

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS Laid

DATE: 26 SEP 2023

DAY: Tuesday

ON

Hon. Kimani Ichungwah (Leader
of the Majority Party)

Inzofu Mwale

**KIPSINENDE TECHNICAL AND
VOCATIONAL COLLEGE**

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

08 JUN 2023

RECEIVED



KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE
10/07/2022
ESNS HED 2022

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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I. KEY COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

Kipsinende Technical and Vocational College is situated in Kericho County, Kenya. It was established in 2017 as a Technical and Vocational College. The College derives its mandate and functions from the Technical and Vocational Education and Training Act, 2013. Currently, it is managed by the Board of Governors under the Ministry of Education

(b) Principal Activities

The principal activity of the College is to offer high quality Technical Training, carry out innovative research and community outreach programmes for sustainable socio-economic development. Promote and adopt principle of good governance and achieve high quality service delivery aligned to ISO 9001:2015 standards.

Vision

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

Mission

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

Core Values

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

(c) Key Management

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

1. Board of Governors
2. Accounting officer/ Principal
3. Deputy principal in charge of Administration
4. Deputy Principal in charge of Academics
5. Registrar
6. Dean of Students
7. Finance Officer
8. Procurement officer
9. Human Resource Manager
10. Internal Auditor

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11. Heads of Departments

(d) Fiduciary Management

No.	Designation	Name
1.	Principal	Wilson Kibet Kimugul
2.	Deputy Principal administration	Lagat Esther Masinde
3.	Deputy Principal Academics	Sitienei Paul Tuei
4.	Finance Officer	Chelimo Caroline
5.	Registrar	Ng'etich Benard Kiprotich
6.	Dean of students	Mutweke John Maina

(e) Fiduciary Oversight Arrangements

1. Finance, Infrastructure and General Purpose chaired by Mr. Benjamin Kyambo
2. Technical And Project Committee chaired by Mr. Daniel Tare
3. Audit and Risk Management chaired by Mr. Amos Korir

Other organs carrying out oversight include;

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

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KEY COLLEGE INFORMATION AND MANAGEMENT (Continued)

(f) College Headquarters

P.O. Box 28-20209
Fort Ternan, KENYA
Off Londiani - Muhoroni/Road/Highway at Fort Ternan.

(g) College Contacts

Telephone::(+254)0721661791
E-mail: kipsinendetechnical@gmail.com.
info@kipsinendeCollege.ac.ke
principal@kipsinendeCollege.ac.ke
finance@kipsinendeCollege.ac.ke
Website: <https://www.kipsinendeCollege.ac.ke>

(h) College Bankers

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

(i) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, College 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

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II. THE BOARD OF GOVERNORS



BOG Chairman

Maritim Weldon , Dob 1977, Id
No.20913788, M.Sc. (In Geographic
Information Systems), B.Sc. (In
Surveying)University Of Nairobi



Principal/Bog Secretary

Wilson Kimugul
D.O.B 1/07/1968.
Bachelor of Technical Education



TVET County Director

Kipkoech Peter Cheruiyot,
D.O.B 08/08/1972.M.Phil.



Member

Emily Chepngetich Ngeno, D.O.B 15/05/1974,
Bachelor Of Business
Administration(Management)

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Member

Benjamin Kyambo, D.O.B 01/08/1968 Phd Strategic Information System, Lecturer Kisii University College



Member AMOS KORIR, D.O.B
30/06/1980, CERTIFIED PUBLIC



Member

Jeremiah Oruko Oruko, D.O.B 20/09/1956, Bed Vocational, D/Director of vet (Retired), Technical Teacher At Ramogi College Of Advanced Technology Kisumu And Also The Dean Of Students



Member

Daniel Tare, D.O.B 01/01/1969, B.Tech Degree In Electrical And Communications Engineering



Member

Prof. Wesley Too, Dob 10/04/1976, Phd Founding Dean School Of Medicine And Health Science

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III. MANAGEMENT TEAM



WILSON KIMUGUL
Bachelor Of Technical Education
Principal/Secretary to the Board



Paul Sitienei
Deputy Principal in Charge of
Academics



Esther Masinde Lagat
Ag. Deputy Principal in Charge of
Adminstration



Benard Ngetich
Registra in Charge of Academics and
Admissions



Caroline chelimo
accountant

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

IV. CHAIRMAN'S STATEMENT

It gives me great pleasure to present the 2021/2022 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 College'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 rigorous 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.

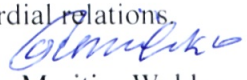
The government's initiative in improving TVET sector brought along several opportunities including increased enrolment, linkages and collaborations. Along these were also high levels of expectations from student community, employees and other stakeholders. The strategic plan being implemented had envisaged 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 2019-2024 of the College's development priorities. The College 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.

This year was affected by the post Covid-19 pandemic effects which interfered with the world economic and Kipsinende TVC was not exceptional: the Government could not release the grants in time more so the 4th Quarter capitation was not release at all, further the parents or guardians did not meet their obligations. Hence, the College faced huge challenge in putting up critical infrastructure including learning and other planned facilities. We are looking forward to expand the college by improving the Town campus next to Fort Ternan town in-line with the local community vision by utilizing available facilities within the community for the community.

Accessibility to the college has been a nightmare in terms of the poor state of road and the distance from the main road which has affected the enrolment of the college. I purpose to work hand in hand with the National and County leadership for this to improve.

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 College 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 College'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.


Mr. Maritim Weldon

FW BOG Chairperson

Date: 08 June 2023

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

V. REPORT OF THE PRINCIPAL

Kipsinende Technical and Vocational College endeavours to offer high quality technical training, carry out innovative research and community outreach programmes for sustainable socio-economic development. This also enables the College 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 2021/2022 was a significant year as the Government continued to emphasis on TVET sector. It was however disrupted by the outbreak of COVID -19 that led to closure of Institutions at some time during the beginning of the Financial Year. The College took decisive, immediate actions and deliberate changes to match the dynamics including supporting trainees through online classes. During the financial year, the College implemented activities towards achievement of the Strategic Plan. Resources were directed to mitigation measures of curbing spread of Covid-19, marketing activities to increase student enrolment, infrastructural projects, and training, research and ICT activities.

Prudent financial management remain top in our agenda. In the financial year 2021/2022, the exchequer contribution totalled to Kshs 22,777,500 for recurrent expenditure purposes as compared with Kshs 24,270,000 in the previous year. Internally generated income of Kshs 9,029,960 collected was from fees, farm and rental income. The College recorded an aggregate income of Kshs 31,807,460 during the year whereas the recurrent expenditure stood at Kshs 61,857,594 that included depreciation of Kshs 28,767,367. Kshs. 6,076,779 was used for purchase of Property, Plant and Equipment during the financial year 2021/2022. We did not recognize funds for development as earlier anticipated to receive funds from the Government for construction of science and engineering complex. The Board however committed funds for its construction.

On behalf of the Board of Governors, I take this opportunity to thank the National Government for its unequivocal support during the year under review. I also appreciate the financial, material and moral

Support of our collaborators, partners 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 stake holders that we ended the year with stability.

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

Mr. Wilson kimugul

PRINCIPAL

Date: 08 June 2023



Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

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

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

1. Increase graduates in Science, Engineering and Technology courses with the requisite skills for the delivery of "Big Four" Initiatives;
2. Applying modern technology in small holder farming to ensure food security and sustainability;
3. To develop and improve infrastructural facilities to accommodate the needs of the stakeholders and the immediate community.

The college develops its annual work plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The College achieved its performance targets set for the FY 2021/2022 period for its three strategic pillars.

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

VII. CORPORATE GOVERNANCE STATEMENT

I. Code of conduct/ responsibilities of board members

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

II. 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 December, 2020.

III. Training

The Board of Governors attended induction and training of Board of Governors that was organised by the KATTI principals in the South Rift. The training was conducted by Officers from the Ministry Education, State Department of Vocational and Technical Training.

IV. Board performance evaluation

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

V. 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

VI. Board remuneration

The Board are entitled to sitting allowance as prescribed in the Kipsinende Technical and Vocational College Board allowances.

VII. Succession plan

Succession plan on governance was considered during nomination. Two thirds of the previous BOG membership were retained for continuity in the next circle of appointment. This was done based on their good performance in the previous board. This practice ensures smooth transition and continuity of BOG operations and are guided by the Constitution of Kenya 2010, The TVET Act 2013 and MWONGOZO document.

VIII. Board meeting attendance

The board holds its meetings at least once every quarter. The same applies to Board Committees. In FY 2020/21, meetings were held as follows;

	Nature of meeting	Ordinary	Special	Total
1	Full Board		1	1
2	Technical And Project Committee research	1	1	2
3	Finance and infrastructure		4	4
4	Audit and Risk Committee	1	3	4

IX. Governance Audit

Surveillance audit on implementation of ISO 9001:2015 was not undertaken during the year under review by the certifying body, Kenya Bureau of Standards due to the impact of the Pandemic. The Management however facilitated internal quality audit and we were found to a larger extend to be implementing its requirements. The internal audit, Audit and Risk Committee carried out their routine audits and gave their recommendations to the Board.

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

Sustainability strategy and profile

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

Environmental performance

Kipsinende Technical and Technical College is located on top of the hill on a land that the community used to graze their flock of Cows with high grass vegetation without trees. The college has formed an environmental club under the APSnet school guided by trained patrons. The focus is on the Sustainable Development Goals. In the FY2021-2022 the College concentrated on the intercropping farming where the trees were planted. A coffee farm of four acres was established to serve as a demonstration plot as well as a project for income generation.

Employee welfare

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

The procedure will include but not be limited to:

- ☐ Identifying the College Human Resource need to come up with the Staff establishment as per each department.
- ☐ Specify the requirements for each work on areas of qualification, skills needed and Experience,
- ☐ Advertisement is done through the most outreaching means
- ☐ Considering the non-discriminative methods to allow for equity and equality
- ☐ All applications are received and sorted and short-listed through a panel
- ☐ Notification is provided to short-listed for invitation for interviews and the successful candidates are notified for acceptance.
- ☐ Induction is done at each department as per the manual

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

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

Market place practices-

Kipsinende Technical and Vocational College operates through various committees:

a) Responsible competition practice.

The committees are guided by their respective policies that guide them on activities they perform.

b) Responsible Supply chain and supplier relations-

The procurement procedure is normally carried through the supply chain management office where the Procurement Officer with the staff in the department follow the statutory laws are followed to the letter.

c) Responsible marketing and advertisement

The college operate with guided principles where Quality and Standards are emphasis through the office of Quality and Standards Office in everything undertaken in the College.

d) **Product stewardship-**

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

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

Corporate Social Responsibility / Community Engagements

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

The college has been involving the community in cleaning the environment.

The College, NTSA, Community Policing and the Boda Boda Society with the police service enagene on the Boda Boda Riders on how to work together on road safety requirements though a meeting held in the Town Campus. This as resulted to the start of a Driving school in Fort-Ternan.

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

X. REPORT OF THE BOARD OF GOVERNORS

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

Principal activities

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

Promote and adopt principle of good governance and achieve high service delivery work aligned to ISO 9001:2015 standards

Results

The results of the College for the year ended June 30, 2022 are set out on page 1-6

BOARD OF GOVERNORS

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

Auditors

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

By Order of the Board


For Board Chairperson

Date: 08 June 2023

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

XI. STATEMENT OF BOARD OF GOVERNORS 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 require the board members to prepare financial statements in respect of the college, which give a true and fair view of the state of affairs of the college at the end of the financial year and the operating results of the College for that year. The board members are also required to ensure that the college keeps proper accounting records which disclose with reasonable accuracy the financial position of the college. The board members are also responsible for safeguarding the assets of the college.

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

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

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

Approval of the financial statements

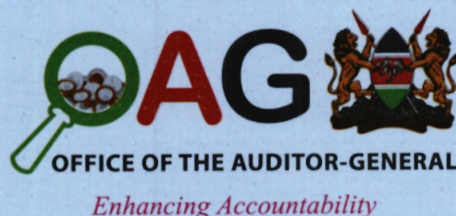
The College's financial statements were approved by the Board on 12/8/2021 and signed on its behalf by:

For Name. Mr. Maritim Weldon
Signature.....
Date..... 8/06/2023
Chairperson of the Board

Name. Mr. Wilson Kimugul
Signature.....
Date..... 08 JUN 2023
Principal / Secretary BoG

REPUBLIC OF KENYA

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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 KIPSINENDE TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kipsinende Technical and Vocational College set out on pages 1 to 57, which comprise of the statement of financial

position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kipsinende Technical and Vocational College at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Unsupported Restatement of Prior Year Balances

Review of the financial statements revealed that the comparative balances have been restated as follows:

Component	Balance as per 2020/2021 Audited Financial Statements (Kshs.)	Restated Balance (Kshs.)
Revenue from Rendering Services	4,117,495	11,527,900
Use of Goods and Services	2,051,472	14,471,582
Depreciation and Amortization Expense	29,570,079	29,607,105
Cash and Cash Equivalents	12,762,183	12,761,183
Current Portion of Receivables from Exchange Transactions	13,396,664	10,191,646
Receivables from Non-Exchange Transaction	3,285,000	0
Inventories	1,068,468	1,022,328
Payables from Exchange Transactions	0	5,310,260
Refundable Deposits from Customers	594,000	0
Capita Fund	205,714,337	203,781,928
Accumulated Surplus	(18,603,084)	(69,869,147)

It was noted that the restatement was necessitated by correction of errors affecting the prior year balances. However, Management has not, as required by IPSAS 3, provided under the notes to the financial statements, a disclosure on: the nature of the prior period error; the amount of the correction for each financial statement line item affected; and the

circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

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

2. Accuracy of Repairs and Maintenance Expenses

The statement of financial performance reflects repairs and maintenance amount of Kshs.1,881,654. Note 14 to the financial statements however, reports repairs and maintenance expenses totalling to Kshs.333,938, resulting to unexplained variance of Kshs.1,547,716.

In the circumstances, the accuracy and completeness of repairs and maintenance amount of Kshs.1,881,654 on could not be confirmed.

3. Inaccuracies in the Receivables Balances

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.5,632,373. Review of the schedule provided by Management shows that some of the receivables date back to year 2018 casting doubts on their full recoverability. Further, the statement reports current portion of receivables from exchange transactions of Kshs.10,191,646 as at 30 June, 2021, which differs with the amount of Kshs.13,396,664 disclosed under Note 22(a) to the financial statements.

Similarly, the financial statements reflect receivables from non-exchange transactions of Kshs.2,947,500. The receivables from non-exchange transactions represents fourth quarter capitation for the college which had not been received as at 30 June, 2022 and which the Ministry advised the college to charge the students. However, no provision for impairment had been made on the receivables.

In addition, the statement of financial performance reflects rendering of services - fees from students totalling to Kshs.9,029,960 while the cash received from rendering services - fees from students is totalling to Kshs.5,922,557 resulting to receivables of Kshs.3,107,403 during the year under review. The outstanding receivables as at 30 June, 2021 was Kshs.10,191,646 increasing the receivables to Kshs.13,299,049 which varies with Kshs.5,632,373 reflected resulting to a variance of Kshs.7,666,676.

In the circumstances, the accuracy and completeness of the receivables balance of Kshs.5,632,373 could not be confirmed.

4. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,375,373 and as disclosed in Note 21 to the financial statements. However, a bank reconciliation statement for the month of June, 2022 reflected a cash book balance of Kshs.1,670,214 resulting in an unexplained variance of Kshs.294,81. In addition, the

cashbooks maintained did not meet the criteria set out in Regulation 100 of Public Finance Management (National Government) Regulations, 2015 (showing receipts and payments in one book). Therefore, the cash book balance of Kshs.1,670,214 reflected in the bank reconciliation statement could not be confirmed.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.1,375,373 could not be confirmed.

5. Land without a Title

The statement of financial position reflects property, plant and equipment balance with a net book value of Kshs.92,526,690. Included in the balance is freehold land valued at Kshs.11,970,000 and which has no title deed. The document presented to support ownership was a letter by the defunct County Council of Kipsigis dated 13 September, 2012. The land is registered under a local Full Gospel Churches of Kenya as stated in correspondences between Kipsinende Technical and Vocational College and the Church. There has been no further communication from the institution on how it plans to resolve this matter. The land had not been valued and therefore the basis of the Kshs.11,970,000 reflected in the statement of financial position could not be ascertained.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.92,526,690 could not be confirmed.

6. Inaccuracy of the Statement of Cash Flows

The statement of cash flows reflects net cash flows from operating activities of Kshs.(5,309,031) and Kshs.4,382,089 in respect of financial years 2021/2022 and 2020/2021 respectively. Note 38 to the financial statements, in support of the balances is however incomplete. The accuracy of the cash flows generated from operations could not therefore be confirmed. Further, the statement reports net cash flow used in investing activities in year 2020/2021 of Kshs.5,350,808. The result is a net decrease in cash and cash equivalents during the financial year 2020/2021 by Kshs.968,719 (Net cash flow from operating activities: Kshs.4,382,089 less net cash flows used in investing activities Kshs.5,350,808) and not an increase of Kshs.9,732,897 reported. Consequently, cash and cash equivalents as at 30 June, 2021 have been overstated by Kshs.10,701,616.

In the circumstances, the accuracy and completeness of the statement of cashflows could not be confirmed.

7. Inaccuracy of the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reports total actual revenue of Kshs.40,306,057 in financial year 2021/2022. However, the balances provided in the statement reflects a total of Kshs.43,413,460, leaving unexplained variance of Kshs.3,107,403. Similarly, the statement reflects total actual recurrent expenditure of Kshs.36,339,546 however, the expenditure balances provided in the statement add up to Kshs.42,835,646, resulting to unexplained variance of Kshs.6,496,100. Additionally, the final expenditure budget for the various items listed in the statement total to

Kshs.48,174,206 while the statement reflects a total of Kshs.42,253,178 resulting to unexplained variance of Kshs.5,921,028.

The financial reporting template issued by the PSASB and Paragraph 47 of IPSAS 24 requires a reporting entity 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. The figures reported in the statement of comparison of budget and actual amounts differ with those of the statement of financial performance. No reconciliations have been provided in the financial statements.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter(s) described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources/Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Public Sector Accounting Standards Board Reporting Template

The reporting template requires an entity to provide under the statement of comparison of budget and actual amounts for the period, explanations for variances exceeding 10%.

Although the college had various expenditures exceeding the budget and with variances exceeding 10%, no notes have been provided for under the statement of comparison of budget and actual amounts on the variances.

In addition, the financial statements do not provide a disclosure of the related party transactions and balances in respect of Board of Governors and key management for the financial years 2020/2021 and 2021/2022 and as 30 June, 2021 and 2022 as required by the reporting template and IPSAS 20 – Related Party Disclosures.

Further, the financial risk management information at pages 46 to 51 of the financial statements is incomplete and therefore has not been presented as prescribed by the reporting template. It was also noted that the college has not provided information on implementation status of Auditor-General Recommendations.

In the circumstances, the financial statements do not comply with Public Sector Accounting Standards Board template.

2. Non-Compliance with the Provisions of the Procurement Act

The statement of financial position as disclosed in Note 27 to the financial statements reflects intangible assets balance of Kshs.433,550. The intangible asset represents a Management Information System (MIS) acquired by the College in year 2020/2021.

However, no evidence was provided to show that the MIS had been sourced competitively as required by Public Procurement and Asset Disposal Act, 2015. Also, no evidence was provided to support that the College had entered into a contract with the supplier of the system. The amount payable for full installation and support for the MIS could not be confirmed. As at the time of audit, only one module of the MIS was functional and Management did not provide evidence to support measures being undertaken to ensure that the system is fully functional.

In the circumstances, it was not possible to confirm whether the procurement of the Management Information System complied with provisions of the Public Procurement Act, 2015.

3. Underpayment of Non-Teaching BOG Recruited Staff

Review of the payroll revealed that non-teaching staff remuneration was below the amount recommended in the College's approved scheme of service. Although Management cited budgetary constraints as the main cause for the underpayment,

In the circumstances, Management was in contravention of the provisions of the College's approved scheme of service.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Composition of the Board of Governors

Review of the Board of Governors' records revealed that the Institutions Board consists of nine (9) members appointed by Cabinet Secretary as required under Section 28 of the Technical and Vocational Education Act, 2013. However, as previously reported in financial year 2020/2021, the Board did not have a member representing the County Governor of Kericho as required by Section 28(3) of the Act.

In the circumstances, the effectiveness of the governance and oversight function of the Board could not be confirmed.

2. Lack of IT Internal Controls

A review of the IT internal control environment of the Kipsinende Technical and Vocational College revealed that, the entity did not have IT Strategic Committee, IT Security Policy, Disaster Recovery Plan and a policy which regulates physical access to IT environments.

In the circumstances, there were no approved processes and guidelines on how to mitigate IT risks that may occur in the entity.

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

Responsibilities of Management and those Charged with Governance

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

misstatements, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness

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

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

01 August, 2023

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants	1	22,777,500	24,270,000
		22,777,500	24,270,000
Revenue from exchange transactions			
Rendering of services- Fees from students	5	9,029,960	11,527,900
Revenue from exchange transactions		9,029,960	11,527,900
Total revenue		31,807,460	35,797,900
Expenses			
Use of goods and services	10	23,282,497	14,471,582
Employee costs	11	7,386,976	4,610,097
Remuneration of directors	12	539,100	340,000
Depreciation and amortization expense	13	28,767,367	29,607,105
Repairs and maintenance	14	1,881,654	4,583,727
Total expenses		61,857,594	53,612,511
Net Surplus for the year		(30,050,134)	(17,814,611)

The notes set out on pages 7 to 57 form an integral part of the Annual Financial Statements

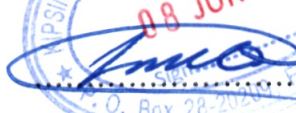
The Financial Statements set out on pages 1 to 6 were signed



 For Chairman of Council/Board



 Finance Officer
 ICPAK No ASSOC 3183



 Principal

Date

Date 8/6/2023

Date

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

II. Statement of Financial Position as at 30th June 2022

Description	Notes	2021-2022 Kshs	2020-2021 Kshs
Current assets			
Cash and cash equivalents	21	1,375,373	12,761,183
Current portion of receivables from exchange transactions	22(a)	5,632,373	10,191,646
Receivables from non-exchange transactions	23	2,947,500	-
Inventories	24	2,079,317	1,022,328
		12,034,563	23,975,157
Non-current assets			
Property, plant and equipment	26	92,526,690	115,037,884
Intangible assets	27	433,550	-
Biological Assets	28	456,640	210,000
		93,416,880	115,247,884
Total assets		105,451,443	139,223,041
Current liabilities			
Trade and other payables from exchange transactions	29	1,457,796	5,310,260
Refundable deposits from customers	30	131,000	-
Total liabilities		1,588,796	5,310,260
Net Assets		103,862,647	133,912,781
Capital and Reserves			
Accumulated surplus		(99,919,281)	(69,869,147)
Capital Fund		203,781,928	203,781,928
Total capital and Reserves		103,862,647	133,912,781

The Financial Statements set out on pages 1 to 6 were signed by:

[Signature]
 For Chairman of Council/Board

[Signature]
 Finance Officer

[Signature]
 Principal

Date 8/06/2023

ICPAK No ASSOL 3183
 Date 8/6/2023

Date

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

	Retained earnings	Capital Donations/Fund	Total
At July 1, 2020	-	-	-
Estimated value of donated assets	(52,054,536)	203,781,928	151,727,392
Surplus/ (deficit) for the period	(17,814,611)	-	(17,814,611)
At June 30, 2021	(69,869,147)	203,781,928	133,912,781
At July 1, 2021	(69,869,147)	203,781,928	133,912,781
Surplus/ (deficit) for the period	(30,050,134)	-	(30,050,134)
At June 30, 2022 (NBV)	(99,919,281)	203,781,928	103,862,647

Kipsinende Technical And Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022

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

Description		2021-2022	2020-2021
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities		22,777,500	24,270,000
Rendering of services- Fees from students		5,922,557	4,117,495
Total Receipts		28,700,057	28,387,495
Payments			
Compensation of employees		7,386,976	4,610,097
Use of goods and services		24,201,358	14,471,582
Board Expenses		539,100	340,000
Repairs and Maintenance		1,881,654	4,583,727
Total Payments		34,009,088	24,005,406
Net cash flows from operating activities		(5,309,031)	4,382,089
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(6,076,779)	(5,350,808)
Net cash flows used in investing activities		(6,076,779)	5,350,808
Cash flows from financing activities			
Proceeds from borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(11,385,810)	9,732,897
Cash and cash equivalents at 1 JULY		12,761,183	3,028,286
Cash and cash equivalents at 30 JUNE		1,375,373	12,761,183

FW 
 Chairman of Council/Board


 Finance Officer
 ICPAK No *ASDC 3183*

Principal

Date *8/06/2023*

Date *8/6/2023*

Date

V. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

ITEM	2021/2022 Original Budget	2021/2022 adjustment	2021/2022 Final Budget	2021/2022 Actual	2021/2022 Performance difference	Utilisation Difference
REVENUE	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	
Bal as at 1 st July 2020/2021	4,500,000.00	-	4,500,000.00	4,500,000.00	0	(
Fees from students and other levies	13,459,455.60	-	13,459,455.60	3,302,597.00	10,156,858.00	73
Capitation b/f yr2020/2021	6,975,000.00	-	6,975,000.00	6,975,000.00	0	(
Capitation	26,304,000.00	-	26,304,000.00	22,777,500.00	3,526,500.00	13
Accommodation	6,600,000.00	-	6,600,000.00	989,860.00	5,610,140.00	88
Student arrears	3,611,913.00	--	3,611,913.00	3,107,403.00	504,510.00	14
Production unit	1,050,000.00	-	1,050,000.00	151,300.00	898,700.00	86
Other activities	4,408,600.00	-	4,408,600.00	1,609,800.00	2,798,800.00	63
Total Revenue	66,908,968.60	0	66,908,968.60	40,306,057.00	23,495,508.00	
Boarding	1,829,028.00	-	1,829,028.00	747,900.00	1,081,128.00	59
Local travel and transport	4,092,000.00	-	4,092,000.00	5,748,199.99	-1,656,199.99	-40
Personal emoluments	9,030,760.35	-	9,030,760.35	7,320,261.00	1,710,499.35	19
catering	3,763,480.00	-	3,763,480.00	2,044,308.00	1,719,172.00	46
Repairs maintenance and improvements	3,740,000.00	-	3,740,000.00	5,752,492.00	-2,012,492.00	-54
Tuition expenses	4,137,129.36	-	4,137,129.36	2,756,839.00	1,380,290.36	33
Electricity, Water and conservancy	1,233,048.00	--	1,233,048.00	91,505.00	1,141,543.00	93
Administrative costs	6,382,000.00	-	6,382,000.00	12,872,811.00	-6,490,811.00	-102
Others	9,640,247.60	-	9,640,247.60	385,207.00	9,255,040.60	96
Exam centre fee	30,000.00	-	30,000.00	1,938,720.00	-1,908,720.00	-636
Student id	234,600.00	-	234,600.00	70,000.00	164,600.00	70
creditors	450,000.00	-	450,000.00	0	450,000.00	100
debtors	3,611,913.00	-	3,611,913.00	3,107,403.00	504,510.00	14
Total recurrent expenditure	42,253,178.31	0	42,253,178.31	36,339,546.00	5,913,632.31	
DEVELOPMENT EXPENDITURE						

Kipsinende Technical And Vocational College**Annual Report and Financial Statements for the year ended 30th June 2022**

Management information system	500,000.00	-	500,000.00	650,000.00	-150,000.00	30
library	900,000.00	-	900,000.00	699,624.00	200,376.00	22
Driving training car	900,000.00	--	900,000.00	1,400,000.00	-500,000.00	50
Motor cycle	50,000.00	--	50,000.00	50,000.00	0	0
Sanitation modernisation	2,400,000.00	-	2,400,000.00	700,000.00	1,700,000.00	70
furniture	1,100,000.00	-	1,100,000.00	700,000.00	400,000.00	36
Electrical installation town campus	100,000.00	-	100,000.00	0	100,000.00	100
Total development Expenditure	5,950,000.00	0	5,950,000.00	4,199,624.00	1,750,376.00	
Total Expenditure	48,203,178.31	0	48,203,178.31	40,539,170.00	7,664,008.31	

(Budget notes)

1. On the revenue collection the budgeted amount was not attained sine the expected number of students that was budgeted for was not attained ,the enrolment turn out was low
2. Due to low enrolment and failure of Quarter four remittance there was insufficient funds leading to decrease in expenditures.

VI. Notes to the Financial Statements

1. GENERAL INFORMATION

Kipsinende Technical and Vocational College is established by and derives its authority and accountability from TVET Act, 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College'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. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the College's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 36

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	Applicable: 1st January 2021: 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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 College's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: •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 College's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting College provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the College; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the College's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

ii) Revenue from exchange transactions

Rendering of services

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

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

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 College.

Interest income

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

Dividends

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

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 2021/2022 was approved by the Board on 19/6/2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the College upon receiving the respective approvals in order to conclude the final budget. Accordingly, the College recorded changes in appropriations on the FY 2021/2022 budget following the Board's approval.

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

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

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

c) Taxes

Current income tax

The College is exempt from paying taxes as per schedule six of the income Tax 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 accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is

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initially measured at its fair value. The assets are depreciated on reducing balance using the following rates: -

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

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 College. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The College also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period

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

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 College determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit. A provision of 10% p.a is provided for bad and doubtful debts.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the College has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is 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 College assesses at each reporting date whether there is objective evidence that a financial asset or an College of financial assets is impaired. A financial asset or a College of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the College of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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 College determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Inventories

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

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 College.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The College creates and maintains retained earnings and revaluation reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Gratuity, bad and doubtful debts provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 32

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

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Notes to the Financial Statements (Continued)

1. Transfers from other National Government entities

Description	2021/2022	2020/2021
	KShs	KShs
Unconditional grants		
Capitation grants	22,777,500	24,270,000
Other grants	-	-
Total government grants and subsidies	22,777,500	24,270,000

2. Grants from Donors and Development Partners

Description	2021-2022	2020-2021
	Kshs	Kshs
JICA- Research Grant	0	0
World Bank Grants	0	0
In-Kind Donations	0	0
Other Grants	0	0
Total Grants from Development Partners	0	0

Reconciliations of grants from donors and development partners

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Conditions Met - Transferred to Revenue	0	0
Conditions Yet To Be Met - Remain Liabilities	0	0

Notes to the Financial Statements (Continued)

3. Transfers from Other Levels of Government

Description	2021-2022	2020-2021
	Kshs	Kshs
		x
Transfer from County XX		
Transfer from XX University	0	0
Transfer from XX College	0	0
Total Transfers	0	0

4. Public Contributions and Donations

Description	2021-2022	2020-2021
	Kshs	Kshs

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Public Donations	0	0
Donations from Local Leadership	0	-0
Donations from Religious Institutions	0	0
Donations from Alumni	0	0
Other Donations	0	0
Total Donations and Contributions	0	0

Notes to the Financial Statements (Continued)

5. Rendering of Services

Description	2021-2022	2020-2021
	KShs	KShs
Tuition fees and related income	3,984,820	4,225,773
Examination fees	1,320,303	2,262,895
Boarding	1,249,611	1,618,898
Electricity Water & Conservancy	224,429	361,421
Students ID	41,902	42,686
Local Transport & Travel	222,419	358,779
Medical	61,426	103,133
Personal Emolument	892,530	1,416,462
Administrative fees	154,617	154,086
Repair Maintance & Installation	112,215	175,675
Application fees	154,724	61,332
Activity fees	222,951	360,124
Attachment fees	227,347	176,224
Students council fees	160,666	210,411
Total revenue from the rendering of services	9,029,960	11,527,900

6. Sale of Goods

Description	2021-2022	2020-2021
	KShs	KShs
disposal of idle assets	-	-
Sale of farm produce	-	-
Cafeteria-food and beverage	-	-
Total revenue from the sale of goods	-	-

7. Rental revenue from facilities and equipment

Description	2021-2022	2020-2021
	KShs	KShs
Hire of facilities and equipment	-	-
Contingent rental	-	-
operating lease revenue	-	-
Total	-	-

Notes to the Financial Statements (Continued)

8. Finance Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash investments and fixed deposits	0	0
Interest income from treasury bills	0	0
Interest income from treasury bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

(Provide brief explanation for this revenue)

9. Other Income

Description	2021-2022	2020-2021
	KShs	KShs
Driving Classes	-	-
Library Fines	-	-
Centre Fee	-	-
computer classes	-	-
Interest on savings account	-	-
Total other income	-	-

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Notes To The Financial Statements (Continued)

10. Use Of Goods And Services

Description	2021-2022	2020-2021
	KShs	KShs
Training Materials(SES)	2,156,992	885,292
ICT expenses	550,628	125,990
Boarding	747,900	876,082
Admin cost (contingencies)	12,899,117	9,025,505
Local Transport & Travelling	411,479	-
Medical	-	-
Bank charges and commission	44,871	21,810
Insurance	107,959	-
Cautions	-	-
Attachment	82,350	-
Activity	338,600	12,500
Exam	2,582,397	1,018,030
Library fees	699,624	672,987
Union	311,200	-
Catering services	2,044,308	1,185,136
Production units	213,567	0
Electricity Bills & maintainace	91,505	148,150
Total good and services	23,282,497	14,471,582

Notes to the Financial Statements (Continued)

11. Employee Costs

Description	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	7,386,976	4,610,097
Employee costs	7,386,976	4,610,097

12. Board/Council Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Chairman's Honoraria	-	-
Directors emoluments		-
Sitting Allowances	539,100	340,000
Total director emoluments	539,100	340,000

13. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	28,550,917	29,607,105
Intangible assets	216,450	-
Investment property carried at cost	-	-
Total depreciation and amortization	28,767,367	29,607,105

14. Repairs and Maintenance

Description	2021-2022	2020-2021
	KShs	KShs
General Repairs	-	-
Investment property – earning rentals	-	-
Equipment and machinery	316,938	4,583,727
Computers and accessories	17,000	-
Total repairs and maintenance	333,938	4,583,727

Notes to the Financial Statements (Continued)

15. Contracted Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Actuarial valuations	0	0
Investment valuations	0	0
Property valuations	0	0
Total contracted services	0	0

16. Grants and Subsidies

Description	2021-2022	2020-2021
	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

17. Finance Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Borrowings (Amortized Cost)*	0	0
Finance Leases (Amortized Cost)	0	0
Unwinding of Discount	0	0
Interest on Bank Overdrafts	0	0
Interest on Loans from Commercial Banks	0	0
Total Finance Costs	0	0

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

18. Gain On Sale of Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Other Assets not capitalised	0	0
Total Gain On Sale of Assets	0	0

Notes to the Financial Statements (Continued)

19. Unrealized Gain on Fair Value Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value	0	0
Total Gain	0	0

20. Impairment Loss

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total Impairment Loss	0	0

21. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	KShs	KShs
KCB Bank -1212733894	1,356,373	12,761,183
KCB Bank -1171769466	19,000	-
Cash in Hand, money orders	-	-
Total cash and cash equivalents	1,375,373	12,761,183

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Notes To The Financial Statements (Continued)

(a). Detailed Analysis of Cash and Cash equivalents

		2021-2022	2020-2021
Financial institution	Account number	KShs	
a) Current account			
KCB Bank -	1,212,733,894	1,356,373	12,761,183
KCB	1171769466	19,000	
Sub- total		1,375,373	12,761,183
b) On - call deposits			
KCB Bank -Eldoret Branch			
Sub- total		-	-
c) Fixed deposits account			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
d) Staff car loan/ mortgage			
Kenya Commercial bank		-	-
Bank B		-	-
Sub- total		-	-
e) Others(specify)			
Money Order		-	-
Cheques		-	-
Cash in Hand		-	-
Sub- total		-	-
Grand total		1,375,373	12,761,183

Notes to the Financial Statements (Continued)

22. Receivables from Exchange transactions

(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Student debtors	5,632,373	13,396,664
Less: impairment allowance	-	-
Total current receivables	5,632,373	13,396,664

(b) Long- term Receivables from Exchange transactions

Description	2021-2022	2020-2021
	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

(c) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	0	0
Provisions during the year	0	0
Recovered during the year	0	0
Write offs during the year	0	0
At the end of the year	0	0

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Notes to the Financial Statements (Continued)

23. Receivables from Non-Exchange transactions

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Capitation grants*	2,947,500	-
Total current receivables	2,947,500	-

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	0	0

24. Inventories

Description	2021-2022	2020-2021
	KShs	KShs
Catering	98,615	23,210
Repairs and maintenance	98,550	60,200
Tuition	-	859,628
Building stores	171,298	
Electrical department	357,830	
Hairdressing	134,320	
Administration	420,767	
Garment making	94,975	
Cleaning materials	4,370	
Consumables stores	29,285	
Ict and library	669,308	79,290
Total inventories at the lower of cost and net realizable value	2,079,317	1,022,328

Notes to the Financial Statements (Continued)

25. Investments

Description	2021-2022	2020-2021
	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	0	0
Bank X	0	0
Bank Y	0	0
Sub- Total	0	0
c) Equity Investments (<i>Specify</i>)	0	0
Equity/ Shares in Company Xxx	0	0
Sub- Total	0	0
Grand Total	0	0

d) Shareholding in other entities

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

Name of Entity where Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	Fair Value of Shares
	Direct Shareholding	Indirect Shareholding	Effective Shareholding		Current Year	Prior Year
	%	%	%	Kshs	Kshs	Kshs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
	0	0	0	0	0	0

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Notes to the Financial Statements (Continued)

26. Property, Plant and Equipment

Cost	Land	Building	Motor vehicles	Furniture and fittings	Computers	Work in progress	Plant and equipment	TOTAL
As at 1, July 2020	11,970,000	53,294,841	-	766,841.00	4500400	0	133215948	203,748,030
Additions								-
As at 30, June 2021	11,970,000	53,294,841	-	766,841.00	4,500,400		133,215,948	203,748,030
As at 1, July 2021	11,970,000	53,294,841	-	766,841.00	4,500,400		133,215,948	203,748,030
Additions	-	-	1,900,000	296,450.00	-	3,880,329	-	6,076,779
As at 30, June 2022	11,970,000	53,294,841	1,900,000	1,063,291.00	4,500,400	3,880,329	133,215,948	209,824,809
Depreciation		0	0	0.13	0	-	0	1
As at 1, July 2020	-	2,664,742	-	191,710.00	2,997,266	-	53,286,379	59,140,097
Charge for year ended 2021	-	1,332,371	-	132,911.00	1,498,633	-	26,643,190	29,607,105
As at 30, June 2021	-	3,997,113	-	324,621.00	4,495,899	-	79,929,569	88,747,202
As at 1st , July 2021	-	3,997,113	-	324,621.00	4,495,899	-	79,929,569	88,747,202
Charge for year ended 2022	-	1,332,371	475,000	95,855.00	4,501	-	26,643,190	28,550,917
As at 30th , June 2022	-	5,329,484	475,000	420,476.00	4,500,400	-	106,572,759	117,298,119
NET BOOK VALUES								-
As at 30, June 2021	11,970,000	49,297,728	-	479,276.00	4,501	-	53,286,379	115,037,884
As at 30, June 2022	11,970,000	47,965,357	1,425,000	642,815.00	-	3,880,329	26,643,189	92,526,690

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Notes to the Financial Statements (Continued)

Valuation

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

31 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	
Land	11,970,000	-	11,970,000
Buildings	53,294,841	5,329,484	47,965,357
Plant and machinery	133,215,948	106,572,759	26,643,189
Motor vehicles, including motorcycles	1,900,000	475,000	1,425,000
Computers and related equipment	4,500,400	4,500,400	-
Office equipment, furniture, and fittings	1,063,291	420,476	642,815
WIP	3,880,329	-	3,880,329
Total	209,824,809	117,298,119	92,526,690

27. Intangible Assets

Description	2021-2022	2020-2021
	KShs	KShs
Cost		
At beginning of the year	650,000	-
Additions		-
At end of the year	-	-
Additions-internal development	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	216,450	-
At end of the year	-	-
NBV	433,550	-

Notes to the Financial Statements (Continued)

28. Biological Assets

Description	2021-2022	2020-2021
	KShs	KShs
Dairy Cows	210,000	210,000
Calves	75,000	-
Coffee	171,640	-
Total	456,640	210,000

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

29. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	863,796	5,310,260
Fees paid in advance	-	-
Employee advances	-	-
Amount held for mentoring institutions	-	-
Other payables	594,000	-
Total trade and other payables	1,457,796	5,310,260

30. Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	KShs	KShs
Consumer deposits	-	-
Caution money	131,000	-
Other refundable deposits-retention	-	-
Total deposits	131,000	-

Notes to the Financial Statements (Continued)

31. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at The Beginning Of The Year	0	0	0	0	0
Additional Provisions	0	0	0	0	0
Provision Utilised	0	0	0	0	0
Change Due To Discount And Time Value For Money	0	0	0	0	0
Transfers From Non -Current Provisions	0	0	0	0	0
Total Provisions	0	0	0	0	0

32. Finance Lease Obligation

Description	2021-2022	2020-2021
	Kshs	Kshs
At the start of the year	0	0
Discount interest on Lease Liability	0	0
Paid during the year	0	0
At end of the year	0	0

Maturity Analysis

Period	Amount
	Kshs
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5 and Onwards	0
Less: Unearned Interest	0

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	0
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Notes to the Financial Statements (Continued)

Analysed as:

Description	Amount
	Kshs
Current	0
Non- Current	0
Total	0

33. Deferred Income

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government	0	0
International Funding Bodies	0	0
Public Contributions and Donations	0	0
Total Deferred Income	0	0

The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
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

Analysed as:

Description	Amount
	Kshs
Current	0

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Non- Current	0
Total	0

Notes to the Financial Statements (Continued)

34. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total Employee Benefits Obligation	0	0	0	0	0

Retirement benefit Asset/ Liability

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Discount Rates	0	0
Future Salary Increases	0	0
Future Pension Increases	0	0
Mortality (Pre- Retirement)	0	0
Mortality (Post- Retirement)	0	0
Withdrawals	0	0
Ill Health	0	0
Retirement	0	0

Notes to the Financial Statements (Continued)

Recognition of Retirement Benefit Asset/ Liability

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

	2021-2022	2020-2021
Description	Kshs	Kshs
The return on defined plan assets	0	0
Actuarial gains/ losses arising from changes in demographic assumptions	0	0
Actuarial Gains/ Losses Arising From changes In Financial Assumptions	0	0
Actuarial gains and losses arising from experience adjustments	0	0
Others (<i>specify</i>)	0	0
Adjustments for restrictions on the defined benefit asset	0	0
Remeasurement of the net defined benefit liability (asset)	0	0

b) Amounts recognised in the Statement of Financial Position

	2021-2022	2020-2021
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	0	0
Fair value of plan assets(b)	0	0
Funded status(=a-b)	0	0
Restrictions on asset recognised	0	0
Others	0	0
Net asset or liability arising from defined benefit obligation	0	0

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

Notes To The Financial Statements (Continued)

35. Non-Current Provisions

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

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

36. Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the year	0	0

41 a) Analysis of External and Domestic Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
External borrowings		
Dollar denominated loan from 'xx organization'	0	0
Sterling pound denominated loan from 'yyy organization'	0	0
Euro denominated loan from 'zzz organization'	0	0
Domestic borrowings	0	0
Kenya shilling loan	0	0
Total balance at end of the year	0	0

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Notes to the Financial Statements (Continued)

41 b) Breakdown of Long and Short-Term Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

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

37. Service Concession Arrangements

Description	2021-2022	2020-2021
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	0
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	0	0

Notes to the Financial Statements (Continued)

38. Cash generated from operations

	2021-2022	2020-2021
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation		
Non-cash grants received		
Contributed assets		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance income		
Finance cost		
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Increase in deferred income		
Increase in payables		
Increase in payments received in advance		
Net cash flow from operating activities		

39. 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

Notes to the Financial Statements (Continued)

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:

Description	Total amount Kshs	Fully performin g Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2022	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

44. Financial Risk Management (Continued)

(i) Credit risk (continued)

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

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

Notes to the Financial Statements (Continued)

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
Description	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2022	0	0	0	0
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

44. Financial Risk Management (Continued)

(iii) Market risk

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

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

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

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

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Notes to the Financial Statements (Continued)

a) Foreign currency risk

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

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
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 from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

44. Financial Risk Management (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2022			
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

a) Foreign currency sensitivity analysis

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

Notes to the Financial Statements (Continued)

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

b) Interest rate risk

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

Management of interest rate risk

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

44 Financial Risk Management (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)

Notes To The Financial Statements (Continued)

iv)Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	0	0
Capital Reserve	0	0
Total Funds	0	0
Total Borrowings	0	0
Less: Cash and Bank Balances	0	0
Net Debt/(Excess Cash and Cash Equivalents)	0	0
Gearing	0	0

40. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

Notes to the Financial Statements (Continued)

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	0	0
Rent income from govt. agencies	0	0
Water sales to govt. agencies	0	0
Others (<i>specify</i>)	0	0
Total	0	0
B) Purchases from related parties	0	0
Purchases of electricity from kplc	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. agencies	0	0
Others (<i>specify</i>)	0	0
Total	0	0
b) Grants /Transfers from the Government	0	0
Grants from National Govt	0	0
Grants from County Government	0	0
Donations in Kind	0	0
Total	0	0
c) Expenses incurred on behalf of related parties	0	0
Payments of Salaries and Wages for xx Employees	0	0
Payments for Goods and Services for XX	0	0
Total	0	0
d) Key Management Compensation	0	0
Directors' emoluments	0	0
Compensation to Key Management	0	0
Total	xxx	xxx

41. Segment Information

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

Notes to the Financial Statements (Continued)

42. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	0	0
Assets arising from determination of Court Cases	0	0
Reimbursable Indemnities and Guarantees	0	0
Others (<i>Specify</i>)	0	0
Total	0	0

Contingent Liabilities

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent Liabilities	0	0
Court Case Xxx against (<i>The Entity</i>)	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from Contracts including PPPs	0	0
Others (<i>Specify</i>)	0	0
Total	0	0

(Give details)

43. Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	0	0
Authorised and Contracted for	0	0
Total	0	0

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

Notes to the Financial Statements (Continued)

44. Deferred Tax Liability

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Accelerated Capital Allowances	0	0
Unrealised Exchange Gains/(Losses)	0	0
Revaluation Surplus	0	0
Tax Losses carried forward	0	0
Provisions for Liabilities and Charges	0	0
Net Deferred Tax Liability/(Asset)	0	0
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	0	0
Credit to revaluation reserve	0	0
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
	0	0
Balance at end of the year	0	0

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

45. Events After The Reporting Period

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

46. Ultimate And Holding Entity

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

47. Currency

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

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VII. Appendices
Appendix 1: Implementation Status of Auditor-General Recommendations

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

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

Guidance Notes:

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

.....*Wilson Kimani*.....

Name
Accounting Officer
(Enter title of Head of entity)
Date



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Appendix II: Projects Implemented by (The Entity)

Projects

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

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

Status of Projects completion

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

	Project	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 Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Entity]

[Insert Address]

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

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

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

Head of Accountants department of beneficiary Entity:

Name Constance Cheum Sign [Signature] Date 8/6/2023

Appendix V: Disaster Expenditure Reporting Template

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

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