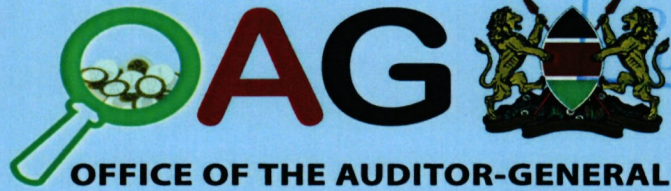



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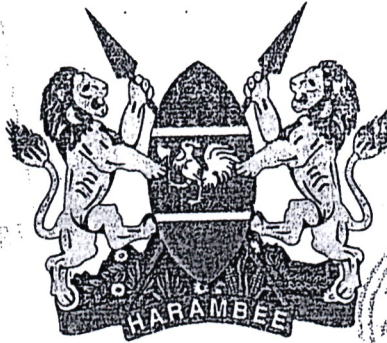
THE AUDITOR-GENERAL

ON

**GATANGA TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2020**

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International Public Sector Accounting Standards (IPSAS)



GATANGA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2020

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

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

Table of Contents

1. KEY ENTITY INFORMATION AND MANAGEMENT	ii
KEY ENTITY INFORMATION AND MANAGEMENT (Continued)	v
2. THE BOARD OF GOVERNORS	vi
3. MANAGEMENT TEAM	viii
4. CHAIRMAN'S STATEMENT	xi
5. REPORT OF THE PRINCIPAL	xi
6. REVIEW OF GATANGA TECHNICAL AND VOCATIONAL COLLEGE PERFORMANCE FOR FY 2019/2020	xii
7. CORPORATE GOVERNANCE STATEMENT	xv
8. MANAGEMENT DISCUSSION AND ANALYSIS	xvii
9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	xvii
10. THE BOARD OF GOVERNORS	xix
11. STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES	xx
12. REPORT OF THE INDEPENDENT AUDITORS ON GATANGA TECHNICAL AND VOCATIONAL COLLEGE	xxii
13. STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2020 ..	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 2020	2
15. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020	3
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 20xx	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019	5
18. NOTES TO THE FINANCIAL STATEMENTS	6
19. APPENDICES	21
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	21
APPENDIX III: INTER-ENTITY TRANSFERS	22

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Gatanga Technical and Vocational College is located in Muranga county, Gatanga sub-county, Gatanga division, Kigoro location, Ndunyu Chege sub-location. It was constructed through funding by GOK and Gatanga NG-CDF under mentorship of Murang'a University. The institution was completed in 2017 and handed over to Michuki Technical Training Institute to oversee its management until August 2017 when the principal was posted. The college first trainees were admitted in January 2018 in the following courses in Electrical engineering, ICT Mechanical and Plumbing. The college is a centre of excellence in mechanical engineering having received Mechanical production equipment's, computers and furniture's which were supplied to the institution in January 2018 through the Government of Kenya. Currently the college has a total population of 225 trainees in four departments as at June 2019. The college is located 26Km from Thika town along Gatanga-Ndakaini road.

(b) Principal Activities

GTVC is a national public tertiary institution under the Ministry of Education, it operates under the Education Act 213 and TVET Act 2013 Laws of Kenya. The College's operations are also carried out in accordance with the Government policies and procedures as spelt out in official documents and circulars. The institution operates under the management of the Board of Governors appointed by the Minister in charge of Education. The Principal is the institution's CEO and the secretary to the BOG. On the day-to-day operations of the college, the Principal is assisted by the Deputy Principal, the Registrar, the Dean of Students and Heads of Departments. The students participate in College's governance through a student's association led by an elected student council

The college is Centre of excellence in Mechanical Engineering. The college received modern tools and equipment in the area of ICT and MECHANICAL ENGINEERING worthy 104,000,000. (One Hundred and four Million). This government act was to bring to the youths of Murang'a county the modern technology so that they can have hands on skills for self-reliance which is also our motto. Trainees trained in Gatanga Technical and Vocational College are competently prepared emotionally, intellectually and spiritually. They are equipped with *Hands on Skills* and Technology to make a difference in this generation and generations to come. Gatanga Technical and Vocational College is committed to offering the best and top quality training. We provide the state of the art modern facilities for training.

We do so to make our trainees more competitive and competent in their professions. Gatanga Technical and Vocational College is growing from strength to strength, we are determined to offer training in a diverse, qualitative and an interactive platform that creates and nurtures talents among trainees. We offer courses from Diploma, Craft, Artisan and skill upgrade levels for those people who are practicing and have no formal certificate. There is no age limit for you to be admitted at Gatanga TVC because we offer both regular, part-time and school based trainings.

VISION

To be a centre of excellence in provision of technical & vocational education and training.

MISSION

To provide technical & vocational education and training courses that produce skilled and competent manpower that can compete favourably in the labour market

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

Core values

- Quality training
- Ethical practice
- Fairness & equity
- Teamwork
- Transparency & accountability
- Respect of rule of law
- Efficiency & efficacy

(c) Key Management

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

- | | |
|---------------------------------|----------------------|
| - BOG Chairman- | Mr. Peter Wanyoike |
| - Principal - | Mr. Jeremiah Mugo |
| - Ag Deputy Principal/Ag. Dean- | Madam. Rachel Kiroko |
| - Ag. Registrar/HOD ICT- | Madam Susan Njuguna |

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Jeremiah Mugo
2.	Ad Deputy Principal/Ag. Dean	Rachel W. Kiroko
3.	Ag. Registrar/HOD ICT	Susan N. Njuguna
4.	Head of Building and Civil Engineering	Judith Kyalo
5.	Head of Mechanical engineering	Cecil Muriuki
6.	Head of Electrical Engineering	Edwin Kinyua
7.	Assistant finance officer	Nancy Wangari
8.	Secretary	Jane Mwangi

(e) Fiduciary Oversight Arrangements

Audit committee activities

- Establish Internal Audit Functions
- Formulate whistleblowing Policy in the College
- Formulate and Review of OHS Policy
- Insurance of all assets general accident cover for students and BOG employees
- Formulation and Implementation of Anti- Corruption Policy
- Putting in place Security Surveillance Mechanisms
- Enhance Security of the Institution

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

- Formulation and Review of Security Policy
- Establish and Maintain Archives
- Formulate and Implement ICT Policy
- Carry out an audit on values of governance
- Ensure all financial transactions are properly authorized
- Ensure proper fees collection mechanisms
- Ensure proper systems controls in all service points

Development partner oversight activities

The functions of the Authority shall be to—

- (a) Regulate and co-ordinate training.
- (b) Accredit and inspect programmes and courses;
- (c) Advise and make recommendations to the Cabinet Secretary on all matters related to training;
- (d) Determine the national technical and vocational training objectives;
- (e) Promote access and relevance of training programmes within the framework of the overall national socio-economic development plans and policies;
- (f) Prescribe the minimum criteria for admission to training institutions and programmes in order to promote access, equity and gender parity;
- (g) recognize and equate qualifications awarded by local or foreign technical and vocational education institutions in accordance with the Standards and guidelines set out by the Authority from time to time;
- (h) develop plans, and guidelines for the effective implementation of the provisions of this Act;
- (i) Establish a training system which meets the needs of both the formal and informal sectors as prescribed under this Act;
- (j) Collect, examine and publish information relating to training;
- (k) Inspect, license, register and accredit training institutions;
- (l) Advise on the development of schemes of service for trainers;
- (m) Assure quality and relevance in programmes of training;
- (n) Liaise with the national and county governments and with the public and the private sector relating to training;
- (o) Undertake, or cause to be undertaken, regular monitoring, evaluation and inspection of training and institutions to ensure compliance with set standards and guidelines;
- (p) Mobilize resources for development of training;
- (q) Ensure the maintenance of standards, quality and relevance in all aspects of training, including training by or through open, distance and electronic learning;
- (r) Approve the process of introduction of new training programmes and review existing programmes in Technical and Vocational Education and Training Board institutions;

Other oversight activities

Role of the Cabinet Secretary

- (1) The Cabinet Secretary in consultation with the other Ministries and the private sector involved in training shall develop policies and provide strategies for the development of a national training system.
- (2) The Cabinet Secretary shall have the overall responsibility in the provision of training and shall, in collaboration with other Ministries and stakeholders, be responsible for promoting access, equity, quality and relevance in training.
- (3) The Cabinet Secretary shall provide policy guidance on all matters relating to the implementation.

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Gatanga Technical and Vocational College Headquarters

P.O. Box 6232-01000
Thika, KENYA
Gatanga-Ndakaini road off Ndunyu Chege Market

(g) Gatanga Technical and Vocational College Contacts

Telephone: (254) 713 477 791
E-mail: gtvcgatanga@gmail.com/info@gatangatvc.ac.ke
Website: www.gatangatvc.ac.ke

(h) Gatanga Technical and Vocational College Bankers

1. Kenya Commercial Bank Ltd
Thika Town Branch
P.O. Box 271-01000 Thika, Kenya

(i) Independent Auditors

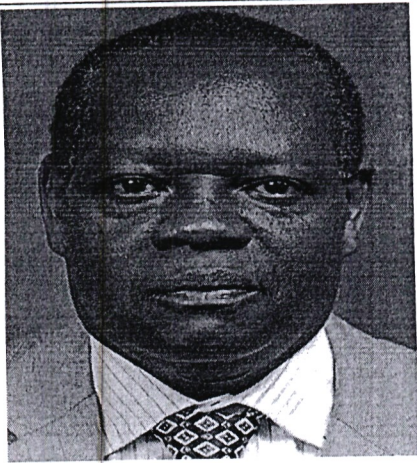
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

2. THE BOARD OF GOVERNORS



1. Mr. Peter Kuria Wanyoike
Chair of the Board of Governor's

Mr. Peter was born in May 1957, he holds a Masters in Geospatial information and remote sensing, Bachelors of Science education and a Higher diploma in surveying. He has worked as a deputy principal at Kenya Institute of Surveying and mapping he has also worked as a senior super intending land surveyor, he has also worked as a Provincial surveyor in central and western province and also as a District Surveyor in Muranga and Meru District and is currently a director of Arcplan services, a land surveying, mapping, GIS and remote sensing consulting firm licensed by land surveyor and is the chair of the Board of governor in Gatanga Technical & vocational College.



2. Mr. Jeremiah Munene Mugo
Chief Principal/Secretary of the board

Mr. Jeremiah was born in June 1965. He holds MBA, BBM, a Diploma in Technical Education and is a CPA K holder. He has worked as a HOD Business studies Rift valley T.T.I, HOD Business Nkabune T.T.I, Registrar Nkabune T.T.I, Deputy principal Nkabune T.T.I and is currently the principal in Gatanga T.V.C and also the secretary of the Board of Governor.



3. Ms. Rita Kathini
Executive Board of Governor





Ms. Rita was born in November 1982, she holds Bachelor of Arts and is registered BORAQS and corporate member institute of quantity surveyors of Kenya. She has worked as a project manager in vabgjiyani enterprises limited and also as a project coordinator in EpcO Building Limited. She is currently working as a quantity surveyor in Kenyatta University.



4. Mr. Kelvin Njuguna Njeri
Non-Executive Board of Governor

Mr. Kelvin was born in April 1986. He holds a Bachelor of science in computer science. He has worked as a senior systems engineering in business enterprise technical support, also as a senior Unix and Systems administrator in Central Bank of Kenya and is currently working as a Unix and Systems administrator at Kenya Commercial Bank

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

 <p>5.Mr. Eric Mwea Gachathi Executive Board of Governor</p>	<p>Mr. Eric was born in March 1987. He holds a Bachelor of technology in Mechanical Engineering and a Diploma in Mechanical Engineering. He has worked as a Mechanical engineer in Bidco Oil Refineries, a mechanical engineer workshop at the Kenya Polytechnic University College and is currently working as a plant engineer in Kenya Tea Development Agency.</p>
 <p>6.Ms. Esther Mwendwa Kyale Executive Board of Governor</p>	<p>MS. Esther was in 1987. She holds Masters in (MSC) project management, Bachelor of commerce finance option and is a CPA II holder. She has been an intern at KENGEN under the finance and commercial division department and is currently working at KENGEN as an Accountant III.</p>
 <p>7.Mr. John Masafu Tengeye Non-Executive Board of Governor</p>	<p>Mr. John was born in 1994. He holds a Bachelor of Science in land administration. He has worked as a property officer at Kesiwa Associates, he has also worked at the ministry of land Kitale and Bungoma and as a land administrator at the National Land Commission. He is currently working as property officer at Kesiwa Associates.</p>
 <p>8.Ms. June Munene Non-Executive Board of Governor</p>	<p>Ms June was born in 1983. She holds bachelor of science in international business administration she has worked as an insurance officer and business development manager with widescope insurance brokers for 8 years she is currently the general manager of WIB insurance gency ltd from 2015 to date.</p>

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

3. MANAGEMENT TEAM



1. Mr. Jeremiah M. Mugo

Mr. Jeremiah was born in June 1965. He holds Master of Business Administration, Bachelor of Business Management, a Diploma in Technical Education and is a CPA K holder. He has worked as a HOD Business Studies Rift Valley T.T.I, HOD Business Nkabune T.T.I, Registrar Nkabune T.T.I, Deputy principal Nkabune T.T.I and is currently the Principal in Gatanga Technical & Vocational College and also the Secretary to the Board of Governors.



2. Madam Rachel Kiroko

Madam Rachel Kiroko was born in January 1968. She holds a masters in IT, Bachelor of Education in counselling, Diploma in Computer science, and Certificate in Technical Education programme in General Agriculture. She has worked as a teacher in Ituru High School and is currently a Trainer in Gatanga Technical Vocational College and also the Ag. Deputy/Ag. Dean.



3. Madam Susan Njuguna

Madam Susan was born in January 1979. She holds a Bachelor of education in computer studies and mathematics, Diploma in technical education in computer studies and a Diploma in computer studies. She has worked as a trainer in Kirinyaga technical training institute, Nyandarua technical training institute, Kirinyaga university of science and technology and is currently a trainer in Gatanga technical and vocational college and also HOD in ICT department and the Ag. Registrar.

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**



4.Mr.Cecil Muriuki

Mr. Muriuki was born in August 1981.He holds a Diploma in Mechanical Engineering (production option) and a Diploma in Technical Education Mechanical Engineering. He has worked at Masaku Prestige Spares (K) ltd,Kenya Technical Teachers College, Rwika Technical Training Institute, Makima Youth Polytechnic and is currently a Trainer in Gatanga Technical and Vocational college and Ag.HOD mechanical Department.



5.Ms Judith Kyalo

Madam Judith was born in April 1987.She holds a BSC in Quantity Surveying, a Diploma in Technical education and a Diploma in Building and Construction Engineering. She has worked with August Construction company and Tawa Enterprises Limited as a supervisor and is currently a trainer in Gatanga Technical and Vocational College and also the HOD Building Department.



6.Mr Edwin Kinyua

Mr. Edwin was born in 1987. He holds a Bachelor of Electrical and Electronic Engineering and a Diploma in Technical Education. He has worked as an Engineer in New Kenya Co-operative Creameries LTD, Patronics Services Ltd and Geoems Technologies Ltd and also as a Trainer in Thika Technical Training Institute and Nairobi Technical Training Institute and is currently a Trainer in Gatanga Technical and Vocational College and also the HOD Electrical Department.

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**



7. Ms. Jane Mwangi

MS. Jane was born in September 1991. She holds a certificate in Secretarial studies with computer. She has worked as a secretary in Gatundu-ini Secretary school and is currently the secretary Gatanga Technical and Vocational College.



8. Ms. Nancy Wangari

MS. Nancy was born in September 1998. She is a CPA part II holder and is the assistant Finance officer in Gatanga Technical and Vocational College.

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

4. CHAIRMAN'S STATEMENT

I am pleased to present the annual report and financial statement of Gatanga Technical & vocational college institute for the year ended 30th June 2020.

The demand for TVET programmes in the country has continued to rise prompting the institution to continually introduce academic programme that respond to the demand of the market. The objective of the board is to position the GTVC main programmes within the context of the market requirements, cost rationalisation, equity and customer satisfaction.

During the financial period, key achievements realized were;

- Increased student's enrolment
- Substantial physical infrastructure
- Establish and Strengthened collaboration and liaison with key local industries where the college can attach its trainees.
- Established collaboration with the sister institutions.
- Established public private partnership to address the shortage of accommodation spaces for the increased population growth.
- Participated in various KATTI activities at both the regional and national levels.
- Recruited into performance contracting at the beginning of the 2nd quarter.

During this financial year, financial commitment was geared towards developing, approving implementation of the first college strategic plan which sets out the process of putting up various structures suited to give support to academic programmes being the core function of the institution.

I am also glad that the college was among the first young institutions that took the challenge of being introduced into Performance Contracting. This has helped in achieving targets set out in the Performance Contract as drawn from the strategic plan during the year under review.

I am proud to note that most of the goals set out within the first year of the strategic plan have indeed been achieved. These include:

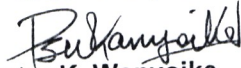
- Growth in student's numbers,
- Competitive recruitment of staff both trainers and other support staff.
- Development of the infrastructures to support academic programmes.
- Development of various physical infrastructures like roof water harvesting system and water storage tank

The college received operation grants, HELB loans /bursary and GoK capitation for the college trainees'. These funding has enabled the college acquire equipment that will make it go –a-long way in ensuring that trainees are equipped with relevant skills therefore increasing their marketability.

The college has witnessed significant growth of the institute assets that has promoted a good training environment for both trainers and trainees. In this regard, I wish to thank the members of the board who have provided useful insight to the college management making it possible to collectively make progress. The board remains committed to building on the foundation laid down so far and will work closely with the GTVC top management team in order to realise further development. The board is pleased with efforts of the GTVC key management personnel to ensure prudent management of resources.

I thank the government for its financial support so far that has made it possible to implement the GTVC functions and programmes and also enabled the college to increase its enrolment within the year under review.

I finally, wish to thank all stake holders for their continued support and dedication, even as we together strive to achieve greater heights of excellence.


Peter K. Wanyoike
Chair of the Board of Governor's

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

5. REPORT OF THE PRINCIPAL

Presented herein is the annual report and financial statement of Gatanga Technical & vocational college for the year ended 30th June 2020 as per requirements of the Public Finance Management Act of 2012 and public audit act, 2003.

The college started the year with the cash and cash equivalents of **kshs. 2,476,210.10** during the financial year 2019/2020, the college generated **kshs. 2,891,216.00** in A- in – A vide students' tuition and other fees. Also received kshs. **1,013,358.60** s recurrent grants, HELB Loans/Bursary kshs of **1,407,600.00** and kshs. **3,300,000.00** for the college trainees' capitation totalling to **kshs. 7,598,816.00** which is the total revenue for exchange of transactions.

The institution aims at diversification of revenue streams through and by initiating the following projects;

- a. Lobby for more financial support from government to finance in the development of the proposed projects.
- b. Aggressive marketing of the college programme to increase trainee's enrolment
- c. Establishing income generating activities and strengthening the existing ones
- d. Collaborate with industries agencies for innovations funding
- e. Soliciting for grants, donations and sponsorship

The population by 30th June 2020 was 225 students from 150 at the beginning of the financial year which represent 66% growth. This has been made possible through Government support i.e capitation, HELB loans and marketing of the courses offered in the institution. This growth would have been higher than indicated but was interrupted by the closure of learning institutions due to COVID-19 pandemic for the period from mid-March to a period that was not known.

The institution carried out an analysis of the internal and external environment using (SWOT) and (PESTEL) analysis. This provides an implementation road map to monitor and evaluate mobilisation of the resources generated to realise the institute core mandate. The college mandate is derived from the TVET ACT of 2012 which outlines the objectives towards promoting TVET education and training in Kenya.

During this financial year the institute was recruited into performance contracting which was a major milestone at these early years of the institution development and growth. This is helping in setting up the performance targets.

During the financial year under review, the institution embarked on establishing a number of academic programmes, diploma and certificate courses in Electrical and Electronics engineering, Building Construction and Hair dressing & Beauty Therapy. This is after college embarked on an intensive marketing programme aimed at enhancing its visibility and increasing students' enrolment.

On behalf of the management and staffs of GTVC, I take this opportunity to thank the Board of the College for the support accorded to the key management and for its visionary direction in development of the college.

I appreciate the financial support from the GoK throughout the year under review though we appeal for more support especially for the purpose of establishing suitable facilities required towards becoming the TVET of choice for trainees in Kenya and beyond.

I thank all the staffs and trainees of GTVC for their continued cooperation in this challenging but noble task of building the college and I look forward to the same cooperation and enthusiastic participation in 2020 – 2021 financial year.


Jeremiah M. Mugo
Chief Principal/Secretary of the board

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

6. REVIEW OF GATANGA TECHNICAL & VOCATIONAL COLLEGE 'S PERFORMANCE FOR FY 2019/2020

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 college performance against predetermined objectives.

Gatanga TVC has eight strategic pillars and objectives within its Strategic Plan for the FY 2018/2019-2022/2023. These strategic pillars are as follows:

Pillar 1: Access and Equity

Pillar 2: Institutional Corporate Governance/Management

Pillar 3: Ict (Equipment and Technology)

Pillar 4: Research and Innovation

Pillar 5: Financial resources

Pillar 6: Publicity of the College

Pillar 7: Collaboration and Linkages

Pillar 8: Infrastructure Development

Gatanga TVC develops its annual work plans based on the above eight pillars. Assessment of the college performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2019/2020 period for its eight strategic pillars, as indicated in the diagram below:

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

Sl. No.	Strategic issues	Strategic Objective	Key Performance Indicators	Activities	Achievements
	Access and equity	to enhance access and equity to quality TVET training	No. of students enrolled No. of programmes launched	Design flexible and blended learning programmes	Increased enrolment of 210 trainees
	Institutional, Corporate Governance /Management	Improve Institutional corporate governance/Management	Organisational structure, HIV/Aids, Drug and substance Abuse, Safety measures, Gender mainstreaming, Disability Mainstreaming Affirmation policies	Establish institutional policies, strategies and programmes that are responsive to effective governance and management of TVET	Number of policies in place- all the policies were developed
	ICT	Promote effective application of ICT	e-books acquired and utilized E-learning materials	Acquisition of e-books Training of trainers	Number of e-books acquired and in use Preparation of E-learning materials.
	Research and Innovation	Create forums for sensitization of staff and students -Develop a reward system for innovations	Institutionalize research and development	Participate in TVET Fairs	number of fairs participated at regional, national
	Financial resources	Enhance fees collection	To improve the financial position of the college	Control systems established and implemented	Enhanced fees collection and more cash
	Human Resource	Liaise with the PSC for meeting gaps in teaching and support staff	-Manpower requirements determined	-Teaching staffing gaps addressed	Number of staff hired/posted by the PSC.
	Collaboration and linkages	Review and strengthen existing frameworks for collaborations and linkages in TVET	Mechanisms for benchmarking and joint cooperation in TVET developed and implemented	Number of mechanisms	Number of mechanisms
	Infrastructure improvement	To provide adequate infrastructure for quality service delivery	Increased capacity for quality service delivery	- Develop infrastructure plans and designs - Source for funding	Improved service delivery

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

7. CORPORATE GOVERNANCE STATEMENT

During the year under review, the board held four full board meetings and four Executive Board meetings. All the meetings had a quorum and no member missed two consecutive meetings.

The term of the current board is ending on March 2021 and the plans are already under way to start process of identifying members who can be appointed or re-appointing the current members.

As outlined from the TVET Act 2013, section 28(1) the roles, functions, and performance of the board during the year is as follows;

(a) Overseeing the conduct of education and training in the institution in accordance with the provisions of this Act and any other written law;

The Board has been able to monitor the manner in which the college is managed or directed through the regular quarterly meetings -100%.

(b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;

Through the management, the board have acquired right syllabuses and mounted market driven courses and made sure real training takes place through supervision- 100%

(c) Administering and managing the property of the institutions;

The board have been able to provide security and regular maintenance of all the equipment and vehicles-100%

(d) Developing and implementing the institutions' strategic plan;

The board developed launched a strategic plan which is currently being implemented- 100%

(e) Preparing annual estimates of revenue and expenditure for the institution and incurrence of expenditure on behalf of the institutions;

The board have prepared annual budget but execution has not been fully done due to non-remittance of development funds already budgeted.

(f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;

This has been achieved – 100%, the college has a functional finance department to collect and receipt all the monies received.

(g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;

The board performed this function – 100%, though the government came up with a standard fees structure for all the TVET Institutions.

(h) Mobilizing resources for the institutions;

- The college have been able to collect fees from parents.
- Sourced for more funding from NG-CDF and
- Written proposals to organizations and government departments requesting for funding.

(h) Developing and reviewing programs for training and to make representations thereon to the TVET Authority;

(i) The board have approved new courses as guided by the ministry of education.

(j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

This was achieved 100%- all the students who applied were admitted.

(k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;

- The college is a member of KATTI and CAPA
- The college receive students from KUCCPS
- Principals visit industries annually to get the views of the stakeholders.

(k) Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry;

All the recruitments so far carried out by following recruitment procedures.

(m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;

- Our wages are within the set standards of the country
- The college has developed a scheme of service and a Human Resource Policy.

(n) Making regulations governing organization, conduct and discipline of the staff and students; this has been achieved -100%. We have developed and implemented rules and regulations

(o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board;

(p) Providing for the welfare of the students and staff of the institutions;

The board have improved the college learning environment by;

- Acquiring more equipment for training
- Acquiring more student's desks
- Repairing washrooms
- Water harvesting to improve sanitation

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

- Established G&C department
- Students have their elected leadership
- The management hold regular meeting with the students and staff

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

The board has promptly acted upon all the communications received from within and outside the college. The board was well remunerated as they received their full allowances during all the meetings

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

8. MANAGEMENT DISCUSSION AND ANALYSIS

The college has performed well during last financial year. We were able to maintain discipline of both staff and students and made sure that training went on well. This can be attested by the good final examination results received during the year where the college posted 80% pass overall. The college also performed well financially. We were able to accomplish all financial decisions made. All the statutory deductions were remitted on time, this included; NHIF, NSSF and PAYE

The college ended the year with no outstanding bills. The main risks facing the college are financial due to low student population growth, reduced government grant and no development funds. The funding received from capitation is all going to recurrent expenditure leaving almost nothing to developments. Since the college is only three years old, it requires a lot of financial support to put up more infrastructures to be able to admit more students. We have no office space, ablution block, and lecture rooms hence the college existence is at great risk.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Gatanga TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Social pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

Innovation and technology- the college has put a lot of effort in sustainability related R&D in order to reduce environmental impacts in new products and in business activities of training. The college uses BAT (best available techniques) and integrated environmental technologies, we concentrate on cleaner production and zero-emission technologies.

Collaboration – the college maintained a Good cooperation and active collaboration with various business partners which included suppliers, R&D institutions, universities and TVET institutions working in common programs and networks on innovative products and technologies. Exchange of information and knowledge through TVET fair.

Knowledge management – the college have planned, developed, organized, maintained, transferred, applied and measured specific knowledge and to improve the organizational knowledge base.

Processes- Clear processes and roles are defined so that college activities are efficiently conducted and that every employee knows what the college management expects from him or her.

Purchase- the college had a good Relationship with suppliers focusing also on sustainability.

Sustainability reporting – the college maintained Considerable reporting of sustainability issues within the board meeting reports.

2. Environmental performance

This dimension deals with environmental impacts due to corporate activities. These environmental impacts are caused by resource use and emissions into air, water, ground and hazardous waste.

This dimension is mainly measured by impacts but within corporate sustainability strategies the focus has to be laid on the effects causing these impacts, e.g., the higher the maturity levels are the more it has to be concentrated on causes rather than on effects.

Emissions into the air- Emissions into the air due to corporate activities the college does not emit any pollution to air as we are training and not manufacturing.

Emissions into the water - Emissions into the water due to corporate activities -none

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

Emissions into the ground - Emissions into the ground due to corporate activities- none
Waste and hazardous waste- Waste and hazardous waste due to corporate activities- none
Biodiversity Impact on biodiversity due to corporate activities
Environmental issues of the product Environmental aspects of the product over the whole life cycle

2. Employee welfare

Corporate governance- Transparency in all its activities in order to ameliorate relationship towards its stakeholders. During the financial year, the college recruited staff using the laid down recruitment procedures. This was done through the guidance of public service commission who Give insight into all relevant data; following rules of on recruitment of the corporate governance and defining responsibilities and behavior of the board.

Staff Motivation and incentives – this is an Active involvement and exemplary function of management on sustainability of all the Employees Being Aware of their needs, claims and motivation factors of employees in order to implement sustainability sufficiency into the organization due to support of management for acting in sustainable way (e.g. time, money, resources). The management Developed and implemented incentives and reward systems (monetary and non-monetary).

Health and safety – the college guarantee that no health and safety risks occur when working in/for the college. No negative impact of employees' physical health at any time was reported. The college has envisioned operation of programmes for employees to prevent dangers and to stay generally fit and healthy.

Human capital development - Development of human capital for sustainability related issues through specific programmes is key to any organization. The college has sponsored staff to various seminars and workshops and also allowed others join holiday classes. The college has also encouraged Broad cross-working education (job enrichment, job enlargement) for staff in order to become aware of the different challenges and issues of corporate sustainability.

3. Market place practices- The organisation should outline its efforts to:

- a) Responsible competition practice.
The college practices responsible competition by following normal procedure of marketing. The college has developed an anti-corruption policy and non-political adherence
- b) Responsible Supply chain and supplier relations-
The college has list of suppliers who were prequalified through advertisement. The policy of the college is to pay all the bills at the end of every month and this has created a good rapport with her suppliers and service providers
- c) Responsible marketing and advertisement
The college carries out normal marketing through media and organized talks.
- d) Product stewardship.
Trainees trained in Gatanga Technical and Vocational College are competently prepared emotionally, intellectually and spiritually. They are equipped with Hands on Skills and Technology to make a difference in this generation and generations to come. The Gatanga Technical and Vocational College is committed to offering the best and top quality training.

4. Community Engagements-

The college did not have much on corporate social responsibilities because it is only three years old and still struggling financially and relying 100% on government funding. But in the year under review, we had organised a career talk for all the school leaver within Gatanga sub-county.

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

10. THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the *college* affairs.

Principal activities

The principal activities of the entity are to nurture technical skills and to be a centre of excellence in producing skilled manpower that can compete favourably in local and international labour market.

Results

The results of the entity for the year ended June 30 are set out on page 1 to 5.

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page vi and vii. During the year 2019/2020 there has not been retirement, resignation or appointment of any board member.

Auditors

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

By Order of the Board

Office of the Auditor General
Nairobi
Date.....

GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

11. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The Board of Governors are responsible for the preparation and presentation of Gatanga Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of Gatanga Technical and Vocational College for and as at the end of the financial year (period) ended on June 30, 2019. 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 college;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of Gatanga Technical and Vocational College
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for the College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The Board of Governors are of the opinion that the College financial statements give a true and fair view of the state of Gatanga TVC transactions during the financial year ended June 30, 2019, and of the College financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the institute financial statements as well as the adequacy of the systems of internal financial control.

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

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

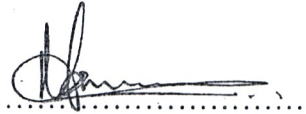
Approval of the financial statements

Gatanga Technical and Vocational College financial statements were approved by the Board on 4/03/2021 and signed on its behalf by:



Chairperson of the Board

Mr. Peter k. Wanyoike

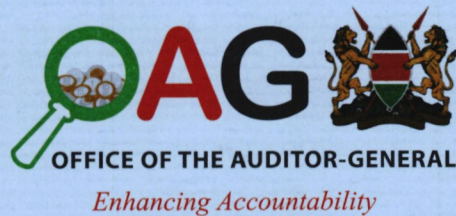


Accounting officer/Principal

Mr. Jeremiah M. Mugo

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 GATANGA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Gatanga Technical and Vocational College set out on pages 1 to 21, which comprise the statement of financial position as at 30 June, 2020, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of Gatanga Technical and Vocational College as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis), and do not comply with the Public Finance Management Act, 2012 and Technical and Vocational Education Training Act, 2013.

Basis for Qualified Opinion

1. Statement of Changes in Net Assets

The statement of changes in net assets presented for audit is for the financial year 2018/2019 and comparative period figures for 2017/2018, instead of 2019/2020 and 2018/2019 respectively. Consequently, the accuracy and disclosure of the figures in the statement of Changes in Net assets for the year ended 30 June, 2020 could not be confirmed.

2. Variances Between the Statement of Financial Performance and Comparison of Budget and Actual Amounts

The figures reflected in the statement of financial performance are at variance with the balances indicated in comparison of budget and actual amounts as tabulated below:

Item	Statement of Financial Performance (Kshs.)	Comparison of Budget and Actual Amounts (Kshs.)	Variance (Kshs.)
Transfers from Other Government - GOK Grants	2,000,000	1,013,359.60	986,640
Rendering of Services-Fees from Students	3,098,000	7,598,816	(4,500,816)
Total Revenue	8,435,500	8,612,174.60	(176,675)
Total Expenditure	22,388,803	11,538,803	10,850,000
Deficit for the Period	(13,953,303)	(2,926,628.40)	(11,026,675)

No explanation or reconciliation have been provided for the above variances.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be ascertained.

3. Property, Plant and Equipment

As disclosed under note 19 to the financial statements, the statement of financial position as at 30 June, 2020 reflects a balance of Kshs.151,250,000 in respect of property, plant and equipment. The balance is cost of assets of Kshs.166,000,000 net of depreciation for the year of Kshs.14,750,000. However, valuation report and fixed assets register were not presented for audit.

Consequently, the accuracy and completeness of non-current assets balance of Kshs.151,250,000 as at 30 June, 2020 could not be ascertained.

4. Net Assets and Liabilities

The statement of financial position as at 30 June, 2020 reflects total assets, total liabilities and net assets of Kshs.156,845,397.50, Kshs.156,280,093.50 and Kshs.156,280,093.50 respectively. The statement, however, erroneously indicates net assets and liabilities balance of Kshs.156,280,093.50 instead of the balance of Kshs.156,845,397.50 or the correct financial position as at 30 June, 2020. No explanation was provided for this anomaly.

Consequently, the accuracy of the nets assets of Kshs.156,280,093.50 as at 30 June, 2020 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report 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, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Unsupported Expenditure

As disclosed under Note 14 to the financial statements, the statement of financial performance reflects expenditure of Kshs.2,161,452 under General Expenses which, includes expenditure of Kshs.1,666,450 relating to local travelling. However, the expenditure was not supported by authority and evidence of travel and purpose for the expenditure.

Consequently, the validity of the expenditure of Kshs.1,666,450 included under general expenses for the year ended 30 June, 2020 could not be ascertained.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and 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 governance.

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 February, 2022

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020	2018-2019
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the National Government – GOK grants	6	2,000,000.00	2,000,000.00
Transfers from the National Government-capitation	7	3,337,500.00	0.00
Revenue from exchange transactions			
Rendering of services- Fees from students	8	3,098,000.00	4,524,904.00
Revenue from exchange transactions		8,435,500.00	6,524,904.00
Total revenue		<u>8,435,500.00</u>	<u>6,524,904.00</u>
Expenses			
Use of goods and services	9	2,454,742.00	1,316,604.00
Employee costs	10	2,162,029.00	1,117,273.00
Remuneration of directors	11	844,000.00	578,000.00
Depreciation and amortization expense	12	14,750,000.00	0.00
Repairs and maintenance	13	16,580.00	59,710.00
General expenses	14	2,161,452.00	1,129,454.50
Total expenses		<u>22,388,803.00</u>	<u>4,201,041.50</u>
Net Surplus for the year		<u>(13,953,303.00)</u>	<u>2,323,862.50</u>

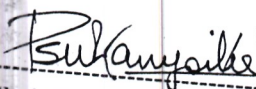
The notes set out on pages' 6 to 20 form an integral part of the Annual Financial Statements.

AND VOCATIONAL COLLEGE
GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020


14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

Assets	Notes	2019-2020	2018-2019
		Kshs	Kshs
Current assets			
Cash and cash equivalents			
Current portion of receivables from non-exchange transactions-GOK grants	15	2,476,210.10	1,806,644.50
Current portion of receivables from non-exchange transactions-capitation	16	986,641.40	
Current portion of receivables from exchange transactions	17	37,500.00	
Total current assets	18	2,095,046.00	1,225,936.00
Non-current assets			
Property, plant and equipment		5,595,397.50	
Total assets			
Liabilities	19	151,250,000.00	0.00
Current liabilities		156,845,397.50	3,032,580.50
Trade and other payables from exchange transactions			
Refundable deposits from customers	20	432,074.00	164,694.00
Total liabilities	21	133,230.00	37,746.00
Net assets		565,304.00	202,430.00
Retained earnings		156,280,093.50	2,830,146.50
Capital fund			
Total net assets and liabilities		5,030,093.50	2,830,146.50

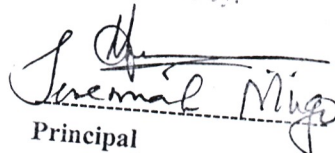
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Board of Governors by:


 Chairman of Board of Governors

Date: 09/03/2021


 Finance Officer
 ICPAK No

Date: 09/03/2021


 Principal

Date: 09/03/2021

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

15. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
Balance b/f at July 1, 2018	0.00	0.00	0.00	0.00	0.00
Revaluation of assets	0.00	0.00	0.00	0.00	0.00
Fair value adjustment on quoted investments	0.00	0.00	0.00	0.00	0.00
Total comprehensive income	0.00	0.00	4,233,396.50	0.00	0.00
Capital/Development grants received during the year	0.00	0.00	0.00	0.00	0.00
Transfer of depreciation/amortization from capital fund to retained earnings	0.00	0.00	0.00	0.00	0.00
Balance c/d as at June 30, 2019	<u>0.00</u>	<u>0.00</u>	<u>4,233,396.50</u>	<u>166,000,000</u>	<u>170,233,396.50</u>
Balance b/f as at July 1, 2019	<u>0.00</u>	<u>0.00</u>	<u>4,233,396.50</u>	<u>166,000,000</u>	<u>170,233,396.50</u>
Assets initially expensed – (valued amount as per historical cost)	0.00	0.00	(13,953,303.00)	0.00	(13,953,303.00)
Total comprehensive loss	0.00	0.00	0.00	0.00	0.00
Capital/Development grants received during the year	0.00	0.00	0.00	0.00	0.00
Transfer of depreciation from capital fund to retained earnings	0.00	0.00	14,750,000.00	(14,750,000.00)	0.00
Balance c/d as at June 30, 2019	<u>0.00</u>	<u>0.00</u>	<u>5,030,093.50</u>	<u>151,250,000.00</u>	<u>156,280,093.50</u>

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

16 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	2,000,000.00	2,000,000.00
Transfers from other Government entities/capitation	7	3,337,500.00	
Rendering of services- Fees from students	8	3,098,000.00	4,524,904.00
Total Receipts		8,435,500.00	6,524,904.00
Payments			
Use of goods and services	9	2,454,742.00	1,316,604.00
Employee costs	10	2,162,029.00	1,117,273.00
Remuneration of Directors	11	844,000.00	578,000.00
Depreciation and amortization expense	12	14,750,000.00	0.00
Repairs and maintenance	13	16,580.00	59,710.00
General expenses	14	2,161,452.00	1,129,454.50
Total Payments		22,388,803.00	4,201,041.50
Surplus for the year		<u>(13,953,303.00)</u>	2,323,862.50
(Less)increase in receivables		1,918,371.40	1,225,936.00
(Add) increase in payables		432,074.00	164,694.00
(Add)2018/19 recovered debt		1,225,936.00	209,159.00
(Add)refundable to customers		133,230.00	37,740.00
(Add)capital reserves		14,750,000.00	0.00
Increase in cash and cash equivalents		669,565.60	1,509,519.50
Cash and cash equivalents at 1 JULY 2019		1,806,644.50	297,125.00
Cash and cash equivalents at 30 JUNE 2020		2,476,210.10	1,806,644.50

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Note No.
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Transfers from other Govt entities Govt grants				1,013,358.60	(1,013,358.60)	100%	Note 1
Rendering of services- Fees from students & Capitation	12,412,400.0	0.00	12,412,400.0	7,598,816.00	4,813,584.00	39%	Note 2
Total income	12,412,400.00	0.00	12,412,400.00	8,612,174.60	3,800,225.40	31%	
Expenses							
Compensation of employees	2,534,400.00	0.00	2,534,400.00	2,162,029.00	(372,271.00)	-15%	Note 3
Use of Goods and services	4,400,000.00	0.00	4,400,000.00	2,454,742.00	1,945,258.00	44%	Note 4
Repairs and Maintenance	361,900.00	0.00	361,900.00	16,580.00	345,320.00	95%	Note 5
General expenses	4,172,600.00	0.00	4,172,600.00	2,161,452.00	2,011,148.00	48%	Note 6
Remuneration of directors	943,600.00	0.00	943,600.00	844,000.00	99,600.00	10%	Note 7
Depreciation and amortization expense			0.00	14,750,000.00	(14,750,000.00)		
Total expenditure	12,412,400.00	0.00	12,412,400.00	22,388,803.00	(9,976,403.00)		
Surplus for the period	0.00	0.00	0.00	(13,776,628.40)			

Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

Note 1: The college had not budgeted for recurrent grants as they are irregular and had stated in the budget that if the recurrent grants were to be received they will be used to cater for underfunded recurrent expenditures.

Note 2: The trainees didn't pay their fees as expected and 58 of the trainees did not receive their capitation grants

Note 3: The college didn't engage the internal auditor and the procurement officer as budgeted.

Note 4: The under expenditure occurred due to the term being cut short due to the COVID – 19 pandemics.

Note 5: There was no much maintenance and repair done in that FY.

Note 6: Due to budgetary constraints, some non-priority activities were either suspended or pushed to the next FY.

Note 7: The FY was cut short by the pandemic hence the BOG meetings were cut short.

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Gatanga Technical and Vocational College is established by and derives its authority and accountability from TVET Act. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. Gatanga Technical and Vocational College principal activities are to nurture technical skills and to be a centre of excellence in producing skilled manpower that can compete favourably in local and international market.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the college accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the notes.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: 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>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 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> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ol 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

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

Standard	Effective date and impact:
	classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
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>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

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 payments are

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

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

Gatanga TVC recognizes revenue from rendering of services by reference to trainee's fees collection.

b) Budget information

The original budget for FY 2019/2020 was approved by the Board of Governors. There were no Subsequent revisions or additional appropriations made to the approved budget under review.

The institute'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.

c) Taxes

Current income tax

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

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) 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. Asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The depreciation is calculated on the reducing balance to write down the cost of each asset to its residual value over estimated useful life using the following rates:

Plant ,property & equipment	Depreciation rate
Land & building	2% Land is deemed to have infinite life hence depreciated at 0%
Furniture & fittings	12.5%
Computers	30%
Plant & equipment	12.5%

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

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) Nature and purpose of reserves

The College maintains the following reserves in terms of specific requirements.

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

(a) Retained earnings

The retained earnings are used to absorb the accumulated surplus /deficit at the end of the financial year in the statement of the financial performance.

k) Changes in accounting policies and estimates

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

l) Related parties

The college 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 institute, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the CEO/principal and senior managers.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Kenya Commercial Bank 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.

n) Comparative figures

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

o) Subsequent events

There have been events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020 (COVID – 19 Intervention from 15th March 2020 to date).

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

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

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant/Recurrent grants-GOK Grants	2,000,000.00	2,000,000.00
Total government grants and subsidies	2,000,000.00	2,000,000.00

7 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
capitation	3,337,500.00	0.00
Total government grants and subsidies	3,337,500.00	0.00

8 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	69,140.00	683,740.00
EWC	340,660.00	376,497.00
LT\$T	317,610.00	343,975.00
RMI	175,140.00	186,671.00
Activity	360,130.00	375,048.00
Admin	-	51,684.00
Gratuity	-	1,570.00
Computer Maintenance	-	3,250.00
Student Welfare	62,600.00	35,150.00
T-Shirt	71,300.00	3,600.00
Caution	81,000.00	120,260.00
Registration	-	21,964.00
College ID	85,500.00	5,500.00
School Fund	-	5,661.00
Development	-	36,772.00
Practical	-	36,750.00
KNEC	-	412,653.00
Computer Packages	-	86,590.00
Personal Emoluments	1,201,920.00	1,375,081.00
Attachment	333,000.00	362,688.00
Total revenue from the rendering of services	3,098,000.00	4,524,904.00

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
KNEC	323,380.00	295,900.00
Tuition	2,131,362.00	1,020,704.00
Total good and services	<u>2,454,742.00</u>	<u>1,316,604.00</u>

10 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	1,885,691.00	1,117,273.00
NHIF	62,200.00	0.00
NSSF	198,840.00	0.00
PAYE	15,298.00	0.00
Employee costs	<u>2,162,029.00</u>	<u>1,117,273.00</u>

11 REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	248,000.00	160,000.00
Directors emoluments	596,000.00	418,000.00
Total director emoluments	<u>844,000.00</u>	<u>578,000.00</u>

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	14,750,000.00	0.00
Total depreciation and amortization	<u>14,750,000.00</u>	<u>0.00</u>

13 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	16,580.00	59,710.00
Total repairs and maintenance	<u>16,580.00</u>	<u>59,710.00</u>

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

14 GENERAL EXPENSES

Description	2019-2020	2018-2019
	KShs	KShs
Admin cost	113,311.00	143,333.50
Local travelling	1,666,450.00	904,121.00
Water and Electricity	179,343.00	81,000.00
Computer maintenance	0.00	400.00
Industrial attachment	30,428.00	600.00
Student welfare	9,020.00	0.00
T-shirt	400.00	0.00
Activity	85,060.00	0.00
College ID	75,440.00	0.00
Caution	2,000.00	0.00
Total General Expenses	2,161,452.00	1,129,454.50

15(a) CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	118,351.00	108,642.00
Cash balance	2,357,859.10	1,698,002.50
Total cash and cash equivalents	2,476,210.10	1,806,644.50

(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019-2020	2018-2019
		KShs	KShs
a) Current account			
Kenya Commercial bank	1222518384	2,357,859.10	1,698,002.00
b) Others(specify)			
cash in hand		118,351.00	108,642.00
Sub- total		118,351.00	108,642.00
Grand total		2,476,210.10	1,806,644.50

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

16. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (GOK-Grants)

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
GOK grants expected	2,000,000.00	0.00
GOK grants received	1,013,358.60	0.00
Total current receivables (GOK grants)	986,641.40	0.00

17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Capitation)

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Capitation expected	3,337,500.00	0.00
Capitation received	3,300,000.00	0.00
Total current receivables (Capitation)	37,500.00	0.00

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Tuition fees	33,280.00	17,540.00
EWC	247,288.00	140,752.00
LT&T	207,791.00	118,065.00
RMI	131,584.00	75,643.00
Activity	299,073.00	160,293.00
Admin	720.00	2,160.00
Gratuity	117.00	351.00
Computer Maintenance	250.00	750
Student Welfare	43,700.00	26,020.00
T-Shirt	27,300.00	1,200.00
Caution	60,900.00	120,260.00
Registration	1,764.00	2,264.00
College ID	34,500.00	2,000.00
School Fund	656.00	1,312.00
Development	4,661.00	9,995.00
Practical	7,875.00	15,597.00
Personal Emoluments	653,283.00	363,474.00
Attachment	318,604.00	162,260.00
Computer packages	21,700.00	0.00
Total current receivables (student debtors)	2,095,046.00	1,225,936.00

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

19. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	FURNITURE AND FITTINGS	COMPUTERS	PLANT AND EQUIPMENTS	CAPITAL WORK IN PROGRESS	TOTALS
COST		SHS	SHS	SHS	SHS	SHS	SHS
At 1 July 2019	20,000,000.00	40,000,000.00	2,000,000.00	4,000,000.00	100,000,000.00	-	166,000,000.00
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
At 30 th June 2020	20,000,000.00	40,000,000.00	2,000,000.00	4,000,000.00	100,000,000.00	-	166,000,000.00
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-
At 30 th June 2020	20,000,000.00	40,000,000.00	2,000,000.00	4,000,000.00	100,000,000.00	-	166,000,000.00
Depreciation and impairment	0.00	0.020	0.125	0.300	0.125		
At 1st July 2020							-
Depreciation		800,000.00	250,000.00	1,200,000.00	12,500,000.00	-	14,750,000.00
Impairment							
At 30 June 2020		800,000.00	250,000.00	1,200,000.00	12,500,000.00	-	14,750,000.00
Depreciation							-
Disposals							-
At 30 th June 2020							-
Net book values	20,000,000.00	39,200,000.00	1,750,000.00	2,800,000.00	87,500,000.00	-	151,250,000.00

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade creditors	0.00	27,870.00
Fees paid in advance	432,074.00	136,824.00
Total trade and other payables	432,074.00	164,694.00

21. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Caution money	133,230.00	37,740.00
Total deposits	133,230.00	37,740.00

22. FINANCIAL RISK MANAGEMENT

The institute's activities expose it to a variety of financial risks including credit risks and. The institute'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 institute'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.

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:

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	1,225,936.00		1,225,936.00	0.00
Total	1,225,936.00		1,225,936.00	0.00
At 30 June 2020				
Receivables from exchange transactions	2,095,046.00		2,095,046.00	0.00
Total	2,095,046.00		2,095,046.00	0.00

23. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

The trainees under the fully performing category are paying their debts as they continue learning. 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 previous terms.

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

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the institute 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 institute'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.

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2020**

24 RELATED PARTY BALANCES

Government of Kenya

The Government of Kenya is the principal shareholder of the *institute*, holding 100% of the *institute'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;

25. EVENTS AFTER THE REPORTING PERIOD

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

26. ULTIMATE AND HOLDING ENTITY

The institute is a Tertiary College under the Ministry of Education. Its ultimate parent is the Government of Kenya.

27. Currency

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

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

28 APPENDICES

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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

Guidance Notes:

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

Gatanga Technical and Vocational College
Chairman of the Board

Sign Bulanyi

Date 09/03/2021

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

APPENDIX III: INTER-ENTITY TRANSFERS


ENTITY NAME:			
Break down of Transfers from the Ministry of Education			
FY 2019/2020			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	17/07/2019	13,358.60	2019/2020
	27/05/2020	1,000,000.00	2019/2020
	Total	1,013,358.60	
b. Capitation			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	10/07/2019	795,000.00	2019/2020
	18/10/2019	375,000.00	2019/2020
	6/05/2020	2,130,000	2019/2020
	Total	3,300,000	

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

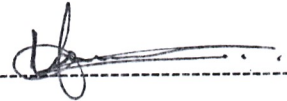
Finance Officer
Gatanga Technical and Vocational College

Principal/Sec BOG
Gatanga Technical and Vocational College

Sign

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Sign


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APPENDIX III: INTER-ENTITY TRANSFERS

KENYA CIVIL AVIATION AUTHORITY				
Break down of Transfers from the State Department of Transport				
FY 2019/20				
a. Donor Receipts				
		Bank Statement Date	Amount (KShs)	FY to which the amounts relate
		11/11/2019	29,540,250	2019-2020
		27/02/2020	34,707,819	2019-2020
		Total	64,248,069	

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

Sign  -----
 Director Corporate Services
 Kenya Civil Aviation Authority

Sign-----
 Head of Accounting Unit
 Ministry

Kenya Civil Aviation Authority
 Reports and Financial Statements
 For the year ended June 30, 2020

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 Kshs	Statement of Financial Performance Kshs	Where Recorded/recognized				Total Transfers during the Year Kshs
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Kenya Airports Authority	16/07/2019	Recurrent	143,927,470.90	143,927,470.90					143,927,470.90
Kenya Airports Authority	21/08/2019	Recurrent	606,527,342.73	606,527,342.73					606,527,342.73
Kenya Airports Authority	30/08/2019	Recurrent	99,150,909.25	99,150,909.25					99,150,909.25
Kenya Airports Authority	03/02/2020	Recurrent	358,326,295.31	358,326,295.31					358,326,295.31
Kenya Airports Authority	03/02/2020	Recurrent	363,970,232.65	363,970,232.65					363,970,232.65
Kenya Airports Authority	06/03/2020	Recurrent	352,183,766.01	352,183,766.01					352,183,766.01
Total			1,924,086,016.85	1,924,086,016.85	-	-	-	-	1,924,086,016.85