

REPUBLIC OF KENYA



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PAPERS LAID

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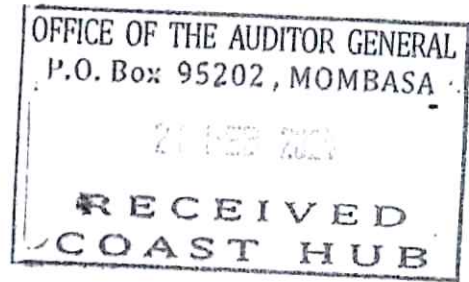
THE AUDITOR-GENERAL

ON

**LUNGA LUNGA TECHNICAL AND
VOCATIONAL COLLEGE**

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





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LUNGA LUNGA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE 18 MONTHS ENDED
30TH JUNE 2022**

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

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the 18 Months ended 30th June 2022

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
LLTVC	LungaLunga Technical and Vocational Collage
TVET	Technical and Vocational Education and Training.
KICD	Kenya Institute of Curriculum Development.
NITA	National Industrial Training Authority.
KASNEB	Kenya Accountants and Secretarial National Examination Board.
CDACC	Curriculum Development, Assessment and Certification Council.
KATTI	Kenya Association of Technical Training Institute.
ATUPA	Association of Technical Universities and Polytechnics in Africa.
KNEC	Kenya National Examination Council.
Fiduciary Management	Key management personnel who have financial responsibility in the entity

2. Key Entity Information and Management

(a) Background information

The institution was incorporated /established under the TVET Act 2013 on January 2019. The entity is domiciled in Kenya the institute is under the Ministry of Education state Department of Vocational and Technical Training.

The institution was mentored by Kenya Coast National Polytechnic for year ended 30th June 2021

It was born out of grand plan by the government of ensuring that at least a technical and vocational college is built in every constituency. The intention therein is to improve on access for youth in acquisition of saleable skills that will help improve all sectors of the Kenya economy through employment and entrepreneurship

(b) Principal Activities

Mandate

To train Technical and Vocational Skills on approved curricular for sustainable Development for the vision 2030 and beyond.

Vision Statement

To be the leading Centre of Excellence in Technical Training and Applied Technology for the dynamic Technological world of work.

Mission Statement

To produce globally highly competent and competitive graduates through competence Based Education and Training, Research and innovation for sustainable development.

Institute Moto

Hard work and Determination Pay.

(c) Key Management

LLTVC daily management is carried out under the following key division:

- The principal
- The Deputy Principal
- The Registrar
- The Dean of Students
- The accountant
- The industrial Liasson Officer

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:

SN.	Designation	Name
	Name	Designation
1	Mr. Malau Kombo	Principal
2	Mr. Domnic Okendo	Deputy Principal
3	Mr. Solomon Muthambiri	Registrar
4	Mr. Francis Mbogo	Dean of Students
5	Mr. Sila Sironga	Accountant
6	Mr. Dennis Kipkor	Industrial Liasson Officer

(e) Fiduciary Oversight Arrangements

Finance Committee of the BOG

The committee shall exercise all powers of the Board of Governors in financial matters except in relation to the items which are reserved to the Board of Governors in the Standing Orders, on which the committee shall advise the Board of Governors.

Terms of Reference

The role of the committee shall be to monitor the financial status of the institution on behalf of the Board of Governors

In addition to advising Board of Governors on those matters referred to above.

The committee's responsibilities shall include

- (a) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters
- (b) To receive reports from the principal and the accountant
- (c) To monitor implementation of the strategy of the Institute estate.
- (d) To receive reports of the extent and condition of the Institute estate including the efficiency of space utilization, the consumption of energy and the adequacy of property insurance arrangements.

Key Entity Information and Management (Continued)

- (e) To consider the adequacy of the Institute estate and proposal for its maintenance and development, including opportunities to proposal of and acquire new properties.
- (f) To determine the fees and charges made for Institute services and facilities.
- (g) So, supervise the financial administration of the Institute and make recommendations to Board of Governors where appropriate.
- (h) To supervise the arrangements for safeguarding the Institute's assets.
- (i) To ensure the proper financial evaluation and control of projects.
- (j) To supervise the arrangements for investing the Institutes' funds, including monitoring the performance of investments.
- (k) To ensure the appropriate exploitation of the Institute's intellectual property.
- (l) To make recommendations to Board of governors on the financing of projects.
- (m) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
- (n) To supervise the Institute's purchasing procedures and practices.
- (o) To submit an annual statement on is activities to Board of Governors.
- (p) To keep under review the activities of the Institute's various department.

Academic committee activities

The academic committee of the Board is entrusted with the following roles and functions:

- a. To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings thereon to the Board.
- b. To propose regulations for consideration by the Board regarding the eligibility of persons for admission to a course of study.
- c. To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in each examination for a Diploma, Certificate or other award.
- d. To approve programmes of study, regulate admission of persons to LLTVC and determine their continuance or discontinuation in such programmes.

- e. To determine the Academic policy of LLTVC and to advise the Board on the provision of facilities to carry out that policy.
- f. To direct and regulate the teaching and instruction within the Institute subject to the powers of the Board.

Key Entity Information and Management (Continued)

Management Committee Activities

1. Ensure that LLTVC'S Board of Governors is able to take strategic decisions relating to LLTVC's activities
2. Provide leadership in communicating LLTVC's mission, values plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders.
3. Be accountable for the development and implementation of LLTVC's strategic, corporate and business plans in line with the mission and values;
4. Take a strategic overview of performance in all areas of LLTVC's activities

Specifically, the Senior Management Team

- Makes recommendations to the Council on the implementation and achievement of the Board of Governors' Strategic framework;
- Agrees LLTVC's corporate plan, minor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of LLTVC, making recommendations as appropriate to the Board of Governors and or its relevant Committee.
- Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register;
- Oversees and monitors LLTVC's joint work with the other stakeholders.
- Considers the impact of external factor and developments, including specific political initiatives and impact of external factors and developments and where appropriated make recommendations to the Board of Governors and/or its relevant Committees.
- Leads all senior managers in motivating and developing LLTVC staff to deliver the highest standards of performance and customer service.

Audit Committee

The activities of the Audit Committee include

i. Governance Initiatives:

Review and prove oversight on the established by the BOG and maintained by the organization.

ii. Risk management

Review and prove oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management and risk reporting practices.

iii. Internal control framework:

Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.

iv. Audit activity

Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk –based and supported by appropriate risk assessments.

v. Follow up on management action plans:

The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.

vi. Financial statements and public accountability reporting:

The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

Government oversight activities

The government of Kenya's oversight role include provision of Grants for operation as well as provision of the regulatory framework.

The audit of the Instructional activities is undertaken by the Office of Auditor general

(f) Entity Headquarters

P.O.Box 173 -80402
Lungalunga Technical and Vocational College
Kwale – Lungalunga –chindi Road
Kwale - Kenya

(g) Entity Contacts

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Lungalunga Technical and Training College
P.O.Box 173 -8042
Kwale, Kenya
Telephone:0702152087
Email:lungalungatvc2019@gmail.com

Key Entity Information and Management (Continued)

(h) Entity Bankers

Bank Name:Kenya Commercial Bank
Branch: Diani
Account Name:Lungalunga Technical and Vocational College
Account number: 1282507672

(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

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3.The Board of Governors


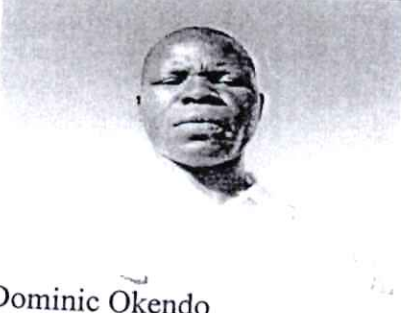


S/NO	BOG: Name of Member	Title	Photo	Responsibility	Date of Birth, Qualification Work Experience
1	Dr. Fikirini Lugogo Mangale	Chairman		Overall management of BOG activities	D.O.B 25/03/1974 PhD: Economics and Management of National Economy[Russia] Examination coordinator Pwani University Lecturer Mt Kenya University
2	Mr.Malau Kombo Nyawa	Principal /Secretary [BOG]		In charge of the overall management of the institution	D.O.B 01/01/1967 Qualification: -Higher Diploma Building and Civil Engineering [Technical University of Mombasa Experience: 31 years of teaching.
3	Mr. Abdallah Mohamed Raisi	Member		Academic Committee	Bachelor of Science in Civil Engineering[Technical University of Mombasa]
4	Ms Sharon Arum Akinyi	Member		Academic Committee	Bachelor of Science in ICT

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5	Mr.Said Hamisi Ranzuga	Member		Chairman in Academic Committee	Bachelor of Science in Mechanical Engineering[Technical University of Mombasa]
6	Mr Thomas Shadrack Duda	Member		Chairman in Finance & Human resource Committee	Bachelor of Science in Hospitality Management
7	Ms. Mercy Sau Mwakio	Member		Chairperson in Audit and Risk Management Committee	Bachelor of Commerce – Accounting.


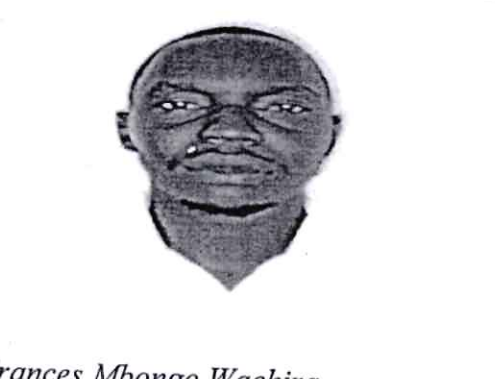
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4. Key Management Team

SN.	Member/Director	Details
1.	 Mr. Malau Kombo Nyawa (Higher Diploma Building and Civil Engineering)	Chief Executive Officer/ Principal Secretary BOG.
2.	 Dominic Okendo (Bachelor in Mechanical Engineering)	Deputy Principal
3.	 Silas Mutai (Diploma in Accounting)	Accountant
4.	 Solomon Mudhambiri (Bachelor in BIT)	Registrar

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Key Management Team (Continued)

5.	 <p><i>Dennis Kipkorr</i> <i>Degree in Mechanical Engineering</i></p>	Industrial Liaison Officer
6.	 <p><i>Frances Mbongo Wachira</i> <i>(Bachelor in Education technology)(power mechanic)</i></p>	Dean Of Students

5. Chairman's Statement

Lungalunga Technical and Vocational College was established as TVET Institution in 2019. The aim was to offer technical courses to standard eight and form four leavers. The institution offers technical courses. These are Mechanical Engineering, Automotive Engineering, Information Communication Technology, Clothing and Dress Making, Beauty Therapy and Hair Dressing.

The institution offers KNEC and NITA Courses

It is managed by Board of Governors and the government provides trainers in various fields of study

It has been noted that the expected growth in students' enrollment at LLLTVC is low, this because there are many challenges like no running water, no hostels, no fence and no gate.

However, we are trying our best to increase the student enrolment to 200 by the end of FY 2021/2022.

The institution has enough land for expansion. It has playing fields like football, Volleyball and netball

This Board is inaugural being the 1st after it was opened

I appreciate the financial support by the government in form of recurrent grants that has seen us achieve some notable development.

The institution has been registered by TVETA, KUCCPS and HELB

The institution is also an examination Centre for KNEC examinations.

Dr. Fikirini Lugogo Mangale

Chairman Board of Governors



6. Report of the Principal

Lungalunga Technical and Vocational College is in Kwale County, Lungalunga Sub County. It is about 30km west of Lungalunga town. Lungalunga town is in south Coast along Mombasa Dar salaam high way. It is situated in dry place with scattered thorn bushes. It was opened in 2019. We tried our best to reach students enrolment of over 100 despite some major challenges like lack running water, hostels, fence and gate. We have also tried our best to objectively align our core functions and objectives so that we become an integral part of the whole nation in the realization of the vision 2030 and beyond

Our institution offers the following technical courses.

In Mechanical department we have the following

- Diploma in mechanical Engineering,
- Craft certificate in mechanical Engineering,
- Craft certificate in welding and fabrication
- Artisan in welding and fabrication

In information and Communication Technology department we have the following

- Diploma in information and Communication Technology
- Craft certificate in information and Communication Technology,
- Computer application

In Hospitality department we have the following

- Artisan in Clothing and Dressmaking
- Artisan in Beauty Therapy and Hair dressing

We have 12 trainers employed by the government and 2 under BOG

vision; To be the leading centre of excellence in Technical Training and applied Technology for the modern dynamic technological world of work.

In recognition of the important role, we have set out our strategic plan aimed at providing competent craftsmen/women and technicians for industry and self-employment. It is our obligation to have an impact in solving social, economic and environment challenges by applying science and technology.

Our mission: To produce globally highly competent and competitive graduates through competent Based education, training research and innovation for sustainable development.

The account department prepares monthly trail balances and bank reconciliation.

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It is our vision that through maximum utilization of college fees, government grants and other funds from county Development fund [CDF] we shall greatly improve the institution infrastructure and human capacity. This will facilitate tremendous expansion for more programs.

It is our vision that Lungalunga Technical and Vocational College is going to become The Lungalunga Technical University in the future.

Mr. Malau Kombo Nyawa

Malau Kombo Nyawa
Principal [Secretary BOG]

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7. Statement of Performance against Predetermined Objectives

Section 81 Subsection 2(f) of the Public Finance Management Act 2012 requires the accounting officer to include financial statement, a statement of the national government entity's performance against predetermined objectives.

Lungalunga Technical and Vocational College has 3 strategic pillars and objectives within its Strategic plan for the FY 2021/2022

Pillar 1: Providing high quality technical education.

Pillar 2: Partnership & Collaboration

Pillar 3: Development infrastructure

The institution achieved its performance targets set for FY2021/2022 for its 3 pillars as indicated in the table below

Strategic pillar		Objectives	Key performance Indicator	Activities	Achievements
Pillar 1	Providing high quality technical education	To produce competent, highly skilled and self-driven human resource to the society	Attracting number of trainees.	Marketing using football tournaments and use of KUCCPS	Increased enrollment
Pillar 2	Partnership & Collaboration	To include the community in the activities of the institution	Collaboration between the institution and the community	Finance sponsorship to needy students	Lungalunga CDF is sponsoring needy students by giving bursaries
Pillar 3	Development infrastructure	To Create enough physical facilities which includes but not limited to workshops, equipment, lecture rooms, laboratories, library and sports ground	Enough land	Creating sport grounds.	Fields were created like football, volleyball and netball

The management of Lungalunga Technical and Vocational College rely most on fees direct from students and recurrent grants from the government to run its operations.

The institution is growing and attracting students through KUCCPS which is projected to increase steadily; However, this may be thwarted by lack of water, hostels, fence, gate and classrooms.

8. Corporate Governance Statement

i. Appointment of BOG Members

The Cabinet Secretary, MOE appoints members of the Board following proposals from the principal of the institute. The board consists of seven members. The TVET county Directors represents the ministry. The Boards of Governors for **Lungalunga Technical and Vocational College** serves for three years. The Board may set up such committees and assign such responsibilities as it may deem fit.

ii. Role and Functions of Board of Governors

The functions of the organs set out under section 28 (1) shall include —

- (a) Overseeing the conduct of education and training in the institutions in accordance with the provisions of this TVET Act and any other written law;
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law;
- (c) Administering and managing the property of the institution;
- (d) Developing and implementing the institutions' strategic plan,
- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- (f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act; 855 2013 Technical and Vocational Education and Training No. 29
- (h) Mobilizing resources for the institutions;
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board;
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya
- (l) Recruiting and appointing trainers from among qualified professionals and practicing trade's persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the TVET Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;

LungaLunga Technical and Vocational Collage
Annual Report and Financial Statements for the 18 Months ended 30th June 2022

- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and (r) discharging all other functions conferred upon it by this Act or any other written law.

iii. Board of Governors Allowances

The institute gives sitting allowances to board members to cater for their transport.

iv Meetings

- a. Full board meetings - are held once every term

9. Management Discussion and Analysis

The College operation is to inspire by the desire to offer the best service to customers in line with the core value of operational excellence in line with our strategic pillars. The institution operates in a highly regulated and competitive environment which requires it to innovate so as to remain relevant.

10. Environmental And Sustainability Reporting Statement

Lungalunga Technical and Vocational College being a public entity embraces the policy of Corporate Social Responsivity (CSR) through engaging herself by putting the customer /citizen first, delivering relevant good and services and improving operational excellence.

Below is a brief highlight of our achievement.

Sustainability strategy and profile

Lungalunga Technical and Vocational College engaged CDF to assist needy students who had challenges of paying college fees. This enables students to continue studying rather than being set home for fees. This has been our positive strategy that increased our cash flow and subsequent increased students' enrollment.

Environmental performance

Lungalunga Technical and Vocational College takes environment sustainability as one of her mandate and responsibility. In this regard we plant trees but drought makes some of the trees not to grow. However, we doing well in planting and watering the trees.

Employee welfare

Lungalunga Technical and Vocational College seeks to improve the welfare of its employees through:

- Increased organizational citizenship behaviours and improved employee relationships
- Enhanced employee identification with the organization
- Improved retention and organizational commitment
- More attractive institution culture to prospective employees
- Better employee engagement and performance
- Increased creativity

1. Lungalunga Technical and Vocational College is an equal employer where all the applicants have equal chances of been employed irrespective of their gender, tribe or religion. The institutes ensure gender ratio any time recruitment is taking place. There is a standardized appraisal and rewarding system which applies to all employees within the institute.

Lungalunga Technical and Vocational College discloses its safety policy and compliance with occupational safety and healthy Acts of 2007, (OSHA)

Market place practices-

Lungalunga Technical and Vocational College maintains corporate social responsibility in the market place practices.

The institute and the suppliers take responsibility to do no harm to the environment, to reduce waste and pollution as well as complying with the government regulations. In order to stay away in the competition, the institute determines its strategies and plan their relevant activities

Corporate Social Responsibility / Community Engagements

Lungalunga Technical and Vocational College maintain important links with the community. The institute combine with the public, business and civil constituencies who engage in voluntary, mutual beneficial, innovative relationships to address common societal aims through combining their resources and competencies.

Lungalunga Technical and Vocational College engage in community developments as follows;

- Students performs voluntary projects during vacations to the community where they share experiences, knowledge and sustainable practices within the community.
 - Students support vulnerable communities in the development and improvement of their housing spaces
1. Implementation of a community engagement programme to empower jobless youth

11. Council/Board of Governors

The Board members have not submitted their report together with the audited financial statements for the year ended June 30, 2021 which shows the state of the *institute's* affairs since it has not been audited yet. The institution was under the mentor Institution that is Kenya Coast National Polytechnic in 30th June 2021

Principal activities

The core mandate of the Institute is providing knowledge and skills to the people of the larger Kwale County and beyond.

The Mandate of **Lungalunga Technical and Vocational College** is to train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable social-economic development.

Results

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

Council/Board of Governors

The members of the Board /Council who served during the year are shown on page VII to VIII

Auditors

The Auditor General is responsible for the statutory audit of the *Tvc* in accordance with Article 229 of the Constitution of Kenyan the Public Audit Act 2015

By Order of the Board

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


12. Statement of Board of Governors/ Council's Responsibilities

The Board of Governors are responsible for the preparation and presentation of the College's financial statements which give a true and fair view of the state of affairs of the college for and as at the end of the financial year ended on 30, June 2022. This responsibility includes; ensuring proper keeping of accounting records, installing of proper control of the institutional assets, and designing implementing and maintaining internal control relevant to the preparation and presentation of financial statements and ensuring that they are free from material misstatements whether due to error or frauds.

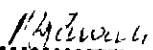
The Board accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies (accrual basis).

Approval of the financial statements

The institution's financial statements were approved by the Board on 20/08/2022 and signed on its behalf by:


.....

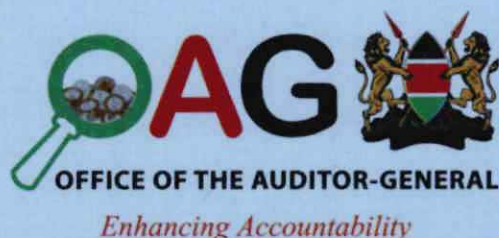
Name *Dr. Fikriye Uyege*
Chairperson of the Board/Council


.....

Name *Akeluu Ibrahim Njiru*
Accounting Officer/Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 LUNGA LUNGA 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 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 Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

The accompanying financial statements of set out on pages 1 to 21, 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, have been audited on my behalf by EJ & Associates LLP, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

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, in all material respects, the financial position of Lunga Lunga 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 do not comply with the and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. General Ledger Control Account and Trial Balance

The statement of financial position reflects total assets and total net assets and liabilities of Kshs.520,725. However, review of the general ledger and the trial balance shows that all items of the statement of financial position were omitted and the general ledger was not updated.

In the circumstances, the accuracy and completeness of the general ledger and trial balance could not be confirmed.

2. Receivables from Exchange Transactions

The statement of financial position and Note 14 to the financial statements reflects receivables from exchange transactions of Kshs.450,378 while the actual listing of receivables from exchange transactions reports shows Kshs.297,120 resulting to unexplained variance of Kshs.153,258.

In the circumstances, the accuracy and completeness of receivables from exchange transactions of Kshs.450,378 could not be confirmed.

3. Unsupported Inventory Balance

The statement of financial position and Note 15 to the financial statements reflects inventories balance of Kshs.60,000. However, the inventory balance was not supported by an inventory listing and stock take report. Management confirmed that annual stock take was not conducted during the year under review hence it was not possible to confirm how the actual quantities and the reported values were determined.

In the circumstances, the accuracy, completeness and valuation of the inventories balance of Kshs.60,000 could not be confirmed.

4. Property, Plant and Equipments

The statement of financial position and Note 16 to the financial statements reflects property, plant and equipment balance of Kshs.8,750. However, the balance excludes Kshs.55,310,750 in respect to buildings and an unknown value of movable property and land.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.8,750 could not be confirmed.

5. Rendering of Services – Fees from Students

The statement of financial performance and Note 7 to the financial statements reflects rendering of services – fees from students of Kshs.944,900. However, the expenditure was not supported by a listing of fees billed during the year. Further, total revenue from exchange transactions of Kshs.1,034,900 was wrongly charged resulting to variance of Kshs.90,000.

In the circumstances, the accuracy and completeness of revenue from rendering services – fees from students of Kshs.944,900 could not be confirmed.

6. Unsupported Expenditure

The statement of financial performance and Note 8 to the financial statements reflects use of goods and services expenditure of Kshs.2,060,195. The expenditure includes Kshs.177,000 which was not supported by payment vouchers, invoices, deliveries, receipts and stores invoice vouchers.

In the circumstances, the accuracy and completeness of use of goods and services expenditure of Kshs.2,060,195 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Lunga Lunga Technical and Vocational College Management in accordance with ISSAI 130 on the 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. Except for the matters described in

the basis of qualified opinion section, I have determined that there were no other key audit matters to report in the year under review.

Other Information

The Board of Governors are responsible for the other information set out on page v to xxv which comprise of Key Entity Information and Management, The Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors, Statement of Board of Governors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Taxation of Board Allowances

The statement of financial performance and Note 10 to the financial statements reflects board/council expenses of Kshs.115,100. However, the board allowances were not subjected to income tax, contrary to Income Tax Act, CAP 470 which requires taxation of allowances exceeding Kshs.2,000 per day.

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

2. Payment of Salaries Below Minimum Wage

The statement of financial performance and Note 9 to the financial statements reflects employee costs of Kshs.516,000. However, review of employees personal files and payroll revealed that the college paid its unskilled workers salaries of Kshs.7,000, which was below the statutory minimum wage of Kshs.8,109 as per Legal Notice No. 125 of the Labour Institutions Act (No. 12) of 2007 amendment order, 2022.

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

3. Expenses of Board of Directors

The statement of financial performance and Note 10 to the financial statements reflects expenditure of Kshs.115,100 in respect of board /council expenses. However, review of personal files revealed that all board of directors upon appointment did not sign acceptance letter, four directors did not submit their academic certificates and all board members did not declare conflict of interest in respect to any of the board meetings held during the year. Further, administration and finance, education, human resource and development and audit and risk committees did not hold any meeting during the year contrary to Paragraph A (2) of circular No. OP/CAB.9/1A of March 11, 2020 which provides that board meetings be restricted to a minimum of four (4) and capped at a maximum of six (6) for each year.

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

4. Irregular Award of Tenders

The statement of financial performance and Note 8 to the financial statements reflects expenditure on use of goods and services of Kshs.2,060.195. However, review of procurement records in respect to purchase of goods and services revealed that the College did not maintain a list of pre-qualified suppliers, no quotations were floated during the year and no minutes or appointment letters of tender evaluation committee members were provided for audit review. This is contrary to Regulation 30(f) of the Public Procurement and Asset Disposal Regulations, 2020 which provides that in discharging the mandate provided for under the Act, members of the evaluation committee to prepare a report on the analysis of the tenders availed and final ratings assigned to each tender and make recommendations and submit the report to the head of the procurement function.

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

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and the Board of Governors

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

In preparing the financial statements, the Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 February, 2025

**Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the 18 Moths ended 30th June 2022**

14. Statement of Financial Performance For The 18 Months Ended 30 June 2022

	Notes	2021/2022	2020/2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from National Government	6	2,365,000	
Revenue from Exchange transactions			
Rendering of services- fees from students	7	944,900	
Miscellaneous income			
Revenue from Exchange transactions		1,034,900	
Total Revenue		3,309,900	
Expenses			
Use of goods and services	8	2,060,195	
Employee costs	9	516,000	
Board /Council Expenses	10	115,100	
Depreciation and amortization expense	11	1,250	
Repairs and maintenance	12	96,630	
Total Expenses		2,789,175	
Net surplus for the year		520,725	

(The notes set out on pages 6 to 20 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 3 were signed by:



Chairman of Council/Board
Dr. Fikironi Lusoga

Date 28/02/2024



Finance Officer Sila Maki
ICPAK No

Date 28/02/2024



Principal: Maleni Kambo Nyau

Date 28/02/2024

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

Description	Notes	2021/2022	2020/2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	1,597	
Receivables from exchange transactions	14	450,378	
Inventories	15	60,000	
Total Current Assets		511,975	
Non-Current Assets			
Property, plant, and equipment	16	8,750	
Total Non-Current Assets		8,750	
Total Assets		520,725	
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions			
Total Current Liabilities			
Total Liabilities			
Net Assets		520,725	
Accumulated Surplus		520,725	
Capital Fund			
Total Net Assets and Liabilities		520,725	

The Financial Statements set out on pages 1 to 3 were signed by:

Dr. F. Karim. Lusyo

Chairman of Council/Board



Date 26/02/2024

Sila Matai

Finance Officer

ICPAK No

Date 26-02-2024

M. J. J. J.

Principal: Malau Kombo Nyawa

Date 28/02/2024

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Annual Report and Financial Statements for the 18 Moths ended 30th June 2022

16. **Statement of Changes in Net Asset for the 18 Months Ended 30 June 2022**

Description	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2021			
Surplus/(deficit) for the year	520,725	-	520,725
At June 30, 2022	520,725	-	520,725

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17. Statement of Cash Flows for the 18 Months Ended 30 June 2022

Description	Note	2021/2022	2020/2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	2,365,000	
Rendering of services- fees from students		497,622	
Total Receipts		2,862,622	
Payments			
Employee costs		516,000	
Use of Good and Services		2,123,295	
Board Expenses		115,100	
Repairs and maintenance		96,630	
Total Payments		2,851,025	
Net Cash Flows from operating activities		11,597	
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-10,000	
Net cash flows used in investing activities		-10,000	
Cash flows from financing activities			
Net cash flows used in financing activities			
Net Increase/(Decrease)in Cash and Cash equivalents		1,597	
Cash and Cash equivalent as at 1 JULY			
Cash and Cash equivalent as at 30 JUNE		1,597	

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 Annual Report and Financial Statements for the 18 Months ended 30th June 2022
 18. Statement of Comparison of Budget & Actual amounts for 18 Months Ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Tuition Fees from Household.	528,000	-	528,000	1,034,900	(506,900)	(96)
Government Capitation for Students	600,000	-	600,000	90,000	510,000	85
Miscellaneous Income	14,000	-	14,000	-	14,000	
National Government entities	2,000,000	(-)	2,000,000	2,185,000	(185,000)	(9)
Total Revenue	3,142,000		3,142,000	3,309,900	(167,900)	(5)
Recurrent Expenditure						
Use of goods & Services	2,014,000		2,014,000	2,060,195	(46,195)	(2)
Personal Emoluments	958,000		958,000	516,000	442,000	46
Board/Council Expenses	70,000		70,000	115,100	(45,100)	(64)
Provision for depreciation	-		-	1,250		
Repair, Maintenance and Improvement	100,000		100,000	96,630	3,370	3
Total Expenditure	3,142,000		3,142,000	2,789,175	352,825	11
Surplus For the Period				520,725		

Notes.

- In the financial year the registration of students was more over expected that why we realise an up-word figure
- The ministry did not disburse the student's capitation as expected which results the down-word achievement.
- The negative movement was due to insufficient funds to employ more staff.
- The Bog number of meeting was challenged by insufficient funds in the institution to facilitate the board.

Lungalunga Technical and Vocational Collage
Annual Report and Financial Statements for the 18 Months ended 30th June 2022

19. Notes to the Financial Statements

1. General Information

LLTVC is established by and derives its authority and accountability from the TVET Act 2013. LLTVC is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is (ii).

2. Statement of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

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

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Standard	Effective date and impact:
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the</p>

Lungalunga Technical and Vocational Collage
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Standard	Effective date and impact:
	financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

LLTVC 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 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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on *30/01/2022*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of the FY 2021/2022 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page *xx* under section *xxx* of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule *income tax* of the *financial* Act cap 470.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The Institution use straight line method of depreciation for assets. The rates used to depreciate the asset are:

➤ Building	2.5%
➤ Equipment & Furniture	12.5%
➤ Computer Software	12.5%

e) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) 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.

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Annual Report and Financial Statements for the 18 Months ended 30th June 2022

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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 *Institution*.

g) Changes in accounting policies and estimates

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

h) Employee benefits

Retirement benefit plans

The *institution* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an institution pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

i) Cash and cash equivalents

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

j) Comparative figures

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

k) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the 18 months ended June 30, 2022.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the institution. 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 institution.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2021/2022	2020/2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	180,000.00	
Operational Grant	2,185,000.00	
Total unconditional Grants	2,365,000.00	
Total Government Grants and Subsidies	2,365,000.00	

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year 2021-2022	Comparative FY 2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Education (TVET)	2,365,000.00	-	-	2,365,000.00	
Total	2,365,000.00	-	-	2,365,000.00	

7. Rendering of Services

Description	2021/2022	2020/2021
	Kshs	Kshs
Tuition Fees	944,900.00	
Total Revenue from The Rendering of Services	944,900.00	

8. Use of Goods and Services

Description	2021/2022	2020/2021
	Kshs	Kshs
Teaching and learning materials	176,910.00	
Administrative Expenses	199,515.00	
Electricity & Water	175,300.00	
Printing & Stationaries	64,470.00	
Marketing & Advertisement	18,000.00	
Local Transport & Travel	1,303,150.00	
Telephone & Internet	10,000.00	
Activity Cost	100,850.00	

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Examination Cost	12,000.00	
Total good and services	2,060,195	

Notes to the Financial Statements (Continued)

9. Employee Costs

Description	2021/2022	2020/2021
	Kshs	Kshs
Salaries and wages	485,000.00	
Wages	31,000	
Employee Costs	516,000.00	

10. Board/Council Expenses

Description	2021/2022	2020/2021
	Kshs	Kshs
Board Expenses	115,100.00	
Total	115,100.00	

11. Depreciation and Amortization expense

Description	2021/2022	2020/2021
	Kshs	Kshs
Equipment	1,250.00	
Total depreciation and amortization	1,250.00	

12. Repairs and Maintenance

Description	2021/2022	2020/2021
	Kshs	Kshs
Property	96,630.00	
Total Repairs and Maintenance	96,630.00	

13. Cash and Cash Equivalents

Description	2021/2022	2020/2021
	Kshs	Kshs
Current Account	1,597.00	
Total Cash and Cash Equivalents	1,597.00	

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

Financial Institution	Account number	2021/2022	2020/2021
		Kshs	Kshs
a) Current Account 1			
Kenya Commercial Bank	1282507672	1,597.00	

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Cash in Hand	1282507672	-	
Sub- Total		1,597.00	
Grand Total		1,597.00	

Notes to the Financial Statements (Continued)

14. Receivables from Exchange transactions

14(a) Current Receivables from Exchange transactions

Description	2021/2022	2020/2021
	Kshs	Kshs
Current Receivables		
Student Debtors	450,378.00	
Total Current Receivables	450,378.00	

14 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2021/2022		2020/2021	
	Current FY	% of total	Comparative FY	% of total
Less than 1 year	450,378.00	100%		
Total (a+b)	450,378.00	100%		

14 (d) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	2021/2022	2020/2021
	Kshs	Kshs
At the beginning of the year	-	
Provisions during the year	450,378.00	
Recovered during the year	-	
Write offs during the year	(-)	
At the end of the year	450,378.00	

15. Inventories

Description	2021/2022	2020/2021
	Kshs	Kshs
Consumable stores	60,000.00	
Total Inventories at lower of Cost and Net Realizable Value	60,000.00	

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Notes to the Financial Statements (Continued)

16. Property, Plant and Equipment

Cost	Buildings	Furniture and fittings	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021					
Additions			10,000.00		10,000.00
At 30 th June 2022			10,000.00		10,000.00
Depreciation And Impairment					
At 1 Jun 2021					
Depreciation			1,250		1,250
At 30 Jun 2022			1,250		1,250
Net Book Values					
At 30 th Jun 2021			-		-
At 30 th Jun 2022			8,750.00		8,750.00

Note.

- The Collage has several assets which were supplied by the Government without cost which we are looking forward to tender valuers to value the assets once funds are available.
- The collage also was mentored by Kenya Coast National Polytechnic where they handed over without the construction certificate that show the cost of the building, we have tried to follow up but so far not yet received.

16 (a) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Office Equipment, Furniture, And Fittings	10,000	1250	8,750.00
Total	10,000	1,250	8,750.00

17. Trade and Other Payables

Description	2021/2022	2020/2021
	Kshs	Kshs
Trade payables		
Total Trade and Other Payables		

Notes to the Financial Statements (Continued)

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18. Cash generated from operations.

Surplus for the year before tax	2021-2022FY	2020/2021 FY
	Kshs	Kshs
Adjusted for:		
Depreciation	520,725	
	1,250	
Working Capital Adjustments		
Increase in Inventory	-60,000	
Increase in Receivables	-450,378	
Net Cash Flow from Operating Activities	11,597	

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Notes to the Financial Statements (Continued)

19. Financial Risk Management

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

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

(i) Credit risk

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

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	450,378			
Current Account	1,597			
Total	451,975			

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Notes to the Financial Statements (Continued)

Financial risk management (continued)

iv) Capital Risk Management

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

Description	2021/2022	2020/2021
	Kshs	Kshs
Accumulated Surplus	520,725	
Total Funds		
Total Borrowings	-	
Less: Cash and Bank Balances	1,597	
Net Debt/(Excess Cash and Cash Equivalents)	-1,597	
Gearing	-0.354%	

20. Related Party Balances

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the *institution*, holding 100% of the *institution'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 directors;
- v) Accounting Officer/Principal
- vi) Finance department

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

23. Currency

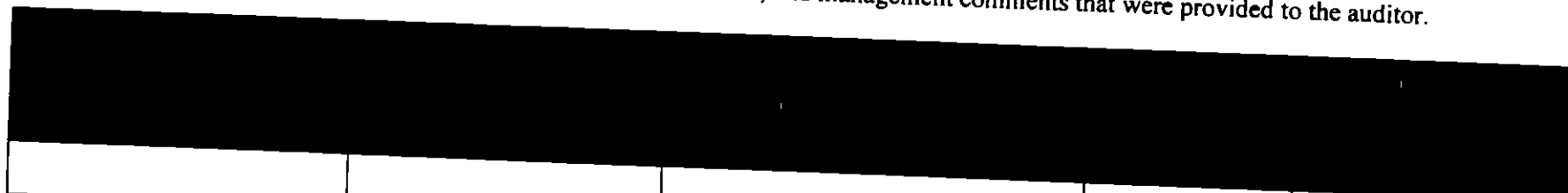
The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.



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..... *H. J. J. J.*

Name *Atulwa Gombo Nyama*
Accounting Officer
(Enter title of Head of entity)

Date *28/02/2024*

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Appendix II: Projects Implemented by Lungalunga Tvc.

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							

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Appendix III- Inter-Entity Confirmation Letter




The LLTVC wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by LungalungaTvc. T.I as at 30th June 2023

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022				Amount Received by Lungalungatvc (Kshs) as at 30 th June 2022 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
DPC KCNP	05/03/2021	46,000			46,000		46,000
DPC KCNP	04/05/2021	11,200			11,200		11,200
DPC KCNP	19/05/2021	340,000			340,000		340,000
DPC KCNP	28/05/2021	148,000			148,000		148,000
DPC KCNP	25/06/2021	87,000			87,000		87,000
DPC KCNP	05/07/2021	56,500			56,500		56,500
DPC KCNP	07/09/2021	79,900			79,900		79,900
DPC KCNP	20/09/2021	392,000			392,000		392,000
DPC KCNP	03/11/2021	24,400			24,400		24,400
DPC TIVET	23/11/2021	500,000			500,000		500,000
DPC TIVET	23/11/2021	500,000			500,000		500,000
DPC TIVET	23/11/2021	45,000			45,000		45,000
DPC TIVET	02/03/2022	45,000			45,000		45,000
DPC TIVET	03/06/2022	90,000			90,000		90,000
Total		2,365,000			2,365,000		2,365,000

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

Head of Accountants department of beneficiary Institution:

Name Sila Makai Sign  Date 28-02-2024

