor Vehicles including Motorcycles	-	-	-
Computers and Related Equipment	660,000	219,780	440,220
Office Equipment, Furniture, And Fittings	92,700	11,588	81,113
<b>Total</b>	<b>65,495,294</b>	<b>1,655,782.15</b>	<b>63,839,512.15</b>

**20. Intangible Assets**

Description	2021-2022 Kshs
<b>Cost</b>	-
<b>At beginning of the year</b>	-
Additions	-
<b>At end of the year</b>	-
Additions—internal development	-
<b>At end of the year</b>	-
<b>Amortization and impairment</b>	-
<b>At beginning of the year</b>	-
Amortization	-
<b>At end of the year</b>	-
Impairment loss	-
<b>At end of the year</b>	-
<b>NBV</b>	-

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

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

<b>Description</b>	<b>2021-2022</b>
	<b>KShs</b>
Trade payables	188,862
Fees paid in advance	
Employee advances	
Other payables( borrowing from Kaiboi TTI)	1,286,000
<b>Total trade and other payables</b>	<b>1,474,862</b>

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

<b>Description</b>	<b>2021-2022</b>
	<b>KShs</b>
Consumer deposits	-
Caution money	13,200
Other refundable deposits	-
<b>Total deposits</b>	<b>13,200</b>

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**Annual Report and Financial Statements for the year ended 30th June 2022**

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

**23. Cash generated from operations**

2021-2022	Kshs
Surplus for the year before tax	
<b>Adjusted for:</b>	
Depreciation	-
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	-
Increase in Receivables	-
Increase in Deferred Income	-
Increase in Payables	-
Increase in Payments received in advance	-
<b>Net Cash Flow from Operating Activities</b>	-

**24. Financial Risk Management**

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

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

**(i) Credit risk**

The college 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

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

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

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

The entity has significant concentration of credit risk on amounts due from 30<sup>th</sup> June 2022

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

**(ii) Liquidity risk management**

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

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

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

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

**(iii) Market risk**

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

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

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

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

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

**a) Foreign currency risk**

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

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

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

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

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

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

**a) Foreign currency sensitivity analysis**

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

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Notes to the Financial Statements (Continued)**

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

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**44 Financial Risk Management (Continued)**

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

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

**Sensitivity analysis**

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

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

**IV) Capital Risk Management**

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

Description	2021-2022	2020-2021
Capital Risk Management	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
<b>Total Funds</b>	<b>-</b>	<b>-</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash and Cash Equivalents)	-	-
<b>Gearing</b>	<b>-</b>	<b>-</b>

**25. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

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

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

Description of Financial Statements for the year ended 30th June 2022	2021-2022	2020-2021
to the Financial Statements (Continued)	Kshs	Kshs
<b>Transactions with Related Parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	-	-
Rent income from govt agencies	-	-
Water sales to govt agencies	-	-
Others (specify)	-	-
<b>Total</b>	-	-
<b>B) Purchases from related parties</b>		
Purchases of electricity from kwec	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (specify)	-	-
<b>Total</b>	-	-
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	-	-
Grants from County Government	-	-
Donations in Kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related parties</b>		
Payments of Salaries and Wages for xx Employees	-	-
Payments for Goods and Services for XX	-	-
<b>Total</b>	-	-
<b>d) Key Management Compensation</b>		
Directors' emoluments	-	-
Compensation to Key Management	-	-
<b>Total</b>	-	-

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

**26. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

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

**Contingent Liabilities**

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

(Give details)

**27. Capital Commitments**

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

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

**28. Deferred Tax Liability**

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

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

**29. Events After The Reporting Period**

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

**30. Ultimate And Holding Entity**

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

**31. Currency**

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

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**Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

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

**Guidance Notes:**

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



.....  
**Name: TARUS JOB BARKEBO**  
**Accounting Officer**  
**Principal- Emgwen Technical and Vocational College**  
**Date: 8-05-2023**

**EMGWEN TECHNICAL TRAINING AND VOCATIONAL COLLEGE**  
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**Appendix II: Projects Implemented byEMGWEN TVC**

**Projects**

Projects implemented by the SAGA Funded by development partners

Appendix II: Projects Implemented byEMGWEN TVC	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	-	-	-
2	-	-	-

**Status of Projects completion**

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

Project	Project start date	Project end date	Budget	Actual	Sources of funds
1	-	-	-	-	-
2	-	-	-	-	-
3	-	-	-	-	-

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

**[Insert your Letterhead]**

[Insert name of beneficiary Entity]

[Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

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

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

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

**Name** .....

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



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**Appendix V: Disaster Expenditure Reporting.**

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