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**REPORT**

THE NATIONAL ASSEMBLY  
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**THE AUDITOR-GENERAL**

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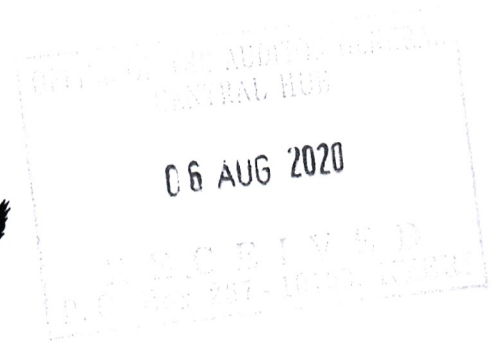
**GATANGA TECHNICAL AND  
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



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Template: June 2019



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**GATANGA TECHNICAL AND VOCATIONAL COLLEGE**  
*P.O BOX 6232-01000*  
*THIKA*



**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2019**

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

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

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**KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

Gatanga Technical and Vocational College was constructed through funding by GOK and Gatanga NG-CDF under mentorship of Murang'a University. The institution was completed in 2017 and handed over to Michuki Technical Training Institute to oversee its management until August 2017 when the principal was posted. The college first trainees were admitted in January 2018 in the following courses Craft in electrical engineering, ICT, Mechanical, plumbing and hairdressing. The college is a centre of excellence in mechanical engineering having received Mechanical production equipment's, computers and furniture's which were supplied to the institution in January 2018 through the Government of Kenya. Currently the college has a total population of 150 trainees in four departments as at June 2019. The college is located 26Km from Thika town along Gatanga-Ndakaini road.

**(b) Principal Activities**

The principal activities of Gatanga Technical and Vocational College is to nurture technical skills and to be a centre of excellence in producing skilled manpower that can compete favourably in local and international labour market.

**VISION**

To be a centre of excellence in provision of technical & vocational education and training.

**MISSION**

To provide technical & vocational education and training courses that produce skilled and competent manpower that can compete favourably in the labour market

**Core values**

- Quality training
- Ethical practice
- Fairness & equity
- Teamwork
- Transparency & accountability
- Respect of rule of law
- Efficiency & efficacy

**(c) Key Management**

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

- |                                     |                      |
|-------------------------------------|----------------------|
| - BOG Chairman-                     | Mr. Peter Wanyoike   |
| - Principal -                       | Mr. Jeremiah Mugo    |
| - Head of career services/Ag. Dean- | Madam. Rachel Kiroko |
| - HOD ICT/Ag. Registrar-            | Madam Susan Njuguna  |

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Jeremiah Mugo
2.	Ag.Registrar/HOD ICT	Susan N. Njuguna
3.	Ag.Dean/Head of career services	Rachel W.Kiroko
4.	Ag.Head of Building and Civil Engineering	Hezekiah Kuria
5.	Ag.Head of Mechanical engineering	Cecil Muriuki
6.	Assistant finance officer	Nancy Wangari
7.	Secretary	Jane Mwangi

**(e) Fiduciary Oversight Arrangements**

The audit committee ensures there is prudent utilisation of college resources and there is efficiency and effectiveness in the accounting department in that the internal controls of the organisation are strong. The accounting records are well maintained as per the accrual basis requirements.

**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(f) Gatanga Technical and Vocational College Headquartes**

P.O. Box 6232-01000  
Thika,KENYA  
Gatanga-Ndakaini road off Ndunyu Chege Market

**(g) Gatanga Technical and Vocational College Contacts**

Telephone: (254) 733 991 314  
E-mail: gtvcatanga@gmail.com  
Website:

**(h) Gatanga Technical and Vocational College Bankers**

1. Kenya Commercial Bank Ltd  
Thika Town Branch  
P.O. Box 271-01000 Thika, Kenya

**(i) Independent Auditors**

Auditor General  
Office of Auditor General  
Anniversary Towers, Institute Way

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE**


**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**



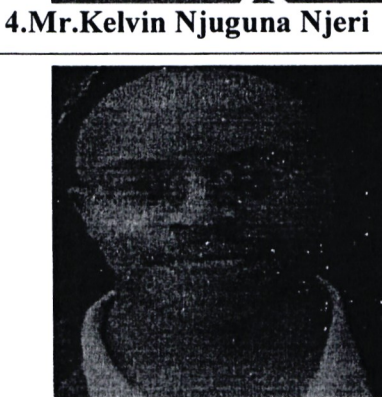
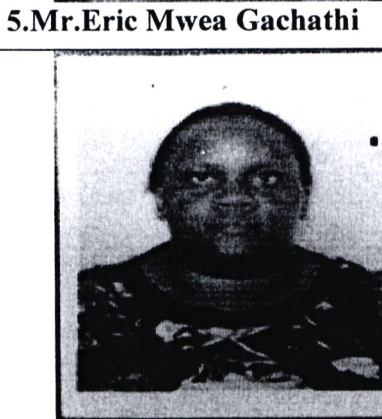
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**THE BOARD OF GOVERNORS**

	<p>Mr. Peter was born on May 1957, he holds a Masters in Geospatial information and remote sensing, Bachelors of Science education and a Higher diploma in surveying. He has worked as a deputy principal at Kenya Institute of Surveying and mapping he has also worked as a senior super intending land surveyor, he has also worked as a Provincial surveyor in central and western province and also as a District Surveyor in Muranga and Meru District and is currently a director of Arcplan services, a land surveying, mapping, GIS and remote sensing consulting firm licensed by land surveyor and is the chair of the Board of governor in Gatanga Technical &amp; vocational College.</p>
<p><b>1.Mr.Peter KuriaWanyoike</b></p>	<p>Mr.Jeremiah was born on June 1965.He holds MBA , BBM , a Diploma in Technical Education and is a CPA K holder. He has worked as a HOD Business studies Rift valley T.T.I ,HOD Business Nkabune T.T.I, Registrar Nkabune T.T.I, Deputy principal Nkabune T.T.I and is currently the principal in Gatanga T.V.C and also the secretary of the Board of Govenor in Gatanga Technical &amp; Vocational College.</p>



**GATANGA TECHNICAL AND VOCATIONAL COLLEGE**

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	<p>Ms. Rita was born on November 1982, she holds Bachelor of Arts and is registered BORAQS and corporate member institute of quantity surveyors of Kenya. She has worked as a project manager in vabgjiyani enterprises limited and also as a project coordinator in EpcO Building Limited. She is currently working as a quantity surveyor in Kenyatta University.</p>
	<p>Mr. Kelvin was born on April 1986. He holds a Bachelor of science in computer science. He has worked as a senior systems engineering in business enterprise technical support, also as a senior Unix and Systems administrator in Central Bank of Kenya and is currently working as a Unix and Systems administrator at Kenya Commercial Bank</p>
	<p>Mr. Eric was born on March 1987. He holds a Bachelor of technology in Mechanical Engineering and a Diploma in Mechanical Engineering. He has worked as a mechanical engineer in Bidco Oil Refineries, a mechanical engineer workshop at the Kenya Polytechnic University College and is currently working as a plant engineer in Kenya Tea Development Agency.</p>
	<p>MS. Esther was on 1987. She holds Masters in (MSC) project management, Bachelor of commerce finance option and is a CPA II holder. She has been an intern at KENGEN under the finance and commercial division department and is currently working at KENGEN as an Accountant III.</p>

## GATANGA TECHNICAL AND VOCATIONAL COLLEGE





ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019

 <b>7.Mr.John Masafu Tengeye</b>	<p>Mr. John was born on 1994.He holds a Bachelor of Science in land administration. He has worked as a property officer at Kesiwa Associates, he has also worked at the ministry of land Kitale and Bungoma and as a land administrator at the National Land Commission. He is currently working as property officer at Kesiwa Associates.</p>
 <b>8.Ms.June Munene</b>	<p>Ms June was born in 1983.She holds bachelor of science in international business administration she has worked as an insurance officer and business development manager with widescope insurance brokers for 8years she is currently the general manager of WIB insurance gency ltd from 2015 to date.</p>

### MANAGEMENT TEAM

 <b>1.Mr.Jeremiah M. Mugo</b>	<p>Mr. Jeremiah was born on June 1965.He holds Master of Business Administration, Bachelor of Business Management, a Diploma in Technical Education and is a CPA K holder. He has worked as a HOD Business Studies Rift Valley T.T.I, HOD Business Nkabune T.T.I, Registrar Nkabune T.T.I, Deputy principal Nkabune T.T.I and is currently the Principal in Gatanga Technical &amp; Vocational College and also the Secretary to the Board of Governors.</p>
 <b>2.Madam Rachel Kiroko</b>	<p>Madam Rachel Kiroko was born in January 1968 She holds a masters in IT, Bachelor of Education in counselling, Diploma in Computer science, and Certificate in Technical Education programme in General Agriculture. She has worked as a teacher in Ituru High School and is currently a Trainer in Gatanga Technical Vocational College and also the Ag. Dean/Head of Career Services.</p>

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	<p>Madam Susan was born in January 1979. She holds a Bachelor of education in computer studies and mathematics, Diploma in technical education in computer studies and a Diploma in computer studies. She has worked as a trainer in Kirinyaga technical training institute, Nyandarua technical training institute, Kirinyaga university of science and technology and is currently a trainer in Gatanga technical and vocational college and also HOD in ICT department and the Ag. Registrar.</p>
	<p>Mr. Muriuki was born on August 1981. He holds a Diploma in Mechanical Engineering (production option) and a Diploma in Technical Education Mechanical Engineering. He has worked at Masaku Prestige Spares (K) Ltd, Kenya Technical Teachers College, Rwika Technical Training Institute, Makima Youth Polytechnic and is currently a Trainer in Gatanga Technical and Vocational college and Ag. HOD mechanical Department.</p>
	<p>Mr. Hezekiah was born in January 1971. He holds a certificate in construction technician part II, TEP Craft in Masonry and a certificate in Technical Education. He has worked as a foreman in the construction field with Terra Craft Construction company and also as a trainer in Kirinyaga Technical Institute, Mwagu youth polytechnic and Ndunyu Chege Youth Polytechnic. He is currently a trainer in Gatanga Technical and Vocational College and also HOD Building Department.</p>
	<p>MS. Jane was born in September 1991. She holds a certificate in Secretarial studies with computer. She has worked as a secretary in Gatundu-ini Secretary school and is currently the secretary Gatanga Technical and Vocational College.</p>

## GATANGA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019



7. Ms. Nancy Wangari

MS. Nancy was born in September 1998. She is a CPA part II holder and is the assistant Finance officer in Gatanga Technical and Vocational College.

### CHAIRMAN'S STATEMENT

On behalf of Gatanga Technical, I am pleased to present the Annual Report and Financial Statements for the year ended 30th June 2019. This is the first year since the College started and opened its doors to trainees.

During the financial year 2018/19, financial commitments were geared towards implementation and reviewing the college future. The first year Plan set out the process of increasing enrolment, registering new programmes infrastructure suited to give support to training programmes being the core function of the college. aspirations. I am proud to note that most of the goals set out during meetings were indeed achieved. These include growth in student numbers, competitive recruitment of staff and acquiring of training tools to support training programmers.

The BOG achieved in enhancing quality assurance of services courses through acquisition of modern equipment, improving of workshops, trainee-practical's-and staff training. "These-equipment's and workshops-will-go-a-long-way in ensuring that our trainees are equipped with relevant skills therefore increasing their marketability.

The college has witnessed significant growth of the College assets and capital base that has promoted a good learning and teaching environment for both trainees and staff. In this regard, I wish to thank members of BOG who have provided useful insight to the College Management making it possible to collectively make progress. The Board remains committed to building on the foundation laid down so far and will work closely with the College management led by the principal in order to realize further development. The Board is also pleased with the efforts of college management to ensure prudent management of resources.

I thank the Government for its financial support so far that has made it possible to implement the College functions and programmes. However, I would like to appeal for funding for capital development and moving out of the Vocational Centre and Dispensary for more training rooms

## **GATANGA TECHNICAL AND VOCATIONAL COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

and for future planning. This will enable the institution build new infrastructure, increase enrolment, that will support the growing trainee population.

Finally, I also wish to thank parents, guardians and trainees for their continued support and dedication, even as we together strive to achieve greater heights of excellence in nurturing of technical skills.

#### **REPORT OF THE PRINCIPAL**

Presented here is the annual report and financial statements of Gatanga Technical and Vocational college for the year ended 30<sup>th</sup> June 2019 as required by the Public Financial Management Act 2012.

During the year under review, the college received from government a recurrent expenditure grants of ksh.2M and a total of ksh.0 to support capital development. The college also generated ksh. 7,231,241.00 that were used to finance the operations of the institution and procurement of capital equipment.

The college has continued with its core business of imparting skills and community outreach. The current student population is 151 and is expected to increase to 200 by the end of financial year 2019/2020 distributed in the various departments namely; Mechanical Engineering, Building Technology, Plumbing, Electrical & electronics Engineering, ICT, Business and Beauty. Staff population stood at 12 at the close of the financial year 2018/2019 and is expected to rise to 15 for both trainer and support staff in the next financial year.

During the financial year the college recorded significant achievements, being a KNEC Examination Centre, increasing enrolment. These achievements are indicators of the college resolve and commitment to high standards of service delivery. Gatanga Technical faced a number of challenges some of which was insufficiency of fund for recurrent and development expenditure sharing impacted on the planned functions of the college and leading to negative effect on the financial statement.

On behalf of Gatanga Technical & Vocational College management and staff, I wish to take this opportunity to thank the government, and all the stakeholders for their support during the financial year.

Finally, I would like to express my sincere gratitude to the Board of Governors for providing policy and strategic guidance, the entire staff and trainees who worked consistently to ensure smooth and successful operations of the college.

Thank you.

#### **CORPORATE GOVERNANCE STATEMENT**

##### **VI. CORPORATE GOVERNANCE STATEMENT**

Gatanga Technical and Vocational College corporate objective is to create long-term value in the Technical and Vocational training sub-sector through the impartation of skills, and dissemination of knowledge. This will be done by using innovation, training and as prescribed by the mission statement and through nurturing technical skills and talent, and the provision of customer and market- focused skills programmes.

Corporate Governance Principles

## **GATANGA TECHNICAL AND VOCATIONAL COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

In pursuit of the corporate objective, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary excellence within clear ethical standards, personal and corporate integrity and respect for others. The BOG's governance role, basis and conduct of business are guided by the TVET Act PART V 28(1)(b). of 2013; Mwongozo Code, 2015;

It is our view that governance is not just a matter for the BOG a good governance culture must be cascaded through the College system. The current social-economic, business and political environment in which the College operates underscores the need for continued high standards of corporate governance and accountability.

#### **Composition of the Board of Governors**

The Board consists of nine (9) council members who possess extensive experience in a variety of disciplines all of which are applied in the overall management of the College. The Board has the right balance of skills and experience appropriate for the requirements of the College, all members participated in the decision making and that the Board operated effectively throughout the year under review and continues to do so.

#### **Board meetings**

The Board of Governors meets once in a quarter. These regular meetings are intended to receive reports from the committees of the Board that will have considered the matters in detail. Members receive adequate notice to enable them to prepare for the meeting.

#### **Induction and capacity building for Council members**

The TVET Directorate organized induction for boards of Governors during the year under review. The objective of the induction programme was to enhance the understanding of operations carried out in State Corporations. Gatanga Technical College Board of Governors participated fully in the induction and has been applying knowledge gained in discharging of its functions.

### **REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the financial statements for the year ended June 30, 2019 which show the state of the Gatanga Technical and Vocational College affairs.

#### **Principal activities**

The principal activities of the entity are to nurture technical skills and to be a centre of excellence in producing skilled manpower that can compete favourably in local and international labour market.

#### **Results**

The results of Gatanga Technical and Vocational College for the year ended 30<sup>th</sup> June 2019 are set out on page 1 to 5.

### **BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page iv and v. During the year 2018/2019 there has not been retirement, resignation or appointment of any board member.

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**Auditors**

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

By Order of the Board

Office of The Auditor General  
Nairobi  
Date.....

**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 of Governors to prepare financial statements in respect of Gatanga Technical and Vocational College, which give a true and fair view of the state of affairs of Gatanga TVC at the end of the financial year/period and the operating results of Gatanga TVC for that year/period. The Board of Governors are also required to ensure that the Gatanga Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Board of Governors are also responsible for safeguarding the assets of the Gatanga Technical and Vocational College

The Board of Governors are responsible for the preparation and presentation of Gatanga Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of Gatanga Technical and Vocational College for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the college;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of Gatanga Technical and Vocational College
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for the College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The Board of Governors are of the opinion that the College financial statements give a true and fair view of the state of Gatanga TVC transactions during the financial year ended June 30, 2019, and of the College financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the institute financial statements as well as the adequacy of the systems of internal financial control.

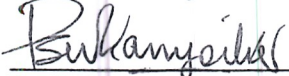
Nothing has come to the attention of the Board of Governors to indicate that Gatanga Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement.

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

**Approval of the financial statements**

The Gatanga Technical and Vocational College financial statements were approved by the Board on 23<sup>rd</sup> /08/2019 and signed on its behalf by:

Mr Peter Wanyoike K



BoG Chairman

Mr Eric G. Mwea



Board Member

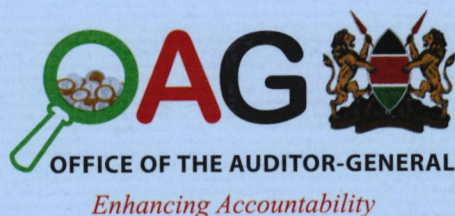
Mr Jeremiah M Mugo



Principal/BoG Secretary

# 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 GATANGA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of Gatanga Technical and Vocational College set out on pages 1 to 17, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly the financial position of Gatanga Technical and Vocational College as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis), and do not comply with the Public Finance Management Act, 2012 and Technical and Vocational Education Training Act, 2013.

#### Basis for Adverse Opinion

##### 1. Unaudited Opening Balances and Comparatives Figures

Section 47 of the Public Audit Act, 2015 provides that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. However, Management did not submit financial statements for the year ended 30 June, 2018 to the Auditor General for audit.

Consequently, the validity, completeness and accuracy of the opening balances of assets, liabilities and reserves totalling Kshs.506,284, Kshs.107,609, and Kshs.398,675, respectively could not be confirmed.

## **2. Unsupported Expenditure on Remuneration of Directors**

The statement of financial performance reflects an expenditure of Kshs.578,000 in respect of remuneration of directors as disclosed in Note 10 to the financial statements. However, included in the expenditure is an amount of Kshs.192,000 paid to board members who attended a four days induction course in Nakuru, for which supporting documents including signed attendance list, bus fare tickets or work tickets were not provided.

As a result, the validity and propriety of the expenditure of Kshs.192,000 could not be confirmed.

## **3. Undisclosed and Unvalued Non-current Assets**

The statement of financial position does not reflect any balance in respect of non-current assets. However, the College's assets register reflected unvalued assets including parcel of land, several buildings, laboratory equipment, machinery, furniture and fittings which were not disclosed in the financial statements.

Consequently, the accuracy of the nil balance for non-current assets reflected in the financial statements could not be confirmed.

## **4. Incomplete Set of Financial Statements**

The financial statements presented for audit did not include the statement of changes in net assets / equity. This is contrary to Paragraph 21(c) of International Public Sector Accounting Standards No.1 – Presentation of Financial Statements which provides that a complete set of financial statements includes a statement of changes in net assets / equity.

In the circumstances, the set of financial statements presented for audit was not complete.

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

### **Key Audit Matters**

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

## **Other Matter**

### **Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.8,730,000 and Kshs.5,737,211 respectively resulting to an under-funding of Kshs.2,992,789 or 34% of the budget. Similarly, the College expended Kshs.4,239,730 against an approved budget of Kshs.8,420,000 resulting to an under-expenditure of Kshs.4,180,270 or 49% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

In addition, the casted total for the budgeted expenditure was Kshs.8,420,000 instead of the Kshs.8,730,000 shown resulting into an unexplained variance of Kshs.310,000.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

#### **Basis for Conclusion**

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

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

#### **Basis for Conclusion**

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 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 International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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, Management is responsible for assessing the ability of the College to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the 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 financial reporting process, reviewing the effectiveness of how the entity 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 ability of the College 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 sustaining 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 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**

**14 January, 2022**

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE**  
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**IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	2,000,000.00	453,000.00
		<b>2,000,000.00</b>	<b>453,000.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	4,524,904.00	319,094.00
<b>Revenue from exchange transactions</b>		<b>4,524,904.00</b>	<b>319,094.00</b>
<b>Total revenue</b>		<b><u>6,524,904.00</u></b>	<b><u>772,094.00</u></b>
<b>Expenses</b>			
Use of goods and services	8	1,316,604.00	2,860.00
Employee costs	9	1,117,273.00	9,700.00
Remuneration of directors	10	578,000.00	0.00
Repairs and maintenance	11	59,710.00	300.00
General expenses	12	1,129,454.50	360,559.00
<b>Total expenses</b>		<b><u>4,201,041.50</u></b>	<b><u>373,419.00</u></b>
<b>Net Surplus for the year</b>		<b><u>2,323,862.50</u></b>	<b><u>398,675.00</u></b>

The notes set out on pages 5 to 22 form an integral part of the Annual Financial Statements.

**GATANGA TECHNICAL AND VOCATIONAL COLLEGE**  
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**V. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2019**

	Notes	2018-2019	2017-2018
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	1,806,644.50	297,125.00
receivables from exchange transaction	14	1,225,936.00	209,159.00
		<b><u>3,032,580.50</u></b>	<b><u>506,284.00</u></b>
<b>Non-current assets</b>			
		0.00	0.00
<b>Total assets</b>		<b><u>3,032,580.50</u></b>	<b><u>506,284.00</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	15	164,694.00	39.00
Refundable deposits from customers	16	37,740.00	000
		<b><u>202,434.00</u></b>	<b><u>39.00</u></b>
<b>Non-current liabilities</b>			
<b>Total liabilities</b>		<b><u>202,434.00</u></b>	<b><u>39.00</u></b>
<b>Net assets</b>		<b><u>2,830,146.50</u></b>	<b><u>506,245.00</u></b>
		0.00	0.00
<b>Represented by:</b>			
Retained earnings		2,830,146.50	506,245.00
<b>Total net assets and liabilities</b>		<b><u>2,830,146.50</u></b>	<b><u>506,245.00</u></b>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Institute Board of Governors by:



Chairman Board of Governors



Finance Officer



Principal

ICPAK No

Date... 30/07/2020

Date... 30/07/2020

date... 30/07/2020

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**VI. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020**

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
<b>At July 1, 2017</b>							
Total comprehensive income	0.00	0.00	0.00	506,284.00	0.00	0.00	506,284.00
<b>At June 30, 2018</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>506,284.00</u>	<u>0.00</u>	<u>0.00</u>	<u>506,284.00</u>
<b>At July 1, 2018</b>	0.00	0.00	0.00	506,284.00	0.00	0.00	506,284.00
Total comprehensive income	0.00	0.00	0.00	2,323,862.50	0.00	0.00	2,323,862.50
<b>At June 30, 2019</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,830,146.50</u>	<u>0.00</u>	<u>0.00</u>	<u>2,830,146.50</u>

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**VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

		<b>2018-2019</b>	<b>2017-2018</b>
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	2,000,000.00	453,000.00
		<b>2,000,000.00</b>	<b>453,000.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	4,518,404.00	426,664.00
<b>Revenue from exchange transactions</b>		4,518,404.00	426,664.00
<b>Total revenue</b>		<b><u>6,518,404.00</u></b>	<b><u>879,664.00</u></b>
<b>Expenses</b>			
Use of goods and services	8	1,316,604.00	
Employee costs	9	1,117,273.00	
Remuneration of directors	10	578,000.00	
Repairs and maintenance	11	59,710.00	
General expenses	12	1,129,454.50	373,419.00
<b>Total expenses</b>		<b><u>4,201,041.50</u></b>	373,419.00
<b>Net Surplus for the year</b>		2,317,362.50	<b><u>506,245.00</u></b>
<b>(less) increase in the receivables</b>		(1,219,436.00)	209,159.00
<b>(add) increase in the payables</b>		164,694.00	39.00
<b>(add) 2017/2018 recovered debt</b>		209,159.00	
<b>(add) refundable to customers</b>		37,740.00	
<b>Net cash flows from operating activities</b>			
<b>Net increase in cash and cash equivalents</b>		1,509,519.50	297,125.00
Cash and cash equivalents at 1 JULY 2018		297,125.00	0.00
<b>Cash and cash equivalents at 30 JUNE 2019</b>	13	<b><u>1,806,644.50</u></b>	<b><u>297,125.00</u></b>

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**VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Note No
	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	2018-2019	Kshs	
Revenue											
Transfers from other Govt entities Govt grants	5,000,000.00		0.00		5,000,000.00		2,000,000.00		3,000,000.00		Note 1
Rendering of services- Fees from students	3,730,000.00		0.00		3,730,000.00		4,518,404.00		-788,404.00		Note 2
Total income	8,730,000.00		0.00		8,730,000.00		6,518,404.00		2,211,596.00		
Expenses											
Compensation of employees	2,217,000.00		0.00		2,217,000.00		1,117,273.00		1,099,727.00		Note 3
Use of Goods and services	1,400,000.00		0.00		1,400,000.00		1,316,604.00		83,396.00		Note 4
Repairs and Maintenance	200,000.00		0.00		200,000.00		59,710.00		140,290.00		Note 5
Remuneration of directors	200,000.00		0.00		510,000.00		578,000.00		-68,000.00		Note 6
General expenses	4,403,000.00		0.00		4,403,000.00		1,129,454.50		3,273,545.50		Note 7
Total expenditure	8,730,000.00		0.00		8,730,000.00		4,201,041.50		4,528,958.50		
Surplus for the period			0.00		0.00		2,317,362.50		-2,317,362.50		

**Budget notes**

Note 1: The College received operation grants of kshs. 2,000,000 instead of the Budgeted kshs.5, 000,000.00

Note 2: The trainees didn't pay there fees as expected and Capitation received was only for 53 trainees and the total number was 148 trainees

Note 3: The College engaged fewer staffs than budgeted to engage due to financial constraints.

Note 4: The over expenditure was incurred as the college was setting up academic departments.

Note 5: There was no much maintenance and repair done in that FY.

Note 6: there were several bog activities which took place during the year under review which weren't in the budget (bog capacity building exercise at Nakuru , PSC staffs recruitment exercise at Nyeri

Note 7: Due to the budgetary constraints, some non-priority activities were either suspended or pushed to 2018/2019 FY

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**1. GENERAL INFORMATION**

Gatanga Technical and Vocational College is established by and derives its authority and accountability from TVET Act. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. Gatanga Technical and Vocational College principal activities are to nurture skills and to be a centre of excellence in producing skilled manpower that can compete favourably in local and international market.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *institutes* accounting policies. There are no areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the Education Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policy was adopted for the 1<sup>st</sup> time in 2018/2019 financial reporting.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. Gatanga TVC is not subject to this standard.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b>                      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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b>                      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> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>

**iii. Early adoption of standards**

The institute did not early – adopt any new or amended standards in year 2019.

**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) 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. There were no development grants received during the financial year 2018/2019.

**ii) Revenue from exchange transactions**

**Rendering of services**

The college recognizes revenue from rendering of services by reference to the trainee's fees collection.

**b) Budget information**

The original budget for FY 2018/2019 was approved by the Board. There were no Subsequent revisions or additional appropriations made to the approved budget in the year under review.

The institute 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.

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**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per the first schedule of the *Income Tax Act cap 470*.

**d) 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 institute 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.

**h) 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

**h) Inventories (Continued)**

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

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

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

**k) 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.

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**l) Employee benefits**

The College does not have defined benefits plans or the post-employment benefit plans other than defined contribution plans.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) Related parties**

The College 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 College or vice versa. Members of key management are regarded as related parties and comprise the Board of Governor, the Principal and top management.

**o) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Kenya Commercial Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include physical cash balances at the end of the financial year under review.

**q) Comparative figures**

Comparative figures for the previous year have been reconfigured to conform to the required changes in presentation.

**r) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

**5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the College financial statements in conformity IPSAS. It was an assumption that the transfers from the National government should not include the tuition capitation grants but only the recurrent grant funds. The capitation grants were accounted under the revenues from exchange transactions on the rendering of services through fees collection.

The use of goods and services expenses was the tuition expense which is directly attributable to the core objective of the institute which is training.

The employees cost is inclusive of the employees defined contributions.

No depreciation was charged on the assets due to the costing of the assets challenge but the institute is planning on asset valuation.

**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

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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 Institute. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**6) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

Description	2018-2019	2017-2018
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant/Recurrent grants	2,000,000	453,000.00
<b>Total government grants and subsidies</b>	<b>2,000,000</b>	<b>453,000.00</b>

**7) RENDERING OF SERVICES**

Description	2018-2019	2017-2018
	KShs	KShs
Tuition fees	683,740.00	76,373.00
EWC	376,497.00	33,178.00
LT&T	343,975.00	27,602.00
RMI	186,671.00	11,434.00
Activity	375,048.00	6,878.00
Admin	51,684.00	15,808.00
Gratuity	1,570.00	2,455.00
Computer Maintenance	3,250.00	5,351.00
Student Welfare	35,150.00	3,211.00
T-Shirt	3,600.00	6,962.00
Caution	120,260.00	0.00
Registration	21,964.00	9,538.00
College ID	5,500.00	9,202.00
School Fund	5,661.00	6,168.00
Development	36,572.00	0.00
Practical	36,750.00	48,313.00
KNEC	412,653.00	0.00
Computer packages	86,590.00	0.00
Personal Emoluments	1,375,081.00	56,620.00
Attachment	362,688.00	0.00
<b>Total revenue from the rendering of services</b>	<b>4,524,904.00</b>	<b>319,094.00</b>

**8) USE OF GOODS AND SERVICES**

Description	2018-2019	2017-2018
	KShs	KShs
Tuition/College Equipments & Stores	1,020,704.00	2,860.00
KNEC	295,900.00	0.00
<b>Total good and services</b>	<b>1,316,604.00</b>	<b>2,860.00</b>

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**9) EMPLOYEE COSTS**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	1,117,273.00	9,700.00
<b>Employee costs</b>	<b><u>1,117,273.00</u></b>	<b><u>9,700.00</u></b>

**10) REMUNERATION OF DIRECTORS**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Chairman's Honoraria	160,000.00	0.00
Directors emoluments	418,000.00	0.00
<b>Total director emoluments</b>	<b><u>578,000.00</u></b>	<b><u>0.00</u></b>

**11) REPAIRS AND MAINTENANCE**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Property	59,710.00	300.00
<b>Total repairs and maintenance</b>	<b><u>59,710.00</u></b>	<b><u>300.00</u></b>

**12) GENERAL EXPENSES**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Admin cost	143,333.50	178,389.00
Local travelling	904,121.00	180,070.00
Water and Electricity	81,000.00	0.00
Computer maintenance	400.00	2,100.00
Industrial attachment	600.00	0.00
<b>Total general expenses</b>	<b><u>1,129,454.50</u></b>	<b><u>360,559.00</u></b>

**13 CASH AND CASH EQUIVALENTS**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Current account	108,642.00	344,924.00
Cash balance	1,698,002.50	(47,799.00)
<b>Total cash and cash equivalents</b>	<b><u>1,806,644.50</u></b>	<b><u>297,125.00</u></b>

**13 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

		<b>2018-2019</b>	<b>2017-2018</b>
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
a) Current account			0.00

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Kenya Commercial bank	1222518384	1,698,002.00	344,924.00
<b>Sub- total</b>		<b>1,698,002.00</b>	<b>344,924.00</b>
<b>b) Others(specify)</b>			
cash in hand		108,642.00	(47,799.00)
<b>Sub- total</b>		108,642.00	(47,799.00)
<b>Grand total</b>		<b>1,806,644.50</b>	<b>297,125.00</b>

**14) RECEIVABLES FROM EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
Tuition fees	17,540.00	209,159.00
EWC	146,752.00	0.00
LT&T	118,065.00	0.00
RMI	75,643.00	0.00
Activity	160,293.00	0.00
Admin	2,160.00	0.00
Gratuity	351.00	0.00
Computer Maintenance	750	0.00
Student Welfare	26,020.00	0.00
T-Shirt	1,200.00	0.00
Caution	120,260.00	0.00
Registration	2,264.00	0.00
College ID	2,000.00	0.00
School Fund	1,312.00	0.00
Development	9,995.00	0.00
Practical	15,597.00	0.00
Personal Emoluments	363,474.00	0.00
Attachment	162,260.00	0.00
<b>Total current receivables</b>	<b><u>1,225,936.00</u></b>	<b><u>209,159.00</u></b>

**15) TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Trade creditors	27,870.00	
Fees paid in advance	136,824.00	39.00
<b>Total trade and other payables</b>	<b><u>164,694.00</u></b>	<b><u>39.00</u></b>

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**16) REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
Caution money	37,740.00	0.00.00
<b>Total deposits</b>	<b>37,740.00</b>	<b>0.00</b>

**17) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

<b>Description</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>KShs</b>	<b>KShs</b>
<b>Unconditional grants</b>		
Operational grant/Recurrent grants	2,000,000.00	453,000.00
<b>Total government grants and subsidies</b>	<b>2,000,000.00</b>	<b>453,000.00</b>

**18) FINANCIAL RISK MANAGEMENT**

The College activities expose it to a variety of financial risks including credit and effects of changes in market prices. The institute'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 institute does not hedge any risks and has in place policies to ensure that fees is paid in full on admission and before exam payment.

The College 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.

Management tries to reduce this risk by encouraging trainees to apply for Higher Education Loans which has greatly helped in reducing the amounts receivables. The trainees are also applying for NG CDF bursary funds.

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2018</b>				
Receivables from exchange transactions	209,159.00	209,159.00	0.00	0.00
<b>Total</b>	<b>209,159.00</b>	<b>209,159.00</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30 June 2019</b>			0.00	0.00
Receivables from exchange transactions	1,219,436.00	1,219,436.00	0.00	0.00
<b>Total</b>	<b>1,219,436.00</b>	<b>1,219,436.00</b>	<b>0.00</b>	<b>0.00</b>

**19) FINANCIAL RISK MANAGEMENT**

**(i) Credit risk**

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The trainees under the fully performing category are paying their debts as they continue learning. 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 College has significant concentration of credit risk on amounts due from previous terms.

**(ii) Market risk**

The Board has put in place an internal audit function to assist it in assessing the risk faced by the institute 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 institute'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 company'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.

**20) RELATED PARTY BALANCES**

**Government of Kenya**

The Government of Kenya is the principal shareholder of the College, holding 100% of the *institute'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 Ministry of Education;
- iii) Top management;
- iv) Board of Governors.

**21) EVENTS AFTER THE REPORTING PERIOD**

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

**22) ULTIMATE AND HOLDING ENTITY**

The Institution is a tertiary College under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**23) Currency**

The financial statements

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**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

**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.

Gatanga Technical and Vocational College

Chairman of the Board



Date..... 30/07/2020 .....



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**APPENDIX IV: RECORDING OF TRANSFERS FROM MINISTRY OF EDUCATION**

Name of the Ministry Transferring the funds	Date received	Recurrent	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Total Transfers during the Year
Ministry of Education	15 <sup>th</sup> Oct 2018	Recurrent	500,000.00	0.00	0.00	0.00	0.00	500,000.00
Ministry of Education	18 <sup>th</sup> Feb 2019	Recurrent	500,000.00	0.00	0.00	0.00	0.00	500,000.00
Ministry of Education	27 <sup>th</sup> June 2019	Recurrent	1,000,000.00					1,000,000.00
<b>Total</b>			2,000,000.00	0.00	0.00	0.00	0.00	2,000,000.00