

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

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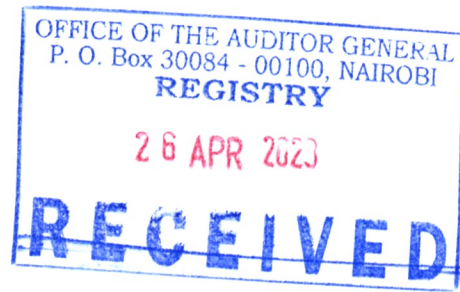
THE AUDITOR-GENERAL

ON

**LIMURU TECHNICAL AND
VOCATIONAL COLLEGE**

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





LIMURU TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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



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

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I. Key Entity Information and Management

(a) Background information

Limuru Technical and Vocational College was established under the TVET Act 2013. The College is domiciled in Kenya and has no branches. The College is under the Ministry of Education. It started operations in June 2021 and admitted its first batch of students in September 2021.

The College has seven academic departments; Building and Civil Engineering, Electrical and Electronic Engineering, Mechanical Engineering, Hospitality and Institutional Management, Information Communication Technology, Business Studies and Liberal Studies.

(b) Principal Activities

The Principal activity/mission of Limuru TVC is to teach and train at TVET level as outlined in the TVET Act, 2013.

i. Vision

A world class centre of excellence in Technical Education, Business, Research and Innovation.

ii. Mission

To produce competent graduates with relevant knowledge and practical skills for career development.

iii. Strategic Objectives

- Provide market driven and competency based training for students.
- Promote good governance to enhance service delivery
- Establish partnership, linkages and collaboration.
- Increase access to and use of ICT.
- Develop Human Resource Capacity and improve Corporate Image.
- Enhance Financial sustainability

(c) Key Management

The Limuru TVC day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management

Key Entity Information and Management (Continued)

(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.	Principal	Dinah Akoth Obonyo
2.	D/ Principal	
3.	Accountant	
4.	Ag. Registrar	George Gitau Mwangi
5.	Ag. Dean of Students	Elizabeth Wambui Ndiguitha

The management outsourced accountancy services by engaging a professional accountant to update the books of accounts and prepare financial statements on quarterly basis.

(e) Fiduciary Oversight Arrangements

Finance, Administration and Development Committee:

The Finance, Administration and Development Committee is appointed to oversee and monitor the development of the College and report status to the Board and any recommendations for approval and implementation. The committee monitors finance performance and administration of the College.

Education, Training and Research Committee:

The Education, Training and Research Committee monitor the academic performance of the College.

The committee is mandated to handle academic issues for the trainers and students.

Risk, Audit and Compliance Committee:

The committee monitor the integrity of the financial statements of the Institute, review the Institute's internal financial controls systems and oversee the internal audit function.

Key Entity Information and Management (Continued)

Senior Management:

Senior management comprise of Principal, Deputy Principal, Registrar and Dean of Students.

Management:

The management report direct to the senior management. The management comprise of Head of Departments and their deputies. The management is responsible in day to day running of their departments.

Key Entity Information and Management (Continued)

(f) Entity Headquarters

P.O. Box 1584 – 00217
Limuru

(g) Entity Contacts

Telephone: (+254)708 652 364
E-mail: limurutvc@gmail.com
Website: www.limurutvc.ac.ke

(h) Entity Bankers

Kenya Commercial Bank Limited
Limuru Branch
P.O. Box 933-00217
Limuru

(i) Independent Auditors



Auditor-General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya





(j) Principal Legal Adviser

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

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


II The Board of Governors

No.	Name	Passport-size photo	Member's date of birth, key qualifications, and work experience. Indicate whether the member is in dependent or an executive member and which committee the member chairs where applicable.
1.	Mr. Samuel Ngaruiya Gitau Executive Member		Chairman, Board of Governors DOB: 11 th Nov, 1984 Master of Law, Lawyer 15 years' experience
2.	Ms. Joyce Wartuguru Executive Member		DOB: 4 th August, 1972 Master in Theology, Counselor 12 years' experience
3.	Ms. Pamela Odera Executive Member		DOB: DOB: 15 th May, 1966 Master in Business Administration, Strategic Management. CPA(K) Accountant 30 years of experience




4.	Mr. Norbert Musyoki Executive Member		DOB: 14 th June, 1956 Master of Architecture, Architect 33 years' experience
5.	Ms. Natasha J Montet Executive Member		DOB: 9 th Oct, 1976 Masters (Information Management Systems), Business Analyst 22 years' experience
6.	Ms. Anne Muthoni Nyongesa Executive Member		DOB: 5 th March, 1984 Master in law Group Assistant Company Secretary 13 years of experience
7.	Mr. Patrick Kibet Executive Member		DOB: 6 th November, 1973 Master in Business Administration - Finance, Managing Director 25 years of experience

Limuru Technical and Vocational College

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

8.	Ms. Dinah Akoth Not a member of ICS		Chief Executive Officer/ Principal DOB: 9 th April, 1969 Masters in Project Planning & Management Has 24 years in training with 6 years in Top Management
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III. Management Team

No.	Name of the Staff	Passport photo	Responsibility
1.	Dinah Akoth Obonyo		<p>PRINCIPAL</p> <p>DOB: 9th April, 1969 Masters in Project Planning & Management Has 24 years in training with 7 years in Top Management</p>
2.	George Gitau Mwangi		<p>Ag. Registrar</p> <p>DOB: 5th September 1992</p> <p>Bsc. Information Technology</p> <p>Has 8 Years in Training</p>
3.	Elizabeth Wambui Ndiguitha		<p>Ag. Dean of Students</p> <p>DOB: 23/02/1990 Bsc. Electrical and Electronics Engineering 8 years in training</p>

IV. Chairman's Statement

The College is in its first year of operations and it admitted its first batch of students in September 2021. The Board was appointed in office in December 2021, Inaugurated in February, 2022. Inducted into office in April 2022. The Board is optimistic that the College will be on the upward trend in students' enrolment from the current student population of 147 students. This will enable the College to increase tuition facilities and engage qualified human resource. As the first Chairman of the College. I feel proud for the milestones the College has achieved so far. The College is in the process of developing policies and procedures to guide in its operations.

The College has progressed in terms of equipping the workshops to ensure quality training. The College acquired training equipment in areas such as hairdressing and beauty therapy, plumbing, masonry, building, electrical& electronic and welding.

The College received capitation and operational grants from the Government through the Ministry of Education. I take this opportunity to thank the Government for the support both in financial and policy direction. I also wish to note that the funds together with the fees collected directly from the trainees were prudently utilised as it is evidenced in the financial statements in this report. The Board of Governors was instrumental in the realization of the achievements made by the College during the year and I wish to sincerely thank the members of the Board for their oversight and guiding role in the operations of the College.

Sign

Mr. Samuel Ngaruiya Gitau
Chairman, Board of Governors

Date

25/4/2023

V. Report of the Principal

I appreciate the growth the College has realised in the last one year in operation. I took over in September, 2020 from the former Principal who retired from service in July 2020. At the time, the college had not enrolled any student. Due to COVID-19 pandemic, we were not in a position to admit any student during the Financial Year 2020/2021. The College admitted its first batch of 88 students in September 2021 in various Diploma, Certificate and Artisan courses in Building Technology, Plumbing, Electrical and Electronic Engineering, Welding, Hair dressing and Beauty Therapy, Information Communication Technology, Human Resource Management, Supply Chain Management, Social Work and Community Development, Project Management and Entrepreneurship Development. The College has recorded growth in trainee population and programmes with 24 programmes currently licensed by TVETA. The student enrolment as at 30th June 2022 stood at 147 students. For the year that has ended, the College like many other organizations and sectors operated under financial challenges as fees collection being the main source of income was low due to low student enrolment vis-à-vis operational needs. However, I wish to note that the College was resilient and managed its programs under the circumstances notwithstanding.

During the year under review, the College did not present candidates for KNEC examination as they were in their first year, however, the first candidates for module one will be administered in July 2022.

I express my heartfelt gratitude to the training and administrative staff for their selfless efforts in ensuring that training and the overall curriculum implementation was successful during the year. I wish to note that the College has 6 PSC trainers and 13 trainers under Board of Governors terms of service. Due to financial constraints, the College operated with only one support staff who is the secretary to the principal and engaged casual staff as need arises. The College contracted services from the mentoring Institution in order to ensure crucial services are not compromised. On this note, I sincerely thank the Government through the Ministry of Education for the relentless efforts in ensuring that the College is staffed.


With the support of mentoring Institution, the College managed to equip the workshops for students pursuing courses in Building Technology, Electrical and Electronic Engineering, Mechanical Engineering, Hair dressing and Beauty Therapy and Information Communication Technology. The College is planning to construct masonry and plumbing shed to ease practical for students undertaking the courses.

During the year under review, the College received capitation and operational grants from the Government through the Ministry of Education. I take this opportunity to thank the Government for the support both financial and policy direction. I also note that the funds together with the fees collected directly from the trainees were prudently utilised as it is evidenced in the financial statements in this report. The Board of Governors was instrumental in the realization of the

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

achievements made by the College during the year. I wish to sincerely thank the Chairman and the members for their oversight and guiding role in the operations of the College.

The College also participated in TVET Fair and Robotic Contest as well as Co-curricular activities. This led to motivation and exposure of bot staff and students. I wish to sincerely take this opportunity to thank the Board of Governors for facilitating these activities.

Sign 
Dinah Akoth Obonyo
Principal/Secretary BOG

Date 25/4/2023

VI. Statement of Performance against Predetermined Objectives

Limuru Technical and Vocational College is in the process of developing its five-year Strategic Plan from Financial Year 2022/2023 to 2026/2027.

The performance against predetermined objectives report will be provided during implementation of Strategic Plan.

VII. Corporate Governance Statement

The Board of Governors of Limuru Technical and Vocational College were appointed in December 2021, by the Cabinet Secretary, Ministry of Education. It was inaugurated in February, 2022 and Inducted into office in April, 2022. It consists of eight members which comprise of the Chairman, representative of Principal Secretary, Ministry of Education, and six other persons appointed on the basis of their knowledge and experience. The Principal of Limuru Technical and Vocational College is the Secretary to the Board. The Board meetings are scheduled once per every quarter with an allowance of emergency meeting as need arises. The Board met two times during the year as well as the Board sub-committees except the Risk, Audit and Compliance committee that met once during the year. The Board members earn a sitting allowance for every meeting attended.

The Board of Governors has three sub-committees, that is,

- i. Finance, Administration and Development committee;**
- ii. Education, Training and Research Committee;**
- iii. Risk, Audit and Compliance Committee.**

Functions of the Board of Governors include:

- Discuss and Approve the budget for each financial year;
- Approve financial reports for every quarter and for each year.;
- Negotiate and Approve performance contracts for each year;
- Administer and Manage property of the Institution;
- Develop and Implement the College Strategic Plan;
- Determine the fees payable and method of payment;
- Receive on behalf of the Institution, fees, grants, subscriptions, donations, bursaries;
- Recruit and appoint trainers from among qualified professionals;
- Determine suitable terms and conditions of service for support staff, trainers and remunerate staff of the College;
- Provide the welfare of the students and staff of the College;
- Prepare annual financial statements and submit to the relevant authority.

VIII. Management Discussion and Analysis

The entity's operational and financial performance

The College has a total of 147 students who are undertaking Diploma, Certificate and Artisan courses in Building Technology, Plumbing, Electrical and Electronic Engineering, Welding, Hair dressing and Beauty Therapy, Information Communication Technology, Human Resource Management, Supply Chain Management, Social Work and Community Development, Project Management and Entrepreneurship Development.

The College received operational grants for quarter one and two totalling to Ksh. 1 million and capitation grant for quarter one, two and three amounting to Ksh. 840,000. The capitation grant for quarter one and two benefited 14 students who were each allocated Ksh. 15,000; quarter three capitation benefited 84 students who were each allocated Ksh. 7,500.

The college has been able to meet its financial obligations as they fall due. The college thus is able to comply with legal requirements in filing and remitting statutory payments.

Entity's compliance with statutory requirements

The College has complied with the statutory requirements. The College is fully accredited with TVETA. All statutory remittances are paid to the respective authorities and in due time.

Key projects and investment decisions the entity is planning/implementing

The College has not been connected to power. Currently, the college is operating with a single phase power connection from the neighbouring Church. However, the matter is being pursued with the relevant government offices to ensure 3 phase power supply to the College.

Major risks facing the entity

Some courses being offered require 3 phase power connection. Without this, the quality of training will be compromised and customer needs will not be met.

Land is limited for future growth of the college and this may hinder potential growth to its full capacity.

The college has not managed to employ qualified personnel to carry out procurement and finance functions due to limited financial resources.

Material arrears in statutory/financial obligations

The College has no pending bills

The entity's financial probity and serious governance issues

The College has no governance issue. However, title deed for the land has not been obtained from the County Government of Kiambu.

IX.Environmental and Sustainability Reporting Statement

Limuru TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, putting the Customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Provide market driven and competency based training for students.

The college has continued to apply effective training methods geared towards producing competent graduates for a globally competitive market. The college's main focus being students' has ensured that the training meets the students' expectations through acquisition of required knowledge, attitudes and competencies.

Promote good governance and efficient Service Delivery Culture

The college has established systems processes which are focused towards the achievement of the set targets and objectives.

Establish Partnerships, Linkages and Collaboration

The college is working closely with relevant partners to share knowledge and experiences.

Increase access to and use of ICT

The college has enhanced use of Information and Communication Technology in their day-to-day college operations. Through acquisition of training equipment

Develop Human Resource Capacity and improve Corporate Image

The college has developed and maintained human capital that will reflect a positive image of the organization. The College is in the process of developing Human Resource Manual, Career progression guidelines and Scheme of Service for the management of employee welfare.

Enhance financial sustainability

The college has ensured prudent utilization of the available financial resources. It is also in the process of introducing income generating activities to generate more financial resources for sustainability

X. Report of the Board of Governors

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

Principal activities

The Principal activity/mission of Limuru TVC is to teach and train at TVET level as outlined in the TVET Act, 2013.

Results

The results of the entity for the year ended June 30 are set out on page 1.

Board of Governors

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

Auditors

The Auditor General is responsible for the statutory audit of the College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the College for the year ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


.....

Secretary of the Board
Nairobi

Date: 25/4/2023
.....

XI. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect of Limuru TVC, which give a true and fair view of the state of affairs of Limuru TVC at the end of each financial year and the operating results of Limuru TVC for that year. The Board members are also required to ensure that Limuru TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Limuru TVC. The Board members are also responsible for safeguarding the assets of Limuru TVC.

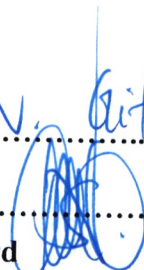
The Board members are responsible for the preparation and presentation of the Limuru TVC financial statements, which give a true and fair view of the state of affairs of Limuru TVC for and as at the end of the financial year ended on 30th June 2022. This responsibility includes: (i) maintaining adequate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


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

Nothing has come to the attention of the Board members to indicate that Limuru 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

The Limuru TVC financial statements were approved by the Board on 30th September, 2022 and signed on its behalf by:

Name: Samuel N. Gifau
Signature: 
Chairperson of the Board

Name: Amah Obonyo
Signature: 
Accounting Officer/Principal

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON LIMURU 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 Limuru Technical and Vocational College set out on pages 1 to 29, which comprise 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Limuru 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

Omitted Value of Land

The statement of financial position reflect property, plant and equipment balance of Kshs.54,849,713 which, as disclosed in Note 17 to the financial statements, includes a balance of Kshs.52,861,134 in respect of buildings. However, the value of land on which the buildings are constructed is not included in this balance of Kshs.54,849,713. In addition, the ownership documents for the parcel(s) of land were not provided for audit.

As a result, the accuracy and completeness of the property, plant and equipment balance of Kshs.54,849,713 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Limuru 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 audit 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis amounts of Kshs.18,705,000 and Kshs.9,572,390 respectively, resulting to an underfunding of Kshs.9,132,610 (or 49% of the budget). Similarly, the college spent Kshs.7,170,977 against an approved budget of

Kshs.18,705,000, resulting to an under expenditure of Kshs.10,756,383 (or 62% of the budget).

The underfunding and under-expenditure affected the planned activities and may have impacted negatively on learning in the College.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Minimum Requirement on Ethnic Diversity in Staffing

The statement of financial performance reflects an amount of Kshs.2,136,866 in respect of employee costs. However, review of employee records revealed that the College had fifteen (15) employees as at 30 June, 2022, out of which thirteen (13) (or 87%) were from one ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one third of its staff from the same ethnic community or gender.

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

2. Irregular Procurement of Goods, Works and Services.

Review of procurement and related records revealed that Kshs.1,666,015 was incurred on procurement of goods, works and services. However, Management did not confirm availability of funds under the budgetary control before committing funds for the College. Further, Local Purchase Orders (LPOs) attached in support of the expenditure did not contain crucial information, such as tender or quotation number, date of issue and requisition number. In addition, there was no evidence that the procurement officer submitted his or her recommendations for the award of tender to the Accounting Officer by issuing a professional opinion and whether the Accounting Officer approved the award of the contract to the successful bidder as required by Section 84 of the Public Procurement and Asset Disposal Act, 2015.

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 matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Approved Internal Controls, Risk Management and Governance Policies

Review of internal audit function and internal controls, risk management and governance controls records revealed that Management did not have the following approved internal controls, risk management and governance policies on critical processes, contrary to Regulation 160 of Public Finance Management (National Government) Regulations, 2015:

- i. Approved Finance policy and procedures manual
- ii. Approved Human resource policy
- iii. Approved ICT policy and Disaster Recovery plan
- iv. Approved Risk management policy,
- v. Approved Staff code of conduct and ethics
- vi. Approved Organizational structure
- vii. Approved audit charter
- viii. Staff establishment and scheme

Therefore, it was not possible to confirm how the College identified the risks, the significance of the identified risks and likelihood of the risks occurring.

In the circumstances, the effectiveness of internal controls, risk management and overall governance in the College could not be confirmed.

2. Improper Constitution of Audit and Finance Committees

Review of Board minutes dated 9 February, 2022 revealed that the Board appointed various members in the respective committees. However, it was noted that one board member was a member in both Audit and Finance, and Administration committees.

In the circumstance, the committees may not be able to execute their mandate effectively

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

In preparing the financial statements, the 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 the 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 the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide the 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

20 July, 2023




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

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

	Notes	2021-2022 Kshs	2020-2021 Kshs
Revenue from non exchange transactions			
Transfers from other governments—gifts and services-in-kind	6	1,840,000	-
		1,840,000	
Revenue from exchange transactions			
Rendering of services	7	7,638,390	-
Other income	8	94,000	-
		7,732,390	
Total revenue		9,572,390	
Expenses			
Use of Goods and Services	9	3,727,261	-
Employee costs	10	2,136,866	-
Board of Governors expenses	11	997,103	-
Depreciation and amortization expense	12	1,712,680	-
Repairs and maintenance	13	17,927	-
Total expenses		8,591,837	
Surplus before Tax		980,553	
Taxation		-	-
Surplus for the period		980,553	


(The notes set out on pages 6 to 33 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 33 were signed by:



Chairman of Board

Date: 25/4/2023



Finance Officer

ICPAK No. 8793

Date: 25/04/2023



Principal

Date: 25/4/2023




Limuru Technical and Vocational College

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

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

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	64,760	-
Receivables from exchange transactions	15	2,524,190	-
Inventories	16	336,431	-
Total Current Assets		2,925,381	-
Non-current assets			
Property, plant and equipment	17	54,849,713	-
Total non - current assets		54,849,713	-
Total assets		57,775,094	-
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	196,633	-
Refundable deposits from customers	19	112,760	-
Payments received in advance	20	188,175	-
HELB Funds	21	26,400	-
Total current liabilities		523,968	-
Non-current liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		523,968	-
Net assets		57,251,126	
Capital and Reserves			
Reserves		-	-
Accumulated surplus		980,553	-
Capital Fund		56,270,573	-
Total net assets and liabilities		57,251,126	-

The Financial Statements set out on pages 1 to 33 were signed by:



Chairman of Board

Date: 25/4/2023



Finance Officer

ICPAK No. 8793

Date: 25/04/2023



Principal

Date: 25/4/2023

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/		Total
				Development Grants/Fund		
Balance b/f as at July 1, 2020	-	-	-	-	-	-
Deferred Income transferred to capital fund			-	-	-	-
Total comprehensive income			-	-	-	-
Balance c/d as at June 30, 2021	-	-	-	-	-	-
Balance b/f as at July 1, 2021	-	-	-	-	-	-
Assets estimated cost				-	-	-
Total comprehensive income			980,553	-	-	980,553
Cost of Building Financed by Ministry of Education			-	54,216,548	54,216,548	
Asset bought by Kiambu Institute of Science and Technology (Mentoring Institution)			-	2,054,025	2,054,025	
Balance c/d as at June, 30 2022	-	-	980,553	56,270,573	57,251,126	

Note:

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




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

VVI Statement of Cash Flows for the year ended 30 June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Cash and cash equivalents at the beginning of the year		-	-
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	1,840,000	-
Rendering of services	7	5,165,200	-
Other Income	8	94,000	-
Refundable deposits received	19	61,760	-
Fees received in advance	20	188,175	-
HELB Funds	21	26,400	-
Total Receipts		7,375,535	-
Payments			
Employees Costs	10	2,122,833	-
Board of Governors expenses	11	997,103	-
Use of Goods and Services	9	3,975,692	-
Repairs and Maintenance	13	17,927	-
Total Payments		7,113,555	-
Net cash flows from operating activities		261,980	-
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(197,220)	-
Net increase/(decrease) in cash and cash equivalents		64,760	-
Cash and cash equivalents at end of the period	14	64,760	-

((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 1 to 33 were signed by:

		
.....
Chairman of Council/Board	Finance Officer	Principal
	ICPAK No. 8793	
Date 25/4/2023	Date 25/04/2023	Date 25/4/2023

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

	Budget		Actual		Variance	Cumulative to date	Cumulative to date	Variance	Explanation of material variances
	Jun-22	Shs	Jun-22	Shs					
Revenue									
Government grants and subsidies	2,000,000		1,840,000		160,000	2,000,000	1,840,000	(160,000)	a)
Rendering of services	16,705,000		7,638,390		9,066,610	16,705,000	7,638,390	(9,066,610)	b)
Sale of goods			94,000		(94,000)		94,000	94,000	
Total income		18,705,000		9,572,390	9,132,610	18,705,000	9,572,390	(9,132,610)	
Expenses									
Development expenditure		1,875,000		291,820	1,583,180	1,875,000	291,820	1,583,180	84%
Use of Goods and Services		11,334,000		3,727,261	7,606,739	11,334,000	3,727,261	7,606,739	67%
Employee costs		2,766,000		2,136,866	629,134	2,766,000	2,136,866	629,134	23%
Board of Governors expenses		1,760,000		997,103	762,897	1,760,000	997,103	762,897	43%
Repairs and maintenance		970,000		17,927	952,073	970,000	17,927	952,073	98%
Total expenditure		18,705,000		7,170,977	11,534,023	18,705,000	7,170,977	11,534,023	
Surplus for the period		0		2,401,413	2,401,413	0	2,401,413	2,401,413	

(Budget notes)

- a) The College expected to receive full capitation and recurrent grants for the four quarters. Grants for the fourth quarter has not been remitted to the College.
- b) The College expected to admit 250 students but has an enrolment of 147 students thus realizing a deficit.
- c) The College incurred less than expected in development due to financial constraints.
- d) The students' enrolment was low, thus spending less than expected.
- e) The College is yet to employ key officers in Finance and Procurement, thus the low spending in employee costs.
- f) The College Board of Governors was appointed in December 2021, hence no expenditure was incurred in the first half of the Financial Year.
- g) The College has not carried out repairs and maintenance due to financial constraints.

Reconciliation Note	
Total expenditure as per Budget comparison	7,170,977
Less:	
Development expenditure	(291,820)
Add:	
Depreciation	1,712,680
Total expenses as per Statement of Financial Performance	8,591,837

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

XVIII. Notes to the Financial Statements

1. General Information

Limuru TVC is established by and derives its authority and accountability from TVET Act 2013. The Limuru TVC is wholly owned by the Government of Kenya and is domiciled in Kenya. Limuru TVC principal activity is training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the College accounting policies.

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

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

3. Adoption of New and Revised Standards

The College 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 LIMURU TVC 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

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

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Board on 15th July 2021. The College 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.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) Taxes

Current income tax

Limuru TVC is exempt from paying taxes as a public training institution

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.

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, Limuru TVC 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.

Land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on Property, plant and equipment is recognized in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The rates in use are:

Land	-
Buildings	2.5%
Motor vehicles	25%
Furniture and Fittings	12.5%
ICT Equipment	30%
Office Equipment	12.5%

A full year depreciation charge is recognised in the year of asset purchase. Depreciation charge is not recognised in the year of disposal.

Property, Plant and Equipment cost and associated depreciation is not fully disclosed in the financial report for the period under review. This will be disclosed once the cost is

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

established from Kiambu Institute of Science and Technology (the mentoring Institution).

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

d) Research and development costs

Limuru TVC expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Limuru TVC 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 quarterly with any impairment losses recognized immediately in surplus or deficit.

e) 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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Inventories (Continued)

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

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

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

f) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Nature and purpose of reserves

The College creates and maintains reserves in terms of specific requirements. The College maintains Capital and Revenue reserves.

j) Changes in accounting policies and estimates

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

k) Employee benefits

Retirement benefit plans

The College has not established retirement benefit plan but it may be implemented in future as the college expands.

l) 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.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Related parties

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

n) Service concession arrangements

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

o) 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 various commercial banks at the end of the financial year.

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

Notes to the Financial Statements (Continued)

5. Significant Judgments And Sources Of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

Provision for Depreciation

This caters for reduction in the value of asset with the passage of time, due to wear and tear. The College use reducing balance method to depreciate its assets using the applicable rates of depreciation as given in note 4(d) above

Limuru Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022
Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

	2021-2022	2020-2021
	Kshs	Kshs
6. Transfers from other governments – gifts and services-in-kind		
Unconditional grants		
Capitation grant	840,000	-
Operation grant	1,000,000	-
Bursary donations/gfts	-	-
	1,840,000	-
Conditional grants		
Library construction	-	-
Development grants	-	-
Total government grants and subsidies	1,840,000	-

7. Rendering of Services

	2021-2022	2020-2021
	Kshs	Kshs
Application	132,500	-
Tuition	2,436,105	-
Electricity, Water and Gas	271,045	-
Personnel Emoluments	1,159,345	-
Local Transport and Travel	496,945	-
Repairs, maintenance and improvement	370,155	-
Development levy	795,790	-
Activity Fees	438,795	-
Attachment/Insurance	198,910	-
Registration	59,980	-
Student Council	107,100	-
Student ID	60,000	-
KUCCPS	178,860	-
Practical materials	632,220	-
Examination fees	203,400	-
Total revenue from the rendering of services	7,638,390	-

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Rendering of Services	7	7,638,390	-
Less outstanding receivables	15	(2,524,190)	-
Add caution money accrued	19	51,000	-
Cash flow		5,165,200	-

Limuru Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2022
Notes to the Financial Statements (Continued)

8. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Tenders	94,000	-
Total revenue from the sale of goods	94,000	-

9. Use Of Goods And Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank charges	5,780	-
Marketing and Publicity	65,340	-
Tender expenses	40,000	-
Local Transport and Travel	622,130	-
Telephone and Postage	68,432	-
Electricity, Water and Conservancy	113,696	-
Office expenses	69,971	-
Printing and stationary	92,913	-
Tax penalty	10,000	-
Security	516,000	-
Cleaning and Sanitation expenses	30,099	-
Registration and Subscription	162,200	-
Staff training, development and capacity building	65,800	-
Tuition expenses	457,939	-
Insurance	35,750	-
Accountancy services	120,000	-
Sports, Games and Music Activities	1,033,461	-
Text Books	500	-
KUCCPS Placement Service	18,000	-
Examination expenses	199,250	-
Total Use of Goods and Services	3,727,261	-

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Use of Good and Services	9	3,727,261	-
Add Closing inventories	16	336,431	-
Less Accrued Expenses as at 30th June	18	(88,000)	-
Cash flow		3,975,692	-

Notes to the Financial Statements (Continued)

10. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	2,136,866	-
Employee related costs - contributions to pensions and medical aids	-	-
Employee costs	2,136,866	-

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Employee costs	10	2,136,866	-
Less Accrued Expenses as at 30th June	18	(14,033)	-
Cash flow		2,122,833	-

11. Board/Council Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Sitting Allowances	505,000	-
Travelling Allowance	61,000	-
Night out	210,000	-
Induction Training	200,000	-
Meeting Administration Expenses	21,103	-
Total Board Expenses	997,103	-

12. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	1,712,680	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	1,712,680	-

Notes to the Financial Statements (Continued)

13. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	17,927	-
Equipment	-	-
Vehicles	-	-
Other	-	-
Total repairs and maintenance	17,927	-

Notes to the Financial Statements (Continued)

14. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current account	60,189	-
Others(specify)	4,571	-
Total cash and cash equivalents	64,760	-

15. Detailed Analysis of Cash and Cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
a) Current account		
Kenya Commercial bank	60,189	-
Sub- total	60,189	-
e) Others(specify)		
Money Orders	4,571	-
Cash in Hand	-	-
Sub- total	4,571	-
Grand total	64,760	-

The college was collecting application fee through postal corporation in form of money orders. By 30th June 2022, the Postal Corporation, Limuru branch had not issued a cheque equivalent to Ksh. 4,571 in favour of Limuru TVC.

15. Receivables from Exchange transactions

16 Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Student debtors B/F	-	-
Less receipts	-	-
add debtors for the period	2,524,190	-
Student debtors C/F	2 524 190	-

Notes to the Financial Statements (Continued)

16. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Administration Stationary stores	46,320.00	-
Administration kitchen stores	1,176.00	-
Cleaning Materials stores	3,700.00	-
ICT stores	20,700.00	-
Building and Civil Engineering stores	138,882.00	-
Mechanical Engineering stores	113,914.00	-
Electrical and Electronic stores	1,260.00	-
Sports and Recreation stores	1,814.00	-
Hospitality and Institutional Management stores	8,665.00	-
Total Inventories at lower of Cost and Net Realizable Value	336,431.00	-

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

Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

	Buildings		Furniture and fittings		ICT Equipments		Plant and Equipment		Total	
		Kshs		Kshs		Kshs		Kshs		Kshs
Cost										
At 1st July 2020		-		-		-		-		-
Additions		-		-		-		-		-
Disposals		-		-		-		-		-
Transfers/adjustments		-		-		-		-		-
At 30th June 2021		-		-		-		-		-
Additions during the year		-		-		197,220		94,600		291,820
Cost of buildings finance by MOE		54,216,548		-		-		-		54,216,548
Assets bought by KIST mentoring institution		-		1,247,700		168,699		637,626		2,054,025
Disposals during the year		-		-		-		-		-
At end of year - June 2022		54,216,548		1,247,700		365,919		732,226		56,562,393
Depreciation and impairment										
At 1st July 2020		-		-		-		-		-
Depreciation		-		-		-		-		-
On Disposals		-		-		-		-		-
Impairment		-		-		-		-		-
At 30th June 2021		-		-		-		-		-
Depreciation for the year		1,355,414		155,963		109,776		91,528		1,712,680
At 30 June 2022		1,355,414		155,963		109,776		91,528		1,712,680
Net book values										
At 30 June 2022		52,861,134		1,091,738		256,143		640,698		54,849,713
At 30 June 2021		-		-		-		-		-

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

Notes to the Financial Statements (Continued)

18. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
NSSF	4,800	-
HELB Loan payroll deduction	9,233	-
Workshop Equipments	94,600	-
Security services	48,000	-
Accountancy services	40,000	-
Total trade and other payables	196,633	-

19. Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	Kshs	Kshs
Caution Money		
Caution money b/f	-	-
Add receipts for the year	61,760	-
Add accrued for the year	51,000	-
less payments	-	-
Total refundable deposits	112,760	-

20. Payment Received in Advance

Description	2021-2022	2020-2021
	Kshs	Kshs
Student fees	188,175	-

21. HELB Unutilized Funds

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance B/F	-	-
Additions	26,400	-
Payments	-	-
Balance C/F	26,400	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax	980,553	-
Adjusted for:		
Depreciation	1,712,680	-
Working Capital Adjustments		
Increase in Inventory	(336,431)	-
Increase in Receivables	(2,524,190)	-
Increase in Payables	102,033	-
Increase in Refundable deposits from Customers	112,760	-
Increase in HELB Unutilized Funds	26,400	-
Increase in Payments received in advance	188,175	-
Net Cash Flow from Operating Activities	261,980	-

Notes to the Financial Statements (Continued)

23. Financial Risk Management

The College's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The College'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 College 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 College's financial risk management objectives and policies are detailed below:

(i) Credit risk

The College 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 College's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables from exchange transactions	2,524,190	2,524,190	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	64,760	64,760	-	-
Total	2,588,950	2,588,950	-	-

Financial Risk Management (Continued)

(i) Credit risk (continued)

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

The College has significant concentration of credit risk on amounts due from students

The Board of Governors sets the College's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Notes to the Financial Statements (Continued)

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	196,633	-	-	196,633
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	196,633	-	-	196,633

(iii) Market risk

The College is engaging internal audit function of the mentoring institution to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

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

Limuru Technical and Vocational College

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

Notes to the Financial Statements (Continued)

a) Foreign currency risk

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

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

Notes to the Financial Statements (Continued)

iv) Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	980,553	-
Capital Reserve	56,270,573	-
Total Funds	57,251,126	-
Total Borrowings	-	-
Less: Cash and Bank Balances	(64,760)	-
Net Debt/(Excess Cash and Cash Equivalents)	-	-
Gearing	0%	0%

24. Related Party Balances

Nature of related party relationships

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

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

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

Notes to the Financial Statements (Continued)

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with Related Parties		
a) Purchases from related parties		
Purchase of water and electricity from Govt. service providers	113,696	-
Training and conference fees paid to Govt. agencies	65,800	-
Total	179,496	-
b) Grants /Transfers from the Government		
Grants from National Govt.	1,840,000	-
Grants from County Government	-	-
Total	1,840,000	-
c) Key Management Compensation		
Board of Governor's emoluments	505,000	-
Compensation to Key Management	-	-
Total	505,000	-

25. Contingent Assets and Contingent Liabilities

The College has no incident that can result into a contingent asset and/or liability

26. Capital Commitments

The College has no capital commitments in place.

27. Deferred Tax Liability

The College is not obligated to pay tax

28. Events After The Reporting Period

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

29. Ultimate And Holding Entity

The College is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

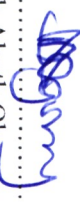
30. Currency

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

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

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

The College is in its first year of operation and therefore has no issues raised by the external auditor.

Sign.....
Dinah Akoth Obonyo
Principal/Secretary BOG

Date.....25/4/2023.....

**Limuru Technical and Vocational College
Annual Report and Financial Statement for the year ended 30th June 2022**

Appendix II: Projects Implemented by Limuru TVC

The College has no projects being implemented.

Limuru Technical and Vocational College
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Appendix III- Inter-Entity Confirmation Letter

The College did not transfer any funds during the year to another entity.

Appendix IV: Reporting of Climate Relevant Expenditures

The College did not incur climate relevant expenditures

Appendix V: Disaster Expenditure Reporting Template

The College did not incur disaster related expenditure during the year.