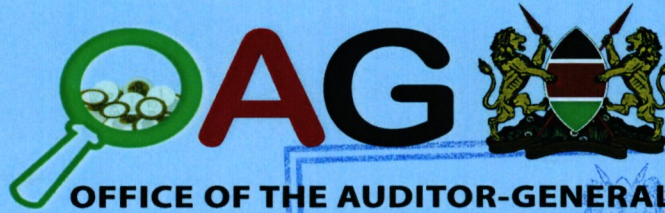


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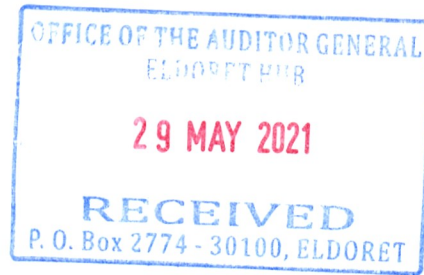
THE AUDITOR-GENERAL

ON

**KIPKABUS TECHNICAL AND
VOCATIONAL COLLEGE**

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





**International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for**

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE (KTVC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2020**

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

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE (KTVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kipkabus Technical & Vocational College is situated in Uasin-Gishu County, Kenya. It was established in 2018 as a Technical and Vocational College. It was equipped with equipment's by the government for Mechanical workshop.

The entities has three departments respectively and are as follows; Building and Civil Engineering, Mechanical Department, Information Communication Technology Department.

Kipkabus TVC was fully equipped by the Ministry Of Education with Mechanical Engineering machines including Lead Machine

(b) Principal Activities

The principal activity of the entity is to offer high quality Technical Training and carry out innovative research within and outside the college.

Vision

To use our unlimited passion for technology content and services to deliver high quality skills

Mission

To provide high quality technical industrial & vocational training in a conducive environment using appropriate technology to empower trainees for individual and national development.

Strategic Objectives

- 1) To provide conducive environment for learning
- 2) To provide Technical training and re- skilling opportunities
- 3) To enhance integrations of ICT in management, training and learning
- 4) Promote strategic collaboration and linkages with industries and other institutions
- 5) Promote entrepreneurship, innovation and research

Core Values

To meet the expectations of our stakeholders, we are committed to the following values: -

- 1) Professionalism,
- 2) Transparency
- 3) Accountability
- 4) Integrity

(c) Key Management

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

1. Board of Governors
2. Accounting officer/ Principal
3. Deputy principal
4. Registrar
5. Dean of Students
6. Finance Officer
7. Procurement officer
8. Heads of Departments

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(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	Wilson Kimugul
2.	Deputy Principal administration	Dr. Prisca Choge
3.	Finance Officer	Elijah Chirchir
4.	Registrar	Sheilah Mutai
5.	Dean of students	Zephania Sirma
6.	Procurement Officer	Newton Bett

(e) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements in the Institute is as follows;

1. Finance, Infrastructure and General Purpose chaired by CPA Kili Rop
He is practising Auditor and a Consultant at Kili Rop and Company Associates.
2. Education, Human Resource and Training chaired by Ms.Regina Chepkasi
She has worked as Regional Human Resource Manager
She has served the community at different capacities including being a B.O.G Chairman of Rift-Valley Technical Training Institute.
3. Audit and Risk Management chaired by Adv Caroline Kiboss
She works as a lawyer at Advocate kibos and CO. Advocates. She has a Degree in Law and a graduate Diploma of the Kenya School of Law. She seats at Kipkabus TVC B.O.G as a Chairperson.

Other organs carrying out oversight include;

1. Ministry of Education under State Department of Vocational Technical Training Institutions
2. Public Procurement and Oversight Authority
3. Office of the Auditor General

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

P.O. Box 10882-30100

Eldoret - Kenya

40 km off Eldoret – Ainabkoi highway, approximately 40 km from Eldoret

(g) Entity Contacts

Telephone :(254) 717130180

E-mail: info@ktvc.ac.ke

Website: www.ktvc.ac.ke

(h) Entity Bankers

1) Kenya Commercial Bank

Eldoret East branch

P.O BOX 01- 30100

ELDORET

(i) Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

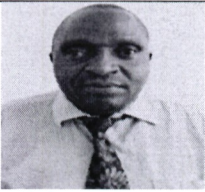

Nairobi, Kenya

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE




ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. THE COUNCIL/BOARD OF GOVERNORS

<p>1.  Advo Caroline Kibos Lawyer, Bachelor of Law</p>	<p>Advo Caroline Kibos was born in the year 1975. She works as a lawyer at Advocate Kibos and CO. Advocates. She has a Degree in Law and a graduate Diploma of the Kenya School of Law. She sits at Kipkabus TVC B.O.G as a Chairperson.</p>
<p>2.  Ms. Regina Chepkasi Regional Hr Manager, Master of Human Resource Management</p>	<p>M.s Regina Chepkasi was born in the year 1968. She has worked as Regional Human Resource Manager. She has served the community at different capacities including being a B.O.G Chairman of Rift-Valley Technical Training Institute. Regina Chairs Education, Human Resource & Training of Kipkabus Technical & Vocational College</p>
<p>3.  Arch Simon Khazenzi Consultant & Farmer, Bachelor of Architecture</p>	<p>Arch Simon Khazenzi was born in the year 1959. He has worked with public service as an Consultant Architect. He has also been practising serious farming. Khazenzi has also served as a B.O.G at Moi Girls Nangili. He is a member of Finance and general purpose committee of Kipkabus Technical and Vocational College.</p>
<p>4.  CPA Kili Muhindi Rop Auditor /Management Consultant, CPAK MBA Finance</p>	<p>CPA Kili Rop was born in the year 1965. He is a practising Auditor and a Consultant at Kili Rop and Company Associates. He has been a board member at RVTTI and is currently the Chairman of Finance and general purpose committee of Kipkabus Technical and Vocational College.</p>
<p>5.  Judith Akinyi Evidence Action</p>	<p>Judith Akinyi was born in the year 1991. She works at Evidence Action- Kisumu. She has a Degree in Environmental management. She is a member</p>
<p>6.  John Erick Okatch</p>	<p>John Erick was born in the year 1978. He is a System Developer, IT consultant. He has provided systems used by several Universities in Kenya and even some of TVET institutions.</p>


Ict Consultant, System Developer	
<p>7.  Gichuru Mutilili U-G County Director TVET</p>	<p>Gichuru Mutilili is the County Director TVET of Uasin Gishu county. He is a member of the Audit and Risk Management</p>
<p>8.  Wilson Kimugul Principal /Sec B.O.G of Kipkabus TVC</p>	<p>Wilson Kimugul is the Principal Kipkabus TVC.He has more than 23 years as a working as a trainer. He holds a Degree in Automotive Engineering with University of Eldoret, and currently pursuing Masters in the same university</p>
9.	<p>Prisca Barsosio was born in the year 1980.She has a Degree in Computer science. She is a member of Finance and General purpose committee</p>

3. MANAGEMENT TEAM

<p>1.  WILSON KIMUGUL PRINCIPAL</p>	<p>Wilson Kimugul is the Principal Kipkabus TVC.He has more than 23 years as a working as a trainer. He holds a Degree in Automotive Engineering with University of Eldoret, and currently persuing Masters in the same university</p>
<p>2.  DR. PRISCA CHOGE PRINCIPAL</p>	<p>Insert each key manager's/Principal passport-size photo and name, and key profession/academic qualifications</p>
<p>3.  M.s SHEILA MUTAI REGISTRA</p>	<p>Sheila Mutai is the Institute Registra. He holds a Degree in ICT with Ma University of science and technology</p>

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

<p>4.  MR. ISMAEL KOSGEI H.O.D BUILDING & CIVIL</p>	<p>Ismael Kosgei is the Head of department Building and civil Engineering. He holds a Degree in Urban and regional planning with Maseno University of science and technology.</p>
<p>5.  MR. ISAIAH MUTAI H.O.D MECHANICAL DEPARTMENT</p>	<p>Isaiah Kimutai is the Head of department Mechanical Engineering. He holds a Degree in Mechanical Engineering with Moi University of science and technology.</p>
<p>6.  MR. ELIJAH CHIRCHIR ACCOUNTANT</p>	<p>Elijah Chirchir is the Head of Finance. He has done Certified Public Accounts(CPA) up to Part III Section V.He has a Degree in Bachelor of Commerce-Finance Option with KCA University.</p>
<p>7.  MR. SHADRACK KIMUTAI H.O.D ICT</p>	<p>Shadrack Kimutai is the Head of department Information Communication Technology (ICT). He holds a Degree in Software Engineering with Kabarak University .</p>
<p>8.  MR.VICTOR KIBET INDUSTRIAL LIASON OFFICER</p>	<p>Victor Kibet is the Industrial Liaison Office. He is concerned with linking of trainees with industries for attachments. He holds a Diploma in Automotive Engineering with RVTTI and a Degree in Automotive Engineering in University of Eldoret</p>

4. CHAIRMAN'S STATEMENT

It gives me great pleasure to present the 2019/2020 Annual Report to our stakeholders. We are immensely grateful to our staff, students, parents, donors, sponsors and collaborators for their continued commitment and support. Their support motivates and gives us the strength to drive the institution forward, to build on and consolidate the institute's strong profile, good reputation and positive impact. Of particular mention is the increase in student enrolment that registered a big stride through the government initiative in TVET and vigorous marketing. In Kenya, education experts have predicted that the success of economic growth will be hinged on an adequate supply of middle-level technical skills. In an attempt to address this concern, the government has moved to implement the Technical and Vocational Education and Training Act (2013). This has resulted in increased funding for the Technical and Vocational Education and Training Institutions through Capitation, Development Grants and HELB loans and bursaries.

The government's initiative in improving TVET sector brought along several opportunities including increased enrolment, linkages and collaborations. Along these were also high levels of expectations from student community, employees and other stakeholders. The strategic plan being implemented had envisaged to address the emerging challenges and took advantage of existing opportunities. It provides a clear roadmap to the Board of Governors and management during the period 2019-2023 of the institute's development priorities. The Institute continues to make tremendous achievement in fulfilling its mandate by continuing to provide physical and training facilities, employing skilled manpower and automating its operations. It is expected that the government will continue to contribute to the realization of our dreams as we look out to other partners and sources of revenue to fund the planned expansion.

Despite the difficulties that were experienced at the second half of the year due to Covid-19 pandemic, we managed to complete a number of priority projects earmarked during the financial year. We were more encouraged by very good results that the Institute attained in the performance contracting cycle of the previous year. The trainees also posted good results in the TVET fairs. We have put in place quite a number of measures following the directives of both the Ministry of Health and Ministry of Education in regard to Covid-19.

Through a collaborative process of management working among staff and trainees, with the full support of the Board of Governors, we have continuously worked to ensure that the Institute meets its financial obligations for sustainability and for its infrastructural expansion. We continue to improve training facilities to gain competitive edge and meet the requirements of the extremely competitive environment since every constituency boasts of a public TVET institution as well as Private Colleges.

Our commitment as a Board is to continue setting the right tone at the top geared towards the realization of the Institute's vision and mission. We feel indebted to all the stakeholders who contributed to the success of the just concluded financial year and look forward to continued cordial relations.

ADV Caroline Kibos

BOG Chairperson

Date: 27/05/2021

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. REPORT OF THE PRINCIPAL

Kipkabus Technical & Vocational College is meant to offer high quality technical training, carry out innovative research and community outreach programmes for sustainable socio-economic development. This also enables the institute to contribute towards the attainment of our country's Vision 2030 blue print and support the drive in realising the objectives of the National Government's 'Big Four' agenda. The FY 2019/2020 was a significant year as the Government continued to emphasis on TVET sector. It was however disrupted by the outbreak of Covid -19 in the fourth quarter that led to closure of Institutions. The Institute took decisive, immediate actions and deliberate changes to match the dynamics including renovations of facilities. During the financial year, the institute implemented activities towards to roll out its Strategic Plan. Resources were directed to marketing activities to increase student enrolment, infrastructural projects, training, research and ICT activities. Some of the key priority areas implemented in the financial year under review are;

1. Installation of Back-up generator
2. Purchase of Tents for classrooms
3. Acquisition of 62 seater bus
4. Construction of two pit latrines
5. Marketing of the Institute's Programmes
6. Completion of Building and Civil Engineering workshop

Prudent financial management remain top in our agenda. In the financial year 2019/2020, the exchequer contribution totaled to Ksh.21, 969,560 for recurrent expenditure purposes as compared with Ksh 15,710,000 in the previous year. Internally generated income of Ksh 11,851,825 collected was from fees, farm and rental income. The Institute recorded an aggregate income of Ksh 43,419,560 during the year while the recurrent expenditure stood at KSh 33,250,569. The Capital development grants received was KSh 3,000,000 directed towards purchase of College Van.

On behalf of the Board of Governors, I take this opportunity to thank the National Government for its tremendous support during the year under review. I also appreciate the financial, material and moral Support of our collaborators, stakeholders and well-wishers during the period. It is because of the co-operation with the National Government through the Ministry of Education, the Board of Governors as well as the mutual cooperation of the Management team, all staff, our students and other partners that we ended the year with stability.

It is my desire that we continue working together as a team in the financial year and beyond

Mr. Wilson Kimugul

PRINCIPAL

Date: 27/05/2021



6. REVIEW OF KIPKABUS 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 entity's performance against predetermined objectives.

Kipkabus TVC has 3 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019-2022/2023. These strategic pillars are as follows:

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Pillar 1: Teaching & Learning

Pillar 2: Governance and Management

IVC develops its annual work plans based on the above pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *college* achieved its performance targets set for the FY 2019/2020 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:					

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

Kipkabus Technical & Vocational College has five strategic pillars and objectives within its Strategic Plan for the FY 2019/2020- 2023/2024. These strategic pillars are as follows:

Pillar 1: Teaching & Learning

Pillar 2: Physical Infrastructure

Pillar 3: Governance and Management

Pillar 4: ICT

Pillar 5: Finance

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

Strategic Pillar No.1	Objective	Key Performance Indicators	Activities
Teaching & Learning	To produce competent and skilled trainees	Enhance funding for training.	Increase budget allocation for training.
			Lobby Government for increased funding.
			Engage development partners for funding support
		Collaboration with the industry.	Identify areas of collaboration and probable industries of interest
			Establishing and strengthening collaboration
		Integrate ICT in training.	Train 10 staff on basic ICT skills
			Procure smart boards/other relevant teaching aid solutions
Enhance Institution's communication and visibility Upgrade and update institutional website			
Develop and implement CBET Curriculum.	Constitute a Technical committee to develop/adopt CBET curriculum –		
	Develop a roll-out plan for the CBET – Three relevant curricula		
	To enhance quality in service delivery	Effective and efficient curriculum implementation.	Full/complete curriculum implementation.
			Enhance Academic standards as stipulated in the academic policy.
			Review and update academic policy
			Implement QMS, review and maintain standards
			Monitor and evaluate quality assurance standards implementation

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		Enforce academic standards as stipulated in the academic policy.	
		Review and update academic policy.	
		Implement Quality Management Systems, review and maintain standards.	
		Monitor and evaluate quality and assurance standards for all products and services.	
	To strengthen collaboration and linkages with industry	Establish and strengthen collaborations and partnerships.	Establishing and strengthening collaboration
		Improve on supervision of attachment activities.	Upgrade the MIS include industrial attachment module
		Promote apprenticeship and internship placement	Develop and implement attachment ,apprenticeship and internship policy
	To promote innovation, creativity and research	Strengthen Research &Development unit.	Create a research and innovation fund
			Write research funding proposals from donors and NRF
			Provide relevant training and research facilities
			Collaborate with research institutions
			Develop a research and development policy
		Provision of relevant training and research facilities.	
		Collaborate with other research institutions.	
		Funding research, innovation and Set-up a business and innovation hub/ incubator.	
		Inculcate and nurture innovative culture – seng up exhibition.	Set-up a business and innovation hub.
			Design/come-up with a competition and reward best innovations.
	Set-up a seed capital fund to finance incubation of startups		
	Fabrication and installation of hydrum.		
	To promote access and equity to training	Provide institutional academic scholarships to SET courses.	
		Promote gender equity.	Carry out motivational talks in targeted high schools
			Develop gender centric initiatives to support either gender e.g sports, hostels allocation
		Collaborate with industry and SMEs for training, attachment and internship/apprenticeship.	
		Market the Institute.	Develop a talent discovery/search programme through events e.g culture week, innovations expo.
			Participation in co-curricular activities e.g sports, KTVC events
			Advertise through print and electronic media.
			Visits to secondary schools, attend graduations and public forums

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

			Participate in TVET Fairs and exhibitions
		Liaise with Kenya Universities and Colleges Central Placement Services (KUCCPS) for placement of students	
		Establish/set-up an E-learning centre	
	To enhance students welfare	Participate in co-curricular activities.	
		Advocate for comprehensive and affordable insurance cover	Procure affordable insurance cover
		Acquisition of 62 seater institute bus	
		Enhance security – install CCTV	Install CCTV cameras.
		Improve recreational facilities	Repair the fields and internal sports arenas
			Adequately Kit all the teams
		Improve students wellbeing - Strengthen counselling	Increase participation in co-curricular activities
			Advocate for comprehensive insurance cover
			Create awareness on HIV/AIDS, Drugs and Substance abuse and facilitate VCTs .
			Strengthen the counseling unit – proactive
		Acquire a 62 seater bus	
	Enhance students governance structures		
Strategic Pillar No. 3	Objective	Key Performance Indicators	Activities
Governance & Management	Maintain a competitive edge, corporate image and sustainable environment	Adhere and regular review of customer delivery charter.	Review customer service delivery charter Bi-annually.
			Enforce adherence of service delivery charter.
		To enhance institutional corporate image.	Participate in corporate social activities.
		Enhance health, safety and disaster preparedness	
		Enhance HIV/AIDS, drugs and substances abuse awareness.	
		Address disability concerns.	
		Promote integrity through prevention of corruption and resolution of public complaints	
Strategic Pillar No.4	Objective	Key Performance Indicators	Activities
ICT	To promote use and adoption of ICT	Adopt and operationalize e-Government strategy.	
		Enhance institutional ICT security.	Enhance ICT security – install firewalls etc
			Develop ICT security policy

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

			Implement ISMS based on ISO 27001
		Improve staff to computer ratio to 2: 1	Procure 25 additional computer and computer accessories for staff
		To link the institute to the national fibre optic grid	To link the institute to the national Fibre optic back bone grid
		Enhance access to LAN within the institution.	Extend LAN services to all offices
			Boost Wi-Fi coverage
		Enhance ICT equipment and Systems security measures.	
		Increase ICT literacy	
		Improve the Institutions" website	Upgrade the Institute"s website
		Enhance Automation of core services in the institute- e.g.students admission, E-learning	Install ERP /Modules
		Integrate ICT into teaching and learning	Train 20 staff on basic ICT skills

7. CORPORATE GOVERNANCE STATEMENT

1. Code of conduct/ responsibilities of board members

Kipkabus Board of Governors relies on the prescription of the TVET Act, 2013 on the description of its responsibilities, functions and structure and ethical conduct.

2. Appointment and removal of Board of Governors

The appointment and removal of the Board of Governors is prescribed under the TVET Act, 2013. The appointing authority takes into consideration skills mix in selection to ensure persons with key specialization are included such as ICT, Finance, Technical areas etc. it also factors in gender and ethnic representation as per the Constitution. The current Board of Governors was appointed by the Permanent Secretary Ministry of Education Science and Technology in September 2018 and lapses in September 2021.

3. Training

The Board of Governors attended induction training in corporate governance organized by the Ministry through the TVETA in December 2019 and was attended by all members led by the Chairperson.

4. Board performance evaluation

There is a formal process for reviewing and evaluation of Boards performance and its committee

5. Conflict of interest

Declaration of conflict is maintained in all meetings. A register of conflict of interest is maintained by the institution to record all the declarations

6. Board remuneration

The Board are entitled to sitting allowance as prescribed in the Kipkabus TVC Board allowances.

7. Succession plan

The current board does not have a succession plan as members appointed were given the same time of tenure. The Institute is in discussion with the parent ministry to stagger appointment of the Board members

8. Board meeting attendance

The board holds its meetings at least once every quarter.. In FY 2019/20, meetings were held as follows;

	Nature of meeting	Ordinary	Special	Total
1	Full Board	4		4
2	Committee- Finance and infrastructure	2		2
	Finance and infrastructure	4		4
3	Special Board	1		1
4	Training	1 undertaken by TVETA		

8.MANAGEMENT DISCUSSION AND ANALYSIS

1) Financial performance

In the financial year 2019/2020, the exchequer contribution totaled to Ksh 37,874,140 for recurrent expenditure purposes as compared with Ksh 30,911,069 in the previous year. Internally generated income of Ksh 20,264,140 collected was from fees, Application and Tender fee. The Institute recorded an aggregate income of Ksh 17,610,000 during the year while the recurrent expenditure stood at KSh 22,711,708.

Key projects and investment decisions

Capital projects are key to the growth and development of the Institute given its continued expansion and improvement of the required physical facilities to accommodate increasing population.

During the year under review, the major projects undertaken included Installation of back-up system generator in the entire institute and purchase of text books and furniture, Acquisition of 62 seater bus. Marketing of the Institute's Programmes, Construction of first floor of the science and engineering complex (phase two) and Extension of classrooms and offices. Due to Covid- 19 some of the projects earmarked during the financial year were not completed we however, look forward to completing them in the next financial year. The other challenges in implementation include delays in disbursement of funds. The science and engineering complex implementation was phased into four phases to avoid conflicts with contractors and each stage is implemented as soon as funds are available.

2) Risks and opportunities

Strengths

- Experienced, committed and supportive BoG
- Modern training equipment
- Community good will
- Existence of students' council
- Space for expansion
- Committed management team

Opportunities

- Increase of training programmes
- Increasing demand for technical education
- Harmonious relationship with the community
- Reliable food and affordable supplies
- Existence of HELB, CDF and other Bursaries
- Partnership with other institutions
- Placement of trainees by KUCCPS

The Entities Challenges

- Inadequate PSC trainers
- Inadequate class rooms
- Delayed disbursement of GOK grants and fees for sponsored students.
- Un consistent water flow.

3) Material arrears in financial obligation

There are no material arrears in financial obligation to the institute.

4) Compliance with statutory deductions

The institute complies with all the statutory obligations that include PAYE, NSSF, HELB, and NHIF and there is no pending obligation known to the institution in regards to statutory obligation.

5) Performance contracting

The Performance contract for FY 2018/2019 was not negotiated by the Board with the ministry of Education because the institute did not have all the documents required for negotiations i.e Strategic plan

6) Students welfare

The Dean of Students Office is mandated with management of all students' welfare matters. It supports welfare activities through the student council. These activities include election and managing students' council, participation in co-curriculum activities, guidance and counselling and inter religious activities.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Kipkabus Technical & Vocational College exists to change 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 five pillars: putting the customer 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 -

We take it to be our responsibility to ensure that there is continuous improvement and integration with economic, environmental and social undertaking. We strive to work closely with our clients, suppliers, the local community, partners and other stakeholders.

2. Environmental performance

The environment is one key natural resources of the institution and operationalized through the institutes environmental policy the institute's commitment on reducing environmental impact is through tree planting and water catchment areas

Employee welfare

The institute follows the guidelines of the public service human resource policy on recruitment, training and appraisal. We also adhere to the provision of the safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) and have a policy in place that is being implemented.

3. Market place practices-

a) Responsible competition practice.

The institute brands itself as a corruption free zone and every member of staff is required to sign an integrity pact, provided corruption reporting and complaints boxes and developed code of conduct and whistle blowing policy

b) Responsible Supply chain and supplier relations- the institute follows the guidelines of Public Procurement Act, 2015 provisions and the Institute charter in handling its suppliers. We have also developed a complaints and compliments structures that provide feedback mechanism.

The Institute continue to work very closely with the community. In the financial year under review, we undertook a number of CSR activities that include continued support in provision of tea buying centre,

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE
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use of the playing fields to host community tournament Competitions, repairs of water pipes during breakages which used by the college and the entire community

10. REPORT OF 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 *Kipkabus TVC* affairs.

Principal activities

The principal activity of the Kipkabus TVC is to offer high quality Technical Training, carry out innovative research and community outreach programmes for sustainable socio-economic development

Results

The results of the Kipkabus TVC for the year ended June 30, 2020 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.

Auditors

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

By Order of the Board

Corporate Secretary
Nairobi
Date:.....

11. STATEMENT OF BOARD OF GOVERNORS & MEMBERS' RESPONSIBILITIES

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

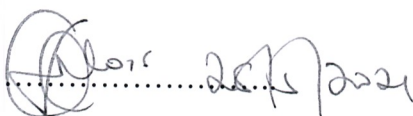
The council members are responsible for the preparation and presentation of Kipkabus TVC financial statements, which give a true and fair view of the state of affairs of the *college* for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*) – *entities should quote applicable legislation as indicated under*. The council members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2xxx, and of the *entity's* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Kipkabus TVC financial statements were approved by the Board on 27/05/2021 and signed on its behalf by:

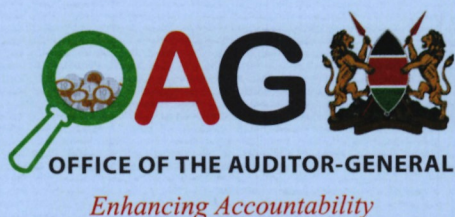

..... 27/5/2021

Chairperson of the Board/Council



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 KIPKABUS 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 Kipkabus Technical and Vocational College set out on pages 1 to 45, which comprise the statement of financial performance, statement of financial position as at 30 June, 2020, 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 the Kipkabus 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 the Technical and Vocational Education and Training Act, 2013.

Basis for Adverse Opinion

1.0 Accuracy and Disclosure of the Financial statements

Review of the Kipkabus Technical and Vocational financial statements as at 30 June, 2020 submitted for audit revealed the following unsatisfactory matters: -

- i. The statement of changes in net assets reflect balance carried down of Kshs.348,588,858 which differs from Kshs.352,476,964 reflected in the statement of financial position.
- ii. Similarly, the statement of cash flows reflects a cash balance of Kshs.3,350,610 as at 30 June, 2019 which differs from Kshs.1,014,591 as at 1 July, 2020.

In addition, the cash flows statement reflects balances that differ from those shown in the statement of financial performance as detailed below;

	Statement of cash flows (Kshs.)	statement of financial performance (Kshs.)	Difference (Kshs.)
Rendering of services - Fees from Students	11,471,825	15,969,560	(4,497,735)
Remuneration of Directors	-	548,520	(548,520)
Finance Costs	548,520	-	548,520
Other payments	22,305,234	-	22,305,234
General Expenses	-	22,711,708	(22,711,708)

The differences have neither been explained nor reconciled.

Further, the statement of cash flows reflect cash generated from operations of Kshs.(864,974) while Note 44 to the financial statements show a balance of Kshs.1,014,591 resulting to an unexplained variance of Kshs.1,879,565.00.

Consequently, the accuracy and completeness of balances reflected in the statement of cash flows as at 30 June, 2020 could not be ascertained.

- iii. The statement of comparison of budget and actual amounts indicated under the final budget column reflects figures that differ from the approved budget as detailed below;

	Approved Budget (Kshs.)	Budget in Financial Statement (Kshs)	Variance (Kshs)
Revenue			
Rendering of services- Fees from students	31,066,640	30,766,640	(300,000)
Expenses			
Use of Goods and Services	16,558,000	2,907,920	(13,650,080)
General expenses	28,057,860	34,579,940	6,522,080
Board Expenses	1,200,000	8,028,000	6,828,000

In addition, the statement of comparison of budget and actual amounts reflects under the actual on comparable basis column, an expenditure of Kshs.3,000,000 which is not reflected in the statement of financial performance.

Comparison of financial statement balances against the provided supporting schedules revealed variances as detailed below:

Component	Financial Statement Figure (Kshs.)	Supporting Ledger (Kshs.)	Variance (Kshs.)
Transfers from the National Government – grants/ gifts in kind	17,610,000	23,010,000	(5,400,000)
Rendering of services - Fees from students	20,264,140	15,957,680	4,306,460
Electricity	992,178	909,708	82,470
Water	-	82,470	(82,470)
Employee costs	8,331,315	8,331,815	(500)
Creditors	3,112,319	-	3,112,319
Insurance	8,712	230,614	(221,902)
Bank Charges	230,614	-	230,614
Trade payables	2,705,951	3,112,319	(406,368)
Fees paid in advance	2,519,728	-	2,519,728

The differences have neither been reconciled nor explained.

2.0 Revenue from non-exchange transactions

As disclosed in Note 6 to the financial statements, the statement of financial performance for the year ended 30 June, 2020 reflects transfers from the National Government of Kshs.17,610,000. However, the Institute received Kshs.16,200,568 from the ministry of Education resulting to a variance of Kshs.1,410,000 which was unreceipted. Further, the Institution credited Kshs.17,212,500 to student ledgers resulting to unexplained/unreconciled variance of Kshs.1,011,932.

Consequently, the accuracy, validity and completeness of revenue from non-exchange transaction balance of Kshs.17,610,000 for the year ended 30 June, 2020 could not be confirmed.

3.0 Trade and Other Payables from Exchange Transactions

As disclosed in Note 35 to the financial statements, the statement of financial position as at 30 June, 2020 reflects trade and other payables from exchange transactions a balance of Kshs.5,225,679. However, the management did not provide supporting documents.

Consequently, the accuracy, completeness, existence, rights and obligations to the trade and other payables from exchange transactions balance of Kshs.5,225,679 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 the Kipkabus 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

1.0 Presentation of the Financial statements

The Kipkabus Technical and Vocational College submitted for audit the annual report and financial statements for the year ended 30 June, 2020. However, the presentation does not comply with template issued by the Public Sector Accounting Standards Board (PSASB) Vide circular Ref AG. 4/16/3 Vol.1 (9) dated 24 June, 2020 as detailed below;

The statement of financial position has been signed by the Finance Officer but the ICPAK No. has not been indicated.

Appendix III to the financial statements reflect Kshs.16,200,568 as receipts from the Ministry of Education during the year under review. However, the schedule in support of the balance has not been signed by the Finance Manager and countersigned by the Head of Accounting Unit from the issuing Ministry as required by the financial reporting template.

In the circumstances, the financial statement does not fully comply with the template issued by the PSASB vide circular Ref: AG. 4/16/3 Vol.1(9) dated 24 June, 2020.

2.0 Employee Costs

2.1 National Social Security Fund (NSSF) and National Hospital Insurance Fund (NHIF) deductions

As disclosed in Note 16 to the financial statements, the statement of financial performance for the year ended 30 June, 2020 reflects total expenses balance of

Kshs.63,684,960 which include employee costs totalling to Kshs.8,331,815. However, statutory deductions totaling Kshs.229,990 were not affected and remitted to NSSF and NHIF. This is contrary to Section 5(1) of the NSSF regulations, 2014 which requires that every employee who is employed by an employer in Kenya, shall register with the Fund, and contribute in accordance with the provisions of the Law and also Section 16(3)(a) of the NHIF Act, 1998 which states that an employer shall be entitled subject to and in accordance with any regulations; to deduct from the salary or other remuneration of any person employed by him, notwithstanding anything to the contrary in any other law, the amount of any standard contribution paid by him or to be paid by him within one month of such deduction, on behalf of that person.

The Management of the Technical & Vocational College is in breach of the law.

2.2 Staff composition

Audit review of the Human Resource records revealed that the Institute had an approved staff establishment of forty-one (41), out of whom thirty-nine (39) or 95% of employees are from the same ethnic community and only two (2) or 5% are from other communities.

This is Contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 that requires all public establishments to seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.

The Management of the Technical & Vocational College is in breach of the law.

3.0 Remuneration of Directors

As disclosed in Note 17 to the financial statements, the statement of financial performance for the year ended 30 June, 2020 reflects total expenses figure of Kshs.63,684,960 which includes remuneration of directors' figure of Kshs.548,520. However, the sitting allowances paid to the BOG members during various meetings were not approved by the Cabinet secretary as required under Section 17 of the Second Schedule to the Technical and Vocational Education and Training Act, 2013.

Consequently, Management of the Technical & Vocational College is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Risk Management

The Kipkabus Technical and Vocational College does not have an internal Audit function as required under section 73(1)(a) of the Public Finance Management Act, 2012.

The college does not also have an Audit Committee contrary to Section 174(1) of the Public Finance Management (National Government) Regulations, 2015.

Consequently the following areas may not be properly dealt with thereby exposing the college to risks of loss and /or misappropriation of assets and material misstatements in the financial statements; Internal Control System, Governance structures, Risk Management, Financial statements, Compliance requirements, Internal audit, External audit; and other related functions including review of entity's performance framework; relevant parliamentary committee reports and recommendations; and portfolio responsibilities.

2.0 Cash Book maintenance

Audit review of cash book revealed that at the closure of the financial year 30 June, 2020, the cashbook was never reviewed by a different officer other than the preparer. Further, the opening and closing balances were written using a pencil contrary to Regulations 16(1) and 16(2) of the Public Finance Management (National Government) Regulations, 2015 which states that "Financial records and documents shall be written in indelible ink". "An entry in a financial record or document shall not be obliterated, erased or altered by being written over".

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 the National Government is aware of the intention to liquidate 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 Kipkabus Technical and Vocational College 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the College 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 February, 2022

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE (KTVC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 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 – grants/ gifts in kind	6	17,610,000	16,740,569
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	300,000
Total Revenue from non-exchange transactions		17,610,000	17,040,569
Revenue from exchange transactions			
Rendering of services- Fees from students	10	20,264,140	13,870,500
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	-	-
Finance income - external investments	13	-	-
Other income	14	-	-
Revenue from exchange transactions		20,264,140	13,870,500
Total revenue		37,874,140	30,911,069
Expenses			
Use of goods and services	15	992,178	359,711
Employee costs	16	8,331,815	6,214,206
Remuneration of directors	17	548,520	852,720
Depreciation and amortization expense	18	28,833,952	36,596,564
Repairs and maintenance	19	2,266,787	1,113,715
Contracted services	20	-	-
Grants and subsidies	21	-	-
General expenses	22	22,711,708	12,771,087
Finance costs	23	-	-
Total Expenses		63,684,960	57,908,003
Other gains/(losses)			
Gain on sale of assets	24	0	0
Unrealized gain on fair value of investments	25	0	0
Impairment loss	26	(0)	(0)
Total other gains/(losses)		0	0
Net Surplus for the year		-25,810,820	-26,996,934
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The notes set out on pages 18 to 24 form an integral part of the Annual Financial Statements.

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

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019-2020 Kshs	2018-2019 Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,014,591	3,350,610
Receivables from exchange transactions	28	13,148,178	7,684,083
Receivables from non-exchange transactions	29	3,840,000	8,520,569
Inventories	30	-	-
Investments	31	-	-
Total Current Assets		18,002,769	19,555,262
Non-current assets			
Property, plant and equipment	32	339,699,874	362,442,826
Intangible assets	33	-	-
Investment property	34	-	-
Total Non-current Assets		339,699,874	362,442,826
Total assets		357,702,643	381,998,088
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	35	5,225,679	6,210,304
Refundable deposits from customers	36	-	-
Provisions	37	-	-
Finance lease obligation	38	-	-
Deferred income	39	-	-
Employee benefit obligation	40	-	-
Total Current Liabilities		5,225,679	6,210,304
Non-current liabilities			
Non-current provisions	41	-	-
Borrowings	42	-	-
Analysis of External Domestic Borrowings	43	-	-
Total Non-current liabilities		-	-
Total liabilities		5,225,679	6,210,304
Capital and Reserves			
Accumulated surplus as at 1st July	-	26,996,934	-
Surplus for the year	-	25,810,820	- 26,996,934
Accumulated surplus	-	52,807,754	- 26,996,934
Capital Fund		405,284,718	402,784,718
Total Capital and Reserves		352,476,964	375,787,784
Total Liabilities and capital reserves		357,702,643	381,998,088

The Financial Statements set out on pages 25 to 33 were signed on behalf of the Institute Council/ Board of Governors by:

Chairman of Council/Board of Governors

Date: 28/5/2021

Finance Officer

ICPAK No. 28 MAY 2021
Date

Principal

Date: 28 MAY 2021

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

Balance b/f at July 1, 2018	-	-	-	402,784,718	402,784,718
Revaluation gain					-
Fair value adjustment on quoted investments					-
Net surplus for the year			26,996,934	-	-26,996,934
Capital/Development grants received during the year			-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings					-
Balance c/d as at June 30, 2019	-	-	26,996,934	402,784,718	375,787,784
Balance b/f as at July 1, 2019	-	-	26,996,934	402,784,718	375,787,784
Revaluation gain	-				-
Fair value adjustment on quoted investments					-
Net surplus for the year			-	-	-
Capital/Development grants received during the year			29,698,926	2,500,000	29,698,926
Transfer of depreciation/amortisation from capital fund to retained earnings			-		-
Balance c/d as at June 30, 2020	-	-	56,695,860	405,284,718	348,588,858

KIPKABUS TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 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		17,610,000	8,720,000
Public contributions and donations			300,000
Rendering of services- Fees from students		15,969,560	8,837,504
Sale of goods		-	-
Rental revenue from facilities and equipment		-	-
Finance income			-
Consultancy income			-
Other income, rentals and agency fees			-
Total Receipts		33,579,560	17,857,504
Payments			
Compensation of employees		8,331,815	6,214,206
Use of goods and services		992,178	359,711
Finance cost		548,520	852,720
Rent paid		2,266,787	1,113,715
Taxation paid		-	0
Other payments		22,305,234	12,882,152
Grants and subsidies paid		-	0
Total Payments		34,444,534	21,422,504
Net cash flows from operating activities	44	- 864,974	- 3,565,000
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets			(3,000,000)
Proceeds from sale of property, plant and Equipment			0
Decrease in non-current receivables			0
Increase in investments			(0)
Net cash flows used in investing activities		(3,000,000)	(0)
Cash flows from financing activities			
Proceeds from borrowings			0
Increase in deposits			0
Net cash flows used in financing activities		2,500,000	3,565,000
Net increase/(decrease) in cash and cash equivalents		-1,771,448	0
Cash and cash equivalents at 1 JULY 2019	27	1,014,591	3,350,610
Cash and cash equivalents at 30 JUNE 2019	27	-756,857	3,350,610

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue										
Transfers from national government recurrent grants	26,760,000	-	-	26,760,000	17,610,000	3419.28%				
Transfer from Govt for mentoring institutions	-	-	-	-	-	#DIV/0!				
Transfers from national government development grants	-	-	-	-	-	#DIV/0!				
Rending of services- Fees from students	30,766,640	-	-	30,766,640	20,264,140	3413.60%				
Gains on disposal, rental income and agency fees	-	-	-	-	-	#DIV/0!				
Total income	57,526,640	-	-	57,526,640	37,874,140	3416.24%				
Expenses										
Compensation of Employees	4,572,000	-	-	4,572,000	8,331,815	-8223.57%				
Use of Goods and Services	2,907,920	-	-	2,907,920	992,178	6588.02%				
Repairs and Maintenance	1,734,940	-	-	1,734,940	2,266,787	-3065.51%				
Property Plant and Equipment	-	-	-	-	3,000,000	#DIV/0!				
General expenses	34,579,940	-	-	34,579,940	22,711,708	3432.11%				
Provision for depreciation	-	-	-	-	28,833,952	#DIV/0!				
Board Expenses	8,028,000	-	-	8,028,000	548,520	9316.74%				
Total expenditure	51,822,800	-	-	51,822,800	66,684,960.01	-2867.88%				
Surplus for the period	5,703,840	-	-	5,703,840	-28,810,820	60511.27%				

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18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kipkabus TVC is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Technical Training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>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.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
Amendments	Applicable: 1st January 2022:

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Standard	Effective date and impact:
to Other IPSAS resulting from IPSAS 41, Financial Instruments	<ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> 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 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 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. 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.

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 grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2019/2020 was approved by the Council or Board on **xxxx**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **xxxx** on the FY 2018/2019 budget following the Council/ Board's approval.

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

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

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

c) Taxes

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the college recognizes such parts as individual assets with specific useful lives and depreciates them using the following rates *Buildings and structures 25%, Furniture & Fittings 12.50%, Computers 33.33% and Plant and Equipment 25%* accordingly. The depreciation method used is on Reducing balance basis. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Recurrent grant (Capitation)	17,610,000	16,740,569
Conditional grants		
Library grant		
Hostels grant		
Administration block grant		
Laboratory grant		
Learning facilities grant		
Other organizational grants		
Total Government grants and subsidies	17,610,000	16,740,569

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2019-2020 KShs
Ministry of Education/State Department	17,610,000	3,840,000	405,284,718	17,610,000	17,610,000
Xxx Ministry	0	0	0	0	0
Total	17,610,000	3,840,000	405,284,718	17,610,000	17,610,000

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2019-2020	2018-2019
	KShs	KShs
JICA- Research grant	0	0
World Bank grants	0	0
Other grants	0	0
Total grants from development partners	0	0

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Reconciliations of grants from donors and development partners

Description	2019-2020	2018-2019
	KShs	KShs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions to be met - remain liabilities	0	0

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TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020	2018-2019
	KShs	KShs
Transfer from County xxx	0	0
Transfer from xxx University	0	0
Transfer from xxx institute	0	0
Total Transfers	0	0

9 **PUBLIC CONTRIBUTIONS AND DONATIONS**

Description	2019-2020	2018-2019
	KShs	KShs
Donations from Ainabkoi CDF	0	300,000
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from alumni	0	0
Other donations	0	0
Total donations and sponsorships	0	300,000

10 **RENDERING OF SERVICES**

Description	2019-2020	2018-2019
	KShs	KShs
Personal Emoluments	6,033,809	4,992,900
Boarding	2,408,000	1,136,000
Electricity Water & Conservation	2,058,154	1,414,840
Local transport & Travel	2,265,615	1,451,730
Medical	383,500	217,000
Examination Fee	2,884,440	1,275,000
Activity fees	1,253,047	1,453,900
Repairs Maintenances & Installation	1,308,985	844,130
Attachment Fees	1,237,500	1,085,000
Insurance	213,500	0
Subscriptions	187,590	0
Trainings	30,000	0
Total revenue from the rendering of services	20,264,140	13,870,500

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SALE OF GOODS

Description	2019-2020	2018-2019
	KShs	KShs
Sale of goods		
Sale of books	0	0
Sale of publications	0	0
Sale of farm produce	0	0
Other(include in line with your organisation)		
Total revenue from the sale of goods	0	0

12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019-2020	2018-2019
	KShs	KShs
Straight-lined operating lease receipts	0	0
Contingent rentals	0	0
Total rentals	0	0

13 FINANCE INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Cash investments and fixed deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

14 OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Insurance recoveries	0	0
Consultancy fees	0	0
Income from sale of tender	0	0
Services concession income	0	0
Skills development levy	0	0
Income from disposal of assets	0	0
Total other income	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity	992,178	314,511
Water	0	45,200
Total good and services	992,178	359,711

16 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	8,331,315	6,214,206
Housing benefits and allowances	0	0
Overtime payments	0	0
Performance and other bonuses	0	0
Employer NSSF contributions	0	0
Employee costs	8,331,815	6,214,206

17 REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	548,520	852,720
Directors emoluments		
Other allowances		
Total director emoluments	548,520	852,720

18 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	28,833,952	36,596,564
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization	28,833,952	36,596,564

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19 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	2,266,787	764,617
Investment property – earning rentals		207,098
Equipment and machinery		-
Vehicles		106,000
Furniture and fittings		36,000
Computers and accessories		
Other		
Total repairs and maintenance	2,266,787	1,113,715

20 CONTRACTED SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Actuarial valuations	0	0
Investment valuations	0	0
Property valuations	0	0
Total contracted services	0	0

21 GRANTS AND SUBSIDIES

Description	2019-2020	2018-2019
	KShs	KShs
Community development	0	0
Education initiatives and programs	0	0
Social development	0	0
Community trust	0	0
Sporting bodies	0	0
Total grants and subsidies	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 GENERAL EXPENSES

Description	2019-2020	2018-2019
	KShs	
Creditors	3,112,319	-
Tuition	5,195,533	2,710,850
Attachment	71,800	17,740
Advertisements	77,894	57,500
KNEC	2,884,440	1,543,970
Administrative	1,575,855	2,511,699
Medical	52,261	146,614
Local Transport & Travelling	3,486,133	1,420,877
Boarding	5,054,753	3,386,733
Activities	743,804	951,354
Insurance	8,712	23,750
Bank Charges	230,614	-
Subscriptions	187,590	-
Trainings	30,000	-
Total general expenses	22,711,708	12,771,087

23 FINANCE COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Borrowings (amortized cost)*	0	0
Finance leases (amortized cost)	0	0
Unwinding of discount	0	0
Interest on Bank overdrafts	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

24 GAIN ON SALE OF ASSETS

Description	2019-2020	2018-2019
	KShs	KShs
	0	0
Property, plant and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
Total gain on sale of assets	0	0

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25 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

26 IMPAIRMENT LOSS

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Total impairment loss	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
KCB Bank – 1238352421	975,991	3,279,426
KCB Bank -		
Cash in Hand, money orders	38,600	71,184
Total cash and cash equivalents	1,014,591	3,350,610

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

Financial institution	Account number	2019-2020	2018-2019
		KShs	KShs
a) Current account			
Kenya Commercial bank	1238352421	975,991	3,279,426
Equity Bank, etc		0	0
Sub- total		975,991	3,279,426
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total		0	0
c) Fixed deposits account			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		0	0
d) Staff car loan/ mortgage			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		0	0
e) Others(specify)		0	0
Cash in transit		0	0
cash in hand		38,600	71,184
M pesa		0	0
Sub- total		38,600	71,184
Grand total		1,014,591	3,350,610

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 RECEIVABLES FROM EXCHANGE TRANSACTIONS

28(a)

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	13,148,178	7,684,083
Rent debtors	0	0
Consultancy debtors	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total current receivables	13,148,178	7,684,083

29(b)

Description	2019-2020	2018-2019
	KShs	KShs
Non-current receivables		
Refundable deposits	0	0
Advance payments	0	0
Public organizations	0	0
Less: impairment allowance	(0)	(0)
Total	0	0
Current portion transferred to current receivables	(0)	(0)
Total non-current receivables	0	0
Total receivables	0	0

29 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Transfers from other govt. entities	3,840,000	8,520,569
Undisbursed donor funds		
Other debtors (non-exchange transactions)		
Less: impairment allowance		
Total current receivables	3,840,000	8,520,569

30 INVENTORIES

Description	2019-2020	2018-2019
	KShs	KShs
Consumable stores	0	0
Maintenance stores	0	0
Health Unit stores	0	0
Electrical stores	0	0
Cleaning materials stores	0	0
Catering stores	0	0
Total inventories at the lower of cost and net realizable value	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
b) Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	0	0
c) Equity investments (specify)		
Equity/ shares in company	0	0
Sub- total	0	0
Grand total	0	0

d) Shareholding in other entities

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	20,000,000	247,000,000	-	1,000,000	800,000	120,000,000	10,000,000	398,800,000
Additions	0	-	-	239,390	-	-	-	239,390
Disposals								-
At 30th June 2019	20,000,000	247,000,000	-	1,239,390	800,000	120,000,000	10,000,000	399,039,390
Depreciation and impairment								
At 1 July 2018	-	-	-	-	-	-	-	-
Depreciation	-	6,175,000	-	154,924	266,640	30,000,000	-	36,596,564
On Disposals	-	-	-	-	-	-	-	-
At 30 June 2019	-	-	-	-	-	-	-	-
Net book values								
At 30 June 2019	20,000,000	240,825,000	-	1,084,466	533,360	90,000,000	10,000,000	362,442,826
At 30 June 2018	20,000,000	247,000,000	-	1,000,000	800,000	120,000,000	10,000,000	398,800,000
At 1st July 2019	20,000,000	240,825,000	-	1,084,466	533,360	90,000,000	10,000,000	362,442,826
Additions	0	-	3,000,000	2,500,000	591,000	0	0	6,091,000
Disposals								-
At 30th June 2019	20,000,000	240,825,000	3,000,000	3,584,466	1,124,360	90,000,000	10,000,000	368,533,826
Depreciation and impairment								
At 1 July 2019	-	-	-	-	-	-	-	-
Depreciation	-	6,020,625	-	135,558	177,769	22,500,000	-	28,833,952
On Disposals	-	-	-	-	-	-	-	-
At 30 June 2020	-	6,020,625	-	135,558	177,769	22,500,000	-	28,833,952
Net book values								
At 30 June 2020	20,000,000	234,804,375	3,000,000	3,448,908	946,591	67,500,000	10,000,000	339,699,874
	20,000,000	240,825,000	-	1,084,466	533,360	90,000,000	10,000,000	362,442,826

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020	2018-2019
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Additions–internal development	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

34 INVESTMENT PROPERTY

Description	2019-2020	2018-2019
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Fair value gain	0	0
Depreciation(where investment property is at cost)	(0)	(0)
At end of the year	0	0

35 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	2,705,951	6,210,304
Fees paid in advance	2,519,728	
Employee advances		
Third-party payments	-	-
Other payables	-	-
Total trade and other payables	5,225,679	6,210,304

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2019-2020	2018-2019
	KShs	KShs
Consumer deposits	0	0
Caution money	0	0
Other refundable deposits	0	0
Total deposits	0	0

37 CURRENT PROVISIONS

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

38 FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2019-2020
	KShs	KShs	KShs	KShs
Within current year	0	0	0	0
Long term portion of lease payments	0	0	0	0
Total provisions	0	0	0	0

39 DEFERRED INCOME

Description	2019-2020	2018-2019
	KShs	KShs
National government	0	0
International funders	0	0
Public contributions and donations	0	0
Total deferred income	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

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

40 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2019-2020	2018-2019
				KShs	KShs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
Total employee benefits obligation	0	0	0	0	0

The entity operates a defined benefit scheme for all full-time employees from July 1, 2020. The scheme is based on percentage of salary of an employee at the time of retirement. During the year, actuarial valuers were engaged to value the scheme. The liability at the end of the year is as follows:

	2019-2020	2018-2019
	KShs	KShs
Valuation at the beginning of the year	0	0
Changes in valuation during the year	0	0
Valuation at end of the year	0	0
	=====	=====

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.XXX per employee per month.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 NON-CURRENT PROVISIONS

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

42 BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	(0)	(0)
Repayments of domestic borrowings during the year	(0)	(0)
Balance at end of the period	0	0

43 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2019-2020	2018-2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from organisation'	0	0
Sterling Pound denominated loan from 'yyy organisation'	0	0
Euro denominated loan from organisation'	0	0
Domestic Borrowings		
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
Total balance at end of the year	0	0

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43 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Short term borrowings(current portion)	0	0
Long term borrowings	0	0
Total	0	0

43 SERVICE CONCESSION ARRANGEMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(0)	(0)
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	(0)	(0)
Service concession liability at end of the year	<u>0</u>	<u>0</u>

44 CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Non-cash grants received	33,579,560	17,857,504
Contributed assets	(0)	(0)
Impairment	0	0
Gains and losses on disposal of assets	(0)	(0)
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Finance income	(0)	(0)
Finance cost	0	0
Working Capital adjustments		
Increase in inventory	(5,500,000)	(0)
Increase in receivables	(27,064,969)	(21,422,504)
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	1,014,591	3,565,000

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45 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	7,684,083	7,684,083	0	0
Receivables from non-exchange transactions	8,520,569	8,520,569	0	0
Bank balances	3,350,610	3,350,610	0	0
Total	19,555,262	19,555,262	0	0
At 30 June 2020				
Receivables from exchange transactions	13,148,178	13,148,178	0	0
Receivables from non-exchange transactions	3,840,000	3,840,000	0	0
Bank balances	1,014,591	1,014,591	0	0
Total	18,002,769	18,002,769	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 JUNE 2019				
Trade payables	2,070,101	4,140,202	6,210,304	6,210,304
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	2,070,101	4,140,202	6,210,304	6,210,304
At 30 June 2020				
Trade payables	901,984	1,803,968	2,705,951	2,705,951
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	901,984	1,803,968	2,705,951	2,705,951

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2019			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2012 – KShs xxx)

iv) Capital Risk Management

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	25,801,820	26,996,934
Capital reserve	0	0
Total funds	25,801,820	26,996,934
Total borrowings	0	0
Less: cash and bank balances	(1,014,591)	(3,350,610)
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of Education;
- iii) The Stake holders
- iv) Key management;
- v) Board of directors;
- vi) The Community;

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to xxx	0	0
Sales of services xxx	0	0
Total	0	0
b) Grants from the Government		
Grants from National Govt	17,610,000	8,220,000
Grants from County Government	0	0
Donations in kind	0	300,000
Total	17,610,000	8,520,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for ktvc employees	8,331,815	6,214,206
Payments for goods and services for Kipkabus TVC	992,178	359,711
Total	9,323,993	6,573,917
d) Key management compensation		
Directors' emoluments	548,520	852,720
Compensation to the principal & other key management	1,575,855	2,511,699
Compensation to key management	0	0
Total	2,124,375	3,364,419

NOTES TO THE FINANCIAL STATEMENTS (Continued)

48. SEGMENT INFORMATION

The college has no segmental information

49. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2019-2020	2018-2019
	Kshs	Kshs
Court case against the company	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

50. CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2019
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
Total	0	0

51. EVENTS AFTER THE REPORTING PERIOD

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

52. ULTIMATE AND HOLDING ENTITY

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

53. Currency

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

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19. 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.

C.E.O/ Principal (Kipkabus TVC)
 Chairman of the Board

Date.....



APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

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

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		KIPKABUS TECHNICAL & VOCATIONAL COLLEGE		
Break down of Transfers from the State Department of 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>
	Ministry of Education	28/10/2019	8,220,000	2018/2019
		19/07/2019	300,568	2018/2019
		28/10/2019	2,317,500	2019/2020
		15/05/2020	5,362,500	2019/2020
		Total	16,200,568	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
	N/A	N/A	N/A	N/A
		Total	0	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	N/A	N/A	N/A	N/A
		Total	0	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	N/A	N/A	N/A	N/A
		Total	0	

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

Finance Manager
 Kipkabus TVC
 Sign -----



Head of Accounting Unit
 Ministry of Education
 Sign-----