

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**LIKONI TECHNICAL AND
VOCATIONAL COLLEGE**

FOR THE YEAR ENDED

30 JUNE, 2023

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 06 MAR 2025

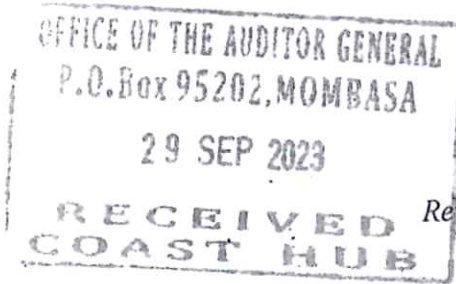
DAY
Thursday

TABLED
BY:

Hon Naoms Wago
Republ Majority Party Whip

CLERK-A3
THE-TABLE:

A. Imbuko



[Handwritten signature]
27/11/23

Revised Template: 30th June 2023



LIKONI TECHNICAL & VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2023

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

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

(Leave page Blank)

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Table of Contents

1.	Acronyms & Glossary of Terms	vi
2.	Key Entity Information and Management	vii
3.	The Council/Board of Governors	ix
4.	Key Management Team	xii
5.	Chairman's Statement	xiv
6.	Report of the Principal	xv
7.	Statement of Performance against Predetermined Objectives	xvi
8.	Corporate Governance Statement.....	xvii
1.	Corporate Governance Statement.....	xvii
2.	Succession Plan	xvii
3.	Management Discussion and Analysis	xx
4.	Environmental and Sustainability Reporting Statement.....	xxii
5.	Report of the Council/Board of Governors	xxiv
6.	Statement of Board of Governors/ Council's Responsibilities.....	xxv
	Accounting Officer/Principal	xxv
7.	Report of the Independent Auditor on Likoni TVC	xxvi
8.	Statement of Financial Performance for the Year Ended 30 June 2023	27
9.	Statement of Financial Position As At 30th June 2023	28
10.	Statement of Changes in Net Asset for the Year Ended 30 June 2023	29
	5,508,586.00	29
11.	Statement of Cash Flows for the Year Ended 30 June 2023	30
12.	Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023	31
13.	Notes to the Financial Statements.....	32

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

18.	(a)Property, Plant and Equipment.....	43
19.	Trade and Other Payables	45
20.	Government Grant (IAS 20).....	46
21.	Cash generated from operations.....	46
22.	Financial Risk Management	47
23.	Events After The Reporting Period	48
24.	Ultimate And Holding Entity.....	48
25.	Currency	48
20.	Appendices.....	49

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
LTVC	Likoni Technical and Vocational College
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

2. Key Entity Information and Management

(a) Background information

The Likoni Technical and Vocational College was incorporated/ established under the TVET ACT on 20th April, 2022. The entity is domiciled in Kenya. The institute is under the Ministry of Education, State Department for Vocational and Technical Training. The institution has five academic departments namely Electrical and Electronics, Mechanical (Refrigeration and Air Conditioning) Hospitality, ICT and Computing, Business studies. It is located in Mombasa County, Likoni Sub County, Bububu Settlement Scheme, off Corner Mtongwe Road.

(b) Principal Activities

The principal activity is to produce competent and quality trainees by implementing approved technical and vocational training curriculum to satisfy local and international market through training and to be a global centre of excellence in research, vocational and training.

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:




SN.	Designation	Name
1.	Principal	Mrs. Samira Abdallah Soud
2.	Deputy Principal	Mr. Antony Wanjala
3	Registrar	Mr. Titus Ceaser Mtawa
4	Dean of Students	Mrs. Nelly Opili
5	Accountant	Ambrose Okiya
6	Procurement Officer	Msikiti Nassoro

Key Entity Information and Management (Continued)

- (e) **Fiduciary Oversight Arrangements**
- *Risk & Audit Committee*
- *Education & Development Committee*
- *Administration, Human Resource & Finance Committee*
- (f) **Entity Headquarters**
P.O. Box 96343-80110
Likoni TVC Building
Likoni-Mombasa Road
Bububu Settlement Scheme,
Mombasa-Kenya
- (g) **Entity Contacts**
Telephone: (254) 0723829965/10390504
E-mail: likonitvc@gmail.com
Website: likonitvc.go.ke
- (h) **Entity Bankers**
Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
- (i) **Kenya Commercial Bank**
Haile Selassie Avenue
P.O. Box 90254, Mombasa
City/Town: Mombasa
Email Address: treasurysqr@kcb.co.ke
- (j) **Independent Auditors**
Auditor-General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya
- (k) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya





Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

3. The Council/Board of Governors

S N	Member/Director	Details
1.	 MRS. SAMIRA HAMZA	Position: Chairperson DOB: 21/9/1985 Qualification: Bachelors of Arts Educ) Majoring in History & Kiswahili 2017-date: Community Liaison Supervisor with base Titanium 2013-2017: Community Liaison Officer with Base Titanium
2.	 MR. NYUNDO KATEMBOH	Position: Chair Administration & Finance Committee DOB: 10/5/1967 Qualification: Bachelor of Commerce (Accounting Option) 2016-Date: Businessman 2008-2015: Managing Director, Kwale Water & Sewerage Co. 2006- 2008 Chief Internal Auditor Coast Water Board.
3.	 MR. ABDULSWAMAD ABDUL ALI	Position: Administration & Finance Committee Member DOB: 9/6/1971 Qualifications: Bachelor of Technology – Civil Construction & Management. 2016 -Date: Head Mombasa Old Town Conservation Office 2014-2015: Site Manager Jomo Kenyatta Public Beach Mombasa/Senior engineering Technologist at Mombasa Old Town Conservation Office 2002 - 2013: Senior Supervisor Restoration of historical Building – Old Town Mombasa 2004 -2005 Senior Supervisor Road & Landscaping Project Mombasa Old Town 2000-2002 Project Supervisor of Restoration of 22 houses in Lamu and Mombasa 1998 - 2000 Deployed as a Clerk of Works in the revival and development of Swahili Culture Project.




Likoni Technical & Vocational College

Annual Report and Financial Statements for the year ended 30th June 2023


5.	 <p>MR. BERNARD BIDII</p>	<p>Position: Administration & Finance Committee Member DOB: 25/12/1972 Qualifications: Bachelor of Industrial Technology (Plant & Building), PGD Project Management & Planning, Diploma in Building 2009 – to Date: CEO Benjamin Contractors Building & Civil Engineering 2008 – 2009: Elris Communications Services as Civil Engineering Supervisor 1999 – 2007 : Worked with Mombasa Municipal Council as Draughtsman.</p>
6.	 <p>DR. MICHAEL JUMA SAULO</p>	<p>Position: Education, Training & Development Committee Member DOB: 1979 Qualification: PhD in Electrical Power System Engineering Master of Business Administration Bachelor of commerce degree (finance option) Diploma in Business Management Experience Registrar in charge of Partnership, Research and Innovation at Technical University of Mombasa</p>
7.	 <p>MRS. SAMIRA ABDALLAH SOUD</p>	<p>Position: Board Secretary DOB: 9/03/1968 Qualification: Bsc. Communication & Public Relations - Diploma in Education (Humanities) 2021-date: Principal Likoni TVC 2017-2020: Deputy Principal A.S. Mwidani TVC 3/17-7/17: Registrar 2007: Principal Lecturer II 2000-2007: Senior lecturer 1991-2000: Trained Technical Teacher.</p>
8.	 <p>PETER MWANGI</p>	<p>Position: Regional County Director Representing The PS Mr. Peter Mwangi was born in 1966. He is currently the county director TVET Mombasa County and by virtues of his office he is a Board member. He is a Holder of Masters in Education with an experience of over 30 years.</p>

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

4. Key Management Team

SN.	Member/ Director	Details
1.	 SAMIRA ABDALLAH	Position: Principal DOB: 9/03/1968 Qualification: Bsc. Communication & Public Relations Diploma in Education (Humanities) 2021-date: Principal Likoni TVC 2017-2020: Deputy Principal A.S. Mwidani TVC 3/17-7/17: Registrar 2007: Principal Lecturer II 2000-2007: Senior lecturer 1991-2000: Trained Technical Teacher.
2.	 ANTONY WANJALA	Position: Deputy Principal DOB: 06/04/1976 Qualifications Masters Business Administration 2023 – Deputy Principal Likoni TVC 2005 – 2023: HOD Performance Contracting HOD Tourism Sport Officer
3.	 TITUS CEASER MTAWA	Position: Registrar DOB: 27/11/1991 Qualifications: Bachelors Business Information Communication and Technology. Diploma Information Communication and Technology Diploma Information Systems 2021- to Date Trainer Likoni TVC

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

4.	 NELLY OPILI	Position: Dean of Students DOB: 17/09/1984 Qualifications: Bachelor of Science in Hospitality and Tourism
----	--	--

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

5. Chairman's Statement

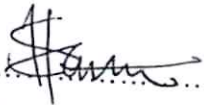
On behalf of the Board, I highly appreciate the efforts put by the National Government in collaboration with the Likoni Constituency Development Fund to establish and equip Likoni Technical and Vocational College with world class training facilities. The establishment of this college will contribute greatly in entrenching the culture of technology and innovation in our society as envisaged in Vision 2030.

Likoni Technical and Vocational College provides an opportunity for people to acquire skills and knowledge that would empower them to participate effectively in economic activities. By being a member of the larger Technical, Vocational Education and Training fraternity, the college will contribute greatly in plugging the shortage of artisan, craftsmen and technicians which is very crucial in realising the Big Four Agenda.

Currently the institution is not fenced, which is at a greater risk, this is a project that needs to be undertaken quickly to secure the college's property. We seriously need to look for a donor who will put up a perimeter fence.

Once again, I would sincerely like to appreciate the efforts being made by the government to promote and support Technical, Vocational Education and Training in this country.

Thank you.

Signature: 

SAMIRA HAMZA
CHAIRMAN- LIKONI TVC

Date: 28/9/2023

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

6. Report of the Principal

On behalf of the Board, I am glad to see the on-going reforms being carried out by the National Government at Technical, Vocational Education & Training (TVET) aimed at promoting Competency Based Education and Training to improve on the competitiveness of TVET graduates globally. The decision to have each Constituency in the country having a quality Technical and Vocational College has tremendously increased access to quality Technical, Vocational Education and Training.

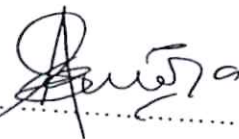
The move by the government to invest heavily in TVET institutions goes a long way in realising Vision 2030 by entrenching the culture of technology, innovation and entrepreneurship in our society. The renewed focus on TVET is a good strategy of dealing with unemployment in the country.

Likoni Technical and Vocational College will strive to offer responsive skills programs that meet the market needs. This will enable the college contribute positively to the Big Four Agenda, especially in areas of industrialization and housing. In this financial year 2022/2023, the college has come up with a budget mainly focusing on improving the quality of education by adding more training facilities and in staff capacity building

The total budget estimates for the approved budget for FY 2022/2023 amounts to Kshs.11, 027,200.00. The expected sources of income are from both internal and external sources. The internal generated income is from expected fees from the projected 160 students amounting to Kshs.9,027,200 at Kshs.56, 420.00 per student per year payable by parents or sponsors. The remainder Kshs2, 000,000.00 are grants for operations from the Government of Kenya.

I would like to appreciate the government's focus on Technical and Vocational Education and Training the mentoring institution Kenya Coast National Polytechnic for their support. I believe this is the sure way to industrialization for this country.
Thank you.

Signature:



Date:

28/9/2023

SAMIRA ABDALLAH
PRINCIPAL/BOG SECRETARY.

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

7. Statement of Performance against Predetermined Objectives

Likoni TVC has Five (5) strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Mounting of new courses
- Pillar 2: Improve Examination pass rate
- Pillar 3: Industrial Linkages established
- Pillar 4: Mounting of blue economy courses
- Pillar 5: Science technology and innovation

Likoni TVC develops its annual work plans based on the above five (5) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Likoni TVC achieved its performance targets set for the FY 2022/2023 period for its annual strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	Mounting of new courses	To introduce new courses	Three new Course were started	Accreditation & Marketing	Two Courses were started
Pillar 2	improve Examination pass rate	To improve Examination Pass rate from 50% to 80%	Achieved 80% Pass rate	Teaching theories and Practical's	Achieved 64% Pass rate
Pillar 3	Industrial Linkages established	To create relationship for attaching our trainees	Establish Five industrial Linkages	Signing of agreements	Established Eight Industrial Linkages
Pillar 4	Mounting of blue economy courses	To Mount one Blue Economy Course	Blue Economy Course Mounted	Accreditation & Procuring Equipment	Zero Blue Economy Course Established
Pillar 5	Science technology and innovation	To Promote innovation by participating in TVET Fairs	Participate in both Regional and National Fairs	Research Innovations Judging	Participated in both Regional and National Fairs

8. Corporate Governance Statement

1. Corporate Governance Statement

According to the TVET Act 2013 Technical and Vocational Colleges are governed by a Board. The board members shall comprise of Nine [9] Members - Chairman, Secretary and six [6] members. The Principal shall be the Secretary to the Board and not more than two-thirds of the members of the Board shall be of the same gender. These members will then appoint among themselves members of the respective functional committees as need arise.

The tenure for Likoni TVC BOG started on 14/10/2021 and it will expire on 14/10/2024.

During their tenure the BOG commit themselves to the service of Likoni TVC and to uphold the tenets of good corporate governance by being innovative, transparent, accountable, and responsive as well as fairness in all their dealings.

2. Number of Board Meetings/Attendance to those meetings by Members

Regular meetings of the Board shall be held each quarter. Any meeting that is not a regular meeting of the Board shall be a special meeting. At any time necessary, the Secretary in consultation with Chairperson shall be allowed to call for a Special Board Meeting to address pressing issues that the Institution may find necessary. To hold a Special Board Meeting, a notice of at least Fourteen [14] days and the meeting agenda must be provided specifying the meeting place, the day and hour of meeting. An irregularity in convening or holding a Board Meeting may be remedied by subsequent ratification or by the unanimous acquiescence.

2. Succession Plan

The appointing authority should ensure that the tenures of Board members are staggered to ensure a phased transition.

4. Existence of a Board Charter

Likoni TVC has a Board Charter in place

5. Process of Appointment of Council/Board Members

The members of the Board shall be appointed by the Cabinet Secretary Ministry of Education after wide consultation from strategic partners and individuals who share the same value, commitments and have an interest to work with Likoni TVC. The recruitment to Board membership shall be through selection, recommendations by management, local leaders and other board members, interviews and consensus among the board members.

The membership of the Board of Governors shall comprise—

- (a) A chairperson;
- (b) A representative of the Principal Secretary in the Ministry responsible for technical and vocational training;
- (c) A representative of the county Governor of the county within which the institution is located; and
- (d) A six other persons appointed on the basis of their knowledge and experience in—
 - i) Leadership and management;
 - ii) Financial management;
 - iii) Technology;
 - iv) Industry;
 - v) Engineering;
 - vi) Information communication technology or Law.

The tenure for Likoni TVC BOG started on 14/10/2021 and it will expire on 14/10/2024.

During their tenure the BOG commit themselves to the service of Likoni TVC and to uphold the tenets of good corporate governance by being innovative, transparent, accountable, and responsive as well as fairness in all their dealings.

6. Roles and Functions of the Board

Generally, the Board of Members will have the following roles:

- a) Oversee the conduct of education and training at LTVC in accordance with the provisions of the TVET Act and any other written law;
- b) Promoting and maintaining standards, quality and relevance in education and training in LTVC.
- c) Administer and manage the property of the institution
- d) Develop and implement LTVC strategic plan
- e) Prepare annual estimates of revenue and expenditure for the institution and incurring expenditure on its behalf
- 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 of this Act;
- 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 subject to prior approval by the Cabinet Secretary ;
- l) Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry,
- m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- n) Making regulations governing Institution, conduct and discipline of the staff and students;

7. Induction and Training

- 1. The Board has:
 - (a) Developed an induction programme for new Board members.
- 2. The training ensures/ prepares them on the following:
 - (a) Ensure they are up-to-date with continuous professional development in their respective professional bodies.
 - (b) Receive regular briefings on matters relevant to the business of the organization, changes in laws and regulations including government accounting policies and practices.

LTVC Board members were all inducted.

8. Board and Member Performance

1. PERFORMANCE EVALUATION OF THE BOARD

The Board has set its performance targets based on the College plan

By adopting the Corporate Governance Guideline the following methods may be used in Board evaluation

- a) Self-assessment carried out once a year; and
- b) End of Board Term Report

9. Conflict of Interest

LTVC Board is in compliance with TVET Act of 2013 second schedule article 15, Board members shall:

1. If a member is directly or indirectly interested in any contract, proposed contract or other matter before a Board of Governors and is present at a meeting of the Board of Governors at which the contract, proposed contract or other matter is the subject of consideration, he shall, at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter.
2. A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made.
3. A member of the Board of Governors who contravenes subparagraph (1) commits an offence and shall be liable as stipulated in the Act.

10. Board Remunerations

The remuneration of the Members shall be within the benchmarks set by the TVET Act more specific in reference to ability to pay and shall be by way of sitting allowance only. The Members may also be paid all travelling expenses from their ordinary place of residence to the place where the meetings of the Members or any committee of the Members or general meeting of the Institution in connection with the business of the Institution. Likoni TVC Board agreed to be remunerated as follows:-

Chairman to receive Kshs. 15, 000

All other Board members will receive Kshs. 12,600

The above allowance is inclusive of transport and taxes.

11. Ethics and Conduct as well as governance audit

1. The Board has ensured that:
 - (a) A code of conduct and ethics is developed.
 - (b) All members of the organization subscribe to the code of conduct and ethics.
 - (c) Review the code of conduct and ethics as necessary.
 - (d) Promotion of ethical conduct and sanction misconduct.
 - (e) A corporate gifts policy is in place.

3. Management Discussion and Analysis

The College operation is inspired 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.

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

i) A Report on Operational and Financial performance of the institution

Descriptions	2022-2023	2021-2022
Billing	6,065,854.00	6,225,231.00
Billing-Production Unit	790,000.00	-
Total Income	6,855,854.00	6,225,231.00
Realized(Paid)	4,695,359.00	583,231.00
Accounts Receivables	7,822,495.00	5,642,000.00
Expenses	7,363,486.00	3,409,013.00
Surplus/Deficit	1,692,368.00	3,816,217

- Total Billing for 2021-2022 was ksh 6,225,231 out of which ksh 583,231 was paid as fee hence Accounts Receivables of ksh 5,642,000. Total Expenses were ksh 3,409,013 thus Net surplus for the year Ksh 3,816,217.
- Total Billing for 2022-2023 was ksh 6,065,854 out of which ksh 4,695,359.00 was paid as fee hence Accounts Receivables of ksh 7,822,49. Total Expenses were ksh 7,363,486.00 thus Net surplus for the year Ksh 1,692,368.00

ii) Key Projects and Investments implemented or on going

Currently Likoni TVC is not implementing any key project but envision to undertake the following projects; Classrooms and workshops, Hostels, Training Restaurant and Fencing of our boundary

iii) Compliance with Statutory requirement

Likoni TVC is fully compliant to all statutory requirements

iv) Major Risks facing the institution

Likoni TVC faces the following risks

- Security risk due to lack of Fencing
- Lack of Title Deed/ownership Document

v) Material arrears in statutory and other Financial obligations

None for now

4. Environmental and Sustainability Reporting Statement

Likoni TVC engaged in social responsibility to facilitate its mission achievement.

Sustainability strategy and profile

The institute management has embarked on strategies aiming at improving revenue streams which critical in day to day operations. These include:

- a) More students' enrolment.
- b) Strengthen and broaden production units.
- c) Introduce cost utility measures by utilizing the institute solar panels used for pumping water.
- d) Ensuring into partnerships with the industry and other donors for infrastructure expansion.

Environmental performance

In responding to the environmental protection, the college is;

- a) Currently in the process of coming up with the an environmental policy
- b) Greening the environment by planting trees(More fruits trees) to act as carbon sink
- c) Using of green energy by installing energy saving bulbs.
- d) Using waste bin at strategic points at the compound

Using solar pump for pumping water from a borehole

Employee welfare

On addressing employee welfare;

- a) There is a policy on safety.
- b) A safety committee in place with an appointed chairman
- c) An award and recognition committee in place
- d) Employees sponsored for relevant seminars and trainings.

Market place practices

The organisation has outlined its efforts to:

- a) Responsible competition practice.
Conducting root cause and investigations before determining whether punishment is required also contribute towards building a culture where fairness is perceived and where people can learn from their mistakes.
- b) The institution ensuring to maintain good business practises by:
Being transparent and accepting accountability in order to request orders from suppliers with acceptable lead time and without changers
The organisation maintains good business practices through fairness respect for others, keeping promise, law abiding and integrity.
- c) The institution is ensuring ethical marketing practises by:
 - a. Maximising benefits and minimising risks
 - b. Committing to sustainability and human rights
 - c. Being transparent
 - d. Protecting consumer data and privacy
 - e. Not making false comparison

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

- d) The institution is putting efforts to safeguard consumer rights and interests by:
- a. Protect them from hazard to their health and safety
 - b. Availability of effective consumer redress.
 - c. Freedom to form group or union to present their views in decision making processes affecting them.

Corporate Social Responsibility / Community Engagements

- The institute has actively participated in forums organised by the surrounding community.
- Sensitisation meetings on opportunities available at the institute have been held in the college ground courtesy of the NG-CDF office.
- Two of the college support staff are from the local community. This has ensured good neighbourliness with the surrounding community.
- The institute is looking forward in community clean-up activities to sensitize on importance of waste management.

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

5. Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of Likoni TVC affairs.

Principal activities

The principal activity of the college is to provide training in industry relevant employable technical and innovative skills for gainful employment and job creation through self-employment.

Results

The results of the entity for the year ended 30th June 2023 are set out on page 1 to 2

Council/Board of Governors

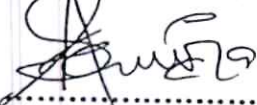
The members of the Board of Governors who served during the year 2022/2023 are shown on page Viii to X.

Auditors

The Auditor General is responsible for the statutory audit of the *Likoni TVC* in accordance with Article 229 of the Constitution of Kenya 2010 and the Public Audit Act 2015, Section 23 of the Public Audit Act, 2015 empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Samira Abdallah Soud



.....
Secretary of the Board/Council

Date: 28/9/2023
.....

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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

The Board of Governors responsible for 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 2023. 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 misstatement 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 Likoni Technical and Vocational College financial statements were approved by the Board on 28/9/2023 2023 and signed on its behalf by:

Name. SAMIRA HAMZA.....

Signature..... 

Chairperson of the Board/Council

Name. SAMIRA ABDALLAH

Signature..... 

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 LIKONI TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

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; and,
- 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on 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

Qualified Opinion

The accompanying financial statements of set out on pages 27 to 49, which comprise the statement of financial position as at 30 June, 2023 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Likoni Technical and Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Inventory Balance

The statement of financial position and Note 17 to the financial statements reflects inventories balance of Kshs.115,408. However, the inventory balance was not supported by an inventory listing and stock take report. Management indicated that annual stock take was not conducted during the year under review hence it was not possible to establish how the actual quantities and the reported values were determined.

In the circumstances, the accuracy, completeness and valuation of the inventories balance of Kshs.115,408 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter 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 vii 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, Statement of Performance against Predetermined Objectives. 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. I have nothing to report in this regard.

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, based on the audit procedures performed, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Expenses of Board of Directors

The statement of financial performance and Note 11 to the financial statements reflects an expenditure of Kshs.389,079 in respect of board /council expenses. However, review of personal files revealed that one (1) director did not acknowledge and accept appointment to the board by signing an acceptance letter, the board composition did not meet the one third gender rule and all board members did not declare conflict of interest in respect to any of the board meetings held during the year. Further, education, human resources and audit risk committees of the board 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.

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, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Failure to Acquire Ownership Documents

Review of the Institution's records revealed that the college is constructed on land that was initially earmarked for a stadium and is currently on four (4) Plots. Management confirmed that they have encroached on three (3) subsequent plots as per minutes of the board meeting held on 27 September, 2021. The land has been surveyed but boundaries of the college is yet to be determined. Further, title deed has not been processed and thus legal ownership of the land could not be confirmed. In addition, value of the land has also not been disclosed in the books of accounts and the annual financial statements.

In the circumstances, the uncertainty of the ownership and value of the land could not be confirmed.

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 College'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 Governors 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

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

8. Statement of Financial Performance for the Year Ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	2,000,000.00	1,000,000.00
Other Income	8	18,839,490.00	-
Deferred Income		-	18,013,530.00
Revenue from Non-Exchange transactions		20,839,490.00	19,013,530.00
Revenue from Exchange transactions			
Rendering of services- fees from students	7	6,065,854.00	6,225,231.00
Revenue from Exchange transactions		6,065,854.00	6,225,231.00
Total Revenue		26,905,344.00	25,238,761.00
Expenses			
Use of goods and services	9	3,950,214.00	2,478,021.00
Employee costs	10	1,874,849.00	718,162.00
Board /Council Expenses	11	389,079.00	191,400.00
Depreciation and amortization expense	12	18,049,490.00	18,013,530
Repairs and maintenance	13	166,344.00	21,430.00
Contracted services	14	783,000.00	-
Total Expenses		25,212,976.00	21,422,543.00
Net surplus/(deficit) for the year		1,692,368.00	3,816,217.00


(The notes set out on pages 32 to 48 form an integral part of the Annual Financial Statements).
 The Financial Statements set out on pages 27 to 28 were signed by:



 Chairman of Council/Board



 Finance Officer



 Principal

Date: 28/9/2023

ICPAK No
 Date: 28/09/2023

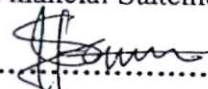
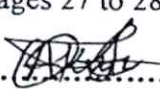
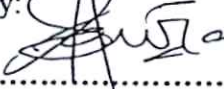
Date: 28/9/2023

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

9. Statement of Financial Position As At 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	15	434,140.00	52,792.00
Current portion of receivables from exchange transactions	16(a)	7,822,495.00	5,642,000.00
Inventories	17	115,408.00	2,500.00
Total Current Assets		8,372,043.00	5,697,292.00
Non-Current Assets			
Property, plant, and equipment	18(a)	167,972,203.00	185,734,014.00
Total Non-Current Assets		167,972,203.00	185,734,014.00
Total Assets		176,344,246.00	191,431,306.00
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	19	2,863,457.00	2,518,899.00
Government Grant(IAS 20)	20	18,049,490.00	18,013,530.00
Total Current Liabilities		20,912,947.00	20,532,429.00
Non-Current Liabilities			
Government Grant(IAS 20)	20	149,922,713.00	167,082,659
Total non- current liabilities		149,922,713.00	167,082,659.00
Total Liabilities		170,835,660.00	187,615,088.00
Net Assets		5,508,586.00	3,816,218.00
Accumulated Surplus		5,508,586.00	3,816,218.00
Total Net Assets and Liabilities		176,344,246.00	191,431,306.00

The Financial Statements set out on pages 27 to 28 were signed by:

.....
 Chairman of Council/Board Finance Officer Principal

Date: 28/9/2023

ICPAK No
Date: 28/09/2023

Date: 28/9/2023

Likoni Technical & Vocational College
 Annual Report and Financial Statements for the year ended 30th June 2023

10. Statement of Changes in Net Asset for the Year Ended 30 June 2023

Description	Accumulated Fund	Retained Earnings	Capital Grants/Fund	Total
At July 1, 2021	-	-	-	-
Surplus/(deficit) for the year	3,816,218	-	-	3,816,218
At June 30, 2022	3,816,218	-	-	3,816,218
At July 1, 2022	3,816,218.00	-	-	3,816,218.00
Surplus/(deficit) for the year	1,692,368.00	-	-	1,692,368.00
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2023	5,508,586.00	-	-	5,508,586.00

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

11. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities. Grants	6	2,000,000	1,000,000
Rendering of services- fees from students	7	4,695,359	583,231
Total Receipts		6,695,359	1,583,231
Payments			
Use of goods and services		3,328,654.00	2,478,021.00
Employee costs		1,824,049.00	295,662
Board /Council Expenses		389,079.00	88,000
Repairs and maintenance		166,344.00	21,430.00
Contracted services		365,250.00	-
Total Payments		6,073,376.00	2,883,113
Net Cash Flows from operating activities		621,983.00	(1,299,882)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-240,635.00	(-)
Net cash flows used in investing activities		-240,635.00	(-)
Net Increase/(Decrease) in Cash and Cash equivalents		381,348	(1,299,882)
Cash and Cash equivalents at 1 JULY	15	52,792	-
Cash and Cash equivalents at 30 JUNE	15	434,140	52,792

12. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other National Government entities	2,000,000	0	2,000,000	2,000,000	(-)	0%
Rendering of services- fees from students	9,027,200	-	9,027,200	6,855,854	2,171,346	24.05%
Total Income	11,027,200	0	11,027,200	8,855,854	2,171,346	13.83%
Expenses						
Use of goods and services	4,100,600	-	4,100,600	3,950,214	150,386	3.67%
Employee costs	2,700,000	-	2,700,000	1,874,849.00	-825,151	-30.56%
Board /Council Expenses	1,309,712	-	1,309,712	389,079.00	-920,633	-70.29%
Repairs and maintenance	713,888	-	713,888	166,344.00	-547,544	-76.69%
Contracted services	833,000	-	833,000	783,000.00	-50,000	-6.00%
Total Expenditure	11,027,200	00)	11,027,200	7,363,486.00	-2,192,942	0%
Surplus For the Period	-	0	-	1,692,368.00	-21,596	0%

(Budget notes)

a ; -the number of students expected were less than the actual who turned to learn ,thus lower fee payment and high debt due to the promised fee payment by CDF that has not been honoured.

b and c;-lower total income due to high debt that has not been paid up.

d;- employees were not fully paid during the financial year thus due to financial constraints.

e;- Only two trainers were hired by the Board instead of Five due to Financial constraints.

f;- Board Members had four full sessions and one Committee meeting and are yet to be paid for 3 meetings

13. Notes to the Financial Statements

1. General Information

Likoni Technical and Vocational College is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institution's principal activity is presented in roman (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 the Likoni Technical and Vocational College accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 21-53

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

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

3. Adoption of New and Revised Standards

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

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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 financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. **Early adoption of standards**

Likoni Technical & Vocational College did not early-adopt any new or amended standards in year 2022.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. 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.

b) Budget information

The original budget for FY 2022/2023 was approved by the Council or Board on 26/09/2022. 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 xxx on the FY 2022/2023 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) 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.

Motor vehicle	25%	Straight line
Buildings	2%	Straight line
Computers	30%	Straight line
Furniture and fittings	12.5%	Straight line
Library books	12.5%	Straight line
Equipment	12.5%	Straight line

d) 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.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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*.

f) Cash and cash equivalents

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

g) Comparative figures

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

h) 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, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and Assumptions.

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

Useful lives and residual values

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

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

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Grants	2,000,000.00	1,000,000.00
Total unconditional Grants	2,000,000.00	1000,000.00
Conditional Grants amortised/ recognised in revenue	-	-
Total Government Grants and Subsidies	2,000,000.00	1,000,000.00

7. Rendering of Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Fees	5,419,029	81,631
Activity Fees	133,000.00	331,200
Industrial Attachment Fees	133,000.00	164,000
Examination Fees	380,825.00	6,400
Library Fees	-	5,642,000
Total Revenue from The Rendering of Services	6,065,854.00	6,225,231

(Provide brief explanation for this revenue)

8. Other Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Production Unit-Short courses	790,000.00	-
Government Grant(IAS 20)	18,049,490	-
Total Income	18,839,490	-

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes To the Financial Statements (Continued)

9. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	807,694.00	529,016.00
Electricity and water	134,320.00	34,650.00
Security	-	261,000.00
Professional and Consultancy Services	-	44,200.00
Marketing and Advertising	36,010.00	17,600.00
Examination fees	380,825.00	331,200
Audit fees	-	70,000
Catering, Conferences, and delegations	-	12,390
Travelling and accommodation	699,120.00	563,204
Postage	9,967.00	7,725
Printing and stationery	353,656.00	115,175
Telephone expenses	82,600.00	48,000
Internet expenses	27,898.00	18,798
Training expenses(KATTI)	312,700.00	346,780
Subscription Fee	248,225.00	-
Activity Fee	265,250.00	-
Other Expenses	401,111.00	
Bus Fare	15,900.00	-
Tveta Registration	-	48,000
Health and Safety	-	30,283
Other Expenses	174938.00	
Total good and services	3,950,214.00	2,478,021

10. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	1,874,849.00	718,162.00
Employee Costs	1,874,849.00	718,162.00

11. Board/Council Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Emoluments	389,079.00	191,400.00
Total	389,079.00	191,400.00

12. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	18,049,490.00	18,013,530
Total depreciation and amortization	18,049,490.00	18,013,530

13. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment	166,344.00	21,430.00
Total Repairs and Maintenance	166,344.00	21,430.00

14. Contracted Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Security	783,000.00	-
Total contracted services	783,000.00	-

15. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	434,140.00	52,792.00
Others (Specify)	-	-
Total Cash and Cash Equivalents	434,140.00	52,792.00

Notes To The Financial Statements (Continued)

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1290527342	434,140	52,792
Sub- Total		434,140	52,792
Grand Total		434,140	52,792

Notes to the Financial Statements (Continued)

16. Receivables from Exchange transactions

16 (a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	7,822,495.00	5,642,000.00
Total Current Receivables	7,822,495.00	5,642,000.00

17. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	115,408.00	2,500.00
Total Inventories at lower of Cost and Net Realizable Value	115,408.00	2,500.00

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

18. (a) Property, Plant and Equipment

Cost	Buildings	Furniture and fittings	Computers	Other Assets (Library books)	Plant and equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	71,249,168.00	325,935.00	150,000.00	283,007.00	131,739,434.00	203,464,537.00
Additions	-	-	-	-	-	-
At 30 th June 2022	71,249,168	325,935.00	150,000.00	283,007.00	131,739,434.00	203,464,537.00
Additions	-	287,679.00	-	-	-	287,679.00
At 30 th June 2023	71,249,168	613,614.00	150,000.00	283,007.00	131,739,434.00	204,035,223.00
Depreciation And Impairment						
At 1 Jul 2021	(-)	(-)	(-)	(-)	(-)	(-)
Depreciation	(1,424,983.00)	(40,742.00)	(45,000.00)	(35,376.00)	(16,467,429.00)	(18,013,530.00)
Disposals	-	-	-	-	-	-
Impairment	-	-	(-)	-	-	(-)
At 30 Jun 2022	(1,424,983.00)	(40,742.00)	(45,000.00)	(35,376.00)	(16,467,429.00)	(18,013,530.00)
Depreciation	(1,424,983.00)	(76,702.00)	(45,000.00)	(35,376.00)	(16,467,429.00)	(18,049,490.00)
Disposals	-	-	-	-	-	-
At 30 th Jun 2023	(2,849,966.00)	(117,444.00)	(90,000.00)	(70,752.00)	(32,934,858.00)	(36,063,020.00)
Net Book Values						
At 30 th Jun 2022	69,824,185.00	285,193.00	105,000.00	247,631.00	115,272,005.00	185,734,014.00
At 30 th Jun 2023	68,399,202.00	496,170.00	60,000.00	212,255.00	98,804,576.00	167,972,203.00

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Buildings	2%	Straight line
Computers	30%	Straight line
Furniture and fittings	12.5%	Straight line
Library books	12.5%	Straight line
Equipment	12.5%	Straight line

Notes to the Financial Statements (Continued)

18. (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	71,249,168	(2,849,966.00)	68,399,202.00
Plant And Machinery	131,739,434	(32,934,858.00)	98,804,576.00
Computers and Related Equipment	150,000.00	(90,000.00)	60,000.00
Office Equipment, Furniture, And Fittings	613,614.00	(117,444.00)	496,170.00
Library Books	283,007.00	(70,752.00)	212,255.00
Total	204,035,223.00	(36,063,020.00)	167,972,203.00

19. Trade and Other Payables

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	2,812,657.00	2,518,599
Salary arrears	50,800.00	-
Total Trade and Other Payables	2,863,457.00	2,518,599

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

20. Government Grant (IAS 20)

Description	Current Liabilities	Long Term Liabilities	Total
	Kshs	Kshs	Kshs
As at 1 st July 2021	-	-	-
Additional	18,049,490.00	149,922,713.00	167,972,203.00
At 30th June 2023	18,049,490.00	149,922,713.00	167,972,203.00

The deferred income movement is as follows:

Description	National government	International funders/donors	Deferred Income	Public contributions and donations	Total
	Kshs	Kshs		Kshs	Kshs
Balance brought forward	-	-	18,013,530.00	-	18,013,530.00
Additions during the year	-	-	18,049,490.00	-	18,049,490.00
Balance carried forward	-	-	36,063,020.00	-	36,063,020.00

21. Cash generated from operations.

Surplus for the year before tax	2022-2023	2021-2022
	Kshs	Kshs
Adjusted for:	1,692,368 00	3,816,218
Depreciation	18,049,490	18,013,530
Working Capital Adjustments		
Increase in Inventory	(112,908)	(2,500)
Increase in Receivables	(2,180,495.00)	(5,642,000)
Increase in Deferred Income	35,960	-
Increase in Payables	(344,558.00)	2,518,899
Increase in Payments received in advance	-	-
Net Cash Flow from Operating Activities	17,139,857	18,704,147

Notes to the Financial Statements (Continued)

22. 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 college's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The college does not hedge any risks and has in place policies to ensure that measures are taken to mitigate the risks.

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	5,642,000			5,642,000
Bank balances	52,792			52,792
Total	5,694,792			5,694,792
At 30 June 2023				
Receivables from exchange transactions	7,822,495			7,822,495
Bank balances	434,140			434,140
Total	8,256,635			8,256,635

Notes to the Financial Statements (Continued)

Government of Kenya

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

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

23. Events After The Reporting Period

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

24. Ultimate And Holding Entity

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

25. Currency

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

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Accuracy of Cash and Cash Equivalent Balance	Resolved	Resolved	N/A
2	Land without ownership Documents	BOG is following up the matter to resolve	Not resolved fully	N/A
1. Page 3	Employee cost-payment of wages below minimum wage	Resolved	Resolved	N/A
2. Page 3	Irregular Board Membership and meetings	Resolved	Resolved	N/A

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.



SAMIRA ABDALLAH

Accounting Officer

Likoni TVC
Date: 28/9/2023

Likoni Technical & Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Appendix III- Inter-Entity Confirmation Letter



LIKONI TECHNICAL & VOCATIONAL COLLEGE
P.O. BOX 96343-80110, LIKONI
MOMBASA
TEL: 0115078664 / 103905044
EMAIL:likonitvc@gmail.com



The Government of Kenya wishes to confirm the amounts disbursed to you as at 30th June 2023 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 Likoni TVC as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Government Of Kenya Ministry of Education (Kshs) as at 30th June 2023				Amount Received by Likoni TVC (Kshs) as at 30 th June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FUN99	06/07/2022	500,000.00	-	-	500,000.000	500,000.000	-
FUN99	06/07/2022	500,000.00	-	-	500,000.000	500,000.000	-
FT230161VGD2	16/01/2023	500,000.00	-	-	500,000.000	500,000.000	-
FT23016C8C0F	16/01/2023	500,000.00	-	-	500,000.000	500,000.000	-
Total		2,000,000.00	=	=	2,000,000.00	2,000,000.00	-

In confirm that the amounts shown above are correct as of the date indicated.
Head of Accountants department of beneficiary Entity:
Name ... Ambrose Dkiya Sign [Signature] Date 28/09/2023