

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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REPORT

DATE: 04 OCT 2023

WRS

TABLED
BY:

OF

Hon Naomi Wago, mp
Deputy Majority Party Whip
Funlays Nwude

THE AUDITOR-GENERAL

ON

**KOCHOGO VOCATIONAL
TRAINING CENTRE**

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



KOCHOGO VOCATIONAL TRAINING CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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I. Key Entity Information and Management**(a) Background information**

Kochogo Vocational Training Centre was established under TVET Act 2013. The entity is domiciled in Kenya, Kisumu County, Nyando Sub-County Ahero ward. The institute is under the ministry of Education.

Background History

Kochogo VTC was started way back in 1960 by African Brotherhood church (ABC). The process was spearheaded by Mr. Obongo Wadwa who was kind enough to donate land alongside his counterpart Jorien Omulo, Jorum Ngumo and Ogola Kungu.

The initiative was assassinated by their quest to see youths acquire competency and skills in Technical Education. The ABC church bought relevant equipment and tools for carpentry and joinery and tailoring and dress making. Institution was vibrant and ran smoothly but unfortunately their dream was thwarted by rangles from members of the community. The church leadership pulled out and the community declined to sell or donate land for expansion eventually it collapsed. It was currently moved to Boya which is now Ahero VTC.

In 2002 and 2012, several attempts were made to revive it by Ahero Town Council and former Nyando MP Mr. Fred Outa respectively however it didn't bear much fruit.

In 2013, a board of management was put in place to oversee the construction of the administration block and a workshop. It also began the process of registration although it was not successful.

In 2020, The County Government of Kisumu took over Kochogo VTC as one of its mandate as a devolved function and inaugurated the B.O.G. in November 2020.

In January 2021, it officially begun its operation and successfully admitted its first batch of 34 students. It is situated off Kisumu-Nairobi highway 4km from Ahero Town along Ahero-Ombaka Road.

It is currently registered with TVETA Authority and offering the following courses;

- i) FASHION DESIGN AND GARMENT MAKING.
- ii) HAIRDRESSING AND BEAUTY THERAPY.
- iii) BUILDING TECHNOLOGY.
- iv) ELECTRICAL AND ELECTRONIC TECHNOLOGY.
- v) COMPUTER PACKAGES.

(b) Principal Activities

SKILLS TRAINING AND DEVELOPMENT.

VISION: To become a centre of excellence in provision of relevant skills and market driven courses leading to self-reliance and economic empowerment.

MISION: To offer quality training, attitude and knowledge relevant to the job market.

MOTTO: “STRIVING FOR EXCELLENCE”**(c) Key Management**

Kochogo VTC day-to-day management is under the following key organs:

- Board of Governors.
- County Directorate.
- Centre Management.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM	Mr. John Obiero Awiti
2.	Chief Officer	Mrs. Penina Onyango
3	Director	Mrs. Paschalia Ouma
4	Centre Manager	Mrs Lornah Owino
5	B.O.G. Chairman	Mr. Christopher Okiri Awinda

(e) Fiduciary Oversight Arrangements

- **County Executive.**
- **Audit Committee Activities.**
- **Development partner oversight Activities.**

Key Entity Information and Management (Continued)

(f) Entity Headquarters

P.O. Box 160-40101

(g) Entity Contacts

Telephone: (254) 726839734
E-mail: kochogovtc2021@gmail.com

(h) Entity Bankers

Kenya Commercial Bank Ltd
P.O. Box 2640-40100,
Kisumu.

(i) Principal Legal Adviser

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

KOCHOGO VOCATIONAL TRAINING CENTREANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022**II. BOARD OF GOVERNORS**

No.	Member/ Director	Details
1.	Mr. Christopher Okiri Awinda	Was appointed the Chairperson of the Board of Governors on 14 th September 2020. He holds a Diploma in Business Management.
2.	Mr. Tom Ocharo	He is the finance representative. Holds Business Management and Accounting.
3.	Mrs. Margaret Otieno	Industry Representative. Business lady.
4.	Mr. David Olal	ICT Representative. Bachelor of Education Arts.
5.	Mrs. Jeniffer Ogola	Technology Representative. Diploma in Office Practice
6.	Mr. Tom Lusi	Engineering Representative. Telecommunication Technician
7.	Mr. Joshua O. Nyanandi	Leadership and Management Representative. Diploma in Education
8.	Mrs. Pascalia Ouma	Director VET.
9.	Mr. Goerge Amimo	Sub-County Administrator.
10.	Mrs. Lornah Owino	Secretary to The Board of Governors. Post Graduate in Education and Diploma in Clothing Technology.

III. Management Team

No.	Member/ Director	Details
1.	Centre Manager	Overall in charge of the centre.
2.	Deputy Centre Manager	In charge of training
3.	Heads of Department	In charge of respective departments.

IV. Chairman's Statement

On my behalf and members of The Board Kochogo, I feel extremely privileged to be given a chance to give back to the community. Technical Education is key in the realisation of vision 2030 and VTCs plays an important role alongside other Technical Institutions spearheading this dream.

For a long time VTCs have been neglected and branded institutions for failures. This has adversely affected the enrolment. However with the capitation from both the County and National Government VTCs have been given a new life line. The Narrative has changed and graduates from VTCs have proven competent and qualified to the job market as compared to their counterparts from other higher learning institution.

I therefore wish to appeal to relevant authorities to provide modern workshop and equipments as well as to address the under staffing issues to make the institution competitive. I have confidence that with necessary support we are going to make Kochogo a centre of excellence. Finally I'm glad that Kochogo VTC is picking up and gradually getting to its feet.

CHALLENGES

Our most precing challenges are;

- Inadequate infrastructural development.
- Inadequate staffing.
- Untimely disbursement of funds.
- Inadequate modern tools and equipemnet.

FUTURE EXPECTATIONS

With a strategic plan we look forward to improve physical infrastructure of the centre and putting up key facilities for quality training.

In conclusion I take this opportunity thank my colleagues in the Board for supporting me in proving leadership. I also commend the management and staff working tirelessly to achieve the objectives of the centre despite the limited resources. I am confident that we will continually spare no effort to attain and surpass the targets set for the financial year. I also appreciate the county government of Kisumu, the community at large and all stakeholders for supporting this newly started Vocational training Centre.

.....
CHRISTOPHER AWINDA
CHAIRPERSON

KOCHOGO VOCATIONAL TRAINING CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

V. Report of the Principal

I am delighted to see our institution come to the end of this financial year since its inception. This year saw the introduction of three more courses namely;

- Electrical Engineering.
- Building Technology.
- Computer Packages.

VI. Statement of Performance against Predetermined Objectives

STAFF ESTABLISHMENT.

Kochogo VTC has one County Government-employed Instructor and three BOG employed instructors and one security personnel.

Pillar 1: To increase enrolment of trainees in the institution.

Pillar 2: To introduce three more courses.

Kochogo VTC develops its annual work plans based on the above *X* pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The institution achieved its performance targets set for the FY 2021/22 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	To enrol at least 35 trainees	45 Trainees enrolled	Community sensitisation	Trainees increased by 35%
Pillar 2	To introduce 2 more courses.	3 courses introduced.	-Procurement of relevant tools and equipment -Construction of additional workshop and classroom.	Process 90% successful

VII. CORPORATE GOVERNANCE STATEMENT

Appointment of Board of Governors

The current BOGs members were appointed in accordance with first schedule 28(1) (a) and the second schedule section 1 & 2 of TVET Act No. 29 of 2013 on 14th September, 2020.

Membership of The Board of Governors is as follows;

- a) Chairperson
- b) A Representative of the Minister/CECM in the department responsible for Technical and Vocational Training.
- c) A Representative of The County Governor; and
- d)

Six Other Persons Appointed On The Basis Of Their Knowledge and Experience In;

1. Leadership and Management
2. Financial Management
3. Technology
4. Industry
5. Engineering
6. Information Communication Technology.

VIII. Management Discussion and Analysis

The four existing department (Electrical, Building, Fashion Design and Hairdressing) were established during financial year with the aim of offering variety of trade areas for choice to our potential trainees, this has helped boost trainees enrolment. The departments will be housed in the same building with engineering department carrying out their projects in the makeshift structures.

IX. Environmental And Sustainability Reporting Statement

Kochogo VTC exist to transform lives. This is our purpose, the driving force behind everything we do. It is what guides us to deliver our strategies.

Sustainability strategy and profile

Putting customers/citizens first. Delivering goods and services and improving operational excellence.

Environmental performance

Tree seedlings have been planted within the compound.

Employee welfare

The staff working under conducive environment.

Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- d) Product stewardship- outline efforts to safeguard consumer rights and interests.

(The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, water and sanitation initiatives)

Corporate Social Responsibility / Community Engagements

Kochogo VTC has engaged the community members as part of the institution employees.

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 Kochogo affairs.

Principal activities

The principal activities of Kochogo is **Training**.

Results

The results of the Kochogo for the year ended June 30 are set out on page ix.

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 the Kochogo in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Kochogo for the year/period ended June 30, 2022, 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

.....
Secretary of the Board/Council
Nairobi
Date:

KOCHOGO VOCATIONAL TRAINING CENTRE

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022**

XI. Statement of Board of Governors/ Council’s Responsibilities

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

The Council members are responsible for the preparation and presentation of the Kochogo VTC financial statements, which give a true and fair view of the state of affairs of the Kochogo VTC for and as at the end of the financial year (period) 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 entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Kochogo VTC, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

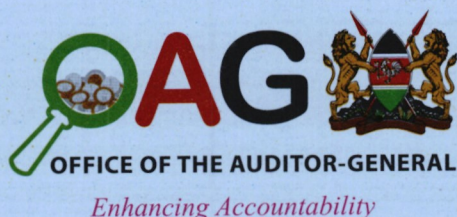
The Kochogo VTC financial statements were approved by the Board on _____ 17th September, 2021 and signed on its behalf by:

.....
Chairperson of the Board/Council

.....
Accounting Officer/Principal

XII. REPORT OF THE INDEPENDENT AUDITOR ON (KOCHOGO VTC)

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 KOCHOGO VOCATIONAL TRAINING CENTRE 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 Kochogo Vocational Training Centre set out on pages 1 to 60, 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 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, 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 Kochogo Vocational Training Centre as 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 (TVET) Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following inaccuracies:

- (i) The statement of financial performance has not disclosed the total expenses and net surplus/deficit for both financial years.
- (ii) The statement of financial position reflects cash and cash equivalents balance of Kshs.390,000 while the statement of cash flows reflects a cash and cash equivalents balance of Kshs.56,090 as at 30 June, 2022. The variance of Kshs.333,910 has not been explained.
- (iii) The statement of cash flows is incorrectly casted and is not presented in the prescribed format.
- (iv) The statement of comparison of budget and actual amounts is also incomplete and does not show the budgeted and actual receipts and expenditures amounts.
- (v) The Centre did not provide a trial balance for the financial year ended 30 June, 2022. It is therefore not clear how the final balances in the financial statements were derived.

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

2. Unsupported Use of Good and Services Expenditure

The statement of financial performance reflects nil amount for use of goods and services while Note 15 to the financial statements reflects an amount of Kshs.180,000 resulting to an unexplained variance of Kshs.180,000. However, the supporting documentation such as schedules and payment vouchers were not provided for audit review. Further, the

reported balance has a comparative amount of Kshs.57,000 indicated on Note 15 to the financial statements against a nil balance indicated in the prior year's financial statements.

In the circumstances, the accuracy and completeness of the use of goods and services of Kshs.180,000 could not be confirmed.

3. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.390,000 while Note 26 to the financial statements reflects Nil balance. Further, the statement of cash flows and certificate of balance for one bank account provided reflect a closing cash and cash equivalents balance of Kshs.56,090 resulting to an unexplained variance of Kshs.333,910. Further, the statement of financial position reflects a comparative cash and cash equivalents balance for the financial year 2020/2021 of Kshs.525,000 which differs with the previous year's balance of Nil. Further, the cash book, bank statements and the bank reconciliation statements in support of the cash and cash equivalents balance of Kshs.390,000 were not provided for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.390,000 could not be confirmed.

4. Unsupported Employee Costs

The statement of financial performance reflects employee costs of Kshs.120,000 while Note 16 to the financial statements reflects an amount of Kshs.110,000 and a comparative amount of Kshs.40,000 which differs with the nil amount reported in the previous year. Further, the expenditure was not supported with schedules and properly supported vouchers.

In the circumstances, the accuracy of the employee costs of Kshs. 120,000 could not be confirmed.

5. Unsupported Repairs and Maintenance Expenditure

The statement of financial performance reflects repairs and maintenance expenditure of Kshs.180,000 while Note 19 to the financial statements reflects a nil amount resulting to an unexplained variance of Kshs.180,000. Further, the expenditure was not supported with schedules and properly supported payments vouchers. In addition, the comparative amount of repairs and maintenance expenditure is reflected as Kshs.428,000 which differs with the Nil amount reflected in the previous year's financial statements.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.180,000 in respect of repairs and maintenance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kochogo Vocational Training Centre Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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

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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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. Inadequacies in the Presentation of the Financial Statements

Review of the financial statements revealed the following anomalies;

- (i) The statements of financial performance, statement of financial position, statement of changes in net assets and statement of comparison of budget and actual amounts were not signed by the responsible parties.
- (ii) All the reported balances for items in the Notes to the financial statements have the comparative figures for the year 2020/2021 omitted.
- (iii) The statement of changes in net assets is not presented in the prescribed format

In the circumstances, the financial statements have not been presented in accordance with the Public Sector Accounting Standards Board guidelines.

2. Lack of Approved Budget

As reported in the previous year, the Centre did not have an approved budget for its operations and hence operating without an approved budget. This was contrary to Section 29(e) of the Technical and Vocational Education and Training (TVET) Act, 2013 which requires the Board of Governors for vocational training institutions to prepare annual estimates of revenue and expenditure on behalf of the institutions.

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, 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

Non-Effective Internal Controls System, Risk Management and ICT Policies

Review of the Centre's internal controls and risk management revealed that, as reported in the previous year, the Centre lacks internal controls that are necessary in enabling the Centre to operate effectively and efficiently. Further, the following were noted;

- (i) Lack of proper accounting systems in recording of transactions.
- (ii) Lack of an internal audit function and audit committee to evaluate on the internal controls and conduct risk assessments.
- (iii) There was no human resources policy, approved scheme of service and staff establishment to assist in optimal human resources.
- (iv) There was no risk management policy in place to effectively assist in managing a robust business operation.

In the circumstances, the effectiveness of the internal control system in place could not be confirmed.

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 the Board of Governors

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 control, risk management and overall governance.

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre'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 Centre 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 Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 July, 2023

KOCHOGO VOCATIONAL TRAINING CENTRE

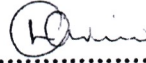
 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
 JUNE 2022

XIII. 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 other National Government entities	6	xxx	xxx
Grants from donors and development partners	7	xxx	xxx
Transfers from county government	8	390,000	525,000
Public contributions and donations	9	xxx	xxx
		xxx	xxx
Revenue from Exchange transactions			
Rendering of services- fees from students	10	xxx	xxx
Sale of goods	11	xxx	xxx
Rental revenue from facilities and equipment	12	xxx	xxx
Finance income	13	xxx	xxx
Other income	14	xxx	xxx
		xxx	xxx
Total Revenue			
		xxx	xxx
Expenses			
Use of goods and services	15	xxx	xxx
Employee costs	16	120,000	40,000
Board /Council Expenses	17	xxx	xxx
Depreciation and amortization expense	18	xxx	xxx
Repairs and maintenance	19	180,000	428,000
Contracted services	20	xxx	xxx
Grants and subsidies	21	xxx	xxx
Finance costs	22	xxx	xxx
		xxx	xxx
Other Gains/(Losses)			
Gain on sale of assets	23	xxx	xxx
Unrealized gain on fair value of investments	24	xxx	xxx
Impairment loss	25	(xxx)	(xxx)
		xxx	xxx
Total Other Gains/(Losses)			
		xxx	xxx
Net surplus for the year			
Attributable to:			
Surplus/(deficit) attributable to minority interest		xxx	(xxx)
Surplus attributable to owners of the controlling entity		xxx	xxx
		xxx	xxx

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

CHRISTOPHER AWINDA



.....
Chairman of Council/Board

.....
Finance Officer
ICPAK No

.....
Principal

Date

Date

Date

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	26	390,000	525,000
Current portion of receivables from exchange transactions	27(a)	xxx	xxx
Receivables from non-exchange transactions	28	xxx	xxx
Inventories	29	xxx	xxx
Investments	30	xxx	xxx
		xxx	xxx
Non-Current Assets			
Long term receivables from exchange transactions	27(b)	xxx	xxx
Investments	30	xxx	-
Property, plant, and equipment	31	xxx	xxx
Intangible assets	32	xxx	xxx
Investment property	33	xxx	xxx
		xxx	xxx
Total Assets		xxx	xxx
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	34	xxx	xxx
Refundable deposits from customers	35	xxx	xxx
Current provisions	36	xxx	xxx
Finance lease obligation	37	xxx	xxx
Current portion of borrowings	41	xxx	xxx
Deferred income	38	xxx	xxx
Employee benefit obligation	39	xxx	xxx
Payments received in advance		xxx	xxx
		xxx	xxx
Non-Current Liabilities			
Finance lease obligation	37	xxx	xxx
Deferred income	38	xxx	xxx
Non-Current Employee Benefit Obligation	39	xxx	xxx
Non-Current Provisions	40	xxx	xxx

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Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Borrowings	41	xxx	xxx
Service Concession Liability	42	xxx	xxx
Deferred Tax Liabilities	49	xxx	xxx
		xxx	xxx
Total Liabilities		xxx	xxx
Net Assets		xxx	xxx
Reserves		xxx	xxx
Accumulated Surplus		xxx	xxx
Capital Fund		xxx	xxx
Total Net Assets and Liabilities		xxx	xxx

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

CHRISTOPHER ANJUMA



.....
Chairman of Council/Board

.....
Finance Officer

.....
Principal

ICPAK No

Date

Date

Date

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

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

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2020	xxx	xxx	xxx	xxx	xxx
Revaluation gain	xxx	-	-	-	xxx
Fair value adjustment on quoted investments	-	xxx	-	-	xxx
Total comprehensive income	-	-	xxx	-	xxx
Capital/development grants received during the year	-	-	-	xxx	xxx
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	xxx	(xxx)	-
At June 30, 2021	xxx	xxx	xxx	xxx	xxx
At July 1, 2021	xxx	xxx	xxx	xxx	xxx
Revaluation gain	xxx	-	-	-	xxx
Fair value adjustment on quoted investments	-	xxx	-	-	xxx
Total comprehensive income	-	-	xxx	-	xxx
Capital/development grants received during the year	-	-	-	xxx	xxx
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	xxx	(xxx)	-
At June 30, 2022	xxx	xxx	xxx	xxx	xxx

(Note:

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

KOCHOGO VOCATIONAL TRAINING CENTRE

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022**

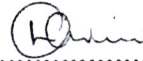
XVI. Statement of Cash Flows for the year ended 30 June 2022

Description		2021-2022	2020-2021
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from county govt. Grants		390,000	525,000
Public contributions and donations		xxx	xxx
Rendering of services- fees from students		xxx	xxx
Sale of goods		xxx	xxx
Rental revenue from facilities and equipment		xxx	xxx
Finance income		xxx	xxx
Other income		xxx	xxx
Total Receipts		xxx	xxx
Payments			
Compensation of employees		xxx	xxx
Use of goods and services		xxx	xxx
Finance cost		xxx	xxx
Rent paid		xxx	xxx
Taxation paid		xxx	xxx
Other payments		xxx	xxx
Grants and subsidies paid		xxx	xxx
Total Payments		xxx	xxx
Net Cash Flows from operating activities	43	xxx	xxx
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(xxx)	(xxx)
Proceeds from sale of property, plant and equipment		xxx	xxx
Net cash flows used in investing activities		(xxx)	(xxx)
Cash flows from financing activities			
Proceeds From Borrowing		xxx	xxx
Repayment Of Borrowings		(xxx)	(xxx)
Deposits receipts		xxx	xxx
Net cash flows used in financing activities		(xxx)	(xxx)
Net Increase/(Decrease) in Cash and Cash equivalents		xxx	(xxx)
Cash and Cash equivalents at 1 JULY	26	xxx	xxx
Cash and Cash equivalents at 30 JUNE	26	56,090	522,950

((IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

CHRISTOPHER AWINDA



.....
Chairman of Council/Board

.....
Finance Officer

.....
Principal

ICPAK No

Date

Date

Date

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

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

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Variance Difference	
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	%
Revenue												
Transfers from county govt grants	390,000		(xxx)		xxx		xxx		(xxx)		xxx%	
Public contributions and donations	xxx		(xxx)		xxx		xxx		(xxx)		xxx%	
Rending of services- fees from students	xxx		(xxx)		xxx		xxx		(xxx)		xxx%	
Sale of goods	xxx		-		xxx		xxx		(xxx)		xxx%	
Finance income	xxx		-		xxx		xxx		xxx		xxx%	
Other income	xxx		-		xxx		xxx		xxx		xxx%	
Gains on disposal, rental income and agency fees	xxx		xxx		xxx		xxx		(xxx)		xxx%	
Total Income	xxx		(xxx)		xxx		xxx		(xxx)		xxx%	
Expenses												
Compensation of employees	xxx		-		xxx		xxx		(xxx)		xxx%	
Use of goods and services	xxx		(xxx)		xxx		xxx		(xxx)		xxx%	
Finance costs	xxx		(xxx)		xxx		xxx		(xxx)		xxx%	
Rent paid	xxx		(xxx)		xxx		xxx		-		xxx%	
Remuneration of directors	xxx		(xxx)		xxx		xxx		-		xxx%	
Grants and subsidies paid	xxx		-		xxx		xxx		-		xxx%	
Total Expenditure	xxx		(xxx)		xxx		xxx		(xxx)		xxx%	
Surplus For the Period	xxx		xxx		xxx		xxx		xxx		xxx%	

(Budget notes)

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

XVIII. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

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

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 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

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Standard	Effective date and impact:
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 Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
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. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	Applicable 1st January 2023 <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i>

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
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Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The Kochogo VTC did not early-adopt any new or amended standards in year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

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

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

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

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

c) Taxes

Current income tax

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

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.

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
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Notes to the Financial Statements (Continued)

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

j) 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)

Inventories (Continued)

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

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

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

k) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

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

m) 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.

n) Employee benefits

Retirement benefit plans

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

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

o) 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.

p) 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)****q) Related parties**

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

r) Service concession arrangements

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

s) Cash and cash equivalents

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

t) Comparative figures

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

u) 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, 2022.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	xxx	xxx
Operational Grant	xxx	xxx
County Government	390,000	525,000
	xxx	xxx
Conditional Grants		
Library Grant	xxx	xxx
Hostels Grant	xxx	xxx
Administration Block Grant	xxx	xxx
Laboratory Grant	xxx	xxx
Learning Facilities Grant	xxx	xxx
Other Organizational Grants	xxx	xxx
Total Government Grants and Subsidies	390,000	525,000

(a) Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2020-2021
			Kshs	Kshs	Kshs
xx State Department	xx	xx	xx	xx	xx
XX Ministry	xx	xx	xx	xx	xx
Total	xx	xx	xx	xx	xx

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix xxx)

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

Notes to the Financial Statements (Continued)

7. Grants from Donors and Development Partners

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

Reconciliations of grants from donors and development partners

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

(Provide brief explanation for this revenue)

8. Transfers from Other Levels of Government

Description	2021-2022	2020-2021
	Kshs	Kshs
	xxx	xxx
Transfer from County XX		
Transfer from XX University	xxx	xxx
Transfer from XX Institute	xxx	xxx
Total Transfers	xxx	xxx

9. Public Contributions and Donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Public Donations	xxx	xxx
Donations from Local Leadership	xxx	xxx
Donations from Religious Institutions	xxx	xxx
Donations from Alumni	xxx	xxx
Other Donations	xxx	xxx
Total Donations and Contributions	xxx	xxx

(Provide brief explanation for this revenue)

KOCHOGO VOCATIONAL TRAINING CENTREANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022**Notes to the Financial Statements (Continued)****10. Rendering of Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	xxx	xxx
Activity Fees	xxx	xxx
Industrial Attachment Fees	xxx	xxx
Examination Fees	xxx	xxx
Library Fees	xxx	xxx
Facilities And Materials	xxx	xxx
Registration Fees	xxx	xxx
Others (<i>Specify</i>)	xxx	xxx
Total Revenue from The Rendering Of Services	xxx	xxx

*(Provide brief explanation for this revenue)***11. Sale of Goods**

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Books	xxx	xxx
Sale of Publications	xxx	xxx
Sale of Farm Produce	xxx	xxx
Cafeteria sales	xxx	xxx
Other	xxx	xxx
Total Revenue from Sale of Goods	xxx	xxx

*(Provide brief explanation for this revenue)***12. Rental revenue from facilities and equipment**

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment		
Contingent Rental	xxx	xxx
Operating Lease Revenue		
Total	xxx	xxx

(Provide brief explanation for this revenue)

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
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KOCHOGO VOCATIONAL TRAINING CENTREANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022**Notes to the Financial Statements (Continued)****13. Finance Income**

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

(Provide brief explanation for this revenue)

14. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance recoveries	xxx	xxx
Consultancy fees	xxx	xxx
Income from sale of tender	xxx	xxx
Services concession income	xxx	xxx
Reimbursements and refunds	xxx	xxx
Graduation fees	xxx	xxx
Miscellaneous (<i>specify</i>)	xxx	xxx
Total other income	xxx	xxx

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

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

Notes To The Financial Statements (Continued)

15. Use Of Goods And Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	180,000	57,000
Industrial attachment costs	xxx	xxx
Electricity	xxx	xxx
Water	xxx	xxx
Security	xxx	xxx
Professional and consultancy services	xxx	xxx
Subscriptions	xxx	xxx
Advertising	xxx	xxx
Examination fees	xxx	xxx
Audit fees	xxx	xxx
Catering, conferences, and delegations	xxx	xxx
Travelling and accommodation		
Fuel and oil	xxx	xxx
Insurance	xxx	xxx
Legal expenses	xxx	xxx
Licenses and permits	xxx	5,000
Postage	xxx	xxx
Printing and stationery	xxx	xxx
Hire charges	xxx	xxx
Rent expenses	xxx	xxx
Skills development levies	xxx	xxx
Telephone expenses	xxx	xxx
Internet expenses	xxx	xxx
Training expenses	xxx	xxx
Other (<i>specify</i>)	xxx	xxx
Total good and services	180,000	62,000

KOCHOGO VOCATIONAL TRAINING CENTREANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022**Notes to the Financial Statements (Continued)****16. Employee Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	110,000	40,000
Employee related costs - contributions to pensions and medical aids	xxx	xxx
Travel, motor car, accommodation, subsistence and other allowances	xxx	xxx
Housing benefits and allowances	xxx	xxx
Overtime payments	xxx	xxx
Performance and other bonuses	xxx	xxx
Social contributions	xxx	xxx
Employee Costs	110,000	40,000

17. Board/Council Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	xxx	xxx
Directors Emoluments	xxx	xxx
Other Allowances	xxx	xxx
Other Board/Council Expenses	17,000	7,000
Total	17,000	7,000

18. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	xxx	xxx
Intangible assets	xxx	xxx
Investment property carried at cost	xxx	xxx
Total depreciation and amortization	xxx	xxx

19. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	xxx	xxx
Investment property – earning rentals	xxx	xxx
Equipment and machinery	xxx	xxx
Vehicles	xxx	xxx
Furniture and fittings	xxx	xxx
Computers and accessories	xxx	xxx
Total Repairs and Maintenance	xxx	xxx

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KOCHOGO VOCATIONAL TRAINING CENTRE
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Notes to the Financial Statements (Continued)

20. Contracted Services

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

21. Grants and Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Community Development	xxx	xxx
Education Initiatives and Programs	xxx	xxx
Social Development	xxx	xxx
Community Trust	xxx	xxx
Sporting Bodies	15,000	xxx
Total Grants and Subsidies	15,000	xxx

22. Finance Costs

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

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

23. Gain On Sale of Assets

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

KOCHOGO VOCATIONAL TRAINING CENTRE
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JUNE 2022

Notes to the Financial Statements (Continued)

24. Unrealized Gain on Fair Value Investments

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

25. Impairment Loss

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

26. Cash and Cash Equivalent

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	xxx	xxx
On - Call Deposits	xxx	xxx
Fixed Deposits Account	xxx	xxx
Staff Car Loan/ Mortgage	xxx	xxx
Others (Specify)	xxx	xxx
Total Cash and Cash Equivalent	xxx	xxx

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

KOCHOGO VOCATIONAL TRAINING CENTREANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022**Notes To The Financial Statements (Continued)****26 (a). Detailed Analysis of Cash and Cash equivalents**

Financial Institution	Account number	2021-2022 Kshs	2020-2021 Kshs
a) Current Account	1282689266		
Kenya Commercial Bank		xxx	xxx
Equity Bank, etc.		xxx	xxx
Sub- Total		xxx	xxx
b) On - Call Deposits			
Kenya Commercial Bank		xxx	xxx
Equity Bank – etc.		xxx	xxx
Sub- Total		xxx	xxx
c) Fixed Deposits Account			
Kenya Commercial Bank		xxx	xxx
Bank B		xxx	xxx
Sub- Total		xxx	xxx
d) Staff Car Loan/ Mortgage			
Kenya Commercial Bank		xxx	xxx
Bank B		xxx	xxx
Sub- Total		xxx	xxx
e) Others(<i>Specify</i>)		xxx	xxx
Cash in Transit		xxx	xxx
Cash in Hand		xxx	xxx
Mobile Money account		xxx	xxx
Sub- Total		xxx	xxx
Grand Total		xxx	xxx

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

Notes to the Financial Statements (Continued)

27. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	xxx	xxx
Rent Debtors	xxx	xxx
Consultancy Debtors	xxx	xxx
Other Exchange Debtors	xxx	xxx
Less: Impairment Allowance	(xxx)	(xxx)
Total Current Receivables	xxx	xxx

27(b) Long- term Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Non-Current Receivables		
Refundable Deposits	xxx	xxx
Advance Payments	xxx	xxx
Public Organizations	xxx	xxx
Less: Impairment Allowance	(xxx)	(xxx)
Total	xxx	xxx
Current Portion Transferred To Current Receivables	(xxx)	(xxx)
Total Non-Current Receivables	xxx	xxx
Total Receivables	xxx	xxx

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

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

KOCHOGO VOCATIONAL TRAINING CENTREANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022**Notes to the Financial Statements (Continued)****28. Receivables from Non-Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capitation Grants*	xxx	xxx
Transfers from Other Govt. entities	xxx	xxx
Undisbursed Donor Funds	xxx	xxx
Other Debtors (Non-Exchange Transactions)	xxx	xxx
Less: Impairment Allowance	(xxx)	(xxx)
Total Current Receivables	xxx	xxx

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

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

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

29. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	xxx	xxx
Maintenance stores	xxx	xxx
Health Unit stores	xxx	xxx
Electrical stores	xxx	xxx
Cleaning Materials stores	xxx	xxx
Catering stores	xxx	xxx
Total Inventories at lower of Cost and Net Realizable Value	xxx	xxx

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Notes to the Financial Statements (Continued)

30. Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
a) Investment in Treasury Bills and Bonds		
Financial Institution		
CBK	xxx	xxx
CBK	xxx	xxx
Sub- Total	xxx	xxx
b) Investment with Financial Institutions/ Banks		
Bank X	xxx	xxx
Bank Y	xxx	xxx
Sub- Total	xxx	xxx
c) Equity Investments (Specify)		
Equity/ Shares in Company Xxx	xxx	xxx
Sub- Total	xxx	xxx
Grand Total	xxx	xxx

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	
	Direct Shareholding	Indirect Shareholding	Effective Shareholding		Current Year	Prior Year
	%	%	%	Kshs	Kshs	Kshs
Entity A	xxx	xxx	xxx	xxx	xxx	xxx
Entity B	xxx	xxx	xxx	xxx	xxx	xxx
	xxx	xxx	xxx	xxx	xxx	xxx

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July Xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	-	xxx	-	xxx	xxx
Disposals	(xxx)	(xxx)	-	-	(xxx)	-	(xxx)	(xxx)
Transfers/Adjustments	xxx	(xxx)	xxx	(xxx)	(xxx)	-	xxx	(xxx)
At 30th June Xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	-	xxx	xxx	xxx	xxx
Disposals	(xxx)	-	-	-	(xxx)	-	(xxx)	(xxx)
Transfer/Adjustments	(xxx)	xxx	xxx	(xxx)	(xxx)	-	xxx	(xxx)
At 30th June Xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Depreciation And Impairment								
At 1 July Xxx	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)	(xxx)
Depreciation	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)	(xxx)
Impairment	(xxx)	-	-	-	(xxx)	-	-	(xxx)
At 30 June Xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Depreciation	(xxx)	(xxx)	(xxx)	-	(xxx)	(xxx)	(xxx)	(xxx)
Disposals	xxx	-	-	-	xxx	-	xxx	xxx
Impairment	(xxx)	(xxx)	-	-	(xxx)	-	-	(xxx)

KOCHOGO VOCATIONAL TRAINING CENTRE
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Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	xxx	(xxx)	(xxx)	xxx	(xxx)	-	(xxx)	xxx
At 30 th June Xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Net Book Values								
At 30 th June xx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 th June xx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

[Include Brief Description Of WIP As A Footer]

KOCHOGO VOCATIONAL TRAINING CENTRE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022

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:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	xxx	xxx	xxx
Buildings	xxx	xxx	xxx
Plant And Machinery	xxx	xxx	xxx
Motor Vehicles including Motorcycles	xxx	xxx	xxx
Computers and Related Equipment	xxx	xxx	xxx
Office Equipment, Furniture, And Fittings	xxx	xxx	xxx
Total	xxx	xxx	xxx

32. Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At beginning of the year	xxx	xxx
Additions	xxx	xxx
At end of the year	xxx	xxx
Additions–internal development	xxx	xxx
At end of the year	xxx	xxx
Amortization and impairment		
At beginning of the year	xxx	xxx
Amortization	xxx	xxx
At end of the year	xxx	xxx
Impairment loss	xxx	xxx
At end of the year	xxx	xxx
NBV	xxx	xxx

KOCHOGO VOCATIONAL TRAINING CENTRE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2022****Notes to the Financial Statements (Continued)****33. Investment Property**

Description	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Disposal during the year	(xxx)	(xxx)
Depreciation	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
At end of the year	xxx	xxx

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

34. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	xxx	xxx
Fees paid in advance	xxx	xxx
Salary deductions	xxx	xxx
Third-Party Payments	xxx	xxx
Other Payables	xxx	xxx
Total Trade and Other Payables	xxx	xxx

35. Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumer deposits	xxx	xxx
Caution money	xxx	xxx
Other refundable deposits	xxx	xxx
Total Deposits	xxx	xxx

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
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Notes to the Financial Statements (Continued)

36. Current Provisions

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

37. Finance Lease Obligation

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

Maturity Analysis

Period	Amount
	Kshs
Year 1	xxx
Year 2	xxx
Year 3	xxx
Year 4	xxx
Year 5 and Onwards	xxx
Less: Unearned Interest	(xxx)
	xxx

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Notes to the Financial Statements (Continued)

Analysed as:

Description	Amount
	Kshs
Current	xxx
Non- Current	xxx
Total	xxx

38. Deferred Income

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

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	xxx	xxx	xxx	xxx
Additions during the year	xxx	xxx	xxx	xxx
Transfers to capital fund	(xxx)	(xxx)	(xxx)	(xxx)
Transfers to income statement	(xxx)	(xxx)	(xxx)	(xxx)
Other transfers	(xxx)	(xxx)	(xxx)	(xxx)
Balance carried forward	xxx	xxx	xxx	xxx

Analysed as:

Description	Amount
	Kshs
Current	xxx
Non- Current	xxx

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Total	xxx
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Notes to the Financial Statements (Continued)

39. 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	xxx	xxx	xxx	xxx	xxx
Non-Current Benefit Obligation	xxx	xxx	xxx	xxx	xxx
Total Employee Benefits Obligation	xxx	xxx	xxx	xxx	xxx

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	x%	x%
Future Salary Increases	x%	x%
Future Pension Increases	x%	x%
Mortality (Pre- Retirement)	x%	x%
Mortality (Post- Retirement)	x%	x%
Withdrawals	xx	xx
Ill Health	xx	xx
Retirement	xx years	xx years

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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:

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

b) Amounts recognised in the Statement of Financial Position

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

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

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Notes To The Financial Statements (Continued)

40. Non-Current Provisions

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

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

41. Borrowings

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

41 a) Analysis of External and Domestic Borrowings

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

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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)	xxx	xxx
Long Term Borrowings	xxx	xxx
Total	xxx	xxx

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

42. Service Concession Arrangements

Description	2021-2022	2020-2021
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	<u>xxx</u>	<u>xxx</u>

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	2021-2022	2020-2021
Surplus for the year before tax	Kshs	Kshs
Adjusted for:		
Depreciation	xxx	xxx
Non-Cash grants received	(xxx)	(xxx)
Contributed assets	(xxx)	(xxx)
Impairment	xxx	xxx
Gains and Losses on Disposal of Assets	(xxx)	(xxx)
Contribution to provisions	xxx	xxx
Contribution to impairment allowance	xxx	xxx
Finance Income	(xxx)	(xxx)
Finance Cost	xxx	xxx
Working Capital Adjustments		
Increase in Inventory	(xxx)	(xxx)
Increase in Receivables	(xxx)	(xxx)
Increase in Deferred Income	xxx	xxx
Increase in Payables	xxx	xxx
Increase in Payments received in advance	xxx	xxx
Net Cash Flow from Operating Activities	xxx	xxx

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

44. Financial Risk Management

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

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

(i) Credit risk

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

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

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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 performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 2022				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

(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 xxx

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

(ii) Liquidity risk management

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

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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.

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

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)	xxx	xxx	xxx
Liabilities			
Trade and Other Payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net Foreign Currency Asset/(Liability)	xxx	xxx	xxx

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)

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2022			
Financial Assets (Investments, Cash, Debtors)	xxx	xxx	xxx
Liabilities			
Trade and Other Payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net Foreign Currency Asset/(Liability)	xxx	xxx	xxx

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.

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

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)

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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	xxx	xxx
Retained Earnings	xxx	xxx
Capital Reserve	xxx	xxx
Total Funds	xxx	xxx
Total Borrowings	xxx	xxx
Less: Cash and Bank Balances	(xxx)	(xxx)
Net Debt/(Excess Cash and Cash Equivalents)	xxx	xxx
Gearing	xx%	xx%

45. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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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	xxx	xxx
Rent income from govt. agencies	xxx	xxx
Water sales to govt. agencies	xxx	xxx
Others (<i>specify</i>)	xxx	xxx
Total	xxx	xxx
B) Purchases from related parties		
Purchases of electricity from kplc	xxx	xxx
Purchase of water from govt service providers	xxx	xxx
Rent expenses paid to govt agencies	xxx	xxx
Training and conference fees paid to govt. agencies	xxx	xxx
Others (<i>specify</i>)	xxx	xxx
Total	xxx	xxx
b) Grants /Transfers from the Government		
Grants from National Govt	xxx	xxx
Grants from County Government	525,000	390,000
Donations in Kind	xxx	xxx
Total	xxx	xxx
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees	xxx	xxx
Payments for Goods and Services for XX	xxx	xxx
Total		
d) Key Management Compensation		
Directors' emoluments	xxx	xxx
Compensation to Key Management	xxx	xxx
Total	525,000	390,000

46. Segment Information

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

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Notes to the Financial Statements (Continued)

47. Contingent Assets and Contingent Liabilities

Contingent Assets

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

Contingent Liabilities

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

(Give details)

48. Capital Commitments

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

(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)

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JUNE 2022**Notes to the Financial Statements (Continued)****49. Deferred Tax Liability**

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

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

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

50. Events After The Reporting Period

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

51. Ultimate And Holding Entity

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

52. Currency

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

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XIX. 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:

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

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 30 th 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						

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

Head of Accountants department of beneficiary Entity:

Name Sign Date

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Appendix IV: Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

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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