

REPUBLIC OF KENYA



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<b>REPORT</b>	DAY.
DATE: 14 JUN 2023	WEDNESDAY
TABLED BY:	HON. HON. KUMANI MCHUNGWATHI, MP
OF	ESTHER NGUNYO

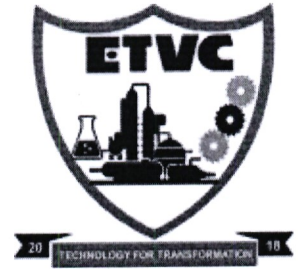
**THE AUDITOR-GENERAL**

**ON**

**EMSOS TECHNICAL AND VOCATIONAL  
COLLEGE**

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





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**EMSOS TECHNICAL AND VOCATIONAL COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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**Prepared in accordance with the accrual basis of accounting method under the International Public Sector  
Accounting Standards (IPSAS)**

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

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**Table of Contents**

I.	Key Entity Information and Management.....	iv
II.	The Council/Board of Governors.....	vii
III.	Management Team .....	x
IV.	Chairman’s Statement .....	xii
V.	Report of the Principal .....	xiii
VI.	Statement of Performance against Predetermined Objectives .....	xiv
VII.	Corporate Governance Statement.....	xvi
VIII.	Management Discussion and Analysis .....	xvi
IX.	Environmental and Sustainability Reporting Statement .....	xvii
X.	Report of the Council/Board of Governors .....	xviii
XI.	Statement of Board of Governors/ Council’s Responsibilities .....	xix
XII.	Report of the Independent Auditor.....	xxi
XIII.	Statement of Financial Performance for the year ended 30 June 2022 .....	1
XIV.	Statement of Financial Position as at 30th June 2022 .....	2
XV.	Statement of Changes in Net Asset for the year ended 30 June 2022.....	3
XVI.	Statement of Cash Flows for the year ended 30 June 2022 .....	4
XVII.	Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022.....	6
XVIII.	Notes to the Financial Statements .....	7
XIX.	Appendices .....	52

# Emsos Technical and Vocational College

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

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### I. Key Entity Information and Management

#### (a) Background information

Emsos Technical & Vocational College (ETVC) is one of the sixty (60) technical colleges. It opened its gates for admission of students in September 2018, with a batch of thirty-two students (32). It is located in Chesumei Sub-County, 10 kilometres from Mosoriot trading centre along Mosoriot –Kabiyet- Kaiboi road. It is situated in scenic rural road setting in the heart of Nandi county renown for dairy and crop farming.

ETVC is a public government sponsored Technical and Vocational Education and Training (TVET) Institution offering Artisan, Craft Certificate and Diploma courses in Technical and Business fields. Our mandate as a TVET Institution is to enable learners acquires valuable hands on skills, experience and knowledge which are key components for specialized labour market. We built successful careers and take pride in being part of Sustained Development Goals (SDGs) in Kenya through the Big Four Agenda and Vision 2030 blue print

ETVC is a centre of excellence in Value Addition in Agriculture with state of art equipment. The Institution is ear marked for processing of raw agricultural products such as milk, meat and fruits into finished products like Ultra-High Temperature (UHT), milk, yoghurt etc

The specialized courses offered at ETVC are facilitated through six course departments providing KNEC accredited examinations and gradually transiting to CBET-CDDAC

#### (b) Principal Activities

##### Vision Statement

To be a centre of excellence in Technical Training and value addition Agriculture

##### Mission Statement

To provide quality and sustainable technical training to meet the dynamic needs of industrialisation and society needs through innovation and competent training.

##### Mandate

To offer technical training

To provide and promote life-long learning.

#### (c) Key Management

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

- Board of Governors
- Accounting officer/Principal
- Top management
- Heads of Departments/Heads of Sections

#### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Agnes Rono
2.	Deputy principal	Lordvico Too
3	Registrar	Emmanuel Kimutai
4	Dean of students	Nelson Kitur
5	Head of Finance	Judith Kisang
6	Head of Procurement	Daniel Limo

**(e) Fiduciary Oversight Arrangements**

- The board committees facilitate the decision –making to assist the board in the execution of its duties, power and authority.
- Board committees have been being;

**AUDIT AND RISK COMMITTEE**

S/NO	NAME	TITLE
1	SCHOLASTIC TUWEI	CHAIRMAN
2	ERIC KEMEI	MEMBER
3	PETER MAWIO	MEMBER

**MANDATE**

Responsibilities of the audit committee typically include:

- Overseeing the financial reporting and disclosure process.
- Monitoring choice of accounting policies and principles.
- Overseeing hiring, performance and independence of the external auditors.
- Oversight of regulatory compliance and ethics.
- Monitoring the internal control process.
- Overseeing the performance of the internal audit function.
- Discussing risk management policies and practices with management.

**FINANCE AND GENERAL PURPOSE COMMITTEE**

S/NO	NAME	TITLE
1	BETSY ADHIAMBO	CHAIR PERSON
2	JULIUS SEREM	MEMBER
3	NANCY KERING	MEMBER

**MANDATE**

The role of finance and general purpose committee is to advise the board:

- on better financial practices;
- cost reduction,
- monitor production unit,
- to carry the financial function as well as the human resource function and
- Submit a draft budget to the full board for adoption and approval.

**ACADEMIC COMMITTEE**

S/NO	NAME	TITLE
1	ERICK KIPKIRUI KEMEI	CHAIR PERSON
2	JULIUS SEREM KIPCHIRCHIR	MEMBER
3	FREDRICK WAFULA	MEMBER

**(f) Entity Headquarters**

**Emsos Technical and Vocational College Headquarters**  
P.O BOX 300-30100  
Kapsabet Road-Off Mosoriot –Emsos road  
ELDORET, KENYA

**(g) Entity Contacts**

Telephone: (254)0796376783  
E-Mail: info@emsostvc.ac.ke  
Website: www.emsostvc.ac.ke

**(h) Entity Bankers**

Kenya Commercial Bank  
Eldoret East Branch  
A/C NO:  
➤ 1159400792  
➤ 1252707681



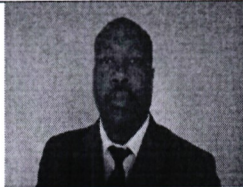
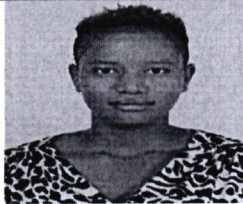
**(i) Independent Auditors**

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

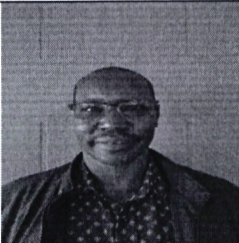


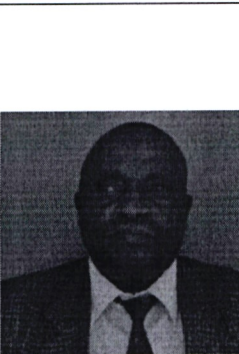
**(j) Principal Legal Adviser**

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



II. The Council/Board of Governors

No.	Member/ Director	Details
1.	 Dr. Elijah Sandagi Saji Omutange	Born in 1969. Holds a Doctor of philosophy in Environmental Earth sciences in Moi University, masters of philosophy in education, Moi University, Bachelors of education, Moi University. Currently works as a senior lecturer head of department, Technology education in Moi University. He participated in curriculum review in Moi University. He was appointed as the member of board Emsos Technical and vocational college in March 17 <sup>th</sup> ,2022 for the second time.
2.	 Agnes Rono Principal /BoG Secretary	Born 1960.Holds a master of science degree in entrepreneurship, she is a certified professional mediator and a certified quality management system for KEBS. She is currently the Chief Executive officer at Emsos Technical college and the accounting officer
3.	 Eric Kipkirui Kemei	Born in 1974.Holds master of science in chemical and process Engineering. He is currently a tutorial Fellow Dedan Kimathi University of Technology Mechanical Engineering Department. He was appointed on 17 <sup>th</sup> March,2022.
4.	 Betsy Adhiambo Onyango	Born in 1994, Holds Bachelor of Education science and also certified Public accountant(CPA-K). She was appointed to the board of college on 17 <sup>th</sup> March, 2022.She is serving for her first term

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

5.	 Serem Kipchirchir Julius	<p>Born in 1968, holds Bachelor of Science in Industrial Chemistry. He has experience in analytical testing of physical, chemical and microbiological quality parameters on fresh milk and various other dairy products in compliance with the Kenyan standards. He was appointed for the first time on 17<sup>th</sup> March 2022.</p>
6.	 Fredrick wafula wanjala	<p>Born in 1961, holds Masters in agricultural economics and resource management, he is an associate Lecturer Jomo Kenyatta university Kitale campus. He is serving for the his second term as board member from 17<sup>th</sup> March 2022</p>
7.	 Scolastica tuwei	<p>Born 1978.Holds masters degree in education and Bachelors of arts, education, She is a governor representative to the board, she is serving for her first term as board member of Emsos technical and vocational college</p>
8.	 MR.Gichuru Mututlili County Director	<p>Mr.Gichuru Mutulili was born on 3<sup>rd</sup> Sept.1966; he is the current TVET County Director Uasin-Gichu, Nandi and Elgeyo-Marakwet counties. He is the Ministry's representative in the Board and provide advice and guidelines on Ministry's strategic goals, mandate and policy direction. HE holds Master's in Business Administration (Management Information Systems) and B.Ed. (Arts) Mathematics &amp; Business Studies. Further ,has wealth of experience in public service particularly in Educational management particularly ISQ Training, Performance management, project management, financial management, procurement management and monitoring and evaluation of programmes and projects having served as a teacher ,education officer in various positions and Counties. He is a member of Education and training Committee</p>





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

<p>9.</p>		<p>Nancy Kering</p>	<p>Born in 1983, holds Bachelor of Education in Early Childhood Development Education. She is a coordinator Chesumei Sub-county. She is serving her first term as a board member from 17<sup>th</sup> March 2022.</p>
<p>10.</p>		<p>Peter Matuku Mawio</p>	<p>Born in 1979. He is an independent consultant water and sanitation, wisdom and municipality of slobozia mare. He holds PhD in sanitary Engineering. He was appointed on 17<sup>th</sup> March 2022 to serve as a board member of Emsos Technical and vocational college</p>



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

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**III. Management Team**

No.	Member/ Director	Details
1.	 AGNES RONO Master of Science (Entrepreneurship)	Chief Executive Officer/ Principal -Secretary BOG - Accounting Officer
2.	 MR.TOO LORDVICO B.ENG(electrical and Electronic Engineering)	- D/P academics and administration - Human Resource Function
3.	 MR.KIMUTAI EMMANUEL BED (Technology Education)	-Ag. Registrar -Examination
4.	 Nelson Kitur Higher Diploma in Mechanical automotive option	Ag.Dean of students

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

<p>5.</p>	 <p>Ms. Kisang Judith          Bcom(Finance Option)          -CPA-K</p>	<p>-Ag. Accountant          -Financial Management          -Budgeting and Control          -Financial Reporting</p>
<p>6.</p>	 <p>MR.LIMO DANIEL          -Diploma in Supply Chain          -Registered KISM</p>	<p>Ag. Procurement          -Advisor In Procurement Matters</p>

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

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**IV. Chairman's Statement**

Foremost, I take this opportunity to thank the Government of Kenya and the community of Emsos Technical and Vocational College for appointing and granting me the privilege to serve as the Chairman of the Board of Governors of this esteemed institution. Secondly, on behalf of the Board, it is my pleasure to present the Emsos Technical and Vocational College Annual Financial Statement for the year ended 30<sup>th</sup> June, 2022.

During this period; Emsos Technical and Vocational College witnessed a change in the college management by welcoming Ms Agnes Rono as the Principal. A new Board of governors was also inaugurated. This positively, re-energised the working acumen of the entire institution.

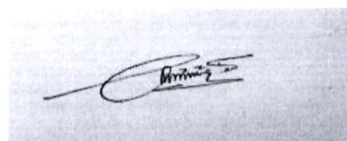
The Emsos Technical and Vocational College undertook the following seven key activities in the 2021/2022 financial year; provision of quality curriculum delivery, installation of High Voltage electricity power supply, development of performance contracting manual, completion of the college's strategic plan, establishment of a physical and virtual library, and capacity building of staff. It is imperative to take cognisance of the fact that these objectives were to be achieved within the confines of the post-COVID mitigation measures.

With the interventions of the Government of Kenya, the BOG and the staff of Emsos Technical And Vocational College, the college was able to achieve tremendously in the following five areas; successful curriculum delivery, present candidates for the final KNEC practical's and written examinations, install high tension electricity supply, implement performance contracting, and conduct a meaningful capacity building for staff.

Never the less, despite the concerted efforts by the BOG and other stakeholders, the college continues to experience critical challenges in the following four aspects; inadequate teaching and learning space and equipment, limited land for expansion, provision of clean water, low funding coupled with low student enrolment.

In the 2022/2023 financial, year, the Board envisages the following activities as key to mitigating the challenges for the overall improvement of the college; completion of the college's strategic plan, development of a robust physical, human and ICT infrastructure, enhanced collaboration with industry and other learning and training institutions.

Thank you



Dr. Elijah S. S. Omutange  
Chairman, BOG

Date: 5/5/2023.....

**V. Report of the Principal**

In the year under review we received new board of governors as well as a new principal. The board underwent induction in Kitale national Polytechnic from 5<sup>th</sup> -6<sup>th</sup> May ,2022 where they were trained and also inaugurated.

We provision of quality curriculum delivery by delivering the core mandate of college in terms of syllabus coverage and also prepared our students to sit for their Kenya National exam in various courses and levels, we also did marketing to increase the college enrolment.

Installation of High Voltage electricity power supply, being a centre of excellence in Agriculture and value addition with state of art equipment we were able to install a high voltage power supply transformer to enable us run the industry.

Development of performance contracting manual, our college entered into performance contract with the ministry during the year under review, it assisted the college in implementation matters and also gave us opportunity to engage in various training which helped as a continuous professional training to our staff and also to our students

Never the less, despite the concerted efforts by the BOG and other stakeholders, the college continues to have myriad challenges; inadequate teaching and learning space and equipment, given that the college has only one storeyed building and the ground floor has been occupied with state of art equipment for value addition we are only left with limited space for classrooms which are not enough given the courses we offer,

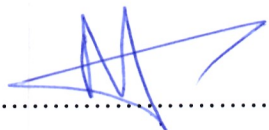
Limited land for expansion, the college has a very little piece of Land making expansion impossible and also students lack playing field.

Low funding coupled with low student enrolment, during the year under review the government did not release quarter four funding making it difficult for the college to be run has planned which caused some implementation challenges.

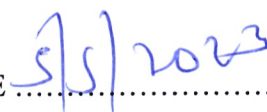
Provision of clean water, the college does not have a reliable source of water

I therefore wish to extent my appreciation to students for exhibiting good behaviour and discipline. I also appreciate the Board of Governors for providing the strategic leadership as well as staff for their commitment to providing service.

SIGNATURE .....



DATE .....



**Agnes Rono**

**Principal/Accounting Officer**

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

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**VI. Statement of Performance against Predetermined Objectives**

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

Emsos Technical and Vocational College has VI strategic pillars and objectives within current Strategic Plan for the FY 2020/2021- FY 2025/2026. These strategic pillars are as follows:

- Pillar 1: Governance and management
- Pillar 2: Funding, financing and quality assurance
- Pillar 3: Teaching, learning access and equity
- Pillar 4: Environment and image
- Pillar 5: Collaboration, quality and relevance
- Pillar 6: Research and innovation

Emsos Technical and vocational College develops its annual work plans based on the above vi pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The college achieved its performance targets set for the FY 2021/22 period for its vi strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar issue 1 Governance and management	-To oversee the management of administrative system -ensure the institution maintains an effective ,efficient and well-disciplined workforce	-Design policies in different areas. -Have human resource manual -give clear roles and responsibilities	-Designing of policies -Coming up with human resource manual	-implement policies and make use of human resource manual
Pillar issue 2 Funding, financing and quality assurance	improve financial sustainability through effective and efficient financial system	Implement financial system policies in daily operation	-reduced fees defaults -Cost reductions and savings Develop income generating activities	-all transactions of fees payment are verified through bank statement before receipting -proposals to GoK for funding was done Coming up with an income generating unit committee
Pillar issue 3	-review and re-engineer academic delivery processes and	-Have fully equipped workshops	-Ensure practical lessons are	-Practical were done

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

Teaching, learning access and equity	ensure effective teaching and learning takes place. -Deliver diversified innovative, quality and relevant academic program aligned to vision 2030	-organize training and workshops	always attended -procurement of workshop learning materials	-learning practical materials were procured.
Pillar issue 4 Environment and image	-to actively promote and maintain the positive public image of the institute -To identify issues that touch on environment that need to be addressed	-place a clear signpost at mosoriot -build a car park -mow grass regularly Buy adequate dust pins Plant more flowers	-procure signpost materials -procure carpark construction items -procure a mower	-Signpost placed -car park constructed -grass are mowed regularly -adequate dustbins available -more flowers were planted
Pillar issue5 Collaboration, quality and relevance	-Ensure partnerships and collaborations with public and private sectors -engage the community in sporting and recreational activities	Establish exchange programmes	-improve the college community collaboration for effective contribution to the socio-economic development through active participation in corporate	-there was increased partnership between the institution and firms offering attachment opportunities to our students
Pillar issue 6 Research and innovation	-To enhance research and development in institution -To enhance research and innovations over planned period	Develop research proposals and improve research infrastructure and grants	Undertake value added research and innovation for supporting research	Attended tvet fairs and presented research proposals

## **VII. Corporate Governance Statement**

Emsos Technical and vocational college is under the category of Technical and Vocational Colleges required to offer programmes up to Diploma level, in accordance with the TVET Act No. 29 of 2013. The institute is governed by the Board of Governors (BOG). The membership of the BOG comprises the Chairperson, representative of the Principal Secretary, State Department of Vocational and Technical Training, Ministry of Education, representative of the Governor of Nandi within which the college is located, six other persons appointed on the basis of their knowledge and experience in leadership and management, financial management, technology, industry, engineering and Information Communication Technology. The Principal/Accounting Officer/Executive officer being the secretary to the BOG.

### **Appointment of Board**

The appointment of a member to the BOG may be revoked if the member resigns, becomes insolvent, imprisoned for a term of six months or more, incapacitated by physical or mental illness, absent from three consecutive meetings of the board without leave, inability to discharge his/her function or appointment revoked by the appointing authority.

The BOG meets at least once per quarter. Quorum for the conduct of business at a meeting of the BOG is two-thirds of the total number of members of the Board

The Chairman and Members of the Board were appointed by the Cabinet Secretary of Education on 17<sup>th</sup> March 2022 for a 3-year term ending 17<sup>th</sup> March 2025.

## **VIII. Management Discussion and Analysis**

During the year under review, the college received government grants of Ksh. 5,737,500, although the government supported the college, quarter four grants were not disbursed causing financial distress.

The college was able to comply with statutory requirements on remittance, therefore, it is a law abiding and has no statutory default.

The college has no governance issues among the board members or top management in so far as conflict of interest is concerned.

## **IX.Environmental and Sustainability Reporting Statement**

Emsos Technical and Vocational College exists to transform lives as stated in our motto “technology for transformation”. This is our purpose; the driving force behind everything we do. It’s what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation’s strategic objectives.

### **1. Sustainability strategy and profile**

The Board of Governors intends to undertake other income generating activities such as farming in order to generate more income and also put in place strategies to minimize the costs of college operations.

### **2. Environmental performance**

During the year under review, the College in collaboration with the office of Kenya forestry organised a successful tree planting activity along the college fence. The aim was to educate the community on importance of environmental conservation

### **3. Employee welfare**

The institution has set up staff welfare to be able to support staff members and also by monthly payments of staff NHIF deductions to the relevant body. The college also intends to carry out occupational health and safety Audit of college workplace to ensure staff safety in workplace.

### **4. Market place practices**

The college always meets its financial obligations on time by timely payment of suppliers and honouring contracts, practicing good competitions in terms of marketing of college programmes with its competitors

### **5. Corporate Social Responsibility / Community Engagements**

We sensitized the community on covid 19 protocols.

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

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**X. 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, 2022, which show the state of the Emsos Technical and Vocational College affairs.

**Principal activities**

The principal activities of the Emsos Technical and Vocational College are:

- i. To provide Technical and vocational training to citizens of Kenya
- ii. . To contribute to industrial and technological development through innovations and technology transfer
- iii. . Collaborate with Curriculum developers, industry and other players to provide training in competency based education(CBET)
- iv. To foster general welfare of staff and students

**Results**

The results of the entity for the year ended June 30<sup>th</sup> ,2022 are set out on page 1-7

**Council/Board of Governors**

The members of the Board /Council who served during the year are shown on page vi-viii. During the year 2021 October, the board term expired and new board was appointed with effect from 17<sup>th</sup> March,2022.

**Auditors**

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

By Order of the Board



.....  
**Secretary of the Board/Council**  
**Nairobi**  
**Date:**

**XI. Statement of Board of Governors/ Council's Responsibilities**

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

The Council members are responsible for the preparation and presentation of Emsos Technical and Vocational College 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 June 30, 2022. This responsibility includes:

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

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

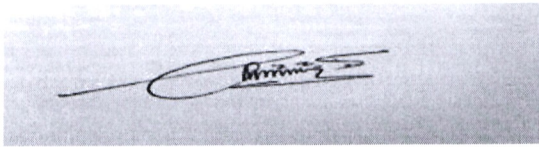
Nothing has come to the attention of the Council members to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Emsos Technical and Vocational College financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

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

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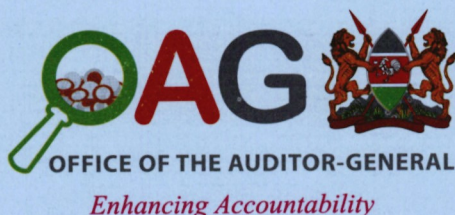


.....  
**Name: Dr. Omutange Elijah**  
**Chairperson of the Board/Council**



.....  
**Name: Agnes Rono**  
**Accounting Officer/Principal**

# REPUBLIC OF KENYA



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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

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

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Emsos Technical and Vocational College set out on pages 1 to 52, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the

Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the 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 Emsos 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 the International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Lack of Valuation of Property, Plant and Equipment**

The statement of financial position reflects Property, Plant and Equipment balance of Kshs.159,828,362 which includes land and building, furniture and fittings, computers and plant and equipment as disclosed in Note 31 to the financial Statements.

However, the fair value of the fixed assets differs from its carrying amount/Net book value hence the need for valuation of fixed assets in accordance with paragraph 49 of IPSAS 17- property, plant and equipment which provides that the frequency of revaluations depends upon the changes in the fair values of the items of property, plant, and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is necessary. The Property, Plant and Equipment in the College has not been valued.

In the circumstances, the accuracy and completeness of pproperty, plant and equipment balance of Kshs.159,828,362 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts indicated that the final total income approved budget of the College was Kshs.25,563,000 against actual income of Kshs.13,023,980 resulting to under collection of Kshs.12,539,020 or approximately 49%

of the approved budget. The statement also indicates the final approved expenditure budget of Kshs.25,563,000 against actual expenditure of Kshs.12,829,468 leading to under expenditure of Kshs.12,733,532 or 50% of the budget.

In addition, the College had budgeted to receive Kshs.14,000,000 as grants from the Ministry of Education but only received Kshs.5,737,500 or approximately 40% of the expected funds. The College had also budgeted to receive Kshs.11,563,000 as fees from students, but only received Kshs.7,286,480 representing approximately 50% of the expected fees from students.

The underperformance in revenue collection and expenditure may have affected the planned activities of the College and could have impacted negatively on service delivery to the public.

## **2. Unresolved Prior Year Matters**

There were issues raised in the audit report of 2020/21 financial year of which no report or recommendations from the College Management and the oversight bodies were submitted for audit review. The issues remain unresolved contrary to Section 68(2)(l) of the Public Finance Management Act, 2012 which require accounting officers designated for National Government entities to try to resolve any issues resulting from an audit that remain outstanding.

In the circumstances, the issues remain unresolved.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1.0 Employee Costs**

##### **1.1 Failure to Observe One Third Rule in Staff Establishment and Recruitment**

A review of the College's payroll provided for audit revealed existence of a staff establishment of thirty six (36) employees, out of whom thirty three (33) or 92% were from the dominant ethnic community in the area contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

## **1.2 Salaries Below Minimum Wage**

A review of the payroll revealed that nineteen (19) members of staff were paid basic salaries which were below the basic minimum monthly wages as previously reported, against the first schedule of the Regulation of Wages (General) (Amendment) Order, 2018 which provide that basic minimum monthly wages (Exclusive of Housing Allowance) is Kshs.13,572.90.

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

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

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

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

#### **Basis for Conclusion**

##### **1. Lack of Internal Audit Function**

The College has not established an internal audit function to carry out internal audits contrary to Section 73(1)(a) of the Public Finance Management (PFM) Act, 2012 which stipulates that every National Government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Public Sector Accounting Standards Board. In the absence of Internal Audit function, there would be no assurance that the internal controls of the College are of acceptable standards and functioning as required.

Further, although the College has an audit and risk committee of the board of governors, evidence of the committee meeting regularly to discuss audit reports, reviewing the governance mechanism of the College and mechanisms for transparency and accountability with regard to finances and assets of the College were not provided for audit verification.

In the circumstances, the role of the audit and risk committee of the board of governors, could not be ascertained.

## **2. Failure to Develop an Annual Work Plan for the Board of Governors**

The Board of Governors did not develop an annual board work plan contrary to Governance Parameter 1.9(1) and (2) of Mwongozo, the Code of Governance for State Corporations, 2015 which requires the Board members to ensure the development of an annual board work plan and also outlines the minimum parameters that the Board work plan should focus on.

In the absence of an annual workplan for the Board, it may not be possible to evaluate the performance of the Board.

## **3. Lack of Risk Management Policy**

A review of the College's internal controls revealed lack of approved risk management policy. The College therefore, does not have a framework for risk identification and management contrary to Section 165 of the Public Finance Management (National Government) Regulations, 2015 which states that the accounting officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and system of risk management and internal control that builds robust business operations.

In the circumstances, the College lacks a blue print for identifying, preventing and mitigating against risks and disasters to ensure that its operations are not interrupted in case of unforeseen events.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Management and the Board of Governors**

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Governors is 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**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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


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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
 CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**18 May, 2023**

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

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	5,737,500	5,451,500
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
		<b>5,737,500</b>	<b>5,451,500</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	10	7,286,480	2,570,597
Sale of goods	11	-	
Rental revenue from facilities and equipment	12		
		7,286,480	2,570,597
<b>Revenue from Exchange transactions</b>		<b>13,023,980</b>	<b>2,570,597</b>
<b>Total Revenue</b>			<b>8,022,097</b>
<b>Expenses</b>			
Use of goods and services	15	9,886,558	7,496,473
Employee costs	16	2,086,640	1,426,200
Board Expenses	17	852,870	578,408
Depreciation and amortization expense	18	1,867,393	1,994,827
Repairs and maintenance	19	3,400	24,100
<b>Total Expenses</b>		<b>14,696,861</b>	<b>11,520,008</b>
<b>Other Gains/(Losses)</b>			
Gain on sale of assets	23		
Unrealized gain on fair value of investments	24		
Impairment loss	25		
<b>Total Other Gains/(Losses)</b>			
<b>Net surplus for the year</b>		<b>(1,672,881)</b>	<b>(3,497,911)</b>

(The notes set out on pages 8 to 30 form an integral part of the Annual Financial Statements).  
The Financial Statements set out on pages 1 to 7 were signed by:

.....  
**Chairman of Council/Board**

Date..... 5/1/2023

.....  
**Finance Officer**

ICPAK No 25502/3183  
Date..... 5/1/2023

.....  
**Principal**

Date..... 5/1/2023

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

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	26	956,756	1,242,143
Current portion of receivables from exchange transactions	27(a)	2,450,648	580,938
Receivables from non-exchange transactions	28		1,239,000
<b>Total current Assets</b>		<b>3,407,404</b>	<b>3,062,081</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	31	159,828,362	161,245,755
Intangible assets	32		
<b>Total Non-Current Assets</b>		<b>159,828,362</b>	<b>161,245,755</b>
<b>Total Assets</b>		<b>163,235,766</b>	<b>164,307,836</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	34	484,130	2,028,330
Refundable deposits from customers	35	45,000	13,100
Current portion of borrowings	41		
<b>Total current Liabilities</b>		<b>529,130</b>	<b>2,041,430</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	37		
Deferred income	38		
<b>Total Liabilities</b>		<b>529,130</b>	<b>2,041,430</b>
<b>Net Assets.</b>			
Reserves			
Accumulated Surplus		3,328,274	920,651
Capital Fund		159,378,362	161,345,755
<b>Total Net Assets and Liabilities</b>		<b>163,235,766</b>	<b>164,307,836</b>

The Financial Statements set out on pages 1 to 7 were signed by



Chairman of  
Council/Board

Date 5/5/23



Finance Officer

ICPAK No 45500/3183

Date 5/5/23



Principal

Date 5/5/23

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

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

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>At July 1, 2021</b>			5,001,155	161,245,755	166,246,910
Revaluation gain			-	-	
Fair value adjustment on quoted investments			-	-	
Total comprehensive income			(1,672,881)	-	(1,672,881)
Capital/development grants received during the year			-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings				(1,867,393)	(1,867,393)
<b>At June 30, 2022</b>			<b>3,328,274</b>	<b>159,378,362</b>	<b>162,270,636</b>

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

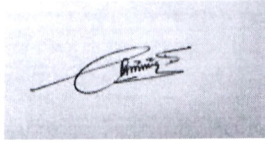
**XVI. Statement of Cash Flows for the year ended 30 June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities/govt. Grants	6a	5,737,500	5,451,500
Public contributions and donations			
Rendering of services- fees from students	10	7,286,480	2,570,597
Sale of goods		-	-
Rental revenue from facilities and equipment		-	-
Finance income		-	-
Other income		-	-
<b>Total Receipts</b>		<b>13,023,980</b>	<b>8,022,097</b>
<b>Payments</b>			
Compensation of employees	16	2,086,640	1,426,200
Use of goods and services	15	9,886,558	7,496,473
Remuneration of directors	17	852,870	578,408
Repairs and Maintenance	19	3,400	24,100
Taxation paid		-	-
Other payments		-	-
Grants and subsidies paid		-	-
<b>Total Payments</b>		<b>12,829,468</b>	<b>9,525,181</b>
<b>Net Cash Flows from operating activities</b>	43	<b>-735,387</b>	<b>-1,503,084</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		450,000	-
Proceeds from sale of property, plant and equipment		-	-
<b>Net cash flows used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Deposits receipts		-	-
<b>Net cash flows used in financing activities</b>			
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>-285,387</b>	<b>-1,503,084</b>
Cash and Cash equivalents at1 JULY 2021	26	1,242,143	2,745,227
<b>Cash and Cash equivalents at 30 JUNE 2022</b>	26	<b>956,756</b>	<b>1,242,143</b>

The Financial Statements set out on pages 1 to 7 were signed by

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

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.....  
**Chairman of  
Council/Board**

**Date** 5/5/23



.....  
**Finance Officer**

**ICPAK No** 25600/2023

**Date** 5/5/23



.....  
**Principal**

**Date** 5/5/23

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 %
<b>Revenue</b>						
Transfers from other govt entities and govt grants	14,000,000	0	14,000,000	5,737,500	8,262,500	41%
Public contributions and donations						
Rendering of services- fees from students	11,563,000	0	11,563,000	7,286,480	4,276,520	37%
Sale of goods	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Gains on disposal, rental income and agency fees	-	-	-	-	-	-
<b>Total Income</b>	<b>25,563,000</b>	<b>-</b>	<b>25,563,000</b>	<b>13,023,980</b>	<b>12,560,150</b>	<b>49.1%</b>
<b>Expenses</b>						
Compensation of employees	4,080,000	-	4,080,000	2,086,640	1,993,360	48%
Use of goods and services	20,408,900	-	20,408,900	9,886,558	10,522,342	51.8%
Repairs and maintenance	74,100	-	74,100	3,400	70,700	95%
Rent paid				0		
Remuneration of directors	1,000,000	-	1,000,000	852,870	147,130	14.7%
Grants and subsidies paid				0		
<b>Total Expenditure</b>	<b>25,563,000</b>	<b>-</b>	<b>25,563,000</b>	<b>12,829,468</b>	<b>12,733,532</b>	

**(Budget notes)**

- i. quarter four was not disbursed.
- ii. Low enrolment and non-payment of fees by students
- iii. -vi expenditure was not achieved due to limited resources

**XVIII. Notes to the Financial Statements**

**1. General Information**

Emsos Technical and Vocational college is established by and derives its authority and accountability from Tvet Act 2015, Mwongozo 2015 and PFM Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide Technical training.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, 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 Emsos Technical and vocational accounting policies.

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

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

**3. Adoption of New and Revised Standards**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.**

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

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

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

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

	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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><b>Applicable 1<sup>st</sup> January 2025</b></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>

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

	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.
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**iii. Early adoption of standards**

Emsos Technical and vocational college did not early-adopt any new or amended standards in year 2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

**ii) Revenue from exchange transactions**

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2021/2022 was approved by the Council or Board on 25<sup>th</sup> June 2021. The entity's budget is prepared on accrual basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes.

***Sales tax/ Value Added Tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **xxx** years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Emsos Technical and Vocational College recognizes such parts as individual assets with specific useful lives and depreciates them accordingly using the Reducing Balance Depreciation method.

The table below shows the depreciation rate:

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

S.No	Details Depreciation	Rate%
1.	Building	2.5%
2	Motor vehicle	25%
3.	Furniture and fittings	12.5%
4.	Computer and accessories	33.3%
5.	Reference books	25%
6	Property plant and equipment's	12.5%

Assumptions: The College also received the following assets from the ministry of education the costs are yet to be determined through the Valuation of assets. After the valuation exercise the costs of these assets will be incorporated in the financial statements.

- i. Furniture staff and students' furniture
- ii. 20 Computers and
- iii. 3 laptops
- iv. 2 projectors
- v. Three printers.

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite

**h) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

***Impairment of financial assets***

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**j) Inventories**

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

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

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

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

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

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

**k) Provisions**

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

**l) Nature and purpose of reserves**

The Entity does not create and maintains reserves in terms of specific requirements.

**m) Changes in accounting policies and estimates**

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

**n) Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**p) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**q) Related parties**

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

**r) Service concession arrangements**

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

**s) Cash and cash equivalents**

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

**t) Comparative figures**

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

**u) Subsequent events**

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

## **5. Significant Judgments and Sources of Estimation Uncertainty**

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

### **Estimates and assumptions**

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

### **Useful lives and residual values**

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

There was no provision made in the year under review.

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

**Notes to the Financial Statements (Continued)**

**6. Transfers from other National Government entities**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	5,737,500	5,451,500
Operational Grant	-	-
Other Grants	-	-
<b>Total Government Grants and Subsidies</b>	<b>5,737,500</b>	<b>5,451,500</b>

**(a) Transfers from other Government entities**

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. Kshs	Total grant income during the year Kshs	2021-2022 Kshs
State Department	-	-	-	-	--
Ministry	-	-	-	-	-
<b>Total</b>					

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

**7. Grants from Donors and Development Partners**

Description	2021-2022	2020-2021
	Kshs	Kshs
JICA- Research Grant	-	-
World Bank Grants	-	-
In-Kind Donations	-	-
Other Grants	-	-
<b>Total Grants from Development Partners</b>	<b>-</b>	<b>-</b>

**Reconciliations of grants from donors and development partners**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	<b>-</b>	<b>-</b>
Current year receipts	-	-
Conditions Met - Transferred to Revenue	-	-
<b>Conditions Yet To Be Met - Remain Liabilities</b>	<b>-</b>	<b>-</b>

*(we did not received grants from donors in the year under review)*

**8. Transfers from Other Levels of Government**

Description	2021-2022	2020-2021
	Kshs	Kshs
	-	-
Transfer from County	-	-
Transfer from University	-	-
Transfer from Institute	-	-
<b>Total Transfers</b>	<b>-</b>	<b>-</b>

**9. Public Contributions and Donations**

Description	2021-2022	2020-2021
	Kshs	Kshs
Public Donations	-	-
Donations from Local Leadership	-	-
Donations from Religious Institutions	-	-
Donations from Alumni	-	-
Other Donations	-	-
<b>Total Donations and Contributions</b>	<b>-</b>	<b>-</b>

*(we did not received grants from donors in the year under review)*

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

**10. Rendering of service**

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	7,286,480	2,570,597
Activity Fees	-	-
Industrial Attachment Fees	-	-
Examination Fees	-	-
Library Fees	-	-
Facilities And Materials	-	-
Registration Fees	-	-
Others ( <i>Specify</i> )	-	-
<b>Total Revenue from The Rendering Of Services</b>	<b>7,286,480</b>	<b>2,570,597</b>

*(Provide brief explanation for this revenue)*

**11. Sale of Goods**

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Books	-	-
Sale of Publications	-	-
Sale of Farm Produce	-	-
Cafeteria sales	-	-
Other	-	-
<b>Total Revenue from Sale of Goods</b>	<b>-</b>	<b>-</b>

*(we did not sold any goods during the year under review)*

**12. Rental revenue from facilities and equipment**

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment	-	-
Contingent Rental	-	-
Operating Lease Revenue	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*(There was no rental revenue during the year under review)*

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

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**13. Finance Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from treasury bills	-	-
Interest income from treasury bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	<b>-</b>	<b>-</b>

**14. Other Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance recoveries	-	-
Consultancy fees	-	-
Income from sale of tender	-	-
Services concession income	-	-
Reimbursements and refunds	-	-
Graduation fees	-	-
Miscellaneous ( <i>specify</i> )	-	-
<b>Total other income</b>	<b>-</b>	<b>-</b>

**15. Use Of Goods And Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	3,364,689	4,062,669
Industrial attachment costs	101,700	18,000
Electricity and water	275,146	150,179
Covid mitigation	-	1,028,739
Farm	3,000	11,300
Examination fees	930,414	652,575
Performance contracting	271,000	-
Katti	249,600	45,000
Admin expenses	747,454	374,176
Audit fees	100,000	-
Casuals	189,175	363,010
Travelling and accommodation	2,412,960	442,235
Tveta	-	49,140
Marketing	372,500	219,450
Activity	868,920	80,000
<b>Total use of good and services</b>	<b>9,886,558</b>	<b>7,496,473</b>

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

**16. Employee Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	1,901,360	1,318,200
Employee related costs-contributions to pensions and medical aids	0	0
Travel, motor car, accommodation ,subsistence and other allowances	0	0
Housing benefits and allowances	0	0
Overtime payments	0	0
NHIF	101,280	54,000
NSSF	84,000	54,000
<b>Employee Costs</b>	<b>2,086,640</b>	<b>1,426,200</b>

**17. Board/Council Expenses**

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria		
Directors Emoluments	852,870	578,408
Other Allowances	-	-
Other Board/Council Expenses	-	-
<b>Total</b>	<b>852,870</b>	<b>578,408</b>

**18. Depreciation and Amortization expense**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	1,867,393	1,994,827
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>1,867,393</b>	<b>1,994,827</b>

**19. Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	3,400	24,100
Investment property–earning rentals	-	-
Equipment and machinery	-	-
Vehicles	-	-
<b>Total Repairs and Maintenance</b>	<b>3,400</b>	<b>24,100</b>

**20. Contracted Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	-
<b>Total contracted services</b>	-	-

**21. Grants and Subsidies**

Description	2021-2022	2020-2021
	Kshs	Kshs
Community Development	-	-
Education Initiatives and Programs	-	-
Social Development	-	-
Community Trust	-	-
Sporting Bodies	-	-
<b>Total Grants and Subsidies</b>	-	-

**22. Finance Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Borrowings(Amortized Cost)*	-	-
Finance Leases(Amortized Cost)	-	-
Unwinding of Discount	-	-
Interest on Bank Overdrafts	-	-
Interest on Loans from Commercial Banks	-	-
<b>Total Finance Costs</b>	-	-

**23. Gain On Sale of Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Other Assets not capitalised	-	-
<b>Total Gain On Sale of Assets</b>	-	-

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

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**24. Unrealized Gain on Fair Value Investments**

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value	-	-
<b>Total Gain</b>	<b>-</b>	<b>-</b>

**25. Impairment Loss**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total Impairment Loss</b>	<b>-</b>	<b>-</b>

**26. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	900,116	1,136,014
On - Call Deposits	0	0
Fixed Deposits Account	0	0
Staff Car Loan/ Mortgage	0	0
Cash in hand	56,640	106,129
<b>Total Cash and Cash Equivalents</b>	<b>956,756</b>	<b>1,242,143</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1159400792	28,328	166,639
Kenya Commercial Bank	1252707681	871,788	969,375
<b>Sub- Total</b>		<b>900,116</b>	<b>1,136,014</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank			
Equity Bank – etc.			
<b>Sub- Total</b>			
<b>c) Fixed Deposits Account</b>			
Kenya Commercial Bank			
Bank B			
<b>Sub- Total</b>			
<b>d) Staff Car Loan/ Mortgage</b>			
Kenya Commercial Bank			
Bank B			
<b>Sub- Total</b>			
<b>e) Others(Specify)</b>			
Cash in Transit			
Cash in Hand		56,640	106,129
Mobile Money account			
<b>Sub- Total</b>			
<b>Grand Total</b>		<b>956,756</b>	<b>1,242,143</b>

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

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**27. Receivables from Exchange transactions**

**27(a) Current Receivables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	2,450,648	580,938
Rent Debtors	-	-
Consultancy Debtors	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>2,450,648</b>	<b>580,938</b>

**27(b) Long- term Receivables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Non-Current Receivables</b>		-
Refundable Deposits	-	-
Advance Payments	-	-
Public Organizations	-	-
Less: Impairment Allowance	-	-
<b>Total</b>	-	-
Current Portion Transferred To Current Receivables	-	-
<b>Total Non-Current Receivables</b>	-	-
<b>Total Receivables</b>	-	-

**27 (c) 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	-	-
Recovered during the year	-	-
Write offs during the year	-	-
At the end of the year	-	-

**28. Receivables from Non-Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Capitation Grants*	-	1,239,000
Transfers from Other Govt. entities	-	-
Undisbursed Donor Funds	-	-
Other Debtors(Non-Exchange Transactions)	-	-
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	-	1,239,000

**28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

**29. Inventories**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	-	-
Maintenance stores	-	-
Health Unit stores	-	-
Electrical stores	-	-
Cleaning Materials stores	-	-
Catering stores	-	-
<b>Total Inventories at lower of cost and Net realizable value</b>	-	-

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

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**30. Investments**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Investment in Treasury Bills and Bonds</b>		
<b>Financial Institution</b>		
CBK	-	-
CBK	-	-
<b>Sub- Total</b>	-	-
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank X	-	-
Bank Y	-	-
<b>Sub- Total</b>	-	-
<b>c) Equity Investments (<i>Specify</i>)</b>		
Equity/ Shares in Company Xxx	-	-
<b>Sub- Total</b>	-	-
<b>Grand Total</b>	-	-

**d) Shareholding in other entities**

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of Entity where Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	Fair Value of Shares
	Direct Shareholding	Indirect Shareholding	Effective Shareholding			
	%	%	%	Kshs	Current Year Kshs	Prior Year Kshs
Entity A						
Entity B						

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

**31. Property, Plant and Equipment**

	Land	Buildings	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Depreciation rates	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost				33.3%				
At 1 July 2021	4,000,000	52,623,755	2,187,500	667,000	-	101,767,500		161,245,755
Additions			450,000					450,000
Disposals								
Transfer/Adjustments								
At 30 <sup>th</sup> June 2022	4,000,000	52,623,755	2,637,500	667,000	-	101,767,500	-	161,695,755
<b>Depreciation And Impairment</b>								
At 1 July 2020	0	1,349,327	312,500	333,000	0	0	0	1,994,827
Depreciation								
Impairment								
At 30 <sup>th</sup> June 2021	0	1,349,327	312,500	333,000	0	0	0	1,994,827
Depreciation	0	1,315,594	329,688	222,111	0	0	0	1,867,393
Disposals								
Impairment								
Transfer/Adjustment								
At 30 <sup>th</sup> June 2022	0	2,664,921	642,188	555,111	0	0	0	3,862,220
<b>Net Book Values</b>								
At 30 <sup>th</sup> June 2022	4,000,000	51,308,161	2,307,812	444,889	0	101,767,500	0	159,828,362
At 30 <sup>th</sup> June 2021	4,000,000	52,623,755	2,187,500	667,000	0	101,767,500		161,245,755

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

**Valuation**

Assets have not been valued, the management is in process of valuing it

**31 (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	NBV
	Kshs	Depreciation Kshs	Kshs
Land	4,000,000	0	4,000,000
Buildings	53,973,082	2,664,921	51,308,161
Plant And Machinery	101,767,500	0	101,767,500
Computers and Related Equipment	1,000,000	555,111	444,889
Office Equipment, Furniture, And Fittings	2,950,000	642,188	2,307,812
<b>Total</b>	<b>163,690,582</b>	<b>3,862,220</b>	<b>159,828,362</b>

**32. Intangible Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
<b>At end of the year</b>	-	-
Additions–internal development	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization	-	-
<b>At end of the year</b>	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

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

**33. Investment Property**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

**34. Trade and Other Payables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	484,130	2,028,330
Fees paid in advance	-	-
Salary deductions	-	-
Third-Party Payments	-	-
Other Payables	-	-
<b>Total Trade and Other Payables</b>	<b>484,130</b>	<b>2,028,330</b>

**35. Refundable Deposits from Customers/Students**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumer deposits		
Caution money	45,000	13,100
Other refundable deposits	-	-
<b>Total Deposits</b>	<b>45,000</b>	<b>13,100</b>

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

**Notes to the Financial Statements (Continued)**

**36. Current Provisions**

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance at The Beginning Of The Year</b>	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision Utilised	-	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-	-
<b>Total Provisions</b>	-	-	-	-	-

**37. Finance Lease Obligation**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>At the start of the year</b>	-	-
Discount interest on Lease Liability	-	-
Paid during the year	-	-
<b>At end of the year</b>	-	-

**Maturity Analysis**

Period	Amount
	Kshs
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and Onwards	-
Less: Unearned Interest	-
	-

**Notes to the Financial Statements (Continued)**

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
<b>Total</b>	-

**38. Deferred Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
<b>Total Deferred Income</b>	-	-

The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
<b>Total</b>	-

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

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**39. Employee Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total Employee Benefits Obligation</b>	-	-	-	-	-

**Retirement benefit Asset/ Liability**

The entity does not operate a defined benefit scheme for all full-time employees.

Description	2021-2022	2020-2021
	Kshs	Kshs
Discount Rates	-	-
Future Salary Increases	-	-
Future Pension Increases	-	-
Mortality (Pre- Retirement)	-	-
Mortality (Post- Retirement)	-	-
Withdrawals	-	-
Ill Health	-	-
Retirement	-	-

**Recognition of Retirement Benefit Asset/ Liability**

**a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:**

Description	2021-2022 Kshs	2020-2021 Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial Gains/ Losses Arising From changes In Financial Assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others ( <i>specify</i> )	-	-
Adjustments for restrictions on the defined benefit asset	-	-
<b>Re-measurement of the net defined benefit liability</b>	-	-

**b) Amounts recognised in the Statement of Financial Position**

Description	2021-2022 Kshs	2020-2021 Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net asset or liability arising from defined benefit obligation	-	-

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 720 per employee per month.

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

**40. Non-Current Provisions**

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: Current portion	-	-	-	-	-
<b>Total deferred income</b>	-	-	-	-	-

**41. Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the year	-	-

**41 a) Analysis of External and Domestic Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>External borrowings</b>		
Dollar denominated loan from 'xx organization'	-	-
Sterling pound denominated loan from 'yyy organization'	-	-
Euro denominated loan from zzz organization'	-	-
<b>Domestic borrowings</b>	-	-
Kenya shilling loan	-	-
<b>Total balance at end of the year</b>	-	-

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

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**41 b) Breakdown of Long and Short-Term Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**42. Service Concession Arrangements**

Description	2021-2022	2020-2021
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	=	=

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

**43. Cash generated from operations**

	2021-2022	2020-2021
Surplus for the year before tax	Kshs	Kshs
<b>Adjusted for:</b>		
Depreciation	1,867,393	1,994,827
Non-Cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and Losses on Disposal of Assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase in Inventory	-	-
Increase in Receivables	(1,869,710)	580,000)
Increase in Deferred Income		
decrease in Payables	(764,970)	(2,028,330)
increase Payments received in advance	31,900	13,100
<b>Net Cash Flow from Operating Activities</b>	<b>-735,387</b>	<b>(1,503,084)</b>

**44. 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.

**(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

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

**Notes to the Financial Statements (Continued)**

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
<b>At 30 June 2021</b>				
Receivables from exchange transactions	580,000			
Receivables from non-exchange transactions	1,239,000			
Bank balances				
<b>Total</b>	<b>1,819,000</b>			
<b>At 30 June 2022</b>				
Receivables from exchange transactions	2,450,648			
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>	<b>2,450,648</b>			

**(i) Credit risk (continued)**

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

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade Payables		1,972,470	55,860	2,028,330
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>		<b>1,972,470</b>	<b>55,860</b>	<b>2,028,330</b>
<b>At 30 June 2022</b>				
Trade Payables		484,130	-	484,130
Current Portion Of Borrowings				
Provisions				
Deferred Income				
Employee Benefit Obligation				
<b>Total</b>		<b>484,130</b>	<b>-</b>	<b>484,130</b>

**(iii) Market risk**

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

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

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

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities			
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

**a) Foreign currency risk**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30<sup>th</sup> June 2022</b>			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities			
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

**a) Foreign currency sensitivity analysis**

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

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

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**Notes to the Financial Statements**

	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on Equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>20xx</b>			
Euro	10%	-	-
Usd	10%	-	-
<b>20xx</b>			
Euro	10%	-	-
Usd	10%	-	-

**b) Interest rate risk**

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

***Management of interest rate risk***

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

**44 Financial Risk Management**

(iii) **Market risk**

**b) Interest rate risk**

***Sensitivity analysis***

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

**iv)Capital Risk Management**

The objective of the entity'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 Kshs	2020-2021 Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
<b>Total Funds</b>	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash and Cash Equivalents)	-	-
<b>Gearing</b>	-	-

**45. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) The county government of Nandi
- iv) Key management;
- v) Board of directors;
- vi) Technical and Vocational Training Authority

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with Related Parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies		
Rent income from govt. agencies		
Water sales to govt. agencies		
Others		
<b>Total</b>		
<b>B) Purchases from related parties</b>		
Purchases of electricity from kplc		
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. agencies		
Others		
<b>Total</b>		
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	5,737,500	5,451,500
Grants from County Government		
Donations in Kind		
<b>Total</b>	<b>5,737,500</b>	<b>5,451,500</b>
<b>c) Expenses incurred on behalf of related parties</b>		
Payments of Salaries and Wages for 18 Employees	2,086,640	1,426,200
Payments for Goods and Services for		7,496,473
<b>Total</b>		<b>8,922,673</b>
<b>d) Key Management Compensation</b>		
Directors' emoluments	852,870	578,405
Compensation to Key Management		
<b>Total</b>	<b>853,870</b>	<b>578,405</b>

**46. Segment Information**

Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments

**47. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Assets</b>		
Insurance Reimbursements	-	-
Assets arising from determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Others	-	-
<b>Total</b>	-	-

**Contingent Liabilities**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Contingent Liabilities</b>	-	-
Court Case	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from Contracts including PPPs	-	-
Others	-	-
<b>Total</b>	-	-

**48. Capital Commitments**

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for	-	-
<b>Total</b>	-	-

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

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**49. Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Accelerated Capital Allowances	-	-
Unrealised Exchange Gains/(Losses)	-	-
Revaluation Surplus	-	-
Tax Losses carried forward	-	-
Provisions for Liabilities and Charges	-	--
<b>Net Deferred Tax Liability/(Asset)</b>	<b>-</b>	<b>-</b>
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

**50. Events After the Reporting Period**

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

**51. Ultimate and Holding Entity**

The entity is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**52. Currency**

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

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

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

The 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)
2020-2021-1-01-1064-23-EMSTVC/(22)	Basis to observe one third rule in staff establishment and recruitment	The management has taken note and in future date its considering to recruit from other ethnic community	Not resolved	
2020-2021-1-01-1064-23-EMSTVC/(22)	Employees on acting positions	The management is considering to confirm the acting employees	Resolved	
2020-2021-1-01-1064-23-EMSTVC/(22)	Payment of salaries below minimum wage of ksh.13,573	The management has resolved the issue	Resolved	
2020-2021-1-01-1064-23-EMSTVC/(22)	Lack of internal audit Department	The management is considering to outsource internal audit function	Not resolved	
2020-2021-1-01-1064-23-EMSTVC/(22)	Lack of risk management policy	The management has taken note, it has already come up with a draft of the policy	Not resolved	

**Name : Agnes Rono  
Accounting Officer  
Emsos Technical and Vocational College  
Date 5<sup>th</sup> May 2022**

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

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1						
2						
3						

**Appendix II: Projects Implemented by (The Entity)**

**Projects**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

**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)*

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

**Appendix III- Inter-Entity Confirmation Letter**

**EMSOS TECHNICAL AND VOCATIONAL COLLEGE**

Telephone: +254796376783  
 e-mail: [info@emsostvc.ac.ke](mailto:info@emsostvc.ac.ke)  
 website: [www.emsostvc.ac.ke](http://www.emsostvc.ac.ke)



PO BOX 300 - 30100  
 ELDORET, KENYA.

The *Emsos TVC* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> 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.

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2022				Total (D)=(A+B+C)	Amount Received by Emsos TVC (KShs) as at 30 <sup>th</sup> June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter- Ministerial (C)				
FY 2020/2021	13/07/2021	1,230,000	-	-	-	1,230,000	1,230,000	
FY 2021/2022	18/11/2021	1,725,000	-	-	-	1,725,000	1,725,000	
FY 2021/2022	02/02/2022	1,725,000	-	-	-	1,725,000	1,725,000	
FY 2021/2022	03/06/2022	2,287,500	-	-	-	2,287,500	2,287,500	
<b>Total</b>		<b>6,967,500</b>	<b>-</b>	<b>-</b>	<b>-</b>			

**Confirmation of amounts received by Emsos TVC as at 30<sup>th</sup> June 2022**

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

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

**Head of Accountants department of beneficiary Entity:**

Name JUDITH KUSANGI Sign  Date 5/5/2023

**Appendix IV: Reporting of Climate Relevant Expenditures**

Name of the Organization  
Telephone Number  
Email Address  
Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

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

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

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

**Appendix V: Disaster Expenditure Reporting Template**

Entity						
Period to which this report refers (FY)	Year	Quarter				
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments






**REPUBLIC OF KENYA**  
**THIRTEENTH PARLIAMENT - (SECOND SESSION)**  
**THE NATIONAL ASSEMBLY**

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**Hon. Speaker**, the following business will be transacted today, **Wednesday, June 14, 2023** under the **Preliminary Orders (Afternoon Sitting)**: -

- 1. Under Order No. 4**, the following Petitions will be conveyed by:-
    - a) **Yourself**, regarding punitive charges levied by the Kenya National Highways Authority; and
    - b) **The Hon. Ali Wario, MP** (Garsen) on review of boundaries of the Tana Delta Irrigation Project.
  - 2. Under Order No. 5**, the following Papers will be laid on the Table of the House by the **Leader of the Majority Party**:
    - (i) First Quarterly report of the Ethics and Anti-Corruption Commission for year covering the period: 1<sup>st</sup> January, 2023 to 31<sup>st</sup> March, 2023 from the Office of the Auditor General.
    - (ii) Reports of the Auditor-General and Financial Statements in respect of the following Institutions for the year ended 30th June 2022 and the certificates therein: -
      - a) Mukurweini Technical Training Institute;
      - b) Samburu Technical and Vocational College;
      - c) Mathenge Technical Training Institute;
      - d) Mt. Elgon Lodge Limited;
      - e) Simlaw Seeds Company Limited;
      - f) Kieni Technical and Vocational College;
      - g) Mathira Technical and Vocational College;
      - h) Lake Victoria North Water Works Development Agency;
      - i) The Technical University of Kenya;
      - j) Multimedia University of Kenya;
      - k) National Youth Service;
      - l) National Youth Council;
      - m) Institute of Human Resource Management;
      - n) Pwani University;
      - o) Kenya Water Towers Agency;
      - p) National Irrigation Authority;
      - q) Sikri Technical and Vocational College for the Blind and Deaf;
      - r) Chuka Technical and Vocational College;
      - s) Turbo Technical and Vocational College; and
      - t) Emsos Technical and Vocational Vocational College.
-

	
THE NATIONAL LAID	
PAPERS	
DATE:	14 JUN 2023
TABLED	DAY
BY:	
CLERK-AT	
THE TABLE:	



**REPUBLIC OF KENYA**  
**THE NATIONAL ASSEMBLY**  
**THIRTEENTH PARLIAMENT (SECOND SESSION)**

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NA.L&P.2023/LOM (044)

14<sup>th</sup> June, 2023

**PAPERS LAID**

Hon. Speaker, I beg to lay the following **Papers** on the Table of the House, today **Wednesday, 14<sup>th</sup> June, 2023 (Morning Sitting):-**

1. Report on all new loans contracted by Government from 1<sup>st</sup> January to 30<sup>th</sup> April, 2023 from National Treasury and Economic Planning;
2. Request for appropriation of additional funding to cater for Maize flour subsidy from the Ministry of Agriculture and Livestock;
3. Report of the Auditor – General and Financial Statements in respect of the Institute of Certified Investment and Financial Analysts for the year ended 31<sup>st</sup> December, 2022;
4. Reports of the Auditor-General and Financial Statements in respect of the following Institutions for the year ended 30<sup>th</sup> June 2022 and the certificates therein: -
  - a) Coast Water Works Development Agency;
  - b) Ramogi Institute of Advanced Technology;
  - c) Road Maintenance Levy Fund - Kenya Rural Roads Authority;
  - d) North Eastern National Polytechnic;
  - e) Fayya Technical and Vocational College;
  - f) University of Kabianga;
  - g) Ijara Technical and Vocational Training College;
  - h) Nzoia Sugar Company Limited;
  - i) Masinde Muliro University of Science & Technology;
  - j) Alupe University College;
  - k) Kenya Maritime Authority;
  - l) Rongo University;
  - m) Kenya Coast National Polytechnic;
  - n) Child Welfare Society of Kenya;
  - o) Kenyatta University Teaching, Referral and Research Hospital;
  - p) National Hospital insurance Fund;
  - q) Kenya Safari Lodges and Hotels Limited;
  - r) Coast Development Authority;
  - s) Kenya Electricity Transmission Company Limited;
  - t) Kenya Rural Roads Authority;
  - u) Kenya Petroleum Refineries Limited (KPRL);
  - v) Kenya Post Office Savings Bank;
  - w) Revenue Accountability Statements – Kenya Revenue Authority;
  - x) Small Enterprises Finance Company Limited; and
  - y) Kenya Revenue Authority.

**(THE LEADER OF THE MAJORITY PARTY)**

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