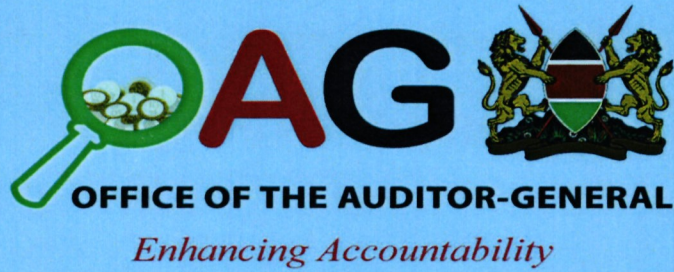


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE NATIONAL ASSEMBLY

DATE: 23 NOV 2022

DAY: Wednesday

TABLED

Majority Whip

MEMBER AT
HS-TABLE:

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THE AUDITOR-GENERAL

ON

**NAIVASHA TECHNICAL AND VOCATIONAL
COLLEGE**

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





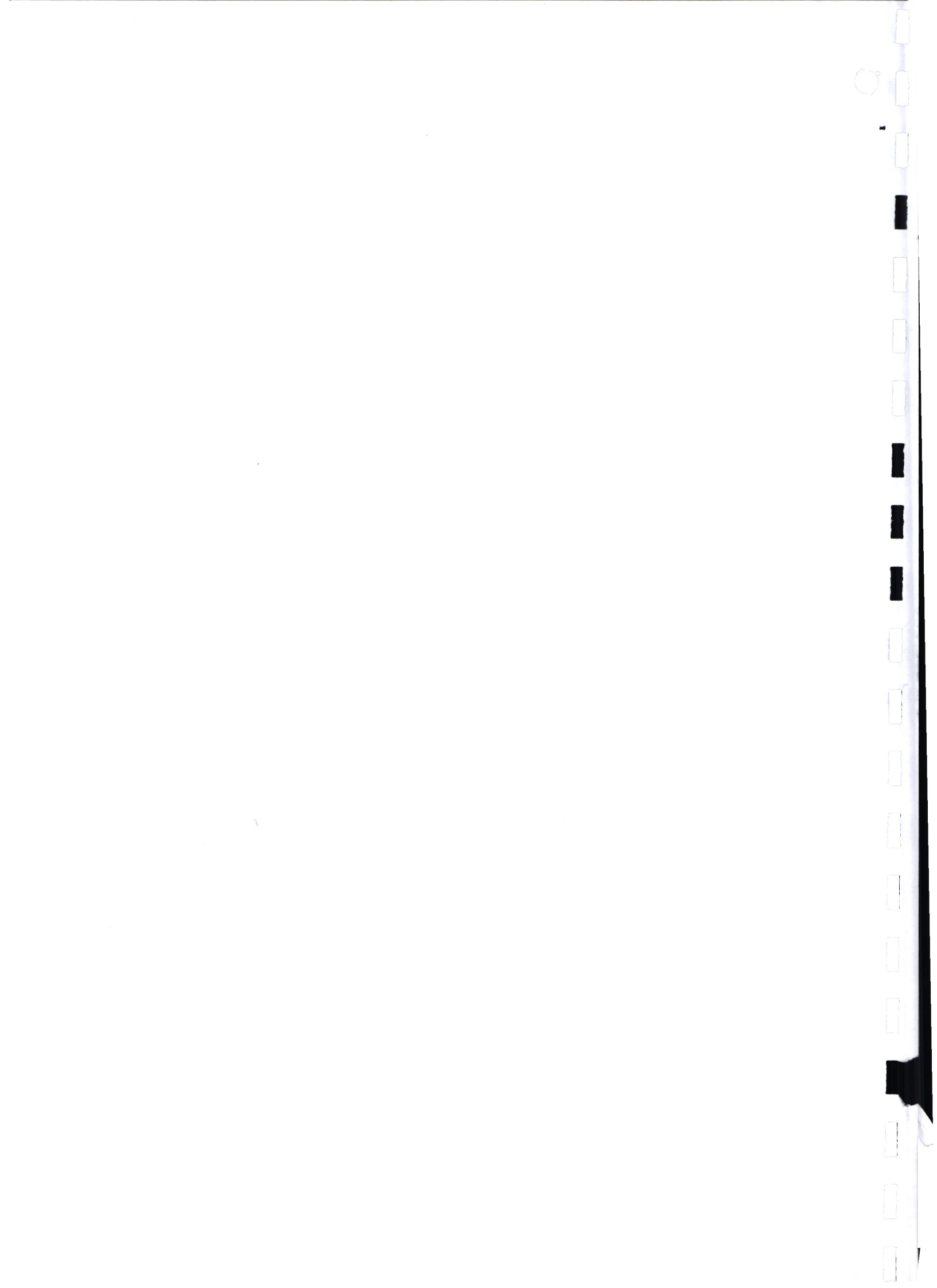
International Public Sector Accounting Standards (IPSAS)

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2021**

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



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

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

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Naivasha Technical and Vocational College is a newly established institution under the Ministry of Education, State department of Technical and Vocational Training domiciled in Kenya. The College was established under the TVET Act 2013. The College is situated near Longonot town, and off the Mai Mahiu - Naivasha Road. The college is currently in its fifth year since inception, having opened its doors for students' admission in March 2018

(b) Principal Activities

The principal activity of Naivasha Technical and Vocational College is to train trainees in line with the college's vision, mission and core values which are:-

Vision

To be a leading regional Competence Based Educational and Training (CBET) provider in TVET.

Mission

To transform the lives of youth through provision of relevant skills for self-reliance and national development.

Core values

Excellence, Access, Creativity and Collaboration.

(c) Key Management

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

- Board of Governors'
- Accounting officer/ Principal
- Fiduciary Management

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Samuel Mugo Wambugu
2.	Deputy Principal	Dorcas Njeri Macharia
3	Ag.Registrar	Erick.K.Chebii
4..	Head of Finance	Herman Ndugi Munyare

(e) Fiduciary Oversight Arrangements

The BOG plays the role of oversight in all the college financials.

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

(f) Entity Headquarters

P.O. Box 574-20117
NAIVASHA, KENYA

(g) Entity Contacts

Telephone: (+254) 740429247
E-mail: principalnaivashatechnical@gmail.com

(h) Entity Bankers

Kenya Commercial Bank
P.O Box 484400-00100
Nairobi.

(i) Independent Auditors

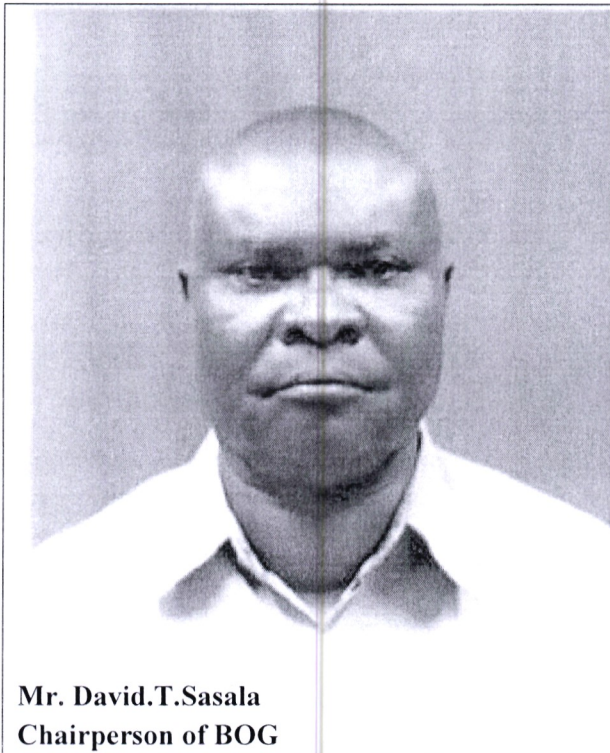
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

II.THE BOARD OF GOVERNORS



Mr. David.T.Sasala
Chairperson of BOG

ACADEMIC QUALIFICATION

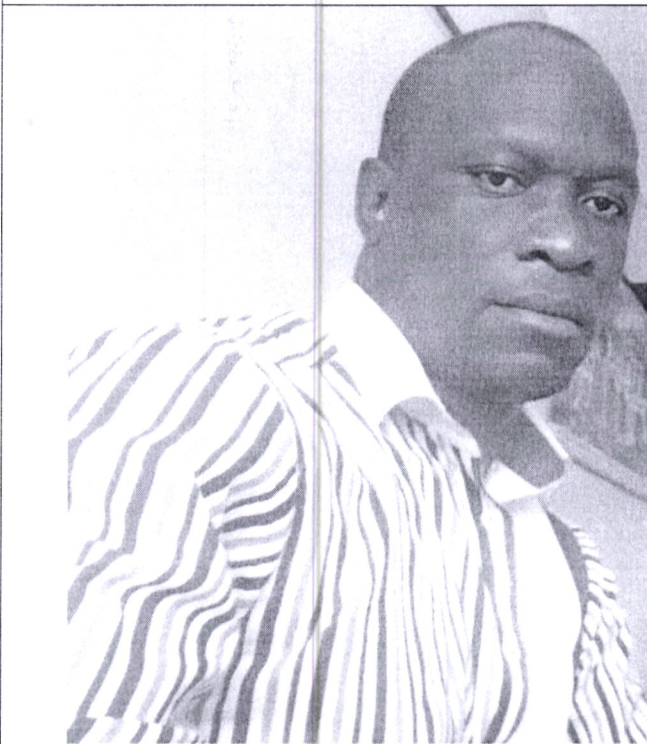
- Nairobi University-bachelor’s degree in commerce(B-COM)accounting option
- Kenyatta University-post graduate diploma in Education.
- Certified public accountant(part ii)

EXPERIENCE

- Friends College Kaimosi-Tutor
- Rift Valley Institute of Science and Technology (RVIST)-HOD,Commerce Department and Dean of Students.
- Friends College Kaimosi -Deputy Principal
- Friends College Kaimosi -Principal

Date Of Appointment: 7 November 2017

Date Of Contract Expiry: 7 November 2020



MR OCHIENG OGUTU
BOG member

ACADEMIC QUALIFICATION

- Egerton University- bachelor’s degree in Agriculture Education and extension
- Currently pursuing a master’s degree in Public Health (MPH) specializing in epidemiology and population health.

EXPERIENCE -

- project coordinator -Impact project in Naivasha
- Project manager-in APHIA II, LINKAGES project.
- Project manager -Kenya National Outreach, Counselling and Training (K- NOTE) as a in the APHIA plus project funded by USAID through FHI360.

Date Of Appointment: 7 November 2017

Date Of Contract Expiry: 7 November 2020

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.



MR.SAMMY MARATHI WERU
 BOG member

ACADEMIC QUALIFICATION

- Master of Science degree in Biology of Conservation
- BSc in Wildlife Management,

EXPERIENCE -

- consultancy services, specializing in Environmental Policy development; especially conservation incentives like Payment for Ecosystem Services (PES), Natural Resource Management and Programming, Kenya Wildlife Service
- an international NGO -WWF
- US Government at USAID

Date Of Appointment: 7 November 2017

Date Of Contract Expiry: 7 November 2020



Mr. SAMUEL MUGO
 Principal/BOG secretary

ACADEMIC QUALIFICATION

- Master's in Business Administration Strategic Management option-Jomo Kenyatta University of Agriculture and Technology)
- Bachelor of Education in technical education-Moi University

EXPERIENCE -

- Head of Mechanical Engineering Department - Kabete National Polytechnic)and Registrar -Kabete National Polytechnic
- Deputy Principal Administration- Kabete National Polytechnic

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE

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



Ms. Jane Wangui Macharia
BOG member

ACADEMIC QUALIFICATION

- Kenya Polytechnic - diploma in Cartography and Kenya Methodist University-bachelor's degree in Computer Information Systems
- University of Nairobi- master degree in Geographic Information System from the

EXPERIENCE -

- Cartographer in various survey projects-Tourist Maps, Nairobi. .
- Geospatial Analyst at ICRAF.

Date Of Appointment: 7 November 2017

Date Of Contract Expiry: 7 November 2020



Ms. Lydia Muthoni
BOG member

ACADEMIC QUALIFICATION

- Jomo Kenyatta University of Agriculture and Technology- degree in medical laboratory sciences
- Kenya Methodist University-master's degree in Business Administration

EXPERIENCE -

- Course coordinator and later a lecturer at Kenya Medical Training College.
- Principal -Outspan Medical College.

Date Of Appointment: 7 November 2017

Date Of Contract Expiry: 7 November 2020

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE

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



Mr. Martin Mwaura Kinga
BOG member

ACADEMIC QUALIFICATION

Egerton University- bachelor's degree in Agribusiness Management.

EXPERIENCE -

- Human resource officer and program coordinator at Youth Prevention Kenya, OVC/HCBC
- Associate program manager at the Kenya National Outreach, Counselling and Training Program (K-Note)

Date Of Appointment: 7 November 2017

Date Of Contract Expiry: 7 November 2020

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

III.MANAGEMENT TEAM



Mr.Samuel Mugo Wambugu
PRINCIPAL

ACADEMIC QUALIFICATION

Bachelor of Education in technical education(Moi University)
 Master’s in Business Administration Strategic Management
 option (Jomo Kenyatta University of Agriculture and
 Technology)

EXPERIENCE -

Head of Mechanical Engineering Department -Kabete National
 Polytechnic)and Registrar -Kabete National Polytechnic
 Deputy Principal Administration- Kabete National Polytechnic



Mrs.Dorcas Njeri Macharia
DEPUTY PRINCIPAL

ACADEMIC QUALIFICATION

-Master’s in Education (Economics of Education)- university of
 Nairobi
 Bachelor of Education (Arts) -Kenyatta university

EXPERIENCE -

- June 2019 - to date Deputy Principal Naivasha
 Technical and Vocational College
- March 2018 - June 2019 Acting Deputy Principal
 Naivasha Technical and Vocational College
- Feb 2018 - June 2019 Naivasha Technical and
 Vocational College as a lecturer
- 2013 to Feb 2018 Emining Technical Training Institute
 as the Head of Department in Business Studies and
 Lecturer

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.



Mr.Erick.K.Chebii
Ag.REGISTRAR.

ACADEMIC QUALIFICATION

- Master’s in business administration finance option- Egerton University
- Bachelor of Education (Mathematics and Business Studies)-Kenyatta University

EXPERIENCE –

- **Jan 2019 to date** Acting Registrar and Lecturer at Naivasha Technical and Vocational College
- May 2018 – Jan 2019 Naivasha Technical and Vocational College as a lecturer
- **2014 - May 2018** Mathematics and Business Studies Teacher



Mr.Herman Ndugi Munyare
FINANCE OFFICER

ACADEMIC QUALIFICATION

- Master’s in business administration finance option- Jomo Kenyatta University of Agriculture and Technology)
- Certified public accountant of Kenya-KASNEB
- Bachelor of arts in education(economics)-Moi university

EXPERIENCE -

- **Feb 2021** to date Financial Officer at Naivasha Technical and Vocational College.
- **2017 ONSERIO** And company CPAK as audit assistant
- **2013-2021** kabete national polytechnic as a lecturer
- **2013-2016** kife school of business as a part-time lecturer and accountant

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

IV. CHAIRMAN'S STATEMENT

Board of Governance term expired 7th November 2020 and we are yet to receive a new Board of Governance

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE

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

V. PRINCIPAL'S REPORT FOR THE YEAR 2020/2021

Naivasha Technical and Vocational College is a newly established institution under the Ministry of Education, State department of Technical and Vocational Training. The college is situated near Longonot town, and off the Mai Mahiu - Naivasha Road. The college is currently in its third year since inception, having opened its doors for students' admission in March 2018.

The College is guided by its vision which is to be a leading regional Competence Based Education and Training (CBET) provider in TVET, its mission of transforming the lives of the youth through provision of relevant skills for self-reliance and national development and its core values which are Excellence, Access, Creativity and Collaboration.

During the year under review, the college made the following strides towards realization of its mandate;

- ❖ The college had successful year though it closed prematurely in March due to COVID 19 but the college continued teaching using online platforms,
- ❖ The college constructed a plumbing workshop in order to facilitate mounting of plumbing courses,
- ❖ The college started a CBET course in electrical installation and 32 students were admitted to pursue the course. Also, two new Business courses were started i.e., Diploma in Supply Chain Management and Diploma in Human Resource Management,
- ❖ The college was involved in activities to market the college and TVET courses. Several forums were organized in Naivasha subcounty. The area MCAs and local chiefs greatly helped in the mobilization of the youths. The marketing team also visited several local secondary schools to offer career guidance and help form fours apply for University and College courses through KUCCPS,
- ❖ The college purchased 76 library books for students' reference and five computers to enable students access e-materials in the library,
- ❖ The college continued to undertake measures to prevent the spread of COVID-19 by implementing the guidelines provided by MOH and Ministry of Education,
- ❖ In collaboration with Kabete National Polytechnic, the college planted over 300 tree seedlings in order to increase the forest cover,

Challenges

In the year under review, the college faced the following challenges:

- ❖ Lack of development funds. The college did not receive any funding for development
- ❖ Water problems-The College does not have a reliable source of water as it relies on community water from a borehole and which is not reliable.
- ❖ Poor state of the access road to the college. The college is located 2.5KM off the Naivasha Maai-Mahiu road with road connecting it to the highway being a murrum road and most of the time being in a very bad state.
- ❖ Lack of boarding facility for students. There are no good hostels for students in the neighbourhood and this discourages many potential students. We have several cases where students have failed to report citing lack of hostels.
- ❖ Lack of means of transport. The college lacks a college van for official operations.
- ❖ Delay in appointment of the Board of Governors. The college operated without a Board since 8th November 2021.

Samuel Mugo W



NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE

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

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Naivasha Technical and Vocational College has 3 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2020- FY 2024. These strategic pillars are as follows:

Pillar/ theme/issue 1: Provide CBET opportunities for school leavers to develop skills, knowledge and attitudes that are aligned to industry needs and for self-reliance.

Pillar/ theme/ issue 2: Promote a culture of research, development, innovation and environmental sustainability among staff and trainees.

Pillar/ theme/ issue 3: Enhance collaboration and linkages with industry and modern Kenya societal needs.

Naivasha TVC develops its annual work plans based on the above three (3) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2020/21 period for its three (3) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Provide CBET opportunities for school leavers to develop skills, knowledge and attitudes that are aligned to industry needs and for self-reliance.	Facilitate learning that ensures trainees have the right knowledge & skills	Number of competence-based programmes	Implement CBET	Competent and skilled human resource that fits in the labour market
Promote a culture of research, development, innovation and environmental sustainability among staff and trainees	Implement environment friendly practises	Pavement in place	. Landscaping and paving	Environmental conservation
Enhance collaboration and linkages with industry and modern Kenya societal needs.	Raise the college profile in the community	No.of programs initiated	CSR and outreach programs	Commitment and support of the community

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

VII. CORPORATE GOVERNANCE STATEMENT

The Board of Governors consists of nine (9) Board members. The members are of sound and varied intellectual capacity, skills and competencies which is quite essential for efficient and effective decision making.

To undertake its duties the Board has three (3) committees in place namely: -

1. Academic and Human resource committee which mainly deals with Academic issues and human resources issues i.e. hiring and firing of BOM staff, enumeration schemes of BOM staff and appraisal of staff. The committee is constituted of five (5) members.
2. Finance Committee which deals with budgeting and financial planning, reporting & monitoring of internal controls and accountability policies. The committee is constituted of five (5) members.
3. Audit Committee which deals with risk management, internal controls and governance. Then there is the Full Board to which all these Board Committees report their deliberations and recommendations for collective approval and resolution. The committee is constituted of three (3) members.

The Board operates on a government Financial Year. The Board Committees and the Full Board meet at least four (4) times a year. For unexpected issues a Special Board Meeting is called by the Principal in consultation with the Board Chairperson.

At the Management level the college has a number of committees to assist in decision making,

A budget is essential to undertake the college operations and activities. The budgetary process is annual, regular, consultative and participatory. The budget is implemented after presentation to the Board's Finance and Administration Committee for deliberation and approval by the Full Board.

Samuel Mugo W.



Principal/BOG Secretary



NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

VIII.MANAGEMENT DISCUSSION AND ANALYSIS

During the financial 2020/2021 Naivasha Technical and Vocational College was able to undertake various activities leading to variance in the income and expenditure of the college.

On Income during the financial year was able to increase and this was due to receipt of government capitation and grants for the third and fourth quarter of the previous financial year. The income was also boosted by fee payment by the students through bursaries and the last batch of HELB disbursements to few students who were yet to receive the loan.

On expenditure during the FY2020/2021 much was used on uses of goods and services due to increased college enrolment.

During the financial year we constructed a four door pit latrine for the staff and a workshop to meet the increased student enrolment.

. It was also during the financial year that the college undertook various activities: -

- Enrolment of business students-supply chain and human resource management
- KNEC Examination (July sitting)
- Performance Contracting (P.C Negotiation)
- Enrolment of new students (October 2020 and February 2021 Intake)
- Renovation and equipping the Electrical Workshop

However, our challenge remains delay of funds from the Government Capitation initiative which has made us move at a slow pace in drafting and initiating projects within the college. Despite the financial constrains the college was able to operate debt free.

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE

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

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Naivasha Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant 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

With the rapid increase in use of technology the college is adapting to the changes in technology by adopting e-learning as a way of learning. This was fast-tracked by the covid-19 pandemic where TVETs had to continue with learning despite the lockdown and hence e-learning came handy. The college also in the FY20/21 adopted Teleconferencing as a way of holding meetings. Technology has really eased communication and learning on the other hand the challenge has been lack of good internet connectivity in some areas and hence some students missed class

Environmental performance

The college undertook a public health Inspection to ensure that the environment was conducive for learning.

Employee welfare

Naivasha TVC is an equal employer of all and always gives an opportunity to youth, women and People Living with Disability (PWDs) during employment.

The management goes ahead to train or send some of its staff to workshops, seminars and training to improve their skills and increase their knowhow on various matters.

Market place practices-

In the FY 20/21 the college paid all its supplier in time and closed the financial year without any supplier pending bill and hence maintained a good relationship with all suppliers.

The college also carried out various marketing activities with high ethical standards being maintained by ensuring we give true and accurate information.

Corporate Social Responsibility / Community Engagements

The college being the only public TVET College around its environs the college engaged the various secondary schools in career talks as a way of the college giving back to the society.

For free the college tasked the registrar office with this task and this really helped the youth around benefit from career talk additionally some schools visited the college and took an educational trip around the college getting exposure to TVET facilities.

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

X.REPORT OF THE BOARD OF GOVERNORS

Board of Governance term expired 7th November 2020 and we are yet to receive a new Board of Governance

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

XI.STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

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

The council members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the college
- (v) Selecting and applying appropriate accounting policies;
- (vi) Making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the college's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act)–

Board of Governance term expired 7th November 2020 and we are yet to receive a new Board of Governance

Samuel Mugo W.


Principal/BOG Secretary.



REPUBLIC OF KENYA

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



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

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

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

Qualified Opinion

I have audited the accompanying financial statements of Naivasha Technical and Vocational College set out on pages 1 to 47, 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 and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Naivasha Technical and Vocational College as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training (TVET) Act, 2013 and the Public Finance Management Act, 2012.

1.0. Non-Compliance with Public Sector Accounting Standards Reporting Template

The annual report and financial statements have not been signed by the chairman of the Board and does not have the report of the chairman and Board of Governors. In addition, numbering of the notes in the financial statements does not match with the corresponding notes while the statement of changes in net assets does not reflect the surplus and the closing balance for retained earnings. Further, Note 31 on property, plant and equipment does not have comparative balances as provided for in the PSASB template.

In the circumstances, the annual report and financial statements do not comply with the Public Sector Accounting Standards Board (PSASB) reporting template.

2.0. Unsupported Expenditure on Repairs and Maintenance

The statement of financial performance and Note 13 to the financial statements reflects repairs and maintenance amount of Kshs.613,057. The expenditure was made through standing imprest by purchase of low value items which exceeded the threshold set for this method of procurement. In addition, the expenditure was not supported by end user requisition, schedule of items marked for repairs or maintenance and pre and post-inspection reports and the goods were also not taken on charge in the store records. Further, the cash sales used to support expenditure lacked ETR receipts and approval from the Procuring Officer.

In the circumstances, the regularity of repairs and maintenance expenditure of Kshs.613,057 could not be confirmed.

3.0. Anomalies in Reported Fees from Students

The statement of financial performance and Note 8 to the financial statements reflects rendering of services-fees from students of Kshs.2,149,250. The income of Kshs.2,149,250 is based on receipts and not invoiced amounts and as a result, the reported revenue may be understated by undeterminable amount. In addition, review of

bank statements, cashbook and fees collection receipts revealed an amount of Kshs.2,237,155 which has not been reconciled with invoiced fees to determine accrued income for the year.

Further, the College received capitation of Kshs.5,442,500 that was not supported by records of total expected per student and actual number of students that received the capitation.

In the circumstances, the accuracy and completeness of rendering of services-fees from students amount of Kshs.2,149,250 could not be confirmed.

4.0. Unsupported Expenditure

The statement of financial performance and Note 10 to the financial statements reflects employee costs of Kshs.1,616,164 out of which an amount of Kshs.352,640 was paid to six (6) employees as travelling, accommodation and subsistence allowance. However, the expenditure was not supported by work tickets, proof of travel to destinations, authority to use private vehicles or payment schedules.

In the circumstances, the accuracy and completeness of compensation of employee's costs of Kshs.352,640 could not be confirmed.

5.0. Student Fee Debtors

The statement of financial position and Note 27(a) to the financial statements reflects current portion of receivables from exchange transactions balance of Kshs.1,177,455. The balance which relates to student debtors, decreased from amounts of Kshs.1,367,300 to Kshs.1,177,455 as at 30 June, 2021. However, no reconciliation of the student debtors was provided to confirm the student debtor's movement during the year. Further, the College did not prepare debtors aging analysis schedules to indicate the period the fees have remained outstanding.

In addition, the reconciled schedule for capitation for students during the year was also not provided to confirm the outstanding balances per student sponsored.

In the circumstances, the accuracy and completeness of the current portion of receivables from exchange transactions balance of Kshs.1,177,455 could not be confirmed.

6.0. Cash and Cash Equivalents

The statement of financial position and Note 26 to the financial statements reflects cash and cash equivalents balance of Kshs.3,082,585. However, the cash books were prepared in excel format with no internal control mechanism to deter unauthorized changes and detect errors of omission and commission.

In addition, the main bank account reconciliation statement presented in support of the balance reflects payments in bank statement not posted in cash book totalling to Kshs.168,785 and bank charges of Kshs.2,502 in bank statement not in cash book. No explanation was provided for not updating cash book with the payments.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.3,082,585 could not be confirmed.

7.0. Unsupported Inventories

The statement of financial position and Note 29 to the financial statements reflects inventories of Kshs.185,045. However, the amount was not supported by stock take sheets. This is contrary to Section 99(3) of the Public Finance Management (National Government) Regulations 2015 which provides that every entry in the accounts shall be supported by a voucher or other approved document gazetted by the Cabinet Secretary containing the full details, clear narrations and particulars of the item or items to which it relates.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.185,045 could not be confirmed.

8.0. Undisclosed Property, Plant and Equipment

The statement of financial position and Note 31 to the financial statements reflects property, plant and equipment balance of Kshs.1,930,562. However, the College has parcels of land, an office block and classrooms, multiple high value plant and machinery used for mechanical engineering classes, milling machines, lathe machines, hydraulic fork lift, grinding machines and computers which have not been valued and disclosed in the financial statements.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.1,930,562 could not be confirmed.

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final budget and actual receipts on comparable basis of Kshs.13,284,000 and Kshs.8,576,750 respectively, resulting to an underfunding of Kshs.4,707,250 or 35% of the budget.

Similarly, the Fund spent Kshs.7,487,842 against an approved budget of Kshs.16,693,652 resulting to an underexpenditure of Kshs.9,205,810 or 55% of the budget.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Lack of Risk Management Policy

The College did not have in place a risk management policy and risk register. As a result, there were no approved processes and guidelines on how to mitigate operational, legal and financial risks. Management could not therefore identify significance of business risks and likelihood of their occurrence.

In the circumstances, the effectiveness of the College's risk management strategies could not be confirmed.

2.0 Lack of Information and Communications Technology Policy

The College does not have an approved policy on Information and Communications Technology (ICT) that includes an IT continuity plan.

In addition, there was no IT strategic or steering committees for implementation of IT governance to safeguard its assets and there was no IT strategic plan. Further, there were no fire suppression systems.

In the circumstances, the College is prone to possible loss of critical data and information in case of a disaster.

3.0 Employee Costs

The statement of financial performance and Note 10 to the financial statements reflect employee costs of Kshs.1,616,164. Out of this amount Kshs.1,263,524 was in respect of salaries and wages. However, the College did not have an approved staff establishment to confirm the required number of employees and their designations.

In addition, the College did not have policy documents on the process of inviting, identifying and appointment of contractual employees, minutes of interview panel and appointment letters presented for audit verification.

Further, the five (5) teaching and four (4) non-teaching employees were paid salaries that were not based on the salary structures and job groups approved by the Salaries and Remuneration Commission (SRC).

In the absence of an approved staff establishment and policy on contractual employees, the College may not be able to determine the optimum number to discharge services to its stakeholders and budget for staff recruitment and compensation.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund'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 the College or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 September, 2022

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

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

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	5,442,500	3,078,434
Transfers from other levels of government	7	985,000	0
Revenue from exchange transactions			
Rendering of services- Fees from students	8	2,149,250	3,092,691
Total revenue		8,576,750	6,171,125
Expenses			
Use of goods and services	9	3,095,251	1,933,897
Employee costs	10	1,616,164	1,668,226
Remuneration of directors	11	355,000	289,040
Depreciation and amortization expense	12	284,808	9,938
Repairs and maintenance	13	613,057	417,274
Total expenses		5,964,280	4,318,375
Net Surplus for the year		2,612,470	1,852,750

BOG chairperson



Finance officer (icpak n°26989)



Principal/BOG Secretary

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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XIV.STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	26	3,082,585	2,151,093
Current portion of receivables from exchange transactions	27(a)	1,177,455	1,367,300
Receivables from non-exchange transactions	28	560,000	560,000
Inventories	29	185,045	0
Non-current assets			
Property, plant and equipment	31	1,930,562	29,813
Total assets		6,935,648	4,108,206
Current liabilities			
Trade and other payables from exchange transactions	34	214,972	0
Refundable deposits from customers	35	0	0
Non-current liabilities		0	0
Total liabilities		214,972	0
Financed by:			
Reserves		2,255,456	2,255,456
Accumulated surplus		4,465,220	1,852,750
			0
Total Capital and liabilities		6,935,648	4,108,206



Finance officer (icpak n°26989)



Principal/BOG Secretary

BOG chairperson

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2020	0	0	0	0	0
Revaluation gain	0	-	-	-	0
Fair value adjustment on quoted investments	-	0	-	-	0
Total comprehensive income	-	-	1,852,750	-	0
Capital/Development grants received during the year	-	-	2,255,456	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	0	0	-
At June 30, 2020	0	0	4,108,206	0	4,108,206
At July 1, 2020	0	0	4,108,206	0	4,108,206
Revaluation gain	0	-	-	-	0
Fair value adjustment on quoted investments	-	0	-	-	0
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	0	0	-
At June 30, 2021	0	0		0	

Note:

- For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
- Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done



Finance officer (icpak n°26989)



Principal/BOG Secretary

BOG chairperson

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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XVI.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		6,427,500	3,078,434
Rendering of services- Fees from students		2,149,250	3,083,652
Total Receipts		8,576,750	6,162,086
Payments			
Compensation of employees	16	3,095,251	1,668,226
Use of goods and services	15	1,616,164	1,933,897
Remuneration of directors	17	355,000	298,040
Repairs and maintenance	19	613,057	417,274
Total Payments		5,679,472	4,317,437
Net cash flows from operating activities	43	2,897,278	1,862,688
Cash flow From Operating Activities			
Decrease/(Increase) in Receivables from Exchange Transactions.		189,845	(830,940)
Increase in inventories		(185,045)	
Decrease/(Increase) in Receivables from Non-Exchange Transactions		0	0
Increase/(Decrease) in Payables		214,972	0
Net Cash flow From Operating Activities		3,117,049	1,031,748
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	31	(2,185,558)	0
Net cash flows used in investing activities		(2,185,558)	1,031,747
Cash flows from financing activities		0	
Net cash flows used in financing activities		0	1,031,747
Net increase/(decrease) in cash and cash equivalents		931,492	1,119,346
Cash and cash equivalents at 1 JULY 2020	26	2,151,093	1,119,346
Cash and cash equivalents at 30 JUNE 2021	26	3,082,585	2,151,093



Finance officer (iepak n°26989)



Principal/BOG Secretary

BOG chairperson

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

XVII.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	%
Transfers from other Govt entities Govt grants	8,000,000	0	8,000,000	6,427,500	1,572,500	19.7
Public contributions and donations	0	0	0	0	0	0
Rendering of services- Fees from students	5,284,000	0	5,284,000	2,149,250	3,168,130	60
Total income	13,284,000	0	13,284,000	8,576,750	4,740,630	35.7
Expenses						
Compensation of employees	3,460,272	0	3,460,272	1,616,164	1,844,108	53.3
Use of Goods and services	7,461,380	0	7,461,380	3,095,251	441,629	12.5
Repairs and maintenance	500,000	0	500,000	613,057	(144,307)	28.9
Depreciation and amortization expense	0	0	0	284,808	(284,808)	100
Remuneration of directors	1,272,000	0	1,272,000	355,000	817,000	64.2
Grants and subsidies paid	0	0	0	0	0	0
Development	4,000,000	0	4,000,000	1,523,562	2,476,438	62
Total expenditure	16,693,652	0	16,693,652	7,487,842	6,673,622	52.3
Surplus for the period	522,398	0	522,398	1,088,908	(1,932,992)	370

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.



 FINANCE OFFICER
 23 JUN 2022
 P. O. Box 374-20117 NAIVASHA

Finance officer (jepak n°26989)



 PRINCIPAL
 23 JUN 2022

Principal/BOG Secretary

BOG chairperson

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

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Naivasha technical and vocational college as an entity is established by and derives its authority and accountability from The Technical and Vocational Education and Training Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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>Applicable: 1st January 2021:</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> <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> <p><i>(Entity to state the impact of the amendments to the financial statements)</i></p>

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

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:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) 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.

iii. Early adoption of standards

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

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Dividends

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

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.
4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the Board on 26th June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per The Education Act, Chapter 211 of the Laws of Kenya [1980]

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

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 period of xxx years.

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

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

e) Property, plant and equipment

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

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Depreciation policy of the entity**

The entity depreciates its assets full year depreciation in the year of purchase and no depreciation on year of disposal.

Property plant and equipment	Depreciation rate
Educational buildings including student hostels	10% per year on reducing balance
Motor vehicle and heavy earth moving equipment	25% per year on reducing balance
Computer and peripheral computer hardware and software, calculators, copiers and duplicating machines	25% per year on reducing balance
Furniture and fittings	10% per year on reducing balance
Telecommunications equipment	10% per year on reducing balance

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

- 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.

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

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.

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.
4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants	5,442,500	3,078,434
Total government grants and subsidies	5,442,500	3,078,434

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2020-2021	2019-2020
	KShs	KShs
JICA- Research grant	0	0
World Bank grants	0	0
In-kind Donations	0	0
Other grants	0	0
Total grants from development partners	0	0

Reconciliations of grants from donors and development partners

Description	2020-2021	2019-2020
	KShs	KShs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions to be met - remain liabilities	0	0

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2020-2021	2019-2020
	KShs	KShs
Transfer from County	985,000	0
Total Transfers	985,000	0

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2020-2021	2019-2020
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from alumni	0	0
Other donations	0	0
Total donations and sponsorships	0	0

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.
10. RENDERING OF SERVICES**

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	2,149,250	3,092,691
Activity fees	0	0
Industrial attachment fees	0	0
Examination fees	0	0
Library fees	0	0
Facilities and materials	0	0
Registration fees	0	0
Others (<i>Specify</i>)	0	0
Total revenue from the rendering of services	2,149,250	3,092,691

11. SALE OF GOODS

Description	2020-2021	2019-2020
	KShs	KShs
Sale of goods		
Sale of books	0	0
Sale of publications	0	0
Sale of farm produce	0	0
Cafeteria	0	0
Other(include in line with your organisation)	0	0
Total revenue from the sale of goods	0	0

(Provide brief explanation for this revenue)

12. HIRE OF FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	KShs	KShs
Hire of facilities and equipment	0	0
Contingent rental	0	0
operating lease revenue	0	0
Total	0	0

(Provide brief explanation for this revenue)

13. FINANCE INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Cash investments and fixed deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

(Provide brief explanation for this revenue)

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

14. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Insurance recoveries	0	0
Consultancy fees	0	0
Income from sale of tender	0	0
Services concession income	0	0
Reimbursements and refunds	0	0
Graduation fees	0	0
Miscellaneous (<i>Specify</i>)	0	0
Total other income	0	0

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

15. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	Ksh	Ksh
Teaching and learning materials	274,315.00	659,955
Industrial attachment costs	10,000.00	0
Electricity	163,367.00	341,495
Water	32,800.00	0
Security	518,000.00	0
Advertising	81,000.00	0
Examination fees	681,450.00	132,600
Audit expenses	27,950.00	0
Catering, Conferences, and delegations	310,308.00	0
Travelling and accommodation	179,670.00	0
Fuel and oil	5,950.00	0
Insurance	-	8,056
Postage	8,805.00	0
Printing and stationery	151,328.00	0
Telephone expenses	98,750.00	0
Internet expenses	185,084.00	139,156
Training expenses	18,500.00	0
Administration expense	6,000.00	549,607
Covid-19 expense	92,233.00	0
Sundry expenses	93,050.00	103,028
Statutory expenses	95,051.00	0
Performance contract expense	61,640.00	0
	3,095,251.00	1,933,897

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

16. EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	1,263,524	1,361,220
Employee related costs - contributions to pensions and medical aids	0	0
Travel, motor car, accommodation, subsistence and other allowances	352,640	307,006
Housing benefits and allowances	0	0
Overtime payments	0	0
Performance and other bonuses	0	0
Social contributions	0	0
Employee costs	1,616,164	1,668,226

17. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Sitting allowance	355,000	289,040
Total director emoluments	355,000	289,040

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	284,808	9,938
Total depreciation and amortization	284,808	9,938

19. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Property	475,628.00	151,204
Equipment and machinery		0
Furniture and fittings	24,500.00	0
Computers and accessories	49,610.00	0
Other	63,319.00	266,070
Total repairs and maintenance	613,057	417,274

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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 20. CONTRACTED SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Actuarial valuations	0	0
Investment valuations	0	0
Property valuations	0	0
Total contracted services	0	0

21. GRANTS AND SUBSIDIES

Description	2020-2021	2019-2020
	KShs	KShs
Community development	0	0
Education initiatives and programs	0	0
Social development	0	0
Community trust	0	0
Sporting bodies	0	0
Total grants and subsidies	0	0

22. FINANCE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Borrowings (amortized cost)*	0	0
Finance leases (amortized cost)	0	0
Unwinding of discount	0	0
Interest on Bank overdrafts	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

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

23. GAIN ON SALE OF ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
	0	0
Property, plant and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
Total gain on sale of assets	0	0

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.
24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS**

Description	2020-2021	2019-2020
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

25. IMPAIRMENT LOSS

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Total impairment loss	0	0

26. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Current account		
Main A/C- 1223309193	1,340,027	158,459
Development A/C 1223309746	1,722,658.40	1,982,534
Fund account 1223309444	19,900.00	10,100
Total cash and cash equivalents	3,082,585	2,151,094

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

26 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
Kenya Commercial bank-Main a/c	1223309193	1,340,027	158,459
Development account	1223309746	1,722,658.40	1,982,534
Fund account	1223309444	19,900.00	10,100
Grand total		3,082,585	2,151,094

27. RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a) Current Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Student debtors	1,177,455	1,367,300
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total current receivables	1,177,455	1,367,300

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

27(b) Long- term Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Non-current receivables		
Refundable deposits	0	0
Advance payments	0	0
Public organizations	0	0
Less: impairment allowance	0	0
Total	0	0
Current portion transferred to current receivables	0	0
Total non-current receivables	0	0
Total receivables	0	0

27 (c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year		
Provisions during the year	0	0
Recovered during the year	0	0
Write offs during the year	0	0
At the end of the year	0	0

28. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Capitation grants*	560,000	560,000
Total current receivables	560,000	560,000

**Receivables on capitation grants is recognised for monies received after year end but relating to the year under review.*

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

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	0	0

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. INVENTORIES

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	71,000	0
Maintenance stores	114,045	0
Total inventories at the lower of cost and net realizable value	185,045	0

30. INVESTMENTS

Description	2020-2021	2019-2020
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
b) Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	0	0
c) Equity investments (specify)		
Equity/ shares in company xxx	0	0
Sub- total	0	0
Grand total	0	0

d) **Shareholding in other entities**

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

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%			
				Shs	Shs	Shs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
Entity D	0	0	0	0	0	0
	0	0	0	0	0	0

NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021.
 31. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Furniture and fittings	Computers& CCTVs	Printer	Other Assets (tank)	Plant and equipment	Total
Cost	Shs	Shs	Shs		Shs	Sbs	Shs
At 1 July 2020 balance b/d	0	0	0	53,000	0	0	53,000
Additions-							
	1,523,562	125,000	391,996		75,000	70,000	2,185,558
Disposals	0	0	0	0	0	-	0
Transfers/adjustments	0	0	0	0	0	0	0
At 30th June 2021	1,523,562	0	0	0	0	0	2,238,558
Depreciation and impairment	10%	10%	25%	25%	10%	10%	
At 1 July 2020	0	0	0	23,188	0	0	23,188
Depreciation	(152,356)	(12,500)	(97,999)	(7453)	(7500)	(7000)	284,808
Disposals	0	-	-		0	-	0
Impairment	0	-	-		0	-	0
Transfer/adjustment	0	0	0		0	-	0
At 30th June 2021	(152,356)	(12,500)	(97,999)	(30,641)	(7500)	(7000)	307,996
Net book values	1,371,206						
At 30th June 2021	1,371,206	112,500	293,997	22,359	67,500	63,000	1,930,562
<i>[Include brief description of WIP as a footer]</i>							

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Valuation

Land and buildings were valued by xxx independent valuer on xxx on xxx basis of valuation. These amounts were adopted on xxx.

31 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0	0	0
Buildings	0	0	0
Plant and machinery	0	0	0
Motor vehicles, including motorcycles	0	0	0
Computers and related equipment	0	0	0
Office equipment, furniture, and fittings	0	0	0
Total	0	0	0

32. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Additions—internal development	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

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33. INVESTMENT PROPERTY

Description	2020-2021	2019-2020
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
At end of the year	0	0

(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).

34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	214,972	0
Fees paid in advance	0	0
Employee advances		0
Third-party payments	0	0
Other payables	0	0
Total trade and other payables	214,972	0

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
Consumer deposits	0	0
Caution money	0	0
Other refundable deposits	0	0
Total deposits	0	0

36. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0	0
Additional Provisions	0	0	0	0	0
Provision utilised	0	0	0	0	0
Change due to discount and time value for money	0	0	0	0	0
Transfers from non-current provisions	0	0	0	0	0
Total provisions	0	0	0	0	0

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37. FINANCE LEASE OBLIGATION

Description	2020-2021	2019-2020
	KShs	KShs
At the start of the year	0	0
Discount interest on lease liability	0	0
Paid during the year	0	0
At end of the year	0	0

Maturity Analysis

Period	Amount
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5 and onwards	0
Less: Unearned interest	0
	0

Analysed as:

Description	Amount
Current	0
Non- Current	0
Total	0

38. DEFERRED INCOME

Description	2020-2021	2019-2020
	KShs	KShs
National government	0	0
International funders	0	0
Public contributions and donations	0	0
Total deferred income	0	0

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The deferred income movement is as follows:

	National government	International funders/ donors	Public contributions and donations	Total
Balance brought forward	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to income statement	0	0	0	0
Other transfers	0	0	0	0
Balance carried forward	0	0	0	0

39.EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	20xx-20xx	20xx-20xx
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
Total employee benefits obligation	0	0	0	0	0

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

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

	2020-2021	2019-2020
	Kshs	Kshs
Discount rates	0	0
Future salary increases	0	0
Future pension increases	0	0
Mortality (Pre- retirement)	0	0
Mortality (Post- retirement)	0	0
Withdrawals	0	0
Ill health	0	0
Retirement	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

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

Description	2020-2021 Kshs	2019-2020 Kshs
The return on defined plan assets	0	0
Actuarial gains/ losses arising from changes in demographic assumptions	0	0
Actuarial gains/ losses arising from 0020 changes in financial assumptions	0	0
Actuarial gains and losses arising from experience adjustments	0	0
Others (Specify)	0	0
Adjustments for restrictions on the defined benefit asset	0	0
Remeasurement of the net defined benefit liability (asset)	0	0

b) Amounts recognised in the Statement of Financial Position

Description	2020-2021 Kshs	2019-2020 Kshs
Present value of defined benefit obligations(a)	0	0
Fair value of plan assets(b)	0	0
Funded Status(=a-b)	0	0
Restrictions on asset recognised	0	0
Others	0	0
Net Asset or liability arising from defined benefit obligation	0	0

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. NON-CURRENT PROVISIONS

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0	0
Additional Provisions	0	0	0	0	0
Provision utilised	0	0	0	0	0
Change due to discount and time value for money	0	0	0	0	0
Less: Current portion	0	0	0	0	0
Total deferred income	0	0	0	0	0

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

41. BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Balance at beginning of the year	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the year	0	0

41 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2020-2021	2019-2020
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	0	0
Sterling Pound denominated loan from 'yyy organisation'	0	0
Euro denominated loan from 'zzz organisation'	0	0
Domestic Borrowings	0	0
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
Total balance at end of the year	0	0

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41 b) BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Short term borrowings(current portion)	0	0
Long term borrowings	0	0
Total	0	0

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

42. SERVICE CONCESSION ARRANGEMENTS

Description	2020-2021	2019-2020
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	0
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	0	0

43. CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	0	0
Non-cash grants received	0	0
Contributed assets	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Finance income	0	0
Finance cost	0	0
Working Capital adjustments	0	0
Increase in inventory	0	0
Increase in receivables	0	0
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	0	0

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

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44. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 20xx				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 20xx	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

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(i) Credit risk (continued)

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

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 20xx				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 20xx	0	0	0	0
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

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44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20xx			
Financial assets (investments, cash, debtors)	0	0	0
	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

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44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 201xx			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	0	0
USD	10%	0	0
20xx		0	0
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

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

Management of interest rate risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2020 – KShs xxx)

iv) **Capital Risk Management**

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
	0	0
	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0	0

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45. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

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

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies	0	0
Rent Income from govt. agencies	0	0
Water sales to Govt. agencies	0	0
Others (Specify)	0	0
Total	0	0
b) Purchases from related parties		
Purchases of electricity from KPLC	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Others (specify)	0	0
Total	0	0
b) Grants /Transfers from the Government		
Grants from National Govt	0	0
Grants from County Government	0	0
Donations in kind	0	0
Total		0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	0	
d) Key management compensation		
Directors' emoluments	0	0
Compensation to key management	0	0
Total	0	0

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46. SEGMENT INFORMATION

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

	2020-2021	2019-2020
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	0	0
Assets arising from determination of court cases	0	0
Reimbursable indemnities and guarantees	0	0
Others (Specify)	0	0
Total	0	0

Contingent Liabilities

	2020-2021	2019-2020
	Kshs	Kshs
Contingent liabilities	0	0
Court case against the entity	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from contracts including PPPs	0	0
Others (Specify)	0	0
Total	0	0

(There were no Court case against the entity in the 2020-2021 FY)

48. CAPITAL COMMITMENTS

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
Total	0	0

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the entity but at the end of the year had not been contracted or those already contracted for and ongoing)

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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49. DEFERRED TAX LIABILITY

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

	2020-2021	2019-2020
	Kshs	Kshs
Accelerated capital allowances	0	0
Unrealised exchange gains/(losses)	0	0
Revaluation surplus	0	0
Tax losses carried forward	0	0
Provisions for liabilities and charges	0	0
Net deferred tax liability/(asset)	0	0
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	0	0
Credit to revaluation reserve	0	0
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
Balance at end of the year	0	0

[In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)

50. EVENTS AFTER THE REPORTING PERIOD

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

51. ULTIMATE AND HOLDING ENTITY

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

52. CURRENCY

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>1.0 Transfers from the National Government</p> <p>The statement of financial performance for the year ended 30 June, 2020 reflects transfers from the national government of Kshs.1,053,434. The amount was received as operational grants from the national government. However, audit review of disbursement letters from the Ministry of Education and the bank statements revealed that the Institution received Kshs.3,078,434 leading to a variance of Kshs.2,025,000 that has not been explained or reconciled. Consequently, the accuracy and completeness of the transfers from the national government of Kshs.1,053,434 for the year ended 30 June, 2020 could not be confirmed.</p>	<p>The total amounts received ksh 3,078,434 have been recognized in the financial statements</p>	<p>resolved</p>	
	<p>2.0 Unsupported Fees from Students</p> <p>The statement of financial performance for the year ended 30 June, 2020 reflects fees from students of Kshs.4,434,890. The amount is in respect of tuition fees from students. However, the schedules provided reflected a balance of Kshs.4,374,990, leading to a variance of Kshs.59,900 that has not been explained or reconciled. Further, the schedule provided did not indicate the receipt numbers to account for the revenue. Consequently, the accuracy and validity of the fees from students of Kshs.4,434,890 for the year ended 30 June, 2020 could not be confirmed.</p>	<p>Students fee included the government capitation paid for each student therefore we have deducted the capitation amount recognized in the period as ksh 2,025,000 therefore fee paid by students amounted to ksh 2,409,890 and the schedule have been provided</p>	<p>resolved</p>	
	<p>3.0 Unsupported employee costs</p> <p>The statement of financial performance for the year ended 30 June, 2020 reflects employee costs of Kshs.1,668,226 as</p>	<p>Staff salaries have now being categorized into BOM staff, casual laborers and part time lecturer and a</p>	<p>resolved</p>	

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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2021.**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>detailed under note 16 to the financial statements. The amount was spent on payment of salaries and wages and travel and accommodation allowances. However, included in the amount is Kshs. 307,006 in respect of travel and accommodation allowances which is expenditure on general activities. Further, the employee costs have not been supported by schedules of monthly payrolls showing the salaries and allowances paid.</p> <p>Consequently, the accuracy and validity of the employee costs of Kshs.1,668,226 for the year ended 30 June, 2020 could not be confirmed.</p>	<p>payroll schedule for the financial year have being prepared and availed.</p>		
	<p>4.0 Unsupported General Expenses</p> <p>The statement of financial performance for the year ended 30 June, 2020 reflects general expenses of Kshs.1,083,651 as detailed under note 22 to the financial statements. Included in the balance is expenditure on administration fees, sundry expenses and examination payments all totaling to Kshs.936, 439 (or 86%). However, the payment vouchers relating to the expenditure were not supported by relevant documents as shown below:</p>	<p>Schedules have been prepared in relation to each item under general expenses and receipts and vouchers provided for their authentication.</p>	<p>resolved</p>	
	<p>5.0 Cash and Cash Equivalents</p> <p>The statement of financial position as at 30 June, 2020 reflects cash and cash equivalents balance of Kshs.2,338,979 and as disclosed under note 27 to the financial statements. The amount is held in three bank accounts, namely Main, Development and Fund accounts. However, the balance has not been supported by the respective cashbook balances and bank reconciliation statements as at that date.</p>	<p>Cashbooks and bank reconciliations for the three accounts have been prepared as directed.</p>	<p>resolved</p>	

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2021.**

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Consequently, the accuracy and validity of the cash and cash equivalents balance of Kshs.2,338,979 as at 30 June, 2020 could not be confirmed.			
	<p>6.0 Property, Plant and Equipment</p> <p>The statement of financial position as at 30 June, 2020 reflects property, plant and equipment of Kshs.53, 000. However, it was noted that the College owns properties which include parcels of land, an office block and classes, multiple high value engineering plant and machinery, and computers which have not been valued and disclosed in the financial statements. Consequently, the accuracy and completeness of the property, plant and equipment of Kshs.53, 000 as at 30 June, 2020 could not be confirmed.</p>	The College owns several properties ranging from office block and classes, engineering plant and machinery, and computers, these properties were procured by ministry of education on behalf of the college hence no documents were availed to the college to show their number and value. We are still waiting for the response from the ministry so that we can tag and hence disclose them in our financial statements. In case the ministry does not respond by the end of the financial year 2020-2021 the management have committed funds for valuation of all the properties owned by the college.	Not resolved	30/06/2022
	<p>7.0 Unsupported Receivables from Exchange Transactions</p> <p>The statement of financial position as at 30 June, 2020 reflects receivables from exchange transactions of Kshs.1,367,300, which is in respect of student debtors. However, the supporting schedule reflected Kshs.1,364,700, leading to a variance of Kshs.2,600 that has not been explained or reconciled. Further, the supporting schedule did not show the fees invoiced, the amount paid and balance</p>	Receivables from exchange transactions schedule have been availed for their authentication	resolved	

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	<p>outstanding as at the end of the financial year. Consequently, the accuracy and completeness of the receivables from exchange transactions of Kshs.1,367,300 as at 30 June 2020 could not be confirmed.</p>			
	<p>10. Budgetary Control and Performance</p> <p>The summary statement of comparison of budget and actual amounts for the year ended 30 June, 2020 shows that Naivasha Technical and Vocational College had a total income budget of Kshs.60,551,385 against actual income of Kshs.5,488,424 or 9% of the expected amount. Similarly, the statement reflects a total expenditure budget of Kshs.60,551,385 against actual expenditure of Kshs.4,503,737 or 7% of the expected expenditure. The performance difference is due to failure to obtain the budgeted funding in government grants and public donations. Consequently, the College was not able to implement its development projects, leading to impairment of service delivery.</p>	<p>The budgeted income was supposed to be rendered by the national government through the ministry of education but the government did not wire the funds to the college, in its response the MOE cited its because of budget cuts in the state department of TVET.</p>	<p>resolved</p>	


Finance officer (icpak n^o26989)


Principal/BOG Secretary

**NAIVASHA TECHNICAL AND VOCATIONAL COLLEGE
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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
5door pit latrine	1	Internal	3MONTHS	100%		
Plumbing workshop	1	Nakuru county	6months	partial		

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	5 door pit latrine	250,000	272,550	31/03/2021	250,000	272,550	Internal
2	Plumbing workshop	1,600,078	1,251,012	30/07/2021	1,600,078	1,251,012	Nakuru county & internal
3							

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of XXX				
FY xx/xx				
a.	Recurrent Grants			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<u>Date</u>		
			0	
			0	
			0	
		Total	00	
b.	Development Grants			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<u>Date</u>		
			0	
			0	
			0	
		Total	00	
c.	Direct Payments			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<u>Date</u>		
			0	
			0	
			0	
		Total	00	
d.	Donor Receipts			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<u>Date</u>		
			0	
			0	
			0	
		Total	00	

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


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 P. O. Box 574-20117 NAIVASHA


 Principal/BOG Secretary
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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	03/07/2020	Capitation	682,500	0	0	0	0	0	682,500
Ministry of Education	09/11/2021	Capitation	690,000	0	0	0	0	0	690,000
Ministry of Education	09/11/2021	Recurrent	500,000	0	0	0	0	0	500,000
Nakuru County Govt	03/12/2021	Facility grant	985,000						985,000
Ministry of Education	12/02/2021	Capitation	690,000	0	0	0	0	0	690,000
Ministry of Education	22/12/2021	Recurrent	500,000	0	0	0	0	0	500,000
Ministry of Education	30/03/2021	Capitation & recurrent	1,190,000						1,190,000
Ministry of Education	30/06/2021	Capitation & recurrent	1,190,000						1,190,000
Total			6,427,500	0	0	0	0	0	6,427,500