

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY

REPORT

DATE: 26 JUL 2023

DAY: WED

Hon Kimani Ichungwah, MP
Leader, majority party

OF

PARLIAMENT
OF KENYA
LIBRARY

Miriam Njoroge

THE AUDITOR-GENERAL

ON

**KIMASIAN TECHNICAL AND VOCATIONAL
COLLEGE**

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
06 JUN 2023
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(KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

 THE NATIONAL ASSEMBLY	
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I. Key Entity Information and Management

(a) Background information

The *institution* was incorporated/ established under the TVET Act on 11th/4/2018 upon its completion in late 2017. The entity is domiciled in Kenya. The institute is under the Ministry of Education.

H.E The Deputy President of the Republic of Kenya Dr. Hon. William Samoei Ruto laid Kimasian Technical and Vocational College foundation stone on 22/3/2014. The College was constructed using funds from the Government on a 30 acre piece of land donated by the County Government of Kericho under the mentor ship of Kaiboi Technical Training Institute.

The College received state of art welding and fabrication equipment from China in January 2018 and is a Centre of excellence in the same trade area. There are a total of eight different courses accredited by TVETA offered at different levels and we expect to roll out more in the next five years. All the courses offered are market driven and it is our desire to bridge the skill gaps currently being experienced in the country through effective curriculum implementation and ICT integration in training

(b) Principal Activities

The core mandate of the entity is to provide Technical and Vocational Education and Training under the Ministry of Education

Vision

To be a Centre of Excellence in Vocational and Technical Training and a point of reference in quality welding and fabrication in Kenya.

Mission

To provide quality and relevant training in research, technology, innovation and entrepreneurial skills necessary for self-reliance and enhanced quality of life.

Core Values

Kimasian Technical and Vocational College (KIMTVC) is committed to and will be identified by the following core values.

- i) Integrity
- ii) Professionalism
- iii) Transparency & Accountability
- iv) Team work
- v) Efficiency and Effectiveness
- vi) Equity and Fairness

Principal Mandate and Functions

The College has outlined its mandate as provided for by the TVET Act of 2013, TVET strategy and reforms as follows:

- i) Offer TVET training
- ii) Prepare and guide trainees for evaluation and certification by the appropriate examining bodies
- iii) To promote science, technology and innovation in all training programs
- iv) To nurture trainees talent in different capacities

The specific mandate of the Colleges provided for by the TVET Act, TVET Strategy and reforms are;
 Offering Technical training,
 Prepare and guide trainees for evaluation and certification by appropriate examining bodies
 Promoting Research, Science, Technology and Innovation in all its training programs.

Core Functions

The core functions of the College include;

- i) Implementation of TVET curriculum and approved programmes.
- ii) Supervision, monitoring and evaluation of programmes.
- iii) Strengthen linkages between the College and the community as well as the industry.
- iv) Diversification of income generating activities and optimization of available resources.
- v) Formulation, reviewing and co-ordination of College policies.
- vi) Promote Cooperate Social Responsibility (CSR).

(c) Key Management

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

Board of Governors

Accounting Officer/ Principal

The Principals' Council comprising of the Deputy Principal, The Registrar and the Dean of Students, the finance Officer and the procurement Officer.

Heads of various Academic and Non-Academic Departments

(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.	The Principal	Rosemary Awuor Otieno -Soi
2.	Deputy Principal	Emmanuel Kipkorir Seroney
3.	Ag. Registrar	Simeon Ngeno
4.	Ag. Dean of Students	Betty Kipchumba
5.	Accountant	Miriam Chelangat
6.	Head of Procurement	Kipkoech Korir
7	Internal Auditor	Patrick Towett

(e) Fiduciary Oversight Arrangements

Audit and risk committee activities:

- Carry out audit in the College on quarterly basis
- Scrutinize financial reports before submission to ascertain authenticity
- Submit committee and financial reports to the Board with recommendations on mitigation measures
- Finance and operations committee activities
- Oversee preparation of College budget in consultation with departments and present to the Board
- Monitor financial spending of the College and report on quarterly basis to the Board
- Mobilize resources to implement College projects and activities
- Propose recommendations to address financial challenges in the College.

Academic committee activities:

- Carry out planning on curriculum implementation in their respective departments
- Ensure implementation of curriculum activities as stipulated in the ‘curriculum implementation manual’
- Prepare budgets for academic departments and submit to the Principal for preparation of grand College budget.
- Make recommendations to the Principal on improvement of service delivery within their respective departments.
- Development partner oversight activities
- Verification of information relating to funding activities for the College
- Ensure official documentation of funds to the College
- Auditing of development funds to the College on regular basis
- Opening of development account(s) with development partner(s) to monitor use of development funds.

Other oversight activities:

- MOE-Require the College to submit student returns regularly to the Ministry to account for capitation and beneficiaries
- HELB-Monitor disbursement and absorption of funds to the College through returns and visits to the College

Oversight organ that held office during the financial year ending 30th June 2022 is presented in the table 1

I: BOG oversight organ

S/No.	Name of the Sub-committee	Member
1	Finance Management	1. Caliph Sigei- Chairman 2. Hulder Moraa 3. Peter Cheruiyot- County Director TVET
2	Technical (Education, Training, HRM and Projects)	1. Jorim Okeyo Guya - Chairman 2. Abraham Langat 3. Hellen Tele
3	Internal Audit & Risk Management	1. Josephine Kirimi – Chairperson 2. Judith Maosa 3. Patrick Towett

(f)Entity Headquarters

Kimasian Technical and Vocational College

P.O. Box 1149 - 20200

Nakuru-Kericho Highway

KERICHO, KENYA

(g)Entity Contacts

Telephone: (254) 748 186 340

E-mail: kimasantvc@gmail.com,

Website: www.kimasantvc.ac.ke

(h)Entity Bankers

Kenya Commercial Bank

Londiani Branch

P. O. Box 218 - 20203

Londiani

(i)Independent Auditors

Auditor-General

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

Principal Legal Adviser

The Attorney General

State Law Office



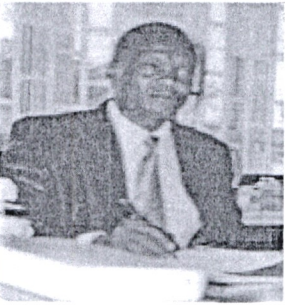
Harambee Avenue





P.O. Box 40112




City Square 00200

Nairobi, Kenya




I. The Council/Board of Governors





Name	Position	Qualifications
 1. Eng Richard Chepkwony	BOG Chairperson	Qualifications: Msc. Of Sci in Forest Industries Technology BA of Engineering in Civul Engineering
 2. Josephine Kirimi	Internal Audit & Risk Management sub-committee Chair.	Qualifications: Msc Business Administration Bachelor of Commerce (Finance Option) Certified Public Accountant of Kenya
 3. Jorim Okeyo Guya	Technical subcommittee (Education, Training HRM and projects. Chair.	D.O.B: 20/9/1958 Qualifications: Bed(Hon) Education Management. Diploma in Technical Education. HND in Electrical Engineering (Power Option). Diploma in Electrical Engineering (Power Option). Work Experience: 31 years as a teacher and as an Administrator in a TVET Institution.
	BOG Member	Qualifications: MA of Business Administration-Procurement & Supply Chain

 <p>4. Judith Maosa</p>		<p>Management</p> <p>Bsc in Agriculture (Crop Science)</p>
 <p>5. Hulder Moraa Okangi</p>	<p>BOG Member.</p>	<p>D.O.B: 31/08/1982</p> <p>Qualifications:</p> <p>Bachelor of Science in Biochemical and Processing Engineering.</p> <p>Work Experience: 16 years in the industry in different capacity.</p>
 <p>6. Sigei Caliph.</p>	<p>Finance Management</p> <p>Chair</p>	<p>D.O.B: 01/11/1974</p> <p>Bachelor of Science in Computer Information Systems.</p> <p>Diploma in Computer Studies.</p> <p>Work Experience: 26 years in the Private Sector.</p>
 <p>7. Abraham Langat</p>	<p>BOG Member.</p>	<p>Qualifications:</p> <p>Doctor of Philosophy in Statagic Management</p>

 <p>8. Rosemary Awuor Otieno – Soi</p>	<p>Principal/BOG Secretary.</p>	<p>D.O.B: 08/2/1968</p> <p>Qualifications:</p> <p>Bachelor of Science in Clothing Text &Interior Design.</p> <p>Diploma in Technical Education.</p> <p>Diploma in Clothing Technology.</p> <p>Work Experience: 25 years as a trainer in TVET institution &12 years as an Administrator</p>
 <p>9.PETER CHERUIYOT COUNTY DIRECTOR- TVET</p>	<p>PS REPRESENTATIVE/BOG MEMBER</p>	<p>DOB: 08/08/1972</p> <p>Qualifications:</p> <p>Masters of Philosophy Education Administration and Planning.</p> <p>Qualifications: 24 years in TVET sector</p>
 <p>10. HELLEN TELE GOVERNOR'S REPRESENTATIVE</p>	<p>BOG MEMBER</p>	<p>DOB: 02/12/1976</p> <p>Qualifications:</p> <p>Masters of Arts in Project Planning and Management.</p> <p>Bachelors of Education in Early Childhood Education</p> <p>Work Experience: 23 years as a Lecturer and Public Servant</p>

II. Management Team

NAME	AREA OF RESPONSIBILITY
 <p>1. Rosemary Awuor Otieno –Soi</p>	<p>Principal/BOG Secretary.</p> <p>Bachelor of Science in Clothing Text & Interior Design. Fashion and Design.</p>
 <p>2. Emmanuel Kipkorir Seroney</p>	<p>Deputy Principal</p> <p>MSC in Agricultural Education & Extension BSC in Agricultural Education and Extension.</p>
 <p>3. Simeon Ngeno</p>	<p>Ag. Registrar</p> <p>BED - Technology, Electrical Engineering</p>

 <p>4. Betty Kipchumba</p>	<p>Ag. Dean of Students</p> <p>Diploma in Technical Education. Diploma in Mechanical Engineering(production)</p>
 <p>5. Miriam Chelangat</p>	<p>Accountant</p> <p>BSC Economics and Statistics</p>
 <p>6. Kipkoech Korir</p>	<p>Procurement Officer</p> <p>BSC Business Administration with IT (Supply Chain Management Option)</p>
 <p>7. Patrick Towett</p>	<p>Internal Auditor</p> <p>Bachelor of Commerce (Finance Option) & CPA-k</p>

III. Chairman's Statement

It is with great pleasure that I take this opportunity to present the Kimasian Technical and Vocational College (KIMTVC) report and financial statements for the period which ended on 30th June 2022. In the report you will be able to find all the required information pertaining to this report.

During this period so many key activities took place in the College. The current Board was inaugurated on 23rd December 2019. During financial year 2020/2021 a total of eight full Board meetings took place, several other meetings of sub-committees were also done during the said period.

The Board acknowledges the role played by the College staff in producing well equipped graduates. It is the responsibility of the Board to mobilize resources and utilize them effectively and efficiently to promote technical and vocational training. In this regards the Board is working keenly with the College staff to ensure that programmes offered are done in the best way so as to enable the trainees acquire the necessary skills and knowledge so as to become responsible citizens wherever they will be.

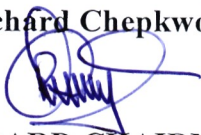
The Board in conjunctions with other stake holders has tried to provide an enabling and friendly environment that will enhance delivery of quality TVET programmes for sustainable development of Kenya and beyond.

However there are some challenges being faced i.e., shortages of classrooms, science laboratory, workshops, student hostels among others to enable the College achieve its core mandate. The way forward or future outlook for the organization is to find ways of collaborating with various industries, notably the tea industries which are based within the county, and also to request the National Government to increasing the funding to the young institutions. Parents and guardians should send students to the College to enable the College to get more capitations.

Finally, I and on behalf of the Board, I wish to thank the Government of Kenya, the area member of parliament and other stakeholders for their continued financial support. I also wish to thank all the staff and students for their continued support and dedication.

Thank you and May the Lord bless all of you.

Richard Chepkwony



BOARD CHAIRMAN

IV. Report of the Principal

I wish to take this opportunity to present to you the annual financial statement for Kimasian Technical and Vocational College for year ending 30th June 2022. This is the third annual financial report we have prepared for presentation to you.

Kimasian Technical & Vocational College commenced operations on 11th/ 3/2019 under the mentorship of Kaiboi TVC until 23rd December, 2019 when the pioneer Board of Governors was inaugurated.

The College had its first intake of 15 trainees in May 2019 and for the last three year the college has existed, enrolment has increased to 655 hence improved revenue. This qualified us to participate for the first time in Performance Contracting- 18th cycle.

Currently the College has twenty trainers employed by Ministry of Education, State Department for Vocational and Technical Training and eighteen employed by the Board of Governors. The college has also employed thirteen support staff. Our staff are qualified to hold their respective positions and were competitively hired.

During the financial year under review, the College was able to initiate the following:-

- i. Construct eight classrooms funded by NG-CDF Kipkelion East.
- ii. A staffroom
- iii. Procure and install Management Information System for timetabling and internal examination management.
- iv. Assorted training materials.
- v. Procure more computers to promote ICT integration in training and service delivery.

In support of the Government Big Four Agenda, the College has planted maize in seven acres and cabbages in two acres of the College farm in order to boost food security. We intend to improve and diversify on food security going forward and even incorporate the neighbouring community.

During the implementation of our budget for the year ended 30th June 2022, we were unable to meet our financial obligation 100% due to financial constrains occasioned by delay in capitation remittance by our mother Ministry. In the same year we had anticipated to receive capitation for all the four quarters but unfortunately we did not receive for quarter four. On the same note, a good number of our trainees' rely on loans from HELB which also failed to remit the loan to trainees.

Despite the challenges highlighted above, we are grateful to the Government of Kenya for the financial support we have received in form of capitation. We also appreciate other stakeholders such as HELB who have supported our trainees by giving them buries and loans.

Rosemary Awuor Otieno

Date: 05/6/2023

Principal



VI. Statement of Performance against Predetermined Objectives

Kimasian Technical and Vocational College has two strategic pillars and objectives within its Strategic Plan for the FY 2020- 2025. These strategic pillars are as follows:

Pillar 1: To provide Vocational and Technical Training

Pillar 2: To increase the number of courses

Kimasian Technical and Vocational College developed its annual work plans based on the above two pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kimasian Technical and Vocational College achieved its performance targets set for the FY 2021/2022 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1.To provide quality Vocational & Technical Training	To offer market driven courses to trainees	Number of SET courses mounted and implemented	Advertisement of SET courses	The College mounted 1 SET courses over the FY 202/2021
		Level of adequacy of training materials and equipment	Requisitions for training materials and equipment	Training materials and equipment were procured progressively in all training areas based on need
		Number of trainers per course	Number of trainers employed per course	The College employed 6 more trainers under BOG terms bringing the total to 11 supplement the 18 PSC trainers
2.To increase the number of courses offered	To increase access to education for trainees	Number of courses introduced in FY 2019/2020	To market and do publicity for the College	The College introduced and maintained 21 courses over the financial year
			To participate in sports and recreational activities	Trainees were trained and registered for KNEC exams in all the courses offered by the College.
			To undertake corporate Social Responsibility to the Community	

VII. Corporate Governance Statement

The Corporate Governance policies and structure provide the basis on which we operate, work and collaborate with our stakeholders. Our core mandates are guided by our Vision and Mission statements. Our core values are a source of inspiration from where we derive our strength.

The College, being one of the public TVET institutions is guided by the Government policies and majorly the TVET ACT of 2013. The College has a substantially appointed Board of Governors which was inaugurated on 23rd December, 2019. The Board comprises of nine members; seven having been appointed by the Cabinet Secretary. The County Director TVET and the Principal who sit as the full time member and the Secretary of the Board. All the BOG members have got diverse and vast experiences necessary for the development of such a young institution like Kimasian TVC.

BOG induction was conducted in May 2021 in Nakuru except for one member; the Kericho County Governor nominee who had not been formally appointed by the Governor at the time of induction. The College is planning for an induction soon there will be a similar forum organized by the Ministry.

There are three sub committees in the BOG who have been assigned various responsibilities. The sub-committees are Finance Management, Audit and Risk Management and Technical (Education and Training, HRM and Project Development and Managements committee). Each sub-committee has a Chairperson and two more members. The Principal sits in all the sub- committee meetings as the secretary.

The full BOG meetings are held once every quarter which were held accordingly in all quarters during the last financial year in strict adherence to COVID-19 protocols. Technical, Finance Management and Audit and Risk Management Sub- committees also meet once every quarter except in special cases occasioned by unavoidable circumstances.

According to the TVET ACT of 2013, the BOGs provide oversight role and is very instrumental in ensuring that the College is run in accordance to the prevailing Government policies and guidelines. The BOG also approves the annual budget, the annual procurement plan and ensures prudent use of all the revenue the College receives. The BOG has also been mandated by the TVET ACT to recruit trainers on behalf of Public Service Commission. The BOG has also played a key role in the recruitment and remunerating of the non-academic staff whose role in day to day running of the College is key.

There have been 8 full Board meetings so far which have culminated in the development of the five year College Strategic Plan, Master Plan, and Annual work Plan and approved the Draft PC document currently under review by the Ministry. All the documents have been approved by the BOG for use in the running of the College. The Human Resource Manual is still under development and is expected to be complete by September 2021. The College Strategic Plan was approved for implementation on

February 2021. It is expected that these crucial documents will propel the College to achieve its core mandates and strategic objectives and enhance service delivery to our trainees and stakeholders.

In this financial year, the College aspires to hold BOG meetings that will contribute towards implementation of College plans as stipulated in the College Plans, Policies and Procedures

Under the TVET act of 2013, the functions of Board of Governors as set out under section 28 (1) shall include -

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;
- (c) Administering and managing the property of the institutions;
- (d) Developing and implementing the institutions' Strategic Plan;
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions; (1) receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- (l) Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;

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

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

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

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

The Board in this financial year will purpose to discharge its functions independently with vigor and passion. Their diligence and prudent management of resources has been result oriented and much has been achieved during their term in office.

VIII. Management Discussion and Analysis

(a) Compliance with statutory requirements

The College did not have any compliance issues relating to its statutory requirements in the last financial year.

(b) Key projects and Investment Decisions

There was also an additional PVC water tank donated by the Women representative, Kericho County in addition to the five already in place. This was through requests by the College management in the spirit of enhancing partnerships and good working relationships between National and County Governments. These tanks are currently being used in the storage of rain water harvested for general use within the College.

Generation of additional income to boost resource base of the College is key. Towards this goal, the College embarked in Maize production and plans to introduce more income generating activities as guided by the Strategic Plan.

(c) Major Risks

The College as an educational institution receives income from Capitation, A-in-A, and Income Generating Activities and may expect funds from externally mobilized sources. This may pose financial risks. The College does not foresee any major risks in its financial operations. The Board of Governors has been able to mitigate risks especially in the key areas of operations. The management in collaboration with the BOG has put in place strong financial management policies and internal control systems aimed at minimizing risks that may arise. The College credit risk is mitigated and protected by holding deposits in state approved and reputable banking institutions namely, Kenya Commercial Bank. The College holds high quality fees debts that are continuously being monitored with a major portion being receivables underwritten by GOK agencies like HELB. The College's capital risk was minimal since at the end of the year under review, the College had no external borrowing and no pending bills.

(d) Material arrears in Statutory/Financial Obligations

The College complied with all laws and key regulation that relate to its statutory obligations under the NSSF, NHIF, INCOME TAX and LABOUR Laws of Kenya. The College has also complied with PFM laws that relate to Public Procurement and Asset Disposal, Annual Estimates and Financial Reporting.

IX. Environmental And Sustainability Reporting Statement

A conducive working environment and well trained personnel are pre-requisite factors that promote prudent financial management and an overall better service delivery in an institution such as ours.

(a) sustainability strategy and profile

In the pursuit to enhance proper financial management, the College has put the following measures in place:-

- i. Employed qualified accountant and Internal Auditor to work in conjunction with the Finance officer to streamline financial issues.
- ii. Conducted regular capacity building forums for the officers in Finance department and management positions.
- iii. Customized and implemented financial procedures to ensure adoption of best practices in financial management.
- iv. Procured and installed Finance Management Information System to ensure proper and accuracy of financial data.

(b) Environmental performance

The College is guided by other various Policies that work in line with the financial policies and support the smooth running of the organization. These include the procurement procedures and policies, Academic procedures and policies and Human Resource Policies among others. These has helped address challenges related to misappropriation and reduction of wastage in financial management.

Employee welfare

The College adheres to the Public Service HR manual on hiring of officers in finance department. The College has employed two male and one officer in the department in conformity to the one-third gender rule. The staff in the department is trained regularly within and outside the College to upgrade their skills and be informed on emerging issues in the finance sector and more specifically TVET institutions. The College is in the process of developing *Occupational Safety and Health Act of 2007, (OSHA)*

Market place practices-

The College is situated in a Serene environment away from other activities that distract learning. There is however competition from other neighboring Colleges and institutions. This has been addressed through adhering to Government guidelines in charging of fees related to TVET institutions to encourage enrolment and retention.

To mitigate on corruption, the college will work in partnership with EACC in this FY to implement guidelines in relation to corruption prevention in TVET Institutions and Government Agencies.

The College registered suppliers at the beginning of the FY and endeavours to continually register them to ensure adequate and quality suppliers for goods and services to the College. Payment of suppliers is done within one month of delivery of goods and services upon complete documentation as per the procurement procedures.

Advertisement by the College is done through electronic and print media. The College has a website which is regularly updated with information, radio stations are also used to disseminate information as well as newspapers with wide readership.

Trainees are engaged in sporting activities with other TVET institutions and community for competition and recreational purposes. To promote good health of trainees and staff, the College has scheduled for reproductive health sensitization and provides clean water for drinking. Staff are also required to register with NHIF to ensure affordable health care. Each staff member is also required to be a member of NSSF to contribute to the welfare scheme for retirement.

Corporate Social Responsibility / Community Engagements

The college gave partial scholarship to some trainees from local community.

X. Report of the Council/Board of Governors

The Board members submit the report for the year ended June 30, 2022 which show the state of Kimasian Technical Training College affairs.

Principal activities

The principal activities of the College are;

- Offer TVET training
- Prepare and guide trainees for evaluation and certification by the appropriate examining bodies
- To promote science, technology and innovation in all training programs
- To nurture trainees talent in different capacities.

Results

The results of the College for the year ended June 30 2022 are set out on pages IV - VII

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on pages vii– viii.

Auditors

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

By Order of the Board

Rosemary A O Soi

BOG SECRETARY.

Date:

05/6/2023



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) require the council members to prepare financial statements in respect of Kimasian TVC, which give a true and fair view of the state of affairs of Kimasian TVC at the end of the financial year and the operating results of Kimasian TVC for that year. The council members are also required to ensure Kimasian TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Kimasian TVC. The council members are also responsible for safeguarding the assets of Kimasian TVC

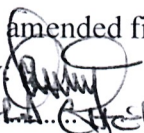
The Board members are responsible for the preparation and presentation of Kimasian TVC financial statements, which give a true and fair view of the state of affairs of Kimasian TVC for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining 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 Kimasian TVC(v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for Kimasian TVC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments 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 of 2013). The Board of governors are of the opinion that Kimasian TVC financial statements give a true and fair view of the state of Kimasian TVC transactions during the financial year ended June 30, 2019, and of Kimasian TVC financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Kimasian TVC, which have been relied upon in the preparation of Kimasian TVC 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 Kimasian TVC will not remain a going concern for at least the next twelve months from the date of this statement.

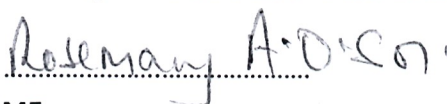
Approval of the financial statements

Kimasian TVC amended financial statements were approved by the Board on 5th June 2023 and signed on its behalf by:


Ene Riehard Stephen

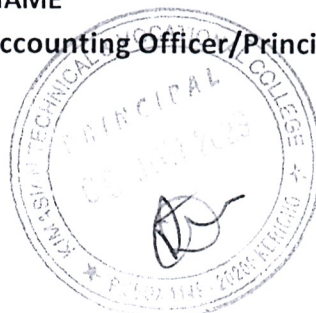
NAME

Chairperson of the Board

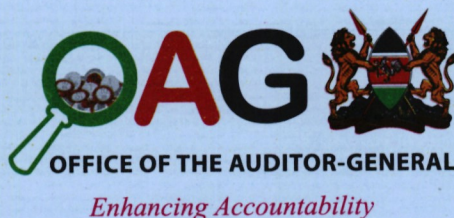

Rosemary A. O. O.

NAME

Accounting Officer/Principal



REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KIMASIAN TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kimasian Technical and Vocational College set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kimasian Technical and Vocational College 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 Act, 2013.

Basis for Qualified Opinion

1. Non-compliant Presentation and Disclosure in the Financial Statements

Review of the financial statements prepared and submitted for audit revealed the following instances of non-compliance with the prescribed financial reporting template issued by the Public Sector Accounting Standards Board (PSASB):-

- i. The Management discussion and analysis presented at page xvii of the report does not include the College's operational and financial performance results for the year under review as required.
- ii. The financial statements do not provide a disclosure of the related party transactions and balances for the financial years 2020/2021 and 2021/2022 as required by the reporting template and IPSAS 20 – Related Party Disclosures.
- iii. The Notes on intangible assets; biological assets; trade and other payables from exchange transactions; cash generated from operations; payments received in advance; and deferred income have not been appropriately presented, contrary to provisions of IPSAS 1, which requires notes to as far as practicable, be presented in a systematic manner.
- iv. The header indicating the name of the institution and relevant financial year as well as page numbering were missing on all the pages of the annual report and financial statements

In the circumstances, the financial statements did not comply with the prescribed financial reporting template.

2. Unexplained Adjustments of Prior Year Balances

Review of the financial statements revealed that the comparative balances have been restated to correct errors affecting prior year balances as tabulated below:

Component	Balance as per 2020/2021 Audited Financial Statements (Kshs)	Restated Balances (Kshs)
Statement of Financial Performance		
Use of goods and services	5,434,978	5,192,838
Depreciation and Amortization expense	7,068,911	13,240,019
Net Deficit/Surplus for the year	(1,502,458)	7,431,426
Statement of Financial Position		
Property, Plant and Equipment	118,168,439	161,608,338
Accumulated Surplus	(1,502,458)	18,013,179
Capital Fund	130,000,000	153,924,262
Statement of Changes in Net Assets		
Retained Earnings	17,771,039	18,013,179
Capital Fund	117,529,439	153,924,262

However, Management has not as required by IPSAS 3, provided in the Notes to the financial statements, a disclosure on: the nature of the prior period error; the amount of the correction for each financial statement line item affected; and the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

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

3. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following inaccuracies:

- i. The working capital adjustments in respect to receivables, payables and inventories were not disclosed in the statement of cash flows.
- ii. The statement of cash flows reflects net cash flows from operating activities of Kshs.13,429,191 while Note 23 to the financial statements reflects cash generated from operations of Kshs.12,279,401 resulting to an unexplained and unreconciled variance of Kshs.1,149,790. In addition, recasting of the cash generated from operations in Note 23 amounted to Kshs.12,428,401 resulting to an unexplained difference of Kshs.149,000.
- iii. Recasting of the cash and cash equivalents as at 30 June, 2022 yielded an amount of Kshs.8,859,233 whereas the statement of cash flows reflected Kshs.9,628,144 resulting to an unexplained and unreconciled variance of Kshs.768,911.
- iv. The statement of cash flows reflects purchase of property, plant and equipment of Kshs.9,201,177 while Note 19(a) to the financial statements reflects additions during the year of Kshs.7,528,810 resulting to unexplained variance of Kshs.1,672,367

- v. The statement of cash flows indicates sale of goods income of Kshs.442,760 while Note 8 to the financial statements reflects a balance of Kshs.471,470 resulting to an unexplained difference of Kshs.28,710
- vi. The statement of cash flows indicates other income of Kshs.126,850 while Note 8 to the financial statements reflects a balance of Kshs.128,140 resulting to an unexplained difference of Kshs.1,290
- vii. The accumulated depreciation of Kshs.25,669,426 has not included the opening balance of Kshs.14,913,561 as certified in the prior year financial statements.
- viii. Note 19(a) of the financial statements reflects capital work in progress of Kshs.3,218,820 whereas recasting of the balance yields Kshs.3,220,820 resulting to an unexplained variance of Kshs.2,000.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2022 could not be confirmed.

4. Stale Cheques in Bank Reconciliation Statements

The statement of financial position reflects cash and cash equivalents of Kshs.9,628,144 which includes an operation bank account at Kenya Commercial Bank with a balance of Kshs.7,739,115 as disclosed in Note 15 to the financial statements. However, audit review of the bank reconciliation statement as at 30 June, 2022 revealed unpresented cheques amounting to Kshs.6,233,543, and out of which Kshs.514,187 were stale and had not been reversed in the cash book. This is contrary Section 90. (1) Public Finance Management Regulations 2015 which states that accounting officers shall ensure any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.7,739,115 could not be confirmed and Management was in breach of the law.

5. Doubtful Student Debtors

The statement of financial position reflects receivables from exchange transactions balance of Kshs.5,025,867 which includes student debtors of Kshs.4,995,867 as disclosed in Note 16 to the financial statements, representing an increase of Kshs.309,375 from the prior year certified balance of Kshs.4,686,492. However, Management did not provide for audit review an updated debtors ledger with proper age analysis. In addition, a provision for bad and doubtful debts was not made.

In the circumstances, the recoverability, and hence accuracy and completeness of student debtors of Kshs.4,995,867 as at 30 June, 2022 could not be confirmed.

6. Property, Plant and Equipment

6.1 Inaccurate Disclosure of Plant and Machinery

The statement of financial position reflects property, plant and equipment cost balance of Kshs.182,379,167 and as disclosed under Note 19 to the financial statements,

includes plant and equipment of Kshs.95,611,657. However, review of records revealed that the College received a welding technology machine from AVIC International Holding Corporation on 20 June, 2018, valued at USD1,003,977, equivalent to Kshs.101,624,258 at the existing exchange rate of Kshs.101.2217 per dollar. Management has not explained or reconciled the resulting variance of Kshs.6,012,601 and evidence of impairment of the plant and equipment during the year under review was not provided for audit review.

In the circumstances, the accuracy and completeness of the plant and machinery cost balance of Kshs.95,611,657 as at 30 June, 2022 could not be confirmed.

6.2 Land without a Title Deed

As previously reported, included in the property, plant and equipment balance of Kshs.156,707,741 is land valued at Kshs.30,000,000 as disclosed in Note 19(a) in the financial statements. Review of records revealed that the College was allocated 30 acres of land by the County Government of Kericho vide a letter dated 8 January, 2014. However, the title deed to the parcel of land was not provided for audit review.

In the circumstances, the ownership of the land balance of Kshs.30,000,000 as at 30 June, 2022 could not be confirmed.

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

Unresolved Prior Year Matters

In the audit report of the previous year, a number of paragraphs were raised under the Report on Financial Statements. However, no report or recommendations from Management and oversight bodies were submitted for audit verification to support their clearance.

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

Non-Compliance with Law on Ethnic Composition

Review of human resource records revealed that out of thirty-eight (38) employees, thirty-seven (37), translating to 97% were from one dominant Community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

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.

Non- Establishment of the Human Resource Department

Review of records revealed that during the year under review, the College did not have a human resource department to manage human resource operations. In addition, the college did not have a substantive human resources officer.

The under-establishment if not addressed could adversely affect the attainment of the College's mandate.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

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

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

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


11 July, 2023

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-Capitation	6	14,115,000	11,242,500
Transfers from other levels of government	6	2,162,462	1000
		16,277,462	11,243,500
Revenue from Exchange transactions			
Rendering of services- fees from students	7	9,441,958	4,137,901
Sale of goods	8	471,470	244,800
Rental revenue from facilities and equipment			
Finance income			
Other income	9	128,140	2,180
Revenue from Exchange transactions		10,041,568	4,384,881
Total Revenue		26,319,030	15,628,381
Expenses			
Use of goods and services	10	7,595,911	5,192,838
Employee costs	11	5,232,964	2,852,579
Board /Council Expenses	12	1,042,500	1,404,500
Depreciation and amortization expense	13	12,826,928	13,240,019
Repairs and maintenance	14	826,002	369,871
Total Expenses		27,524,305	23,059,807
Other Gains/(Losses)			
Total Other Gains/(Losses)			
Net surplus for the year		(1,205,275)	(7,431,426)

(The notes set out on pages 8 to 38 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 2 to 7 were signed by:



 Chairman of Council/Board

Chairman of Council/Board

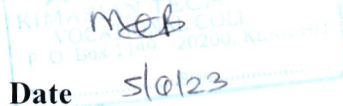
Date

6/6/2023

Finance Officer

Date

5/6/23





 Principal

Principal

Date

05/6/2023



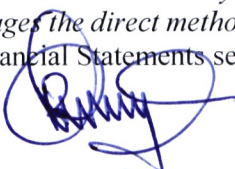
XV. Statement of Changes in Net Asset for the year ended 30 June 2022

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2020	-	-	12,204,586	167,022,716	179,222,302
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			(7,431,426)		(7,431,426)
Capital/development grants received during the year					
Transfer of depreciation/amortisation from capital fund to Retained earnings			13,240,019	(13,240,019)	
At June 30, 2021			18,013,179	153,924,262	171,937,441
At July 1, 2021			18,013,179	153,924,262	171,937,441
Revaluation gain	-	-			
Fair value adjustment on quoted investments					
Total comprehensive income			(1,205,275)	-	(1,205,275)
Capital/development grants received during the year					
Transfer of depreciation/amortisation from capital fund to Retained earnings			12,826,928	(12,826,928)	-
At June 30, 2022			29,634,832	141,097,334	170,732,166

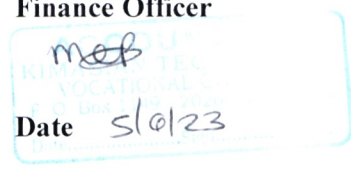
XVI. Statement of Cash Flows for the year ended 30 June 2022

Description	Note	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities-Capitation	6	18,115,000	11,243,500
Rendering of services- fees from students	7	9,441,958	4,137,901
Sale of goods	8	442,760	244,800
Other income	9	126,850	2,180
Total Receipts		28,126,568	15,628,381
Payments			
Compensation of employees	11	5,232,964	2,852,579
Use of goods and services	10	7,595,911	5,434,978
Remuneration of directors	12	1,042,500	1,404,500
Repair and Maintenance	14	826,002	369,871
Total Payments		14,697,377	10,061,928
Net Cash Flows from operating activities		13,429,191	5,566,453
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(9,201,117)	(639,000)
Net cash flows used in investing activities			
Net Increase/(Decrease) in Cash and Cash equivalents		4,228,074	4,927,453
Cash and Cash equivalents at 1 JULY	15	4,631,159	5,083,084
Cash and Cash equivalents at 30 JUNE	15	9,628,144	4,631,159

((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).
The Financial Statements set out on pages 2 to 7 were signed by:


Mr. RICHARD CHESIKWONY Miriam chelangat **Rosemary A.O. Sio**
 Chairman of Council/Board Finance Officer Principal

Date **6/6/2023**


 Date **5/6/23**

Date **05/06/2023**

 KIMASIAN TECHNICAL & VOCATIONAL COLLEGE
 PRINCIPAL
 05 JULI 2023

Kimasian Technical and Vocational College

Annual Report and Financial Statements for the year ended 30th June 2022

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other govt entities and govt grants	19,950,000	-	19,950,000	14,115,000	(5,835,000)	-29.25
Development funds from CDF	4,000,000	-	4,000,000	4,000,000	0	0
Rendering of services- fees from students	17,569,300	-	17,569,300	9,441,958	(8,127,342)	-46.26
Sale of goods	400,000	-	400,000	471,470	71,470	17.87
Other income	50,000	-	50,000	128,140	78,140	156.28
Total Income	41,969,300	-	41,969,300	28,156,568		
Expenses						
Compensation of employees	5,316,960	151,118	5,468,078	5,232,964	235,114	4.3
Use of goods and services	10,220,179	1,154,026	11,374,205	7,744,911	(3,629,294)	(31.91)
Remuneration of directors	1,510,000	-	1,510,000	1,042,500	(467,500)	-30.96
Repairs and maintenance	2,595,050	-	2,595,050	826,002	1,769,048	68
Total Expenditure	19,642,189		20,947,333	14,846,377		
Surplus For the Period	22,327,111		21,021,967	13,310,091		

(Budget notes)

1. the difference between the original and final budget is due to reallocation within the financial year. Also the college did not receive capitation for Q4 resulting in under performance of the budget.

XVIII. Notes to the Financial Statements

1. General Information

Kimasian Technical Training Institute is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer technical skills and knowledge.

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 5.

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, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 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:
IPSAS 41: Financial Instruments	<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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
Amendments	Applicable: 1st January 2023:

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Standard	Effective date and impact:
to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <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 <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
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

Kimasian TVC 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.

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 *27th June 2021*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations 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 on these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per the 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.

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.

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.

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:

- 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

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.

l) Nature and purpose of reserves

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

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.

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.

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

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6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	14,115,000	11,242,500
Conditional grants		
NG-CDF Kipkelion East	4,000,000	-
Total Government Grants and Subsidies	18,115,000	11,242,500

(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
Ministry of Education	14,115,000			14,115,000	11,242,500
NG-CDF Kipkelion East	2,162,462	1,838,538	2,161,462	4,000,000	
Total	16,277,462	1,838,538	2,161,462	18,115,000	11,242,500

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7. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	3,950,143	1,112,890
Electricity water and conservancy	428,300	215,900
Local travel and transport	510,901	257,398
Activity fee	492,119	226,223
Industrial attachment	527,000	398,000
Student Union	213,300	108,000
Medical fee	105,300	53,550
R.M.I	589,195	297,040
Personal emolument	2,187,700	1,081,900
KUCCPS	438,000	387,000
Total Revenue from The Rendering Of Services	9,441,958	4,137,901

(This is revenue from students invoiced during the FY 2021/2022)

8. Sale of Goods

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Farm Produce	471,470	244,800
Total Revenue from Sale of Goods	471,470	244,800

(This is revenue from sale of maize, milk and cabbage from college farm)

9. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
NTSA training	57,500	
Lease of college farm	51,000	
Surchaging for lost items	5,300	
Staff welfare income	13,050	
Income from sale of tender	1,000	2,000
Hairdressing services	290	180
Total	128,140	2,180

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10. Use Of Goods And Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Industrial Visits	22,800	48,000
L.T&T-Seminars & Conference	-	268,800
L.T&T-Staff on official Duties	1,011,245	799,292
Field assessment	174,500	-
Tender Expenses	-	19,000
Marketing, Advertisements & Publicity	265,400	67,000
Student ID Cards	142,500	-
Office Stationery	-	33,895
Airtime	299,200	139,800
Assorted textbooks	-	299,841
Bank charges	22,595	9,964
Internet Subscription and Charges	150,675	79,163
E.W.C-Electricity expenses	188,745	598,326
Student Insurance	12,898	42,229
Acquisition of logbooks	30,000	-
Medical expenses	15,000	3,200
Student Union Expenses	194,680	19,650
Training Materials	40,000	387,144
TVET-Trade fairs	695,160	-
Activity, sports and equipment	561,801	-
Production Unit/Farm	163,215	482,083
Remitted to KUCCPS	31,500	15,000
Capacity Building (facilitation Fee)	2,070,513	917,049
Office Entertainment	625,273	683,668
Kenya association Of Technical Institute(KATTI)	75,000	185,000
COVID-19 management	49,977	94,734
Performance Contracting	185,242	-
Service Charter	45,000	-
KNEC facilitation	75,027	-
Water supply	13,635	-
Other subscriptions and contribution	114,600	-
Dean of students	20,230	-
Corporate Social Responsibility (CSR)	299,500	-
Total good and services	7,595,911	5,192,838

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11. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Basic salary	4,456,076	2,595,704
House allowance	484,799	256,875
NSSF employer contribution	292,089	
Employee Costs	5,232,964	2,852,579

12. Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
BOG ALLOWANCES	1,042,500	1,404,500
Total	1,042,500	1,404,500

13. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	12,429,407	13,240,019
Intangible assets	397,521	
Total depreciation and amortization	12,826,928	13,240,019

14. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Repairs, maintenance and improvement	826,002	368,371
Total Repairs and Maintenance	826,002	368,371

15. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Kimasian operation A/C Cash at hand	49,491	66,576
NG-CDF Petty cash	1,000	-
Kimasian operation A/C KCB	7,739,115	4,563,036
Kimasian NG-CDF A/C	1,838,538	1,000
Total Cash and Cash Equivalents	9,628,144	4,631,159

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15 (a). Detailed Analysis of Cash and Cash equivalents

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank-OPERATION	1269508768	7,739,115	4,563,036
Kenya Commercial Bank-NG-CDF	1285514750	1,838,538	1,000
Sub- Total			
b) Others(Specify)			
Cash in hand-NG-CDF A/C	1285514750	1,000	-
Cash in Hand-Operation A/C	1269508768	49,491	66,576
Sub- Total			
Grand Total		9,628,144	4,631,159

16. Receivables from Exchange transactions

(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	4,995,867	4,686,492
Sales Debtors	30,000	
Total Current Receivables	5,025,867	4,686,492

17. Receivables from Non-Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capitation Grants*Q4 FY 2021/2022	2,070,000	-
Total Current Receivables	2,070,000	

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18. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Central-Repairs and Maintenance	263,000	587,605
Central Store-Stationary	60,285	192,660
Medical Drug Stores	244,460	314,200
Plumbing Stores	57,357	88,635
Central store cleaning	-	29,000
Farm Stores	112,780	29,200
Teaching workshop stores	42,500	-
Central Electricals	1,936,135	1,068,220
Central Store-ICT Department	166,120	118,570
Central Store-Mechanical	561,994	563,462
Central Store-Building And Civic Engineering	275,700	1,083,116
Central Store-Administration	677,376	144,025
Central store-Business	200	
Central Store-Institutional Management information system and Automation	92,215	
Total Inventories at lower of Cost and Net Realizable Value	4,490,122	4,218,693

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19.(a) Property, Plant and Equipment

	Land	Buildings	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2020	30,000,000	49,000,000	691,250	1,157,100	93,118,867		173,967,217
Additions	-	-	-	610,000	29,000	242,140	881,140
Disposals	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-
At 30th June 2021 at cost	30,000,000	49,000,000	691,250	1,767,100	93,147,867	242,140	174,848,357
Additions	-	357,905	-	1,730,435	2,463,790	2,978,680	7,528,810
Disposals	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-
At 30th June 2022 at cost	30,000,000	49,357,905	691,250	3,497,535	95,611,657	3,218,820	182,379,167
Depreciation And Impairment							
At 1 July 2020							
Depreciation	-	(980,000)	(86,406)	(530,130)	(11,643,483)	-	(13,240,019)
Impairment	-	-	-	-	-	-	-
At 30 June 2021							
Depreciation	-	(967,558)	(75,605)	(890,222)	(10,496,022)	-	(12,429,407)
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-
At 30th June 2022		(1,947,558)	(162,011)	(1,420,352)	(22,139,505)		(25,669,426)
Net Book Values							
NBV As At 30th June 2021	30,000,000	48,020,000	604,844	1,236,970	81,504,384	242,140	161,608,338
NBV As At 30th June 2022	30,000,000	47,410,347	529,238	2,077,184	73,472,152	3,218,820	156,707,741

[WIP was the construction of 8 classrooms funded by NG-CDF Kipkelion East, Staffroom and shade 2 during the FY 2021/2022]

- Depreciation and amortization were also adjusted due to restatement of figures of plant and equipment upon receipt by the college of the actual amount from the Ministry of Education through circular no MOE/DTE/6/5/1.VOL.XVIII(37) Dated 24th November, 2022. The college had initially used an estimated figure of Kshs 50,000,000 but, the value from the Ministry of Education was USD1,003,977 at the exchange rate of Kshs.101.2217 per dollar which translates to Kshs.101,624,258. Therefore, the depreciation and amortization were adjusted upwards accordingly to reflect the changes.

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- Property plant and equipment was adjusted upward when the college received the valuation of the equipment supplied by Avic International at USD1,003,977 at the exchange rate of Kshs.101.2217 per dollar which translates to Kshs.101,624,258. Thus, the adjustment of the amount in the property and plant.
-

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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.

19. (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	30,000,000	-	30,000,000
Buildings -	50,000,000	1,947,558	47,410,347
Furniture and fittings	790,000	162,011	529,238
Computers	2,263,000	1,420,352	2,077,184
Plant and equipment	106,450,562	22,139,505	73,472,152
Capital work in progress		-	3,218,820
Total	188,864,562	25,669,426	156,707,741

19. Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At beginning of the year	467,799	0
Additions	1,519,807	467,799
At end of the year	1,987,606	467,799
Additions–internal development	0	0
At end of the year	1,987,606	467,799
Amortization and impairment		
At beginning of the year		
Amortization	397,521	0
At end of the year	397,521	0
Impairment loss	0	0
At end of the year	397,521	0
NBV	1,590,085	467,799

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20. Biological Asset

Description	2021-2022	2020-2021
	Kshs	Kshs
Dairy Cow	76,000	-
Total Biological Asset	76,000	-

21. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	411,500	0
Total Trade and Other Payables	411,500	0

22. Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	Kshs	Kshs
Caution money	546,000	364,800
Total Deposits	546,000	364,800

23. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax		
Adjusted for:	(1,205,275)	(7,431,426)
Depreciation	12,429,407	13,240,019
Working Capital Adjustments		
Increase in Inventory	271,429	(4,218,693)
Increase in Receivables	(2,409,375)	1,092,641
Increase in Payables	681,213	2,164,176
Increase in Payments received in advance	2,661,002	
Net Cash Flow from Operating Activities	12,279,401	4,846,717

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

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25.

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees paid in advance	5,971,242	3,310,240
Total fee paid in advance	5,971,242	3,310,240

26.

Description	2021-2022	2020-2021
	Kshs	Kshs
Deffered income	1,838,538	-
Total deffered income	1,838,538	-

27. Financial Risk Management

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

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

(i) Credit risk

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

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

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

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Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	4,686,492	4,686,492		
Receivables from non-exchange transactions	-			
Bank balances	4,631,159	4,631,159		
Total	9,317,651	9,317,651		
At 30 June 2022				
Receivables from exchange transactions	5,025,867	5,025,867		
Receivables from non-exchange transactions	2,070,000	2,070,000		
Bank balances	9,628,144	9,628,144		
Total	16,724,011	16,724,011		

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 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.

28. 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) Ministry Of Education;
- iii) Kipkelion East NG-CDF;
- iv) Kenya Commercial Bank;
- v) Key management;
- vi) Board of directors;

29.Events After The Reporting Period

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

30.Ultimate And Holding Entity

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

31.Currency

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

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**XVIII. 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)
<p>Basis for Qualified Opinion</p> <p>1. Inaccuracies of the Financial Statements</p>	<p>The revised financial statements presented for audit addressed the issues raised in the management letter but new discrepancies were noted as follows. Inaccuracy in the cashflow statement whereby the Net cash flows from operating activities reported as Kshs.4,604,577 while recalculated balance is Kshs.5,562,453 thus leading to an inaccurate balance for new increase /decrease in cash and cash equivalents and the final figure for cash and cash equivalents as at 30th June 2021</p>	<p>Amend Financial statement</p>	<p>resolved</p>	<p>20/12/2022</p>
<p>2. Misstatement and Non-remittance of PAYE on Board Allowances</p>	<p>The statement of financial performance reflected expenditure on remuneration of directors of Kshs.1,404,500 while Note 11 to the financial statements and the supporting schedule reflected an amount of Kshs.1,202,000 resulting to variance of Kshs.202,500 which has not been explained or reconciled. Further, examination of payment vouchers revealed that the Management did not deduct and remit tax on allowances paid to Board Members to KRA as required by the law. The appendix attached below shows total payments per</p>	<p>PAYE is deducted in the FY2022/2023 and remitted to KRA</p>	<p>resolved</p>	<p>20/12/2022</p>

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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)
	<p>board member. In addition, the remuneration of directors' expenses has not been disclosed in the financial statements as required by the reporting format</p>			
<p>3. Cash and Cash Equivalents</p>	<p>The statement of financial position reflects cash and cash equivalents balance of Kshs.5,048,879 and as disclosed in Note 14 to the financial statements. However, the following inadequacies were noted;</p> <p>a) Kimasian KCB Londiani Account Number 1269508768</p> <p>Note 14 to the financial statements reflect a balance of Kshs.4,896,556 while the bank reconciliation statement for the month of June 2021 reflects a reconciled cashbook balance of Kshs.4,545,707 resulting to a variance of Kshs.350,870 which has not been explained or reconciled. Further, the reconciliation statement reported a cashbook balance of Kshs.4,545,707 while the cashbook reported a balance of Kshs.4,544,707 leading to a variance of Kshs1,000 which has not been explained or reconciled. In addition, review of monthly reconciliation statements revealed that apart from the amounts, other details including dates, cheque numbers, payees and description for the various reconciling items were not reflected in the reconciliation statement.</p>	<p>A detailed and correct reconciliation was provided</p>	<p>resolved</p>	<p>20/12/2022</p>

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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)
<p>4.Presentation of Property, Plant and Equipment</p>	<p>The statement of financial position reflects property, plant and equipment balance of Kshs.118,368,662 and as disclosed in Note 17 to the financial statements. However, the following anomalies were noted. Property, plant and equipment have not been presented in a format prescribed in the reporting template from Public Sector Accounting Standards Board (PSASB) In the circumstances, the accuracy and completeness of Property, plant and equipment could not be confirmed.</p>	<p>The recommended format was used in the amended financial statements</p>	<p>resolved</p>	<p>20/12/2022</p>
<p>5.Control and Performance</p>	<p>The statement of comparison of budget and actual amounts reflects final receipt budget and actual on comparable basis of Kshs.17,478,540 and Kshs.15,698,193 respectively resulting to a shortfall of Kshs1,780,347 or 10% of the approved budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.17,486,185 and Kshs.10,064,133 respectively resulting in an under expenditure amounting to Kshs.7,422,052 or 42% of the approved budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to students.</p>	<p>Q3 Capitation was received at the end of the financial year</p>	<p>resolved</p>	<p>20/12/2022</p>

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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)
6. Non-Compliance with Law on Ethnic Composition	During the year under review, the total number of employees of the Technical and Vocational College was nineteen (19) and all of them or 100% were members of the dominant ethnic community in the County. This is contrary to National Cohesion and Integration Act 2008 Section 7(1) and (2).	Due to college not affording better remuneration to attract non-locals	unresolved	20/12/2022

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.



A. D. S. D.
Name

Accounting Officer
Kimasian TVC
Date

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Appendix II: Projects Implemented by (Kipkelion East NG-CDF)

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. Construction of 8 classrooms		NG-CDF Kipkelion East	1 year	4,000,000	NO	YES

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