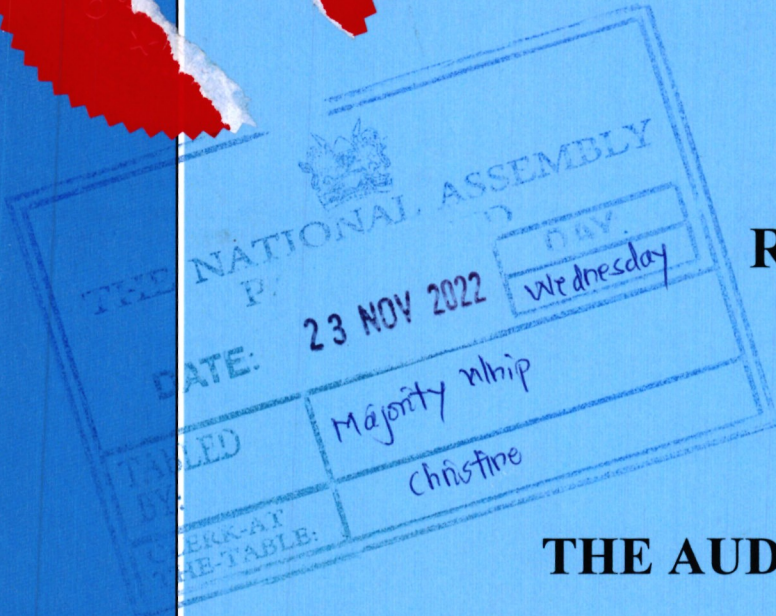
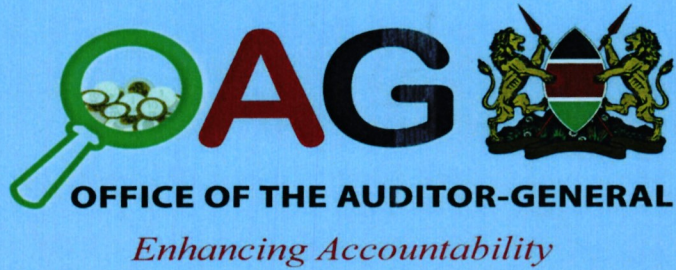


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KIPSINENDE TECHNICAL AND VOCATIONAL  
COLLEGE**

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





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**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**JUNE 30, 2021**



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

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Table of Contents

I.	KEY ENTITY INFORMATION AND MANAGEMENT .....	11
II.	THE BOARD OF GOVERNORS .....	16
III.	MANAGEMENT TEAM .....	17
IV.	CHAIRMAN'S STATEMENT .....	18
V.	REPORT OF THE PRINCIPAL .....	19
VI.	STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES .....	21
VII.	CORPORATE GOVERNANCE STATEMENT .....	xxv
VIII.	MANAGEMENT DISCUSSION AND ANALYSIS .....	xxvii
IX.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING .....	xxviii
X.	REPORT OF THE COUNCIL/BOARD OF GOVERNORS .....	xxxi
XI.	BOARD OF GOVERNORS .....	xxxii
XII.	STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES xxxiii	
XIII.	REPORT OF THE INDEPENDENT AUDITOR ON THE KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE .....	xxxv
XIV.	STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED JUNE 30, 2021	1
XV.	STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021 .....	2
XVI.	STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021 ....	3
XVII.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021 .....	4
XVIII.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021 .....	6
XIX.	NOTES TO THE FINANCIAL STATEMENTS .....	8
	APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS .....	42
	APPENDIX II: PROJECTS IMPLEMENTED BY THE INSTITUTE .....	43
	APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES .....	44

## I. KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

Kipsinende Technical and Vocational College (KSTVC) is a Public institute as per the aspiration of peoples of Kipkelion of Kericho County through self-help group in recognition of the fact that Technology is part of everyday life. KSTVC is located 10km North of Fort-Ternan town, off the Londiani-Muhoroni road in Chilchila Division in Kipkelion West Constituency in Kericho County in the South Rift Valley Region of Kenya.

Kipsinende TVC is one of the most recently constructed institutes mentored by Ol'lessos TTI. It is managed by a Board of Governors (BOG) under the general direction of the Ministry of Education. It operates under the Technical Vocational Education and Training (TVET) Act, 2013.

Kipsinende Technical and Vocational College (KSTVC) is a middle level college sponsored by FGCK and is established on a 21-acre land.

The inception and growth of KSTVC dates back to 2008 when the local community of Kipsinende had a vision of having a Technical Institution under the direction of the local leaders at then. It transformed fully into a Technical Training Institute after it received funding from the Government from the treasury and the CDF.

Upon the handing over of the project by the contractor, the community and the mentor institution on 3<sup>rd</sup> September 2016 rolled out the first 50 students in Business and Information Communication and Technology (ICT) departments as a constituent campus of Ol'lessos TTI.

Kipsinende TVC was registered by TVET Authority in January 2017 as a Technical and Vocational College. The institute is located in a serene environment with a moderately cool climate that is conducive for learning.

Since then, KSTVC has produced competent graduates who fit the global competitive needs of current and the emerging challenges.

KSTVC is an equal opportunity Technical and Vocational Education and Training (TVET) institute under the Ministry of Education, State department of TVET offering TVET courses at Diploma, Certificate and Artisan levels. It distinguished itself as an Institute with high academic standards. It is adopting strict academic discipline with relevant and marketable programmes. The institute is developing partnerships with very able stakeholders. It aims to link every training department with well-established industries to ensure the training skills gaps with the industry are reduced with the aim of producing globally competitive graduates.

KSTVC is gearing towards certified Quality Management System (QMS) (ISO 9001:2015) and this gives holistic approaches to training self-driven graduates aimed at achieving Kenya industrialization envisaged in the vision 2030 and who will drive the Government's 'Big Four' agenda for sustainable development of the society.

The Institute is fully accredited by TVET under Ministry of Education. It will be participating in TVET Trade fairs, Robots contests and other activities approved by the parent Ministry.

### (b) Principal Activities

Kipsinende Technical and Vocational College is mandated to train with the following:



**MOTTO**

Service Before Self

**VISION**

A centre of excellence for competency training in Technical and Vocational Education

**MISSION**

To provide Technical and Vocational Training that promotes Competencies to meet Local, Regional and Global Technological, Environmental and Dynamic Socio-Economic Challenges

**STRATEGIC GOALS**

- Enhance capacity in TVET and Innovations
- Promote positive corporate image
- Inculcate Entrepreneurial culture in trainees
- Improve Institutional Corporate governance

**CORE VALUES**

- Transparency, Accountability and Integrity.
- Innovation, creativity and incubation.
- Timeliness in service delivery.
- Teamwork in pursuit of excellence.
- Unity in diversity.
- Equity, effectiveness and efficiency in service delivery.
- Gender equity
- Main-streaming disability
- Spirituality.

**(c) Key Management**

Kipsinende TVC day-to-day management is under the following:

- Board of Governors
- Accounting officer/Principal
- Top management
- Heads of Departments/Heads of Sections
- Students Council

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mibey Joesph Kirwa
2.	Deputy Principal Finance	Lagat Esther Masinde
3	Deputy Principal Academics	Sitienei Paul Tuei
4	Registrar	Koskei Simion
5	Dean of Students	Mutweke John Maina
6	Head of Finance	Chelimo Caroline
7	Head of Procurement	Kurgat Dorcas Jepkorir

**(e) Fiduciary Oversight Arrangements**

Key Kipsinende Technical and Vocational College information and management

**BOARD COMMITTEES**

The board committees facilitate the decision –making to assist the board in the execution of its duties, power and authority, however delegation of authority to the committees does not in any way qualify dispel the discharge by the board of it duties and responsibilities.

Board committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the board.

**AUDIT AND RISK**

S/NO	NAME	TITLE
1	AMOS KORIR	CHAIRMAN
2	PROF. WESLEY TOO	MEMBER
3	DANIEL TARE	MEMBER

**MANDATE**

The role of the Audit and Risk committee is to assist the Board in monitoring and reviewing any matters of Significance affecting financial reporting and compliance.

**FINANCE AND HUMAN RESOURCE COMMITTEE**

S/NO	NAME	TITLE
1	BENJAMINE KYAMBO	CHAIR PERSON
2	JEREMIAH ORUKO	MEMBER
3	PETER CHERUIYOT	MEMBER

#### MANDATE

The role of finance and human resource committee is to advise the board on better financial practices, cost reduction, monitor production unit, to carry the Financial function as well as the human resource function and submit a draft budget to the full board for adoption and approval.

#### TECHNICAL AND PROJECT COMMITTEE

S/NO	NAME	TITLE
1	DANIEL TARE	CHAIRMAN
2	JEREMIAH ORUKO	CHAIRMAN Member
3	EMILY CHEPNGETICH NGENO	MEMBER

#### MANDATE

The core mandate of the Technical and project committee is to oversee all project and investment of the college and advice the board and to undertake Quality Management Systems, Strategic Planning Management and review Strategic plans periodically and institutional policies.

(f) **Entity Headquarters**

Main campus at Kipsinende-Chilchila Hill  
 P.O Box 28-20209  
 Fort Ternan  
 Off Londiani - Muhoroni/Road/Highway at Fort Ternan  
 Fort Ternan, KENYA

(g) **Entity Contacts**

Telephone : ( 254) 772498383/0721661791  
 E-mail: [kipsinendetechnical@gmail.com](mailto:kipsinendetechnical@gmail.com).  
 Website: <https://www.kipsinendeinstitute.ac.ke>

**(h) Entity Bankers**

Kenya Commercial Bank, Kericho main branch  
A/C No. 1212733894,  
P.O. Box 43-20200,  
Kericho, Kenya










**(i) Independent Auditors**

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







**(j) Principal Legal Adviser**

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

**II. THE BOARD OF GOVERNORS**

No.	Member/ Director	Name & Qualification
1.	CHAIRMAN 	MARITIM WELDON, DOB 1977, ID NO.20913788, M.Sc. (IN GEOGRAPHIC INFORMATION SYSTEMS), B.Sc. (IN SURVEYING) University of Nairobi
2.	PRINCIPAL/BOG SECRETARY 	JOSEPH K. MIBEY, D.O.B 24/09/1964. BACHELOR OF TECHNICAL EDUCATION
3.	MEMBER/REP PS-CDTVET-KERICHO 	KIPKOECH PETER CHERUIYOT, D.O.B 08/08/1972. M. PHIL.
4.	MEMBER 	EMILY CHEPNETICH NGENO, D.O.B 15 <sup>TH</sup> MAY 1974, BACHELOR OF BUSINESS ADMINISTRATION(MANAGEMENT)
5.	MEMBER 	BENJAMIN KYAMBO, D.O.B 1 <sup>ST</sup> AUGUST 1968, PHD STRATEGIC INFORMATION SYSTEM, LECTURER KISII UNIVERSITY COLLEGE.
6.	MEMBER 	AMOS KORIR, D.O.B 30 <sup>TH</sup> JUNE 1980 CERTIFIED PUBLIC ACCOUNTANT PART 3
7.	MEMBER 	JEREMIAH ORUKO ORUKO, D.O.B 20/09/1956, TECHNICAL TEACHER AT RAMOGI INSTITUTE OF ADVANCED TECHNOLOGY KISUMU AND ALSO THE DEAN OF STUDENTS
8.	MEMBER 	DANIEL TARE, D.O.B 1 <sup>ST</sup> JAN 1969 B.TECH DEGREE IN ELECTRICAL AND COMMUNICATIONS ENGINEERING
9.	MEMBER 	PROF. WESLEY TOO, DOB 10 <sup>TH</sup> /4/1976, PHD FOUNDING DEAN, SCHOOL OF MEDICINE AND HEALTH SCIENCE

## III. MANAGEMENT TEAM


No.	Member/ Director	Details
1.	JOSEPH KIRWA MIBEY 	-CHIEF EXECUTIVE OFFICER/ PRINCIPAL -SECRETARY BOG - ACCOUNTING OFFICER
2.	PAUL SITIENEI 	-D/PRINCIPAL ACADEMICS -HEAD OF ACADEMIC MATTERS -CHAIRPERSON OF ACADEMIC COMMITTEE
3.	ESTHER MASINDE LANGAT 	-AG D/PRINCIPAL ADMINISTRATION -CHAIRPERSON DISCIPLINARY COMMITTEE -HUMAN RESOURCE FUNCTION
4.	CAROLINE CHELIMO 	-ACCOUNTANT -FINANCIAL MANAGEMENT -BUDGETING AND CONTROL -FINANCIAL REPORTING
5.	SIMEON K. KOSKEI	-AG. REGISTRAR -ADMISSIONS AND MARKETING
6.	JOHN MUTWEKE MAINA 	-AG. DEAN OF STUDENTS -STUDENTS WELFARE
7.	DORCAS KURGAT 	-PROCUREMENT OFFICER -ADVISOR IN PROCUREMENT MATTERS

**IV. CHAIRMAN'S STATEMENT**

It is with great pleasure that I present the Kipsinende Technical and Vocational College Financial Report for the Financial Year ending 30<sup>th</sup> June, 2021. The College this year endeavoured to increase the number of programmes to enable access to technical education. The College seeks linkages with the private and public sectors to enhance quality training within and placements during attachments. I wish to appreciate the support of the Government through its capitation programme and organization like the Higher Education Loans Board for continuing to support in facilitation to our students in paying the college fees. Increasing number of students have difficulties in meeting the cost of education and HELB as well as other bursary providers have assisted in ensuring our students pursue their studies with ease. I appeal for further support from the private sector and Non-Governmental organizations. We sincerely ask the above collaborators to continue supporting us as we endeavour to achieve our vision and Mission.

In the course of the year the world was hit by the COVID-19 pandemic. It resulted to many challenges causing the college with other institutions to closed down and was open but yet to run normally. The Board would like to appeal to the Government to consider enhancing our recurrent and capital development grants to enable the College to meet its financial obligations and put up infrastructure to accommodate the rising number of trainees in line with the COVID-19 health protocols. The College faces huge challenge in putting up critical infrastructure including learning and accommodation facilities. We are looking forward that the college to expand by creating another campus next to the Fort-Ternan town in-line with the local community vision by utilizing available facilities within the community for the community.

I thank all: students, parents, the sponsor, Leaders, community, and other stakeholders for choosing to invest in our Institution and urge that together we should strive to achieve higher levels of excellence in the coming years. I sincerely thank my fellow board members for their cooperation and input in good governance as we start the three year terms which has just begun this year.

SIGNATURE ..... 

DATE ..... 29/08/2022

**MARITIM WELDON**  
**CHAIRMAN, BOARD OF GOVERNORS**

## REPORT OF THE PRINCIPAL

During the FY2020/2021 the college was to review the strategic plan and execute its mandate and Core Functions as outlined in the stated strategic plan. One of the key ingredients of the plan is a system of academic commitment by fostering a climate of productivity, professionalism, excellence, accountability, transparency, equity, equality and innovation in order to be competitive. On equity the college has integrated normal trainers with trainers with disabilities. The strategic plan will provide the continual improvement of curricula and the establishment of linkages with institutions both in public and private sector.

### Finance Performance Highlights

The college recorded an improved revenue based on expansion on admissions to programmes in January, May and September intake which increases the number of students. The increase has also been as a result of Capitation program which commenced in September 2018.

However, the expansion of these programs has resulted in an increase in operational costs. Our challenge is to develop a way of instituting cost reduction measures, while implementing quality assurance systems that ensure programs are not compromised. During the FY2020/2021 the college is committed to establish management operations policies, for example Finance Policy and Procurement policy etc awaiting approval.

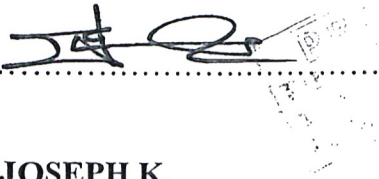
The college total revenue for the financial year ended 30 June 2021 was Kshs. 31,290,800.00 that comprises revenue from exchange transactions (student's fees) of Kshs. 4,118,495.00 and government capitation of Kshs. 24,270,000.00. The grant accounted for 85% of the total revenue while 15% was generated through internal sources mainly fees charged to students. The main challenge the institution is facing is inability of the students to clear their fees arrears, which was Kshs. 13,396,664.00 as at 30 June 2021. Although there has been progress, the college still has shortcomings as a result of lack of adequate funding.

Although the college is on the upward trend in progress; It has shortcomings as a result of lack of adequate learning facilities as well as academic and administrative offices and accommodation; The accessibility to the institution is a challenge due to the location of the college and since its inception the road has not been graded or improved. It also faces a shortage of means of transport; the water supplied to college is raw water from river obstruction without treatment; the institute is served by septic tank with few pit latrines; the college at time is affected by power blackout due to lack of power backup so it requires a stand by generator or any other alternative source of power for example a wind power generation because it is situated on a hill, these challenges is a result of low funding from the exchequer. In the FY2021/2022 plans to work closely with other stakeholders in funding some of these projects as planned in the strategic plan. I would like to thank the Government of Kenya and other stake holders for their continued financial support during the year under consideration. The college enrolment has increased from 515, in the year 2020 to 972 in the Financial Year ending 30<sup>th</sup> June 2022 and requires more facilities and both Human and Material resources is required on the increase especially on the teaching staff we hope the government to employ more trainers in the FY2021/2022.

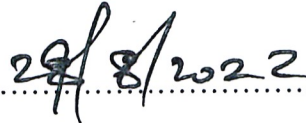
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30 2021

Finally, I like to acknowledged the support of BOG, Staff, Students, Local leaders and other stake holders for their overwhelming cooperation in running the college during the year under review.

SIGNATURE.....



DATE.....



**MR. MIBEY JOSEPH K.**  
**PRINCIPAL/ SECRETARY**

**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

According to Section 81 Subsection 2(f) of the PFM Act 2012, the Management focus on the implementation of the College 2019-2024 strategic plan on the following:

**Table 1 -Projected Trainees Enrolment per Department**

S/No	DEPARTMENT /YEARS	2019	2020	2021	2022	2023	2024
1.	Automotive and Mechanical Engineering	51	320	197	153	252	441
2.	Building and Civil Engineering	56	288	207	171	282	494
3.	Business Studies Department	261	293	409	791	1305	2284
4.	Electrical and Electronics Engineering	44	135	118	133	219	383
5.	Information Communication Technology	50	118	154	146	241	422
6.	Applied Science	0	0	0	125	205	359
	<b>Totals</b>	<b>462</b>	<b>1,154</b>	<b>1085</b>	<b>1519</b>	<b>2504</b>	<b>4383</b>

**Table 2 – Projected Performance (2019 – 2024)**

LEVEL	YEARS					
	2019	2020	2021	2022	2023	2024
ARTISAN	66	83	60	62	64	66
CRAFT	45	38	54	55	56	57
DIPLOMA	26	58	38	39	40	41
<b>OVERALL</b>	<b>38.51</b>	<b>49.15</b>	<b>50.67</b>	<b>52.00</b>	<b>53.33</b>	<b>54.67</b>

**Table 3 -Current and Projected Academic staff establishment (2019 - 2024)**

S/N	DEPARTMENT	2019		2020		2021		2022		2023		2024	
		BO G	PS C	BO G	PS C	BO G	PS C	BO G	PS C	BO G	PS C	B O G	PS C
1.	Administration	1	5	0	6	0	6	0	6	0	9	0	10
2.	Automotive & Mechanical Engineering	2	3	2	3	1	4	1	5	0	6	0	7
3.	Building & Civil Engineering	2	3	4	2	5	2	1	5	0	6	0	7
4.	Business Studies	9	2	9	2	13	3	0	10	0	10	0	10
5.	Electrical & Electronic Engineering	2	2	0	5	0	6	1	5	0	6	0	7
6.	Information Communication Technology	4	2	3	1	3	3	1	7	0	8	0	9
7.	Applied Science	0	0	0	0	0	0	1	3	1	5	0	7
	<b>TOTAL</b>	<b>18</b>	<b>13</b>	<b>18</b>	<b>13</b>	<b>20</b>	<b>18</b>	<b>5</b>	<b>41</b>	<b>1</b>	<b>50</b>	<b>0</b>	<b>57</b>
	<b>GRAND TOTAL</b>		<b>31</b>		<b>31</b>		<b>38</b>		<b>45</b>		<b>51</b>		<b>57</b>

**Table 4 -Current and Projected non –teaching staff establishment (2019 – 2024)**

S/No	Designation	Desired Qualification in relevant area	Years				
			2019/2	2020/21	2021/2	2022/2	2023/2
1.	Principals Secretary	Craft	1	1	1	1	1
2.	Finance Officer	CPA K & B. Coms	0	0	0	1	1
3.	Accountant	CPA II	1	1	1	1	1
4.	Accounts Clerk	ATC Final	2	2	2	2	2
5.	Stores supplies clerk	Diploma	0	2	2	2	
6.	Procurement Officer	Diploma	1	1	1	1	1
7.	Office Assistant	Craft	0	1	2	3	4
8.	Registry Clerk	Craft	0	1	1	2	3
9.	Head Librarian	Degree	0	0	0	1	1
10.	Librarian	Diploma	1	2	2	3	4
11.	Cateress/Caterer	Diploma	1	1	1	1	1
12.	Cooks	Artisan	2	2	2	5	6
13.	Waiter/Waitress	Artisan	0	0	0	0	0
14.	Kitchen hand	Primary Certificate	0	0	0	4	5
15.	Cleaners	Primary Certificate	2	2	2	6	8
16.	Chief Security Officer	Diploma	0	0	0	0	0
17.	Security Officers	Primary Certificate	3	4	4	5	6
18.	Computer Technician	Diploma	1	1	1	3	4
19.	Workshop Technicians • Automotive • Electrical • Building	Diploma	1				
				1	1	2	2
			0	0	0	1	1
20.	Drivers • Secondary Cert • Valid Driving						
			1	1	1	3	4
21.	Office Messenger	Primary Certificate	0	0	0	1	1
22.	Farm Attendants	Secondary Certificate	0	1	1	2	3
23.	Farm Manager	Diploma	0	0	0	1	1

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30 2021

24.	Nurse/Clinical officer	Diploma	0	0	0	1	1
25.	Grounds staff	Primary Certificate	1	1	1	4	5
26.	Transport Officer	Craft	0	0	0	0	1
27.	Ground foreman	Artisan	0	0	1	1	1
28.	Human Resource	HND	0	0	0	0	1
29.	System Administrator	Diploma	0	0	0	1	1
TOTAL			18	25	27	61	75

## **VII. CORPORATE GOVERNANCE STATEMENT**

During the financial year 2020/2021, the BOG term expired on July 2020. Nomination of new board of Governors was done on 8<sup>th</sup> July 2020 under the leadership of the Kericho/ Bomet County Director TVET, Mr. Peter Cheruiyot. The Nomination process was duly followed. The nomination panel comprised the following:

1. Mr. Peter Cheruiyot : CDTVET
2. Mr. Tobiko Nayioma : Deputy county commissioner
3. Mr. Joseph Mibey : Principal/BOG secretary
4. Mr. Charles Moiben : MP representative
5. Mr. Richard Koech : Chief Toroton
6. Mrs. Esther Lagat : Ag. Deputy principal admin.

The meeting was chaired by Mr. Cheruiyot and the proposed BOG nominees discussed based on the qualifications outlined in the current MoEST guidelines and requirements as per the TVET Act No.29 of 2013.

Succession plan on governance was considered during nomination. Two thirds of the previous BOG membership were proposed and forwarded to be considered for renewal in the new board. This was done based on their good performance in the previous board. This practice ensures smooth transition and continuity of BOG operations.

The following members were appointed by the ministry on 30<sup>th</sup> December, 2020 to serve as board members in the indicated capacities:

1. Mr. Maritim Weldon - BOG chairperson
2. Ms. Emily Chepngetich - Leadership
3. Prof. Wesley Too - Industry
4. Eng. Daniel Tare - Technology
5. Mr. Jeremiah Oruko - Engineering
6. Mr. Benjamin Kyambo - ICT
7. Mr. Amos Korir - Finance

Board of Governors inauguration was done on 19<sup>th</sup> March, 2021. The event was officiated by Mr. David Ng'ang'a deputy director TVET Directorate. All BOG members were present during the inauguration and orientation. The inauguration was done physical at the college. Thereafter the following three committees were formed: Risk and Audit, Finance and HR and Technical and project. The BOG is conversant with laws and regulations governing their operations in college. They are guided by the Constitution of Kenya 2010, The TVET Act 2013 and MWONGOZO document.

The BOG provides oversight role. All members are aware of their roles. BOG committees are in place to ensure implementation of the curriculum, proper financial and human resource utilisation, internal controls through the Risk and Audit committee and prioritisation and implementation of projects.

# KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30 2021

Membership to the various committees comply with the set rules on BOG committee constitution. The BOG is fully committed and dedicated to serve the college.

The first Finance and HR BOG committee meeting was held on 31<sup>st</sup> May 2021 chaired by Mr. Kyambo. Technical and Project committee was held on 2<sup>nd</sup> June 2021 after Board inauguration on 19<sup>th</sup> March 2021. The two committees met to discuss issues in regard to preparation of the 2021/2022 Annual Finance Budget. The full BOG meeting was held on 10<sup>th</sup> June, 2021. The number of meetings during the 2020/2021 financial year were few due to expiry of the previous board.

Induction and training of Board of Governors was from 30<sup>th</sup> June, 2021 to 3<sup>rd</sup> July, 2021. The training was organised by the KATTI principals in the South Rift. The training was conducted by PSC expert officers in the ministry and State Department of Vocational and Technical Training. The attendance of members during meetings is good. BOG members are entitled to an allowance of Kshs. 10,000 and Kshs. 5,000 for transport and other miscellaneous expenses when they attend a meeting. The figure was agreed on in the preceding board of governors.

Kipsinende TVC Board of Governors are people of integrity and ethical. They uphold values and principles as stipulated in Chapter Six Leadership and Integrity under Article 10 and 232 of the Constitution of Kenya 2020. Members of the Board educated, knowledgeable and have huge experience which is an advantage to our college

The board of governors are procedural and informed on many aspects such as governance, financial stewardship, procurement procedures, Human resource issues and technology, industrial linkages and partnerships. The members have not displayed conflict of interest. However, the college has mechanisms to identify and handle issues to do with conflict of interest.

### **VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

During the FY2020-2021 the college operations were affected by the Covid -19 pandemic that the learning activities were interrupted by closure of the college:

- a) Term dates
- b) External exams dates
- c) Curriculum activities
- d) Core curriculum
- e) Introduction of Distance On-line Learning
- f) Social interaction
- g) The situation was worsen when the student's enrolment went down than expected where the number of them never turn up for learning.
- h) The collection of fees was not achieved, therefore affecting finance performance.
- i) Delay of disbursement of capitation
- j) Remuneration of employees

Kipsinende Technical and Vocational College undertook the following projects to mitigate the Covid 19 pademic:

- a) Fencing of the proposed town campus, main campus and construction of the gate,
- b) Land scapping and pavement of pathways
- c) Purchase of tents,
- d) Improvement of male ablution block
- e) Provision of signages on Covid-19 protocols
- f) Provision of water points and sanitization points and
- g) Improvement of the kitchen facilities.

The starting of the dairy farming by construction of a dairy unit and purchase of three dairy cows to improve revenue collection.

Other plan projects were not implemented due to this effects

## **IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

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

### **Sustainability strategy and profile**

In carrying out our duties, we intend to put all our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, Education and Training Sector Plan-Medium Term Plan III, keeping in mind the specific priorities of Kipsinende Technical and Vocational College. We also pay special attention to implementation of Post COVID-19 recovery strategies and plans.

Bearing in mind the imperative of inclusivity, we commit to implement the following Strategic Intentions during the FY2020-2021:

1. Increase graduates in Science, Engineering and Technology courses with the requisite skills for the delivery of "Big Four" Initiatives;
2. Applying modern technology in small holder farming to ensure food security and sustainability;
3. To develop and improve infrastructural facilities to accommodate the needs of the stakeholders and the immediate community.
4. To establish Post COVID-19 Recovery Strategies to curb its spread in line with the Ministry of Health (MoH) requirements.

### **Environmental performance**

Kipsinende Technical and Technical College is located on top of the hill on a land that the community used to graze their flock of Cows with high grace vegetation without trees. The college has form and environmental club under the APSnet school guided by a trained patron. The focus is on the Sustainable Development Development Goals. In the FY2020-2021 the College was recognised by the UNESCO by being the National runners up where it was awarded a certificate and prize of Kshs, 40,000.00 to improve on the tree nursery.

In last month of 2021 the college organized an environmental day to celebrate the improvement of the environment by planting over 1,000 tree and 100 Mango fruit seedlings the function was sponsored by the TVET authority and was graced by the staff of TVETA lead by The Director General Dr, Kipkurui Langat. It was with the company of the Member of Parliament Kipkelion West Hon. Hillary Koskei and The MCA Hon. Heziron Kipngeno.

## **Employee welfare**

Kipsinende Technical and Vocational College do hire both the trainers and non-teaching staff competitively being guided by the Human Resource policy and procedure Manual for public service, KSDVC Scheme of service for Non-teaching staff and Labour Relation ACT 2007 and Employment Act.

The procedure will include but not limited to:

- identifying the College Human Resource need to come up with the Staff establishment as per each department.
- Specify the requirements for each work on areas of qualification, skills needed and Experience,
- Advertisement is done through the most outreaching means
- Considering the none discriminative methods to allow for equity and equality
- All applications are received and sorted and short-listed through a panel
- Notification is provided to short-listed for invitation for interviews and the successful candidates are notified for acceptance.
- Induction is done at each department as per the manual

The college normally carry appraisal process to take into consideration the the performance of each member of staff in an negotiation procedure through plan target and eventually identify the staff needs for recommendation to management and provide for awards and suctions with focus on improvement on the staff needs.

In the day-to-day activities the safety and security committee normally carry their activities as per the KSTVC OSH policy derived from the OSH Act 2007

## **Market place practices**

Kipsinende Technical and Vocational College operates through various committees:

- a) Responsible competition practice.  
The committees are guided by their respective policies that guide them on activities they perform.
- b) Responsible Supply chain and supplier relations-  
The procurement procedure is normally carried through the supply chain management office where the Procurement Officer with the staff in the department follow the statutory laws are followed to the letter.
- c) Responsible marketing and advertisement  
The college operate with guided principles where Quality and Standards are emphasis through the office of Quality and Standards Office in everything undertaken in the College.

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30 2021**

d) **Product stewardship-**

The Kipsinende Technical and Vocational College focuses her Customers by making sure that Citizen Service Charter is followed to letter.

The College through the student's affairs guided by the Dean of students and emphasis is put on co-curricular and extracurricular activities organized by the democratically elected student's council

**Corporate Social Responsibility / Community Engagements**

Kipsinende Technical and Vocational College being located in a village where the community has found the College to be new dawn that it has improved on the revenue to the community because it has become a source of income where they put up hosing for students. The farm product has gotten market, the supply of power, and water has benefited the community.

The college has been involving the community in cleaning the environment

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30 2021**

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

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Kipsinende Technical and Vocational College affairs.

**Principal activities**

The principal activities of the Kipsinende Technical and Vocational College is to continue to:

1. Implement and promote TVET policies.
2. Collect, manage and account for funds obtained from trainees, ministry, donors and development partners.
3. Recruit, remunerate, discipline, motivate and retain qualified teaching and non-teaching staff.
4. Implement the curriculum and supervise examinations on behalf of approved examination bodies.
5. Embrace gender balance and equity in staff recruitment, promotion and student enrolment.
6. Expand ICT facilities to enhance our technological capacity to remain relevant.
7. Expand academic opportunities for qualified Kenyans to access TVET programs.
8. Facilitate trainees' retention and completion of programmes through HELB loans and bursaries.
9. Promote innovations, research and income generating projects.
10. Develop and improve infrastructural facilities and programmes.
11. Spearhead relevant exposure and linkages to both trainees and staff.
12. Promote Corporate Social Responsibility.

**Results**

The results of the Kipsinende Technical and Vocational College for the year ended June 30, 2021 and respective notes are set out on page 7 to 28.

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30 2021

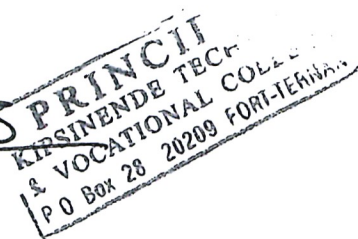

**XI. BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page vi. During the year 2021 All the Governors retired and Seven were appointed with effect from 30<sup>th</sup> December 2020.

**Auditors**

The Auditor General is responsible for the statutory audit of the Kipsinende Technical and Vocational 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 Kipsinende Technical and Vocational College for the year/period ended June 30, 2021 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



**JOSEPH K. MIBEY**

**Secretary of Board of Governors**

**Kipsinende Technical and Vocational College**

Date. 29/8/2022

## **XII. STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES**

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

The Board members are responsible for the preparation and presentation of The Kipsinende Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of The Kipsinende Technical and Vocational College for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of The Kipsinende Technical and Vocational College; (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 Kipsinende Technical and Vocational College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for The Kipsinende Technical and Vocational 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 (the State Corporations Act) The Kipsinende Technical and Vocational College. The Board are of the opinion that The Kipsinende Technical and Vocational College financial statements give a true and fair view of the state of the Kipsinende Technical and Vocational College transactions during the financial year ended June 30, 2021, and of The Kipsinende Technical and Vocational College financial position as at that date. The Board further confirm the completeness of the accounting records maintained for The

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30 2021**

Kipsinende Technical and Vocational College, which have been relied upon in the preparation of The Kipsinende Technical and Vocational College financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Kipsinende Technical and Vocational College financial statements were approved by the Board on 29/8/2022 2021 and signed on its behalf by:

Name BENJAMIN KYAMBO

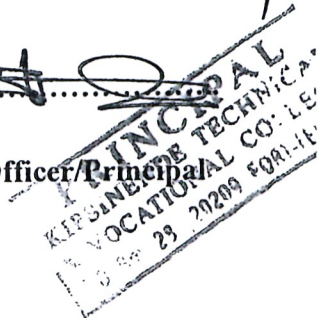
Signature [Signature]

Chairperson of the Board/Council

Name JOSEPH MURRY

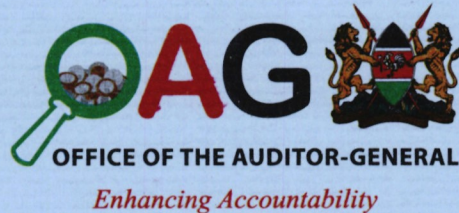
Signature [Signature]

Accounting Officer/Principal



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Website: www.oagkenya.go.ke



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

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

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### **PREAMBLE**

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

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

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

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

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

#### **Adverse Opinion**

I have audited the accompanying financial statements of Kipsinende Technical and Vocational College set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

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*Report of the Auditor-General on Kipsinende Technical and Vocational College for the year ended 30 June, 2021*

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 Kipsinende Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education Act, 2013.

## **Basis for Adverse opinion**

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

The annual reports and financial statements presented for audit had the following inaccuracies:

- i. The statement of financial position reflects accumulated losses (retained earnings) amounting Kshs.60,418,389 while the statement of changes in net assets reflects accumulated losses of Kshs.18,603,084 resulting to an unreconciled variance of Kshs.41,815,305.
- ii. The statement of changes in net asset reflects opening accumulated losses (retained earnings) balance of Kshs.21,888,084 which is at variance with the closing accumulated losses balance of Kshs.47,854,537 reflected in the previous year's certified financial statements resulting to an unreconciled variance of Kshs.25,966,453.
- iii. The statement of changes in net assets reflects accumulated losses amounting to Kshs.18,603,084. However, recasting of the retained earnings column revealed accumulated losses amounting to Kshs.47,076,044 resulting to an unexplained variance of Kshs.28,472,960.
- iv. The statement of financial performance reflects rendering of services-fees from student amounting to Kshs.4,117,495 while the corresponding Note 7 to the financial statements and the statement of cash flows reflects Kshs.7,019,800 resulting to an unexplained variance of Kshs.2,902,305.

In the circumstances, the accuracy of the financial statements could not be confirmed.

### **2. Property, plant, and equipment**

#### **2.1 Lack of Ownership Documents**

The statement of financial position reflects a balance of Kshs.115,037,382 in respect of property, plant and equipment as disclosed in Note 16 to the financial statements.

Included in the amount is a balance of Kshs.11,970,000 relating to two parcels of land measuring 21.7 acres valued at Kshs.11,970,000 whose ownership documents were not provided for audit. In addition, value for land was not supported by a professional valuation report. Further, Note 16 to the financial statements reflects a comparative net book value amount of Kshs.174,177,981 which varies with the previous year's audited balance of Kshs.144,607,933 resulting to unexplained variance of Kshs.29,570,048.

In the circumstances, the accuracy and ownership of land balance of Kshs.11,970,000 could not be confirmed.

## **2.2 Non-Disclosure of Motor Vehicle**

The statement of financial position reflects property, plant and equipment balance of Kshs.115,037,382 and as disclosed in Note 16 to the financial statements. The amount excludes undetermined value of a motor vehicle registration number GKB481U.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.115,037,382 could not be confirmed.

## **3. Inaccuracies in Cash and Cash Equivalent**

The statement of financial position reflects an amount of Kshs.12,762,183 in respect of cash and cash equivalent while the corresponding Note 13 to the financial statements reflects Kshs.12,185,726 resulting to unexplained variance of Kshs.576,457. Further, review of the bank reconciliation statement for the month of June, 2021 revealed a reconciled cashbook balance of Kshs.2,304,847.21 resulting to an unexplained variance of Kshs.10,457,336.

In the circumstances, the accuracy of cash and cash equivalent balance of Kshs.12,762,183 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kipsinende Technical and Vocational College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 on 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 amount on comparable basis of Kshs.116,366,745 and Kshs.28,387,495 respectively resulting to a budget shortfall of Kshs.87,759,972 or 75% of the budget. Similarly, the College expended Kshs.12,420,110 against an approved budget of Kshs.79,591,453 resulting to under expenditure of Kshs.67,171,343 or 84% of the budget.

The underfunding and under-expenditure 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 and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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**

#### **Non-Compliance with the National Cohesion and Integrity Commission Act**

Review of employee records revealed that out of sixty-nine (69) employees of the college, sixty-two (62) or 90% were from the dominant ethnic community in the County of Kericho. This is contrary to provisions of Section 7(1) of the National Cohesion and Employment Act, 2008 which provide that no public institution shall have more than one third of its staff establishment from the same ethnic group.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 governance were not effective.

## **Basis for Conclusion**

### **1. Composition of the Board of Governors**

Review of the Board of Governors' records revealed that the institutions Board consists of nine (9) members appointed by Cabinet secretary as required under Section 28 of the Technical and Vocational Education Act 2013. However, the Board did not have a member representing the County Governor of Kericho as required by Section 28(3) of the Act.

In the circumstances, the effectiveness of the internal control system could not be confirmed.

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

The College Management had not put in place risk management policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how the Management manages risk exposures. This is in contravention of Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the county Government entity develops risk management strategies, which include fraud prevention mechanism; and the County government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of the internal control system could not be confirmed.

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

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material 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 continue 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 College or to cease operations.

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

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

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the College's policies and procedures may deteriorate.

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

05 October, 2022

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**XIV. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED JUNE 30, 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government	6	24,270,000	10,410,000
		<b>24,270,000</b>	<b>10,410,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	4,117,495	17,090,282
<b>Revenue from exchange transactions</b>		<b>4,117,495</b>	<b>17,090,282</b>
<b>Total revenue</b>		<b>28,387,495</b>	<b>27,500,282</b>
<b>Expenses</b>			
Use of goods and services	8	2,051,472	3,885,530
Employee costs	9	4,610,097	4,848,553
Remuneration of directors	10	340,000	724,716
Depreciation and amortization expenses	11	29,570,049	29,570,048
General Expenses	12	12,420,110	9,373,784
Repairs and maintenance		4,583,727	2,006,017
<b>Total expenses</b>		<b>53,575,455</b>	<b>50,408,648</b>
<b>Net Surplus for the year</b>		<b>(25,187,960)</b>	<b>(22,908,366)</b>

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30 2021**

**XV. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	12,762,183	3,028,286
Current portion of receivables from exchange transactions	14(a)	13,396,664	6,043,515
Receivables from non-exchange transactions	14(b)	3,285,000	3,840,000
Inventories	15	1,068,468	364,317
		<b>30,512,315</b>	<b>13,274,118</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	115,037,884	144,607,933
Biological Assets	19	210,000	-
		<b>115,247,884</b>	<b>144,607,933</b>
<b>Total assets</b>		<b>145,760,199</b>	<b>157,884,051</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	-	-
Refundable deposits from customers-Other Payables	18	594,000	91,000
		<b>594,000</b>	<b>91,000</b>
<b>Non-current liabilities</b>			
<b>Total liabilities</b>		<b>594,000</b>	<b>91,000</b>
<b>Net assets</b>		<b>134,647,588</b>	<b>157,793,051</b>
Retained Earnings		(60,418,389)	(47,854,537)
Capital Fund		205,714,337	205,647,588
<b>Total capital and Reserves</b>		<b>145,166,199</b>	<b>157,793,051</b>
<b>Total liabilities and capital Reserves</b>		<b>145,760,199</b>	<b>157,884,051</b>

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Institute Council/ Board of Governors by:

The Principal

Name: Joseph Muriy

Date: 29/8/2022

Head of Finance

Name: Lavinia Cheim

ICPAK NO 25155

Date: 29/8/2022

Chairman of the board

Name: BENJAMIN KYAMBO

Date: 29/8/2022

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
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XVI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>At July 1, 2019</b>	-	-	-	-	-
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	205,647,588	205,647,588
Capital/Development grants received during the year	-	-	(21,888,084)	-	(21,888,084)
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
<b>At June 30, 2020</b>	-	-	(21,888,084)	205,647,588	183,759,504
<b>At July 1, 2020</b>	-	-	(21,888,084)	205,647,588	183,759,504
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	(25,187,960)	-	(25,187,960)
Capital/Development grants received during the year	-	-	-	-	-
Prior year Adjustments	-	-	-	-	-
<b>At June 30, 2021</b>	-	-	(18,603,084)	205,647,588	205,647,588

Note:

1. Costs of donated assets of Kshs. 203,118,030 and capital grants of Kshs. 3,285,000 received in the financial year 2020/2021 constitute the capital fund of Kshs. 206,403,030 disclosed in the statement of financial position. Additional explanation relating to costs of donated assets is provided in note 11 on property, plant and equipment.

**PSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

		2020-2021	2019-2020
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	24,270,000	10,770,000
Rendering of services- Fees from students	7	7,019,800	11,0467,767
Sale of goods		-	-
Rental revenue from facilities and equipment		-	-
Finance income		-	-
Other income		594,000	91,000
<b>Total Receipts</b>		<b>31,883,800</b>	<b>21,907,767</b>
<b>Payments</b>			
Employees Costs	9	4,610,097	4,848,553
Goods and services	8	2,051,472	3,169,944
Remuneration of Directors	10	340,000	724,716
Repair and Maintenance		4,583,727	1,967,677
General expenses	12	12,420,110	9,321,677
<b>Total Payments</b>		<b>24,006,406</b>	<b>20,032,567</b>
<b>Net cash flows from operating activities</b>		<b>7,877,394</b>	<b>1,875,200</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and biological assets <sup>19</sup>		(210,000)	(540,000)
Proceeds from sale of property, plant and equipment			
Decrease in non-current receivables		1,646,506	-
Increase in investments		-	-
<b>Net cash flows used in investing activities</b>		<b>1,436,506</b>	<b>(540,000)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30 2021**

Increase in deposits		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>9,313,900</b>	<b>(879,987)</b>
Cash and cash equivalents at 1 JULY 2020	13	3,028,286	2,029,558
<b>Cash and cash equivalents at 30 JUNE 2021</b>	<b>13</b>	<b>12,762,183</b>	<b>3,028,286</b>

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

## XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Fees from students and other levies	43,229,633		43,229,633	4,117,495	39,112,138	9.52 %
Capitation	57,210,000		57,210,000	24,270,000	32,940,000	42.42%
Accommodation	7,800,000		7,800,000	0	7,800,000	0%
Development grant	6,000,000	2,127,112	8,127,112	0	8,127,112	0%
<b>Total income</b>	<b>114,239,633</b>	<b>2,127,112</b>	<b>116,366,745</b>	<b>28,387,495</b>	<b>87,979,250</b>	<b>24.39%</b>
<b>Recurrent Expenses</b>						
Boarding	2,134,500		2,134,500	876,082	1,258,418	41.04%
Local travel and transport	4,092,000		4,092,000	1,161,267	2,930,733	28.38%
Personal emoluments catering	16,219,680		16,219,680	0	16,219,680	0%
	5,357,140		5,357,140	1,185,136	4,172,004	22.12%
Repairs maintenance and improvements	3,040,000		3,040,000	4,583,727	(1,543,727)	150.78%
Tuition expenses	11,175,840		11,175,840	0	11,175,840	0%
Electricity, Water and conservancy	3,310,000		3,310,000	0	3,310,000	0%
Administrative costs	7,732,000		7,732,000	9,025,505	(1,293,505)	116.73%
Others	26,530,293		26,530,293	172,120	26,358,173	0.65%
<b>Total Recurrent Expenses</b>	<b>79,591,453</b>	<b>-</b>	<b>79,591,453</b>	<b>12,420,110</b>	<b>62,587,616</b>	

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30 2021

<b>Development Expenses</b>								
Automation	1,000,000		1,000,000	-	1,000,000			0%
Networking	1,006,800		1,006,800	-	1,006,800			0%
Farm improvement	300,000		300,000	-	300,000			0%
Equipment for training	3,994,380		3,994,380	-	3,994,380			0%
Infrastructural development	5,375,840		5,375,840	-	5,375,840			0%
library	2,662,920		2,662,920	-	2,662,920			0%
Mini bus	5,000,000		500,000	-	500,000			0%
Tuition block	3,000,780		3,000,780	-	3,000,780			0%
Service bay	3,0003,300		3,0003,300	-	3,0003,300			0%
Water supply improvement	3,000,000		3,000,000	-	3,000,000			0%
Sanitation modernization	3,000,000		3,000,000	-	3,000,000			0%
<b>Total Development expenditure</b>	<b>26,344,020</b>	<b>-</b>	<b>26,344,020</b>	<b>-</b>	<b>26,344,020</b>			
<b>Surplus for the period</b>	<b>8,304,160</b>	<b>2,127,112</b>	<b>10,431,272</b>	<b>3,184,419</b>	<b>20,264,159</b>			

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**XIX. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Kipsinende Technical and Vocational College is established by and derives its authority and accountability from TVET Act, 2013. Kipsinende Technical and Vocational College is wholly owned by the Government of Kenya and is domiciled in Kenya. The Kipsinende Technical and Vocational College's principal activity is Provision of Technical and Vocational Training.

**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.

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

The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act, the TVET Act 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p>

**KIPSINDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

Standard	Impact
	<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.**

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><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 Kipsinende Technical and Vocational College's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

**KIPSINDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

<b>Standard</b>	<b>Effective date and impact:</b>
	<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> </ul> <p>Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Kipsinde Technical and Vocational College's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Kipsinde Technical and Vocational College provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Kipsinde Technical and Vocational College;</p>

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

<b>Standard</b>	<b>Effective date and impact:</b>
	<p>(b) The key features of the operation of those social benefit schemes; and The impact of such social benefits provided on the Kipsinende Technical and Vocational College’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>a) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

**iii. Early adoption of standards**

The Kipsinende Technical and Vocational College did not early – adopt any new or amended standards in year 2021.

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**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 Kipsinende Technical and Vocational College 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 Kipsinende Technical and Vocational College 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.

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**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 Kipsinende Technical and Vocational College.

**Interest income**

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

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Kipsinende Technical and Vocational College's right to receive payments is established.

**Rental income**

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

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**b) Budget information**

The original budget for FY 2020/2021 was approved by the Board of Governors on..... 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 Kipsinende Technical and Vocational College upon receiving the respective approvals in order to conclude the final budget.

The Kipsinende Technical and Vocational College budget is prepared on 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 accruals as per the statement of financial performance has been presented on the table above of Kipsinende Technical and Vocational College of these financial statements.

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**c) Taxes**

**Current income tax**

Kipsinende Technical and Vocational College is exempted from paying taxes as per the Income Tax Act 2019.

**Sales tax/ Value Added Tax**

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

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

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

**d) Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Kipsinende Technical and Vocational College 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 estimated fair value.

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Kipsinende Technical and Vocational College. 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 Kipsinende Technical

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

and Vocational College 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 Kipsinende Technical and Vocational College 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 Kipsinende Technical and Vocational College. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

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

**h) Research and development costs**

The Kipsinende Technical and Vocational College expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Kipsinende Technical and Vocational College can demonstrate:

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

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

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**i) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Kipsinende Technical and Vocational 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 Kipsinende Technical and Vocational College 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

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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 Kipsinende Technical and Vocational College 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 Kipsinende Technical and Vocational College 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 Kipsinende Technical and Vocational College of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or The Kipsinende Technical and Vocational College 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)

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

*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 Kipsinende Technical and Vocational College determines the classification of its financial liabilities at initial recognition.

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

*Loans and borrowing*

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

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

**i) Inventories**

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

**KIPSINDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

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

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Kipsinende Technical and Vocational College

**j) Provisions**

Provisions are recognized when the Kipsinende Technical and Vocational 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 Kipsinende Technical and Vocational 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.

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

***Contingent liabilities***

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

***Contingent assets***

The Kipsinende Technical and Vocational 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 Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**k) Nature and purpose of reserves**

The Kipsinende Technical and Vocational College creates and maintains reserves in terms of specific requirements. we are planning to reserve for retirement benefit when the policy is put in place

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

The Kipsinende Technical and Vocational 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.

**m) Employee benefits**

**Retirement benefit plans**

The Kipsinende Technical and Vocational College is to provide retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Kipsinende Technical and Vocational College pays fixed contributions into a separate Kipsinende Technical and Vocational College (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.

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

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

**p) Related parties**

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

**q) Service concession arrangements**

The Kipsinende Technical and Vocational 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 Kipsinende Technical and Vocational College 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 Kipsinende Technical and Vocational College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**r) Cash and cash equivalents**

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

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**s) Comparative figures**

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

**t) Subsequent events**

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

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Kipsinende Technical and Vocational College financial statements in conformity with IPSAS requires management to make judgements, 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. State all judgements, estimates and assumptions made: e.g.

**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.

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

The Kipsinende Technical and Vocational 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 Kipsinende Technical and Vocational 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 Kipsinende Technical and Vocational College

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**KIPSINDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**6. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2019-2020 KShs
Ministry of Education	24,270,000	-	-	24,270,000	
<b>Total</b>	<b>24,270,000</b>	<b>-</b>	<b>-</b>	<b>24,270,000</b>	

**7. RENDERING OF SERVICES**

Description	2020-2021		2019-2020	
	KShs		KShs	
Cash Revenue from exchange transactions	4,117,495		11,046,767	
Credit revenue(fees) outstanding as at	13,396,664		6,043,515	

**KIPSINDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

30/06/2021		
<b>Total revenue from the rendering of services</b>	<b>13,396,664</b>	<b>17,090,282</b>

**8. USE OF GOODS AND SERVICES**

Description	2020-2021		2019-2020	
	KShs		KShs	
Tuition Expenses	885,292		3,227,310	
EWC	148,150		658,220	
Exams fees Expenses	1,018,030		-	
<b>Total</b>	<b>2,051,472</b>		<b>3,885,530</b>	

**9. EMPLOYEE COSTS**

	2020-2021		2019-2020	
	KShs		KShs	
Salaries and wages	4,598,277		3,218,700	
Medical expense	11,820		46,810	
Local Tours and Travel Expenses	0		1,583,043	
<b>Employee costs</b>	<b>4,610,097</b>		<b>4,848,553</b>	

**KIPSINDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**10. REMUNERATION OF DIRECTORS**

<b>Description</b>	<b>20xx-20xx</b>	<b>20xx-20xx</b>
	<b>KShs</b>	<b>KShs</b>
Chairman's Honoraria	0	0
Directors emoluments	340,000	724,716
Other allowances	0	0
<b>Total director emoluments</b>	<b>340,000</b>	<b>724,716</b>

During the financial year 2020/2021 expenditure on remunerations of governors of Kshs. 340,000 were incurred in relation to sitting allowances and travel & subsistence allowances. The expenses were charged to the Catering/meals vote and Local tours and travel vote as appropriate.

**11. DEPRECIATION AND AMORTIZATION EXPENSE**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Building	1,332,371	1,332,371
Furniture and Fittings	95,855	95,855
Computers	1,498,633	1,498,633
Plant and Equipment	26,643,190	26,643,190
<b>Total depreciation and amortization</b>	<b>29,570,049</b>	<b>29,570,049</b>

**KIPSINDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**12. GENERAL EXPENSES**

Description	2021-2020	2019-2020
	KShs	KShs
Registration Expenses	-	9,000
Computer package Expenses	-	44,900
Meals/ Catering/ Lunch Expenses	1,185,136	1,278,688
Contingencies/Administrative expenses	9,025,505	7,388,153
Boarding Expenses	876,082	633,818
Activity Expenses	12,500	-
Bank Charges	21,810	19,225
Medical Expenses	11,820	-
Local Travelling & Transport	1,161,267	-
ICT Expenses	125,990	-
<b>Total repairs and maintenance</b>	<b>12,420,110</b>	<b>9,354,559</b>

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**13. CASH AND CASH EQUIVALENTS**

Description	2021-2020	2019-2020
	KShs	KShs
Current account KCB A/c 1212733894	12,761,183.00	3,028,286.00
Petty Cash	-	-
<b>Total cash and cash equivalents</b>	<b>12,761,183.00</b>	<b>3,028,286.00</b>

**14. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**(a) Receivables from Exchange Transactions**

Description	2020-2021	2019-2020
	KShs	KShs
<b>Current receivables</b>		
Student debtors	13,396,664	-
<b>Total current receivables</b>	<b>12,396,664</b>	<b>-</b>

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**(b) Receivables from Non Exchange Transactions**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Non-current receivables</b>		
Grants from National Government	3,285,000	-
<b>Total receivables</b>	<b>3,285,000</b>	<b>-</b>

**15. INVENTORIES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Catering	23,210	49,157
Repairs and Maintenance	60,200	38,340
Tuition	859,628	273,380
Boarding	46,140	2,950
Sports	79,290	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>1,068,468</b>	<b>364,317</b>

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**16. PROPERTY, PLANT AND EQUIPMENT**

Cost	Land		Building		Motor Vehicle		Furniture and Fittings		Computers		Plant and equipment		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2019	11,340,000	53,294,841	-	-	-	766,841	4,500,400	133,215,948	203,118,030					
Additions	630,000	-	-	-	-	-	-	-	630,000					
At 30 <sup>th</sup> June 2020	11,970,000	53,294,841	-	-	-	766,841	4,500,400	133,215,948	203,748,030					
Additions	-	-	-	-	-	-	-	-	-					
At 30 <sup>th</sup> June 2021	11,970,000	53,294,841	-	-	-	766,841	4,500,400	133,215,948	203,748,030					
Depreciation and impairment		2.5%	25%	12.5%	33.3%	20%								
At 1 July 2019	-	-	-	-	-	-	-	-	-					
Depreciation	-	1,332,371	-	95,855	1,498,633	26,643,190	29,570,049							
At 30 <sup>th</sup> June 2020	-	1,332,371	-	95,855	1,498,633	26,643,190	29,570,049							
Depreciation charge for year ended 2021	-	1,332,371	-	95,855	1,498,633	26,643,190	29,570,049							
At 30 <sup>th</sup> June 2021	-	2,664,742	-	191,710	2,997,767	53,286,379	59,140,098							
Net book values														
At 30 <sup>th</sup> June 2020	11,970,000	51,962,470	-	670,986	3,001,767	106,572,758	174,177,981							
At 30 <sup>th</sup> June 2021	11,970,000	49,297,728	-	479,276	4,000	53,286,378	115,037,382							

## **KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **Land**

The cost of land of Kshs. 11,970,000 include the estimated cost of 21 acres of land on which the institute is located of Kshs. 11,340,000 and the purchase price of additional 0.7 acres purchased in the financial year 2018/2019

#### **Buildings**

The cost of building of Kshs. 53,294,841 relates to the costs of construction of buildings taken over that were constructed by the Mother institute OL'LESSOS technical.

#### **Furniture and Fittings**

The cost of furniture of Kshs. 766,841 relates to the estimated costs of furniture delivered by the Ministry of Education in the financial year 2018/2019 on which the management estimated the values pending valuation exercise

#### **Computers**

The costs of computers of Kshs. 4,500,400 were recognized at the costs of which they were delivered by the Ministry of Education in the financial year 2018/2019.

#### **Plant and Equipment**

The cost of plant and equipment for training of Kshs. 133,215,948 was recognized at the costs of which they were delivered by the Ministry of Education in USD and converted by the Management to Kshs using exchange rate of 108 prevailing at the beginning of financial year 2018/2019 i.e 1/7/2018.

#### **17. PAYABLE FROM EXCHANGE TRANSACTIONS (overpaid fees)**

There were no payables from exchange transactions for the year ended 30<sup>th</sup> June 2021

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**18. OTHER PAYABLES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Caution Money	594,000	91,000
<b>Total</b>	<b>594,000</b>	<b>91,000</b>

**19. BIOLOGICAL ASSETS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Cows	210,000	-
<b>Total</b>	<b><u>210,000</u></b>	-

**20. FINANCIAL RISK MANAGEMENT**

The Kipsinende Technical and Vocational College activities expose it to a variety of financial risks including credit and liquidity risks. The institute 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 institute does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history and put measures to control losses of revenue.

The Kipsinende Technical and Vocational College financial risk management objectives and policies are detailed below:

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**(i) Credit risk**

Kipsinende Technical and vocational college has exposure to credit risk, which is the risk that a counter-party 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, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The 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 uncollected amounts that the institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Kipsinende Technical and Vocational College has significant concentration of credit risk on amounts due from 2020

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

**(ii) Market risk**

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

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Market risk is the risk arising from changes in market prices, such as interest rate, and equity prices which will affect the Kipsinende Technical and Vocational 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 Finance and Human Resource Management Committee.

The Institute Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Finance and Human Resource Management Committee) and for the day to day implementation of those policies.

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

## **21. RELATED PARTY BALANCES**

### **Nature of related party relationships**

Entities and other parties related to the Kipsinende Technical and Vocational College 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 Kipsinende Technical and Vocation College, holding 100% of the College equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Kipsinende Technical and Vocational College, both domestic and external. Other related parties include:

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

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

	2020/2021	2019/2020
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Grants from National Government	24,270,000.00	10,410,000
Grants from National Government County Development Fund		-
Grants from County Government	-	-
Donations in kind	-	-
<b>Total</b>	<b>24,270,000.00</b>	<b>10,410,000</b>

**22. SEGMENT INFORMATION**

The Kipsinende Technical and Vocational College is operating as a single entity at the moment.

**23. EVENTS AFTER THE REPORTING PERIOD**

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

**24. ULTIMATE AND HOLDING KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE**

The Kipsinende Technical and Vocational College is a Semi- Autonomous Government Agency under the Ministry of Education State Department of Vocational and Technical Training. Its ultimate parent is the Government of Kenya.

**25. CURRENCY**

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

**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The year 2019/2020 was the first year of reporting on financial statement for Kipsinende Technical and Vocational College. The management received audit certificate unqualified opinion for the audit of financial year ended 30 June 2019 and 30<sup>th</sup> June 2020.



**Joseph k. Mibey**

Accounting Officer/Principal/Secretary of the BOG

Date 29/8/2022

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

During the year under audit, there were no projects undertaken by the Kipsinende TVC

**KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized			Receivables	Others must be specific	Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income			
Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Total Transfers during the Year	Name of the MDA/Donor Transferring funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES
Ministry of Education	6/11/2020	Re-current	5,092,500		5,092,500	Ministry of Education	6/11/2020	Re-current	5,092,500
Ministry of Education	3/3/2021	Re-current	6,795,000		6,795,000	Ministry of Education	3/3/2021	Re-current	6,795,000
Ministry of Education	4/6/2021	Re-current	5,092,500		5,092,500	Ministry of Education	4/6/2021	Re-current	5,092,500
Ministry of Education	30/6/2021	Re-current	7,290,000		7,290,000	Ministry of Education	30/6/2021	Re-current	7,290,000
<b>Total</b>			<b>24,270,000</b>		<b>24,270,000</b>				<b>24,270,000</b>

Transfer from Ministry of Education of Kshs. 3,285,000 received in the month of July 2020 relates to the financial year 2019/2020