

REPUBLIC OF KENYA



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DATE: 28 FEB 2023 DAY: TUESDAY

REPORT

TABLED BY: Leader of the Majority Party (LOM)

CLERK OF THE TABLE: Inzofu Mwale

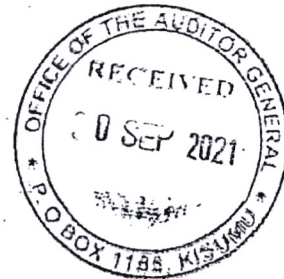
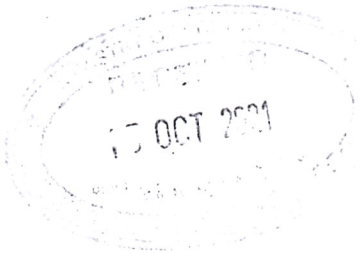
OF

THE AUDITOR-GENERAL

ON

BELGUT TECHNICAL TRAINING
INSTITUTE

FOR THE YEAR ENDED
30 JUNE, 2021



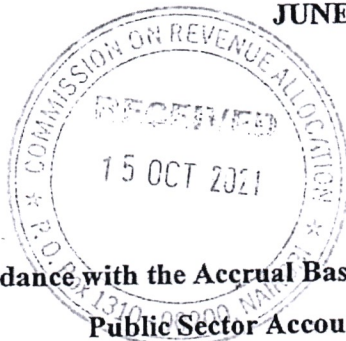
**International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
Technical Vocational Education Training (TVET) Institutions, National Polytechnics and
Teacher Training Colleges**

BELGUT TECHNICAL & VOCATIONAL COLLEGE

OFFICE OF THE CONTROLLER
ANNUAL REPORT AND FINANCIAL STATEMENTS
REGISTRY
15 OCT 2021
COPY
TIME:.....
P. O. Box 35616 - 00100, NAIROBI

FOR THE YEAR ENDED

JUNE 30, 2021



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

BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021

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**BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021
KEY ENTITY INFORMATION AND MANAGEMENT**

(a) Background information

Belgut Technical & Vocational College is a Public TVET Institution in Kericho County, Belgut Sub-County, Seretut – Cheptororiet location, Seretut ward 2.5 KM off Kericho – Litein road from Kapkelek Market. The first intake of trainees was in September 2019 with a total population of 135 students.

The Institution was mentored by Bureti Technical Training Institute. It is managed by the Board of Governors (BOG) under the general direction of the Ministry of Education. It operates under the Technical and Vocational Education and Training (TVET) Act, 2013. The Institute stands on a five-acre piece of land bought by Belgut NG-CDF. Currently student population stands at 706 students, 19 Public Service trainers, 22 BOG trainers and 8 essential staff who represent the face of Kenya. The Institute is a centre of excellence in Fashion and Design and ICT. The Institution offers Diploma, Craft and Artisan courses in both Technical and Business courses which are accredited by TVETA in various disciplines and Examined by KNEC & NITA. The courses include the following; Electrical Engineering, Food and Beverage, supply Chain Management, Building Technology, Plumbing Technology, Secretarial, Store Keeping and ICT.

The Institute distinguishes itself with high Academic standards and adopts strict academic discipline with relevant and marketable programmes. The Institute is developing partnership with very able stakeholders which aims to link every training department with well-established industries to ensure the Training skills gaps with the industry are reduced with the objective of producing globally competitive graduates.

The institution is located in a good serene environment conducive for learning.

We are currently under performance contracting and we are in the process of developing a five-year strategic plan.

(b) Principal Activities

The principal mandate of Belgut TVC is captured in our vision and mission statement guided by our core values as stated below.

MOTTO:	Skills for Industrialization
VISION:	To be a leading TVET institution in the provision of diverse technologies that meets the needs and expectations of the industry
MISSION:	To equip trainees with quality and relevant skills responsive to the industry

BELGUT TECHNICAL & VOCATIONAL COLLEGE
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STRATEGIC GOALS

- I. Increase student enrolment.
- II. Capacity built the Institute's human resource.
- III. Develop physical infrastructure in the Institute.
- IV. Promote collaboration and linkages in Training, Research and Innovation.
- V. To mobilize financial resources of the Institution.
- VI. To promote Corporate Governance in the Institute.

CORE VALUES

- Team work
- Commitment
- Accountability
- Integrity
- Creativity and Innovation

(c) Key Management:

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

- Board of Governors
- Accounting Officer/Principal
- Top Management
- Heads of Departments/Heads of Sections
- Trainers/Administrative staff

(d) Fiduciary Management

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

NO	DESIGNATION	NAME
1.	Principal	Zipporah Kutoh
2.	Deputy Principal	John Tarus
3.	Registrar	Benard Korir
4.	Dean of Students	Erick Chumba
5.	Head of Finance	Wesley Bii
6.	Head of Procurement	Mercy Chelimo

BELGUT TECHNICAL & VOCATIONAL COLLEGE
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(e) Fiduciary Oversight Arrangements

Key entity information and management

BOARD COMMITTEES

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

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

AUDIT AND RISK COMMITTEE

S/NO	NAME	TITLE
1	CPA Gilbert Bii	CHAIRMAN
2	Ev. Wandera	MEMBER
3	Eng. Wesley Tonui	MEMBER

MANDATE

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

FINANCE AND HUMAN RESOURCE COMMITTEE

S/NO	NAME	TITLE
1	John Agutu	CHAIRPERSON
2	Eng. Wesley Tonui	MEMBER
3	Peter Cheruiyot	MEMBER

MANDATE

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

BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021
ACADEMIC/ICT/ INFRASTRUCTURE/DISCIPLINE/MARKETING COMMITTEE

S/NO	NAME	TITLE
1	Prof. Susan Abongo	CHAIRPERSON
2	Eng. Wesly Tonui	MEMBER
3	Brian Sagala	MEMBER

MANDATE

The core mandate of the Academic/ICT/ Infrastructure/Discipline/Marketing Committee is to oversee all project and investment of the college and advice the board on Achievement of high Academic and to undertake Quality Management Systems.

f) Headquarters

Belgut TVC

P. O. Box 205-20200

Kericho, KENYA

Contacts:

Telephone :(254)728852244 E-mail belguttechnical@gmail.com.

Website: <https://www.belguttechnical.ac.ke>

g) Bankers:

Kenya Commercial Bank, Kericho main branch

A/C No.1257399845-KCB, Sotik Branch

Kericho, Kenya

h) Independent Auditors:

Auditor General,

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084, GOP 00100

Nairobi, Kenya

Principal Legal Adviser:

The Attorney General,

State Law Office, Harambee Avenue

P.O. Box 40112,

City Square 00200,

Nairobi, Kenya

BELGUT TECHNICAL & VOCATIONAL COLLEGE
 ANNUAL REPORTS AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2021
 THE BOARD OF GOVERNORS

	QUALIFICATION
CHAIRMAN DR. JOHN ROTICH	PhD Applied Mathematics,
BOG SECRETARY ZIPPORAH KUTTOH	B.Ed. Arts
KIPKOECH PETER CHERUIYOT MEMBER/REP PS-CDTVET-KERICHO	M.PHIL.
JOHN K. AGUTU MEMBER	BACHELOR OF BUSINESS ADMINISTRATION(MANAGEMENT)
PROF SUSAN A ABONGO MEMBER	PHD FASHION AND DESIGN
MAURICE WANDERA NYONGESA MEMBER	BSC.MATHS& CHEMISTRY
CPA GILBERT BII MEMBER	DEGREE IN COMMERCE
ENG. TONUI WESLEY MEMBER	MASTERS IN AGRI & BIOSYSTEMS
BRIAN SANGALA MEMBER	MASTERS IN COMMUNICATION.

BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021
REPORT OF THE PRINCIPAL

The institution is well placed to providing adequate and relevant knowledge to its graduates that will enable them to contribute towards the attainment of our country's **vision 2030** and the **Big FOUR** agenda. In furtherance of our mandate therefore, we have committed ourselves to consistently review, improve and consolidate our Academic programmes in several ways that will ensure their competitiveness in terms of quality and relevance.

The main source of funding to the Institute during this period under review was Kshs. **6,255,000** for capitation recurrent expenditure purposes, though we missed quarter four capitation, internally generated revenue from other vote heads was Kshs. **6,085,150** and Kshs **2,745,000** expected from GOK

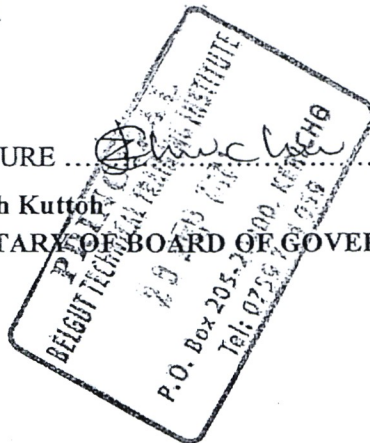
The Institute desires to enhance its visibility, performance and competitiveness in the Tertiary Education Sector in the face of stiff competition. To do so however, the Institute requires a lot of support from the Government and stake holders. We shall continue to appeal for such support for several years to come. I sincerely thank our board of governors for their consistent commitment, strong support and team work that has seen the college progress from one level to the other.

SIGNATURE

DATE

29-09-2021

Zipporah Kutton
SECRETARY OF BOARD OF GOVERNORS



BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021
CORPORATE GOVERNANCE STATEMENT

Belgut Technical Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board of Governors and management Accountability and helps build public trust in the Institute.

The Board of Governors is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, Science and Technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board of Governors serves as the ultimate decision-making body of the Institute, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged with The Board of Governors in conducting the business of the Institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya 2010.

The Board of Governors has established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as The Board of Governors' Vision and mission, overall strategy, members' responsibilities, The Board of Governors committee structure, recommendation of the principal, Over-sighting the performance and evaluation of management. The Board of Governors regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The Institute corporate governance materials, including the Corporate Governance Guidelines, the Institute legal order, the terms of reference for each Board committee, the Institute's Codes of Business Conduct, information about how to report concerns about the institute and the institute's public policy engagement and technological contributions policy.

BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021
Corporate social responsibility/community engagement

The Belgut TVC strategy for social responsibility includes a commitment to pursue change across the following priority areas:

- **Research with impact**

Research activities is making a positive difference to society, addressing the major challenges of the 21st century.

- **Socially responsible graduates**

Graduates have been trained in good leadership aspects and are learning to exercise ethical, social and environmental responsibility.

- **Engaging our communities**

The institute graduates carry out a Clean-up exercise through students in partnership with the County Government of Kericho and NEMA.

**BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021
REPORT OF BOARD OF GOVERNORS**

The Board of Governors submit their report together with the financial statements for the year ended June 30, 2021 which show the state of the BTVC affairs.

PRINCIPAL ACTIVITIES

The principal activities of the BTVC are to provide technical and vocational training.

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page 4 to 9. The term for the Board members expires in October, 2023

Auditors

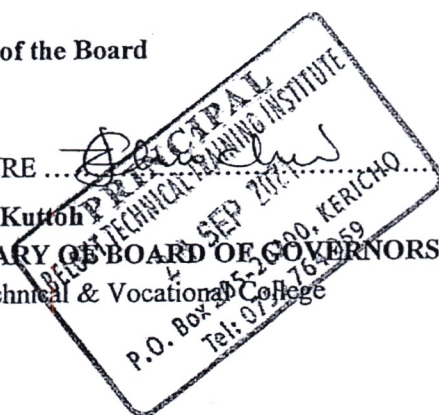
The Auditor General is responsible for the statutory audit of the BTVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and TVET Act, 2013 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the BTVC for the year/period ended June 30, 2021 in accordance to Section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

SIGNATURE

DATE 29-09-2021

Zipporah Kuttoh
SECRETARY OF BOARD OF GOVERNORS
Belgut Technical & Vocational College



BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021
STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

The Board members are responsible for the preparation and presentation of BTVC financial statements, which give a true and fair view of the state of affairs of BTVC for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Belgut Technical and Vocational College; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Belgut Technical & Vocational College ; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Belgut Technical & Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) Belgut Technical & Vocational College. The Board of Governors are of the opinion that BTVC give a true and fair view of the state of the BTVC transactions during the financial year ended June 30, 2021, and of BTVC financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for Belgut Technical & Vocational College, which have been relied upon in the preparation of The BTVC financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statement

The BTVC financial statements were approved by the Board on 29-09-2021 and signed on its behalf by:

Name.....

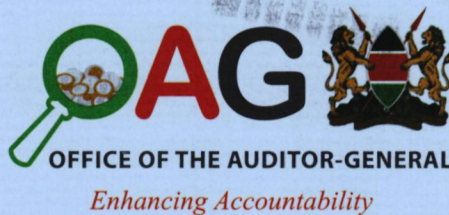
Signature.....

Chairperson of the Board/Council

Name Zipporah Kuloh
Signature
Accounting Officer/Principal
P.O. BELGUT TECHNICAL & VOCATIONAL COLLEGE

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BELGUT TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Belgut Technical Training Institute set out on pages 14 to 37, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Belgut Technical Training Institute as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education Training Act, 2013.

Basis for Adverse Opinion

1.0 Inaccuracies and Presentation of the Financial Statements

Review of the Institute's financial statements revealed the following inaccuracies and inconsistencies:

1.1 Unsupported Depreciation Expense

The statement of financial performance reflects depreciation expense of Kshs.2,797,195. However, the basis of computation of depreciation expense has not been disclosed in the notes to the financial statement.

1.2 Variance in Surplus for the Year Amount

Included in the computation of cash generated from operations in Note 21 to the financial statements is the surplus for the year of Kshs.4,974,340. However, the surplus for the year reflected in the statement of financial performance amounted to Kshs.7,771,535 resulting in unexplained difference of Kshs.2,797,195.

1.3 Statement of Financial Performance

The statement of financial performance reflects expenditure on use of goods and services amount of Kshs.4,673,871 which is indicated to be supported by Note 9 to the financial statements instead of Note 8. Further, the statement reflects general expense amount of Kshs.3,121,302. However, the amount of general expenses in the statement of financial performance has not been linked to the correct Note 12. However, Note 12 to the financial statements has been linked to depreciation and amortization expense.

1.4 Incorrect Name of the Institute in the Financial Statements

The financial statements contain the name of the Institute as Belgut Technical and Vocational College instead of the registered name of Belgut Technical Training Institute.

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

2.0 Use of Goods and Services

The statement of financial performance reflects expenditure on use of goods and services of Kshs.4,673,871 as disclosed on Note 8 to the financial statements, which includes expenditure on electricity and water of Kshs.802,808. However, included in the amount is an amount of Kshs.718,725 that relates to purchase of hardware materials and other items that have been misclassified under electricity and water. Further, included in Note 8 to the financial statements is expenditure on examination of Kshs.856,520 which was not supported by the list of students to whom the fees were paid for and acknowledgement receipts from the Kenya National Examination Council as required.

In the circumstances, the accuracy of use of goods and services amount of Kshs.4,673,871 could not be confirmed

3.0 Unsupported Revenue from Exchange Transactions

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects revenue from exchange transactions amount of Kshs.15,099,080, which is composed of tuition fees and student fees arrears of Kshs.6,085,150 and Kshs.9,013,930 respectively. However, the schedule supporting tuition fee income of Kshs.6,085,150 was not provided. In addition, according to accrual basis of accounting, revenue from student fees is to be recognised based on the invoiced amount per student in session during the financial period under review. However, student fees arrears of Kshs.9,013,930 has been included in Note 7 to the financial statements as part of the institution's income instead of the amount of fees invoiced in the year.

In the circumstances, the accuracy and completeness of revenue from exchange transactions amount of Kshs.15,099,080 could not be confirmed.

4.0 Variances in Employee Costs

The statement of financial performance reflects employee costs amount of Kshs.2,084,070 as disclosed in Note 9 to the financial statements and not in Note 10 as reported in the statement of financial performance. Further, the amount in the statement of financial performance of Kshs.2,084,070 does not agree with the amount indicated in Note 9 to the financial statements of Kshs.2,849,665 resulting in unexplained variance of Kshs.765,595. In addition, included in Note 9 to the financial statements under employee costs is an amount of Kshs.1,462,865 relating to travel, subsistence and other allowances expenditure which indicates a misclassification of expenditure.

In the circumstances, the accuracy and completeness of employee costs balance of Kshs.2,084,070 could not be confirmed.

5.0 Unsupported Transfers from National Government - Recurrent Grants

The statement of financial performance and as disclosed in Note 6 to the financial statements reflects an amount of Kshs.6,255,000 transfers from the National Government. However, review of enrolment records revealed that the Institution had three hundred and three (303) students with a capitation entitlement of Kshs.15,000 per student. This translates to capitation receivable of Kshs.4,545,000 which is lower than the capitation received of Kshs.6,255,000.

In the circumstances, the accuracy, validity and completeness of revenue from non-exchange transactions of Kshs.6,255,000 could not be confirmed.

6.0 Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 17 to the financial statements reflects receivables from exchange transaction balance of Kshs.9,013,930. However, the debtors ageing analysis was not done to identify long outstanding debtors and to review their collectability and the Institute did not have a policy on debtors that stipulates how to deal with the non-performing student debtors. Further, individual students fee statements were not provided.

In the circumstances, the accuracy of the receivables balance of Kshs.9,013,930 could not be confirmed.

7.0 Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.3,040,890. However, Note 17 to the financial statements which is referenced to the balance relates to receivables from exchange transactions. The breakdown of trade and other payables has not been included in the Notes to the financial statements. Further, the trade and other payables listing provided amounted to Kshs.821,992 which differs with the balance of Kshs.3,040,890 as disclosed in the statement of financial position by an unexplained and unreconciled variance of Kshs.2,218,898.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.2,218,898 could not be confirmed.

8.0 Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.6,048,464 and as disclosed in Note 16 to the financial statements. However, the balances were not supported by bank reconciliation statements, certificate of bank balances and the board of survey report. In addition, the cash book had not been updated and reconciled on a monthly basis as required.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.6,048,464 could not be confirmed.

9.0 Unsupported Property, Plant and Equipment

The statements of financial position reflects property, plant and equipment balance of Kshs.87,003,302. However, the balance is supported by Note 18 to the financial statements and not Note 20 which is disclosed in the statement of financial position. Further, Note 18 to the financial statements does not have totals of property, plant and equipment balance as at 30 June, 2021. However, a recast of the schedule indicates that the balance as at 30 June, 2021 amounted to Kshs.84,206,107 and not Kshs.87,003,302 resulting to an unexplained and unreconciled variance of Kshs.2,797,195. The Institute did not provide an asset register to support the property, plant and equipment balance of Kshs.87,003,302. This is contrary to Regulation 143(1) of the Public Finance

Management (National Government) Regulations, 2015 which states that an accounting officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.87,003,302 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.17,541,000 and Kshs.12,340,150 respectively resulting to a budget shortfall of Kshs.5,200,850 or 30% of the budget. Similarly, the Institute spent Kshs.9,543,919 against a total final expenditure budget of Kshs.17,541,000 resulting to a budget under expenditure of Kshs.7,997,081 or 46% of the budget.

The under collection and underperformance affected the planned activities of the Institute and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of the Institute was forty-six (46) out of which forty-four (44) or 96 % were members of the dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public offices shall seek to represent the

diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

2.0 Failure to Deduct Statutory Dues

During the year, the Institute did not deduct statutory deductions namely National Hospital Insurance Fund (NHIF) and National Social Security Fund (NSSF) from staff emoluments. This is contrary to the provisions of NHIF Act, 2012 and NSSF Act, 2013 which requires that statutory dues be deducted and remitted before 10th of the subsequent month.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Lack of Risk Management Policy and Strategy

The Institute Management had not put in place a Risk Management Policy, strategies, and risk register to mitigate against risk. This is in contravention of Regulation 165 (1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, it is not possible to determine the effectiveness of controls implemented to minimize risks.

2.0 Lack of Internal Audit Function and Audit Committee

The Institute has not established an internal audit function and an Audit Committee of the Board. This is contrary to Section 73 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee.

In the circumstances, the Institute did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

3.0 Lack of Approved Staff Establishment

The Institute did not have an approved staff establishment and had also not developed a scheme of service for its employees showing clearly the points of entry into employment, academic or technical requirements, career progression, promotion requirements, establishment requirements per cadres.

In the circumstances, failure to develop a scheme of service for employees creates uncertainty on staff progression.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit was 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 considered internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Institute's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute'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 Institute 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 Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

14 October, 2022

BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021
STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE
2021

	Notes	2020/2021	2019/2020
		Ksh	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – Recurrent grants			
Total Revenue from non-exchange transactions	6	6,255,000	2,500,000
Total Revenue from non-exchange transactions		6,255,000	2,500,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	15,099,080	1,530,810
Other income	8		285,430
Revenue from exchange transactions		15,099,080	1,816,240
Total revenue		21,354,080	4,316,240
Expenses			
Use of goods and services	9	4,673,871	1,355,800
Employee costs	10	2,084,070	1,379,690
directors remuneration		477,000	-
Depreciation and Amortization Expense	12	2,797,195	3,069,333
Repairs and maintenance	13	429,106	57,767
general expenses		3,121,302	-
Total expenses		13,582,545	5,862,590
Net Surplus for the year		7,771,535	(1,546,350)

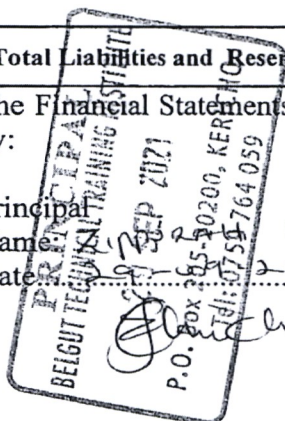
BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2021

	Notes	2020/2021 Kshs	2019/2020 Kshs
Assets			
Current assets			
Cash and cash equivalents	16	6,048,464	1,425,133
Receivables from exchange transactions	17	9,013,930	4,148,221
Receivable from mentored institution	18	2,745,000	-
inventory	14	995,240	41,609
Total Current Assets		18,802,634	5,614,963
Non-current assets			
Property, plant and equipment	20	87,003,302	87,003,302
Total Non-current Assets		87,003,302	87,003,302
Total assets		105,805,936	92,618,265
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	3,040,890	1,306,650
Total Current Liabilities		3,040,890	1,306,650
Total liabilities			
Capital and Reserves			
Accumulated surplus		12,976,414	1,522,983
Development funds		89,788,632	89,788,632
Total Reserves		102,765,046	91,311,615
Total Liabilities and Reserves		105,805,936	92,618,265

The Financial Statements set out on pages 1 to 14 were signed on behalf of the Board of Directors by:

Principal
Name
Date



KUTOIT
Date... 29.09.21

Head of Finance
Name *B.I.K.W*
Date... 29.09.21

Chairman of the Board
Name: *DR. J. ROTICH*
Date... 29/09/2021

BELGUT TECHNICAL & VOCATIONAL COLLEGE
 ANNUAL REPORTS AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2021

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Retained earnings	Capital Donations/Fund	Capital/ Development Grants/Fund	Total
At July 1, 2019	-	-	-	-
Estimated value of donated assets		89,788,632		89,788,632
Surplus/ (deficit) for the period	-1546350			-1546350
Capital/Development grants received during the year	3069333		-	3069333
At June 30, 2020	1,522,983	89,788,632	-	91,311,615
At July 1, 2020	1,522,983	89,788,632		91,311,615
Estimated value of donated assets				-
Surplus/ (deficit) for the period	7,771,535			7,771,535
Capital/Development grants received during the year	3,681,896			-
Prior year adjustment				
At June 30, 2021	12,976,414	89,788,632		102,765,046

BELGUT TECHNICAL & VOCATIONAL COLLEGE
 ANNUAL REPORTS AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020/2021	2019/2020
	Note	kshs	Kshs
Cash flows from operating activities			
Net cash flows from operating activities	21	4,824,331	1,425,133
Cash flows from investing activities			
Purchase of property, plant, equipment	18	(201,000)	0
Purchase of intangible assets			
Net cash flows used in investing activities			
Cash flows from financing activities			
Net cash flows used in financing activities			
Net increase in cash and cash equivalents		4,623,331	1,425,133
Cash and cash equivalents at start of year		1,425,133	
Cash and cash equivalents at end of year	16	6,048,464	1,425,133
Cash and cash equivalents as per the Balance Sheet		6,048,464	1,425,133

BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2021

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR
ENDED 30 JUNE 2021**

ITEM	2020/2021 Original Budget	2020/2021 adjustment	2020/2021 Final Budget	2020/2021 Actual	2020/2021 Performance difference	
REVENUE	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	
Fees from students and other levies	8,541,000	-	8,541,000	6,085,150	(2,455,850)	- 29%
Capitation	9,000,000	-	9,000,000	6,255,000	(2,745,000)	- 31%
Total Revenue	17,541,000	-	17,541,000	12,340,150	(5,200,850)	- 30%
Local travel and transport	1,890,000	-	1,890,000	1,259,920	630,080	33%
Personal emoluments	2,760,000	-	2,760,000	1,386,800	1,373,200	50%
Catering	-	-	-	-	-	
Repairs maintenance and improvements	1,620,000	-	1,620,000	426,106	1,193,894	26%
Tuition expenses	5,226,000	-	5,226,000	3,042,177	2,183,823	42%
Electricity, Water and conservancy	1,050,000	-	1,050,000	802,808	247,192	24%
Administrative costs	1,560,000	-	1,560,000	966,377	593,623	38%
Others	3,435,000	-	3,435,000	1,659,731	1,775,269	51%
Total recurrent expenditure	17,541,000	-	17,541,000	9,543,919	7,997,081	
Total Expenditure	17,541,000	-	17,541,000	9,543,919	7,997,081	

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency.

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

3 ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2020: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

**BELGUT TECHNICAL & VOCATIONAL COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

Standard	Effective date and impact:
<p>IPSAS 41: financial instruments</p>	<p>Applicable: 1st January 2020: The objective of IPSAS 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 the assessment of amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statement with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the assets cash flows and the objective for which the asset is held. • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing, and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: social benefits</p>	<p>Applicable: 1st January 2020: The objective of this statement is to improve the relevance, faithful representatives and comparability of the information that are a reporting entity provides in the financial statements about social benefits. The information provided should help the users of the financial statements and general-purpose financial reports assess.</p>

ii. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

a. 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 BTVC 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

b. Rendering of services

BTVC 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 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 revocable.

ii) Revenue from exchange transactions

a. Rendering of services

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

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

b. Sale of goods

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Board of Governors on 25/06/2021. 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 BTVC upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the accruals as per the statement of financial performance has been presented on the table above of BTVC of these financial statements.

c) Taxes

Current income tax

BTVC is exempted from paying taxes as per the Income Tax Act 2019.

Sales tax/value added tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

i) Inventories

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

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

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

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

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

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

j) Provisions

Provisions are recognized when the BTVC 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 BTVC 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.

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Related parties

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

o) Service concession arrangements

The BTVC 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 BTVC 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 BTVC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

p) Cash and cash equivalents

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

q) Comparative figures

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

r) 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.

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the BTVC 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. State all judgements, estimates and assumptions made: e.g.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. BTVC 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 Belgut Technical & Vocational College. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

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

6. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Unconditional grants	2020-2021	2019-2020
Development grants		-
operation grants	6,255,000	1,000,000
CDF		1,500,000
Total Government grants and subsidies	6,255,000	2,500,000

7.RENDERING OF SERVICES

	2020-2021	2019-2020
Tuition fees	6,085,150	114,740
Student arrears	9,013,930	
Activity fees		5,095
Attachment		690
Insurance		3,180
Examination fee		101,300
Registration fees		22,100
personal emoluments		341,100
EWC		16,260
RMI		10,710
Local travel and transport		145,320
Adm cost		14,480
Internet/computers		8,485
Placement		126,850
Transfer From Bureti TTI		620,500
Total Rendering of Services	15,099,080	1,530,810

8.USE OF GOODS AND SERVICES

	2020-2021	2019-2020
Tuition expenses	3,014,543	151,199
Boarding expenses		-
Activities		7,000
Electricity and water	802,808	44,180
Insurance		-
Attachment		-
Registration		16,600
Stationery		-
House keeping expenses		-
Student council		9,370
Students identity cards		-
Administrative costs		212,484
Medical expenses		-

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Bank charges		2,674
Internet expenses		5,480
placement		71,600
production		773,713
Examination expenses	856,520	55,000
salary expense		6,500
Total good and services	4,673,871	1,355,800

9. EMPLOYEE COSTS

	2020-2021	2019-2020
Salaries and wages	1,386,800	855,440
Travel, motor car, accommodation, subsistence and other allowances	1,462,865	524,250
medical expense	1,600	
Total Employee costs	2,849,665	1,379,690

10. REMUNERATION OF DIRECTORS

During the financial year 2020/2021 expenditure on remunerations of governors of Kshs. 477,000 were incurred in relation to sitting allowances and travel & subsistence allowances. The expenses were charged to the Catering/meals vote and Local tours and travel vote as appropriate.

11. DEPRECIATION AND AMORTIZATION EXPENSE

	2020-2021	2019-2020
Property, plant and equipment	2,797,196	3,069,333
Intangible assets		
Total depreciation and amortization	2,797,196	3,069,333

12. GENERAL EXPENSES

ITEM	2020-2021 Kshs.	2019-2020
Registration expenses		
Computer packages expenses	96,638	
ID	8,500	
Contingencies expenses/administrative	966,377	
Salary advance	21,000	
Activity expenses	91,120	
Bank charges	3,612	

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Student council	1,050	
Attachment	84,580	
Production	516,225	
Bursaries	269,000	
HELB	1,008,200	
Imprest	55,000	
TOTAL	3,121,302	

13. Repair and maintenance

	2020-2021	2019-2020
Building	429,106	57,767
Fencing		
Total Repairs and Maintenance	429,106	57,767

14. inventory

ITEM	2020-2021	2019-2020
Consumable stores	49,750	41,609
Electrical stores	849,790	
Cleaning materials stores	95,700	
Total	995,240	41,609

15. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivables from non-exchange transactions of Kshs. 2,745,000 for the year ended 30 June 2021 relates to the grant from the national government that had not been received at the close of the financial year. The amount was received in the month of July 2020.

16. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
Kenya Commercial Bank- Operation	6,036,143	1,447,541
Cash on hand	12,321	-22,408
Total cash and cash equivalents	6,048,464	1,425,133

17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2020-2021	2019-2020
Current receivables		
Student debtors	9,013,930	4,189,796
Total current receivables	9,013,930	4,189,796

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21. Cash generated from operations

	2020-2021	20119-2020
Surplus for the year 2020-2021	4,974,340	1,238,980
Adjusted for		
Depreciation and Amortization	2,797,195	3,069,333
Increase in receivables	(4,705,209)	(4,189,830)
Decrease payables	1,758,005	1,306,650
Net Cash flow from operating Activities	4,824,331	1,425,133

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18. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Structures	Motor vehicles	Furniture and fittings	Computers and equipment	Plant and equipment in progress	Capital	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 th June 2018	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	0	0	0
Transfer/adjustments	15,000,000	-	-	-	-	-	-	15,000,000
At 30 th June 2019	15,000,000	0	-	0	0	-	-	15,000,000
Additions	-	58,819,135	0	2,917,500	1,395,000	11,941,000	0	75,072,635
At 30 th June 2020	15,000,000	58,819,135	0	2,917,500	1,395,000	11,941,000	0	90,072,635
Depreciation and impairment	-	-	-	-	-	-	-	-
At 30 th June 2018	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
At 30 th June 2019	-	-	-	-	-	-	-	-
Depreciation	-	1,176,383	-	350,100	348,750	1,194,100	-	3,069,333
At 30 th June 2020	-	1,176,383	-	350,100	348,750	1,194,100	-	3,069,333
At 30 th June 2021	-	1,152,855	-	308,088	261,562.50	1,074,690	-	2,797,196
Net book values	-	-	-	-	-	-	-	-
At 30 th June 2021	15,000,000	56,489,897	-	2,259,312	784,688	9,672,210	-	87,003,302
At 30 th June 2020	15,000,000	57,642,752	-	2,567,400	1,046,250	10,746,900	-	87,003,302
At 30 th June 2019	15,000,000	-	-	-	-	-	-	15,000,000
At 30 th June 2018	-	-	-	-	-	-	-	-

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19. PAYABLES FROM EXCHANGE TRANSACTION (overpaid fees)

There were no payables from exchange transactions for the year ended 30 June 2021.

FINANCIAL RISK MANAGEMENT

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

The BTVC financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

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

BTVC has significant concentration of credit risk on amounts due from 2020

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

(ii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the BTVC 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, and equity prices 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 Finance and Human Resource Management Committee.

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

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

RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the BTVC 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 BTVC , holding 100% of the College 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:

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

	2020/2021
Transactions with related parties	Kshs
a) Grants from the Government	
Grants from National Government (TRANSREF FROM Bureti TTI)	6,255,000
Grants from County Government	-
Donations in kind	-
Total	6,255,000

SEGMENT INFORMATION

The entity is operating as a single entity at the moment

ULTIMATE AND HOLDING ENTITY

BTVC is Semi- Autonomous Government Agency under the Ministry of Education in the State Department of Vocational and Technical Training. Its ultimate parent is the Government of Kenya.

Currency

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

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APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The year 2020/2021 is in the first year of reporting on financial statement for Belgut Technical & Vocational College.

Zipporah Kutoh

Accounting Officer

Date 29-09-2021



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APPENDIX II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Total Transfers during the Year
Ministry of Education	THE AMOUNT WE RECEIVED WAS WIRED INTO THE INSTITUTION ACCOUNT AFTER IT WAS DISBURSED BY THE MOE				
Ministry of Education					
Ministry of Education					
Ministry of Education					
Total					

