

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT** NATIONAL ASSEMBLY

PARLIAMENT  
OF KENYA  
LIBRARY

DATE: 09 AUG 2023	DAY: WED
TABLED BY: OF	Hon. Owen Bayes, MP Deputy Leader, majority
CLERK AT THE TABLE:	Ahmed Kadhi

**THE AUDITOR-GENERAL**

**ON**

**NYANG'OMA VOCATIONAL TRAINING  
CENTRE**

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



OFFICE OF THE AUDITOR GENERAL  
**RECEIVED**  
★ 22 MAY 2023 ★  
P. O. BOX 1188, KISUMU

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**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2022**

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**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**I. Key Entity Information and Management**

Youth polytechnics were started as village polytechnics in the year 1968 by the National Council of Churches of Kenya (NCCCK). It was meant to offer a pathway for the acquisition for technical skills knowledge attitude entrepreneurship and business skills.

However, over the years, they have been experiencing several challenges including: poor infrastructure, shortage of qualified staff and low funding, leading to poor enrolment

Nyang'oma Vocational Training centre is situated in Nyang'oma location, Kamswa South Sub-Location, Masogo-Nyang'oma ward, Muhoroni sub-county, Kisumu County. It is located along Kisumu-Nairobi highway, 2 Km to Awasi Market

It was started in 1968 under the management of Catholic Church. From there the government took over under the Ministry of Home Affairs. It was taken by the Ministry of Labour, then Local Authority up to the year 2006 when the Ministry of Youth Affairs was formed to re-establish it. It was rebranded as Nyang'oma Youth Polytechnic, with the new constitution. It was devolved in the year 2010 and the county rebranded it as Nyang'oma Vocational Training centre.

Currently the institution has a trainee population of 189.

In the year 2011 the county government of Kisumu posted a manager and two instructors to perform the instructional duties. The following were the courses offered at that time

- a) **Garment making and fashion design**
- b) **ICT**
- c) **Electrical and electronics installation**

Due to high demand from the local community, the institution was forced to introduce two more courses namely: Building Technology, Hair Dressing and Beauty Therapy. But the instructors were not deployed to instruct these additional courses thus the institution was forced to employ two more staffs which were to be paid by the Board of Management (BOM)

**COURSES OFFERED**

1. Electrical and Electronics Technology
2. Hair dressing and beauty therapy technology
3. Building construction technology
4. Information Communication Technology
5. Garment making and fashion design technology
6. Motor Vehicle Mechanics

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**(a) Principal Activities**

- Skills training
- Skills development

**Vision**

- To provide innovative technical skills and practical that highly impact leading engagement of our trainees in correct edge technology

**Mission**

- To promote trainees' success, prepare a skilled workforce and build tomorrow's leaders by providing access to quality technical education

**Motto**

- Technical skills for self-reliance

**Core values**

- Our core values are informed by our firm commitments that define who we are as an institution and the qualities and principles that we integrate in all our activities within the institution. These are:
  1. Accountability
  2. Responsibility
  3. Honesty
  4. Integrity
  5. Excellence.

**(b) Key Management**

The *centre* day-to-day management is under the following key organs:

- Board of Governors
- County Directorate
- Centre Management

**(c) 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	-Mr. Joel Odede
2.	Deputy principal Finance	-
3	Deputy principal Academics	- Mr. Crispine Onditi
4	Registrar (s)	- Mrs Tabitha Onyango
5	Dean of students	- Mr. Oliver Ombelu

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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*(Include all positions regarded as top management in your organisation).*

**(d) Fiduciary Oversight Arrangements**

*(Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):*

- *Audit and risk committee activities*
- *Finance and operations committee activities*
- *Academic committee activities*
- *Development partner oversight activities*
- *Other oversight activities)*

**NYANG`OMA VOCATIONAL TRAINING CENTRE**  
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**Key Entity Information and Management (Continued)**

**(e) Entity Headquarters**

P.O. Box 12  
AWASI  
KENYA

**(f) Entity Contacts**

0729489725  
Odedej@yahoo.com

**(g) Entity Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

Other Commercial Banks  
(List details of other commercial banks)

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
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**II. The Council/Board of Governors**

1. Board of Governors Chairman- Mr. Tom Milton Omolo-0725484139	Mr. Tom Milton Omollo is a diploma holder in education, church pastor and a counsellor
2. Mr. Simon Belo-0712624424	He is a primary school head teacher representing management and leadership
3. Mrs. Caroline Agono-0785216912	Industry Representative. A very good mobilizer
4. Mrs. Diana Ndhine-0719649991	She has a diploma in Survey. Representing technology
5. Mr. Paul Okello-0720797652	He has a degree in Civil Engineering. Representing engineering
6. Mr. Joseph Owino-0796324475	Accountant. Representing Finance Management
7. Mr. Michael Asudi-0724511702	Degree in ICT. Representing ICT
8. Mrs Paschalia Ouma-0722596096	Director VET
9. Mr. Orayo-	Sub-County Administrator Muhoroni
10. Joel Odede 0729489725	Secretary to the Board of Governors-

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**III. Management Team**

1. Centre Manager	Overall in charge of the centre
2. Deputy Centre manager	In charge of training
3. Heads of Department	In charge of respective departments
4. Subordinate staffs 2 security officers cook	To man day and night Preparing meals for trainees

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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#### **IV. Chairman's Statement**

Tom Milton Omollo joined the BOG in 2016 as the P.T.A chairman. In 2020 he was appointed BOG chairman.

Mr. Tom Milton Omollo is a diploma holder. The international leadership Institute (I.L.I) awarded him diploma in Bible studies in 2007. The International school of ministry based in the U.S.A also awarded him a diploma in 2009.

Apart from being a pastor by calling, Tom is a retired teacher who served from a humble beginning before eventually rising to the position of a primary school head teacher.

He has served as the secretary and chairman of the National Council of Churches of Kenya(NCCK) Nyando D.C.C.

He has also served as the vice chairman of Kenya red cross Nyando branch. He is a life member of Kenya red cross society

Ladies and gentlemen, may I take this opportunity to present the financial statement for Nyang'oma VTC for the year 2020. This report will go a long way in helping us reflect back with a view to celebrating our successes and swot our performance. Let it be known that this report is in fact an indicator that the BOG worked jointly as a team to enable NVTC achieve all this.

The Kisumu county government gave us this amount through sponsorship of trainees ksh 932,552.00

#### **CHALLENGES**

- Lack of dormitories

The Institution is currently receiving students from as far as Kibigori, Nyangore and parts of Nandi county. We therefore need, especially girls' dormitory this will control lateness and Cut cost on part of the students' commuter fare

#### **STAFFING**

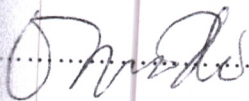
We only have two instructors from the county government. Kindly employ for us more instructors.

#### **CONCLUSION**

In conclusion, I want to thank the teaching staff, subordinate staff, the community and the manager. The manager madam Yvonne has indeed offered all her energy for the success of NVT. Madam Yvonne is the pillar of this institution. Her rapport with all the stakeholders is truly cordial. I urge all of you to work hard so that we can take NVTC a notch higher come next year. All in all, we wish to thank Kisumu county for all the support without which we wouldn't be where we are today.

God bless you.

Tom Milton Omollo



## **B.O.G Chairperson**

### **Report of the Principal**

This is the report for the financial year 2021/2022, a year that started well but challenged by drop out and teen pregnancy. Team work and dedication of members of the board of management and the entire staff of Nyang'oma Vocational Training Centre, helped mitigate the challenges to manageable levels.

### **Milestones**

In the year, Nyang'oma Vocational Training Centre made remarkable achievement in a number of deliverables.

There was magnificent increase in enrolment from 121 trainees in the year 2019/2020 to 180 in this ending year 2021/2022.

Two, the effective and thrifty utilisation of the SVTCSG (National government grant) and Grant from the county, made it possible to procure sufficient Instructional materials that has made instruction effective.

Again, the institution made hall mark achievement in their participation in the County VTC sports and earned first winner's trophies for exemplary performance in volley ball and Tag-of-war.

The VTC is also boasting the celebration of its latest gains after having met the terms and conditions of examination centre registration with NITA, hence Nyang'oma Vocational Training Centre is now an examination centre.

In the same period, the BOM managed to introduce boarding facilities after the construction of temporary hostels for both boys and girls in the standards yet to be approved by public health regulations.

### **Challenges**


The centre however still struggles to overcome a number of challenges and areas for improvement and development for better training provision.

- ✓ **Staffing** is one of the most disturbing shortage. The centre has a staffing need of 14 instructors and 4 support staff. However currently there are only 2 permanent and pensionable instructors including the manager, another 4 are engaged on BOM contracts. There is therefore a deficit of 12 instructors. All the support staff; Security officer and cook are also on BOM contract. There is still need for an accounts clerk, office administrative. The burden of having staff on BOM contracts pushes the expenditure of the VTC to strain.
- ✓ **Boarding facility** is not to the standard required by public health and therefore has not been approved. There is need to invest in decent boarding facilities, hostels and management. This will also help to persuade more trainees to join the institution, hence potentiality for increase enrolment.
- ✓ **Modern workshops, and computer lab** are needed so as to meet the current demands of market oriented and technology based training in order to produce skill that are readily consumable.

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
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Take this opportunity to thank all our stake holders for their unwavering support in helping us to achieve our great mission of skills development

Osede Joel

  
 Centre Manager

(Under this section, the principal will give his report which highlights the same issues as the Chairman in a more detailed format. The principal may also mention at a high level the financial performance of the organisation). The report should be signed by the principal).

**Statement of Performance against Predetermined Objectives**

NYANG'OMA VTC has 4 strategic pillars and objectives.

- Pillar 1: To Increase the number of trainee enrolment
- Pillar 2: To increase the number of trainees graduating from the institution
- Pillar 3: To participate in environmental activities
- Pillar 4: To keep books of account

NYANG'OMA VTC develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The NYANG'OMA VTC achieved its performance targets set for the FY 2021/2022 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	To Increase the number of trainees enrolment 180	Increased enrolment	Community Sensitization , printing flairs	Trainees increased from 56 to 228
Pillar 2:	To increase the number of trainees graduating from the institution to 40	Increased graduates	Trainees graduated	48 trainees sat and passed their National Exams
Pillar 3:	To plant 60 trees in the institution. Engage trainees social works	Planted trees. Swept Awasi market centre, Ogwedhi market centre and slashing roadsides	Engage trainees in tree planting, cleaning of the environment	60 trees planted. 3 market centres cleaned
Pillar 4:	To keep financial records of the institution, about 6 books of	Cash book, inventory, LPO and LSO, payment	Keeping records	At least 6 books of account were well kept

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
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		accounts.	vouchers, receipt book		
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*NYANG'OMA VOCATIONAL TRAINING CENTRE* develops its annual work plans based on the above X pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *NYANG'OMA VOCATIONAL TRAINING CENTRE* achieved its Corporate Governance Statement

### **Appointment of Board of Governors members**

Nyang'oma VTC has been working with the BOM. The election of the new management delayed a bit and finally it was conducted following the new guideline under TVET Act 2013

Membership of the Board of Governors is as follows:

- a) a chairperson;
- b) a representative of the minister/CECM in the department responsible for technical and vocational training;
- c) a representative of the county Governor; and

Six other persons appointed on the basis of their knowledge and experience in—

- 1) Leadership and management;
- 2) Financial management;
- 3) Technology;
- 4) Industry;
- 5) Engineering;
- 6) Information communication technology.

## **VI. Management Discussion and Analysis**

### **Operational and financial performance**

In order to respond to the prevailing national needs, Nyang'oma VTC spent its resources effectively into key areas in order to achieve the centres core objectives. Our daily operations during this period revolves around meeting the needs of our trainees through provision of quality training, lunch program, trainees' welfare, and trainees' talent development and also industrial attachment placement.

The source of funding are as follows:

- 1. National grant**
- 2. County grant**
- 3. Donations**

In order to meet the needs of trainees the management developed a budget in accordance with national government policies. The following were the financial vote heads that enabled the centre to achieve all its training objectives:

1. Repair, maintenance and improvement of tools and equipment ksh 4,200
2. Text books, reference book an instructors guide and manuals ksh 1,150
3. Instructional materials ksh 5,360
4. Exercise books and stationery ksh 1,080

5. Skills competition ksh 710
6. Utilities ksh 1,500
7. Co-curriculum activities ksh 1000

**VII. Environmental and Sustainability Reporting Statement**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

During National days and International celebrations, like International Youth Day and National Youth week, World AIDS Day, World Environment day, Day of African Child among others, the VTC participates in activities such as tree planting and market clean up to give the trainees and management opportunity to give back to the community. However, there is no documented institution policy on this.

**Sustainability strategy and profile**

*(The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure).*

**Environmental performance**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

During National days and International celebrations, like International Youth Day and National Youth week, World AIDS Day, World Environment day, Day of African Child among others, the VTC participates in activities such as tree planting and market clean up to give the trainees and management opportunity to give back to the community. However, there is no documented institution policy on this.

**Employee welfare**

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

- Recruitment of personnel is a responsibility of the public service board of Kisumu County government, however at the institutional level, the BOM has voted for staff feeding program while on duty.

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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- The manger constantly advices the staff on training and career development. There has been sporadic training on life kills by NGOs but there is still need for the county government to spearhead and invest in staff training and refresher courses.
- The VTC has a designated fire assembly and has conducted fire safety training with support of the Kenya Red cross, but it requires funding to install fire extinguishers.
- One of the buildings is a person with disability friendly, with ramp at the entrance, others need to be improved.
- The staff is organised into a small welfare body with activities like table banking, merry-go-round and instant contributions for staff members when in urgent need.

**Market place practices-**

The organisation should outline its efforts to:

- a) Responsible competition practice.  
Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- d) Product stewardship- outline efforts to safeguard consumer rights and interests.

*(The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, water and sanitation initiatives)*

**Corporate Social Responsibility / Community Engagements**

Nyang'oma Vocational Training Centre has participated in a number of corporate responsibility activities that have been of direct benefit to the community around.

- First the institution forms a market for the locally small scale products especially food stuffs.
- Two, the community has access to the use of facilities such as conference halls. The institution has also occasionally organized environmental activities like tree planting.
- Again, the VTC serves as a conduit for mobilization and sensitization of the community on current information by either national or County Government. If it were funded, for example, the VTC would have engaged in the production of facemasks and hand wash liquid soap during this Covid pandemic.
- Lastly, NYANG'OMA VTC engages the community members as casual labourers

### **Report of the Council/Board of Governors**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the *Nyang'oma Vocational Training Centre*'s affairs.

### **Principal activities**

The major activities of the board of governors in the institution is to ensure that enrolment is up-to-date. There are six positions and two sub committees ie

1. Financial management
2. Infrastructure.

The board of governors also ensures that the courses that are offered are favourable to the youths and the community at large. The following are the courses offered at Nyang'oma Vocational Training Centre

1. Garment making and fashion design
2. Hair dressing and beauty therapy
3. Masonry
4. Electrical installation
5. ICT
6. MVM.

#### **1. INFRASTRUCTURE**

In infrastructure, workshops and classrooms are properly maintained.

Washrooms are to be adequate

Chairs and tables available.

2. **STAFFING**; ; there is deficit in staffing, the number of instructors compared to trainees is not matching

Only two instructors are employed by the county government of Kisumu

Therefore, we need more at least Two per department.

3. **DORMITORY**. There is an urgent need for the hostel both female and male.

The county government is currently sponsoring youths to our institution, this has led to good increase in enrolment hence need for hostel.

The catchment of the population from far end Nandi boarders also culminates to need of such development.

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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The girl child protection within our locale requires that we put up hostel, this would help protect them from problems they encounter during their to and from the institution.

**Results**

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

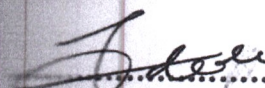
**Council/Board of Governors**

The members of the Board /Council who served during the year are shown on page Nyang'oma Vocational Training Centre. During the year 2020 director retired/ resigned and The 9 were appointed with effect from 14<sup>th</sup> July 2022 date.

**Auditors**

The Auditor General is responsible for the statutory audit of **Nyang'oma Vocational Training Centre** in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the **Nyang'oma Vocational Training** for the year/period 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: 19/05/2023

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - (entities should quote the applicable legislation under which they are regulated)*) require the council members to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *Nyang'oma Vocational Training Centre* at the end of the financial year/period and the operating results of the *Nyang'oma Vocational Training Centre* for that year/period. The council members are also required to ensure that the institution keeps proper accounting records which disclose with reasonable accuracy the financial position of the *institution*. The council members are also responsible for safeguarding the assets of the *institution*.

The council members are responsible for the preparation and presentation of the *Nyang'oma Vocational Training Centre* financial statements, which give a true and fair view of the state of affairs of the *institution* for and as at the end of the financial year (period) ended on June 30, 2020. 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 the *institution*. (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 *Nyang'oma Vocational Training Centre* 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 State Corporations Act, and the TVET Act*) . The council members are of the opinion that the *Nyang'oma Vocational Training Centre* financial statements give a true and fair view of the state of *institution* transactions during the financial year ended June 30, 2020, and of the *institution* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the *institution*, which have been relied upon in the preparation of the *Nyang'oma Vocational Training Centre* financial statements as well as the adequacy of the systems of internal financial control.

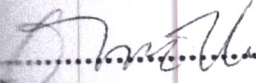
Nothing has come to the attention of the council members to indicate that Nyang'oma Vocational Training Centre will not remain a going concern for at least the next twelve months from the date of this statement.

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**Approval of the financial statements**

The Nyang'oma Vocational Training Centre financial statements were approved by the Board on 29<sup>th</sup> July 2022 and signed on its behalf by:

  
.....  
Name

**Chairperson of the Board/Council**

  
.....  
Name

**Accounting Officer/Principal**

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON NYANG'OMA VOCATIONAL TRAINING CENTRE 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 controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Nyang'oma Vocational Training Centre set out on pages 1 to 35, 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 the 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

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*Report of the Auditor-General on Nyang'oma Vocational Training Centre for the year ended 30 June, 2022*

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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nyang'oma Vocational Training Centre as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training (TVET) Act, 2013 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

Review of the financial statements revealed the following inaccuracies;

- (i). The statement of financial performance reflects transfers from the national government-grants/gifts in kind an amount of Kshs.945,000 while the corresponding Note 1 to the financial statements reflects an amount of Kshs.9,450,000 resulting in an unexplained variance of Kshs.8,505,000. Further, the statement reflects use of goods and services amount of Kshs.1,600,800 while the corresponding Note 3 to the financial statements reflects an amount of Kshs.935,100 resulting in an unexplained variance of Kshs.665,700.

In addition, the statement reflects a Nil amount in respect of employee costs while the corresponding Note 4 to the financial statements reflects an amount of Kshs.408,000 resulting in an unexplained variance of Kshs.408,000.

- (ii). The statement of financial position reflects cash and cash equivalents balance of Kshs.13,142,009 while the corresponding Note 7 to the financial statements reflects a balance of Kshs.1,314,209 resulting in an unexplained variance of Kshs.11,827,800. Further, the statement reflects total assets balance of Kshs.1,510,209 while the re-computed amount indicates a balance of Kshs.13,338,009 resulting in an unexplained variance of Kshs.11,827,800.

In addition, the statement reflects total net assets and liabilities balance of Kshs.1,973,904 which differs with the recomputed amount of Kshs.13,338,009 resulting in an unexplained variance of Kshs.11,827,800.

- (iii). The statement of changes in net assets for the year ending 30 June, 2022 is not populated.
- (iv). The statement of cash flows reflects closing cash and cash equivalents balance of Kshs.961,055 which differs with the balance of Kshs.13,142,009 reflected in the statement of financial position resulting in an unexplained variance of Kshs.12,180,954.
- (v). The statement of comparison budget and actual amounts is incomplete.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

## **2. Unconfirmed Opening Balance**

The financial statements contain opening balances from 2020/2021 financial year which could not be confirmed since there were no audited financial statements for the year ended 30 June, 2021.

In the circumstances, the accuracy of the financial statements could not be confirmed.

## **3. Inaccuracies in the Use of Goods and Services Expenditure**

The statement of financial performance reflects use of goods and services amount of Kshs.1,600,800 However, included was an amount of Kshs.353,700 relating to employee costs which should have been disclosed under the respective expenditure component. Further, Management provided payment vouchers amounting to Kshs.2,200,000 for this expenditure component resulting to an unexplained variance of Kshs.599,200.

In the circumstances, the accuracy and completeness of the use of goods and services amount of Kshs.1,600,800 could not be confirmed.

## **4. Undisclosed Employee Costs**

The statement of financial performance reflects Nil amount in respect of employee costs while review of available records revealed employee costs amounting to Kshs.353,700. Further, Note 4 to the financial statements reflects employee costs amounting to Kshs.408,000 resulting to an unexplained variance of Kshs.54,300.

In the circumstances, accuracy of the Nil Amount of employee costs could not be confirmed.

## **5. Unsupported Remuneration of Board of Governors**

The statement of financial performance reflects an expenditure of Kshs.30,000 in respect of remuneration of the members of the Board of Governors. However, there were no ledgers/support schedules to support the amount stated in the financial statements.

In the circumstances, the accuracy and completeness of the remuneration of BOG expenditure of Kshs.30,000 could not be confirmed.

## **6. Unsupported Expenditure on Repairs and Maintenance**

The statement of financial performance reflects repairs and maintenance amount of Kshs.131,400. However, there were no ledgers/schedules prepared to support the amount reflected in the financial statements. Further, the respective payment vouchers were not supported with requisition notes, Local Purchase/Service Orders, quotations, evaluation minutes, award letters, delivery notes, inspection and acceptance certificates and good received notes.

In the circumstances, the accuracy and regularity of the repairs and maintenance expenditure of Kshs.131,400 could not be confirmed.

## **7. Inaccuracies in the Cash and Cash Equivalents Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.13,142,009. However, the respective bank reconciliation statements and the certificates of bank balances indicated a balance of Kshs.2,515,547 resulting in an unexplained variance of Kshs.10,626,462.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.13,142,009 could not be confirmed.

### **8. Unsupported Inventories Balance**

The statement of financial position reflects an inventories balance of Kshs.196,000. However, the duly signed stock sheets and the stock count report were not provided to support the balance. Further, the quarterly and annual stock taking was not done by the Centre as required by Section 162(2) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the accuracy, completeness, existence and valuation of the inventories balance of Kshs.196,000 could not be confirmed.

### **9. Inaccuracies in the Trial Balance**

The statement of financial performance reflects amounts of Kshs.945,000 and Kshs.932,552 in respect of transfers from the National Government – grants/gifts in kind and transfers from the other levels of Government respectively. However, these amounts were not included in the trial balance of the Centre.

Further, the statement of financial position reflects cash and cash equivalents balance of Kshs.13,142,009 which differed with the trial balance amount of Kshs.165,024 resulting in an unexplained variance of Kshs.12,976,985. The trial balance also omitted inventories balance of Kshs.196,000.

In the circumstances, the accuracy of the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyang'oma Vocational Training Centre 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.

## **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. Presentation and Disclosure in the Financial Statements**

Review of the financial statements of the Centre revealed the following presentation anomalies;

- (i). The corporate governance statement was not prepared as required by the recommended reporting template.
- (ii). The report of the Council /Board of Governors indicates that the financial statements are for the year ended 30 June, 2020 instead of 30 June, 2022. Further, the report contains the words 'XYZ Certified Public Accountants' which should have been deleted since the audit was being carried out by the Auditor-General. In addition, the report is not indexed as part X.
- (iii). The statement of the Board of Governors/Council's responsibilities indicates the word 'institution' instead of the name of Nyang'oma Vocational Training Centre. Further, the statement is not indexed as part XI.
- (iv). The statement of financial performance and statement of financial position was not signed by the finance officer.
- (v). The statement of cash flows was not signed by the chairman of the Board, the finance officer and the principal of the Centre as required by the recommended reporting template.

In the circumstances, the financial statements have not been prepared in accordance with the recommended reporting template and guidelines issued by the Public Sector Accounting Standards Board.

### **2. Lack of an Approved Budget**

During the audit, it was observed that the Centre did not have an appropriate and approved budget for its operations. This is contrary to Regulation 31(2)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer is responsible, in particular for ensuring that - all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his National Government entity during the financial year.

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 an Internal Audit Function and Audit Committee**

The Centre operated without an Internal Audit Unit and Audit Committee. This is contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which states that “every National Government entity shall ensure that it complies with this Act and—has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.” and sub-section (5) which states that “every National Government public entity shall establish an internal auditing committee whose composition and functions are to be prescribed by the regulations”.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

### **2. Failure to Develop Risk Management Strategy**

Management did not develop risk management strategies during the year contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer of a National Government entity to develop risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal controls that builds robust business operations.

In the circumstances, existence of an effective risk management strategies could not be confirmed.

### **3. Lack of Human Resource Policy, Scheme of Service and Staff Establishment**

During the year under review, the Centre did not have human resource department nor formulate a human resource policy, scheme of service and staff establishment, to guide on administrative and personnel matters. This is contrary to Human Resources Policies and Procedures Manual for the Public Service, 2016 which bestows the Public Service Commission and Management with roles and functions which include setting and overseeing the overall human resources strategy, terms of service of employees and approval of significant policies of the organizational structure of the Centre.

In the circumstances, the effectiveness of internal controls on human resource management could not be confirmed.

### **4. Lack of Information Communication Technology (ICT) Policy**

The Centre did not develop Information Communication Technology (ICT) policies during the year under audit review. This is contrary Regulation 23 (1) (c) of the Public Finance Management (National Government) Regulations. 2015 which states that Accounting Officers shall, in accordance with Article 226(2) of the Constitution and section 68(1) of the Act, be accountable to the National Assembly - for maintaining internal controls and the measures taken to ensure that they are effective.

In the circumstances, existence of effective systems of ICT controls could not be confirmed.

## **5. Inadequate Staff**

Review of records revealed that the Centre was not under the mentorship program. The Centre has no qualified accountant responsible for the preparing the financial statements and maintaining proper books of accounts. The Centre has only five staff who are the instructors of the courses offered at the Institution.

In the circumstances, the inadequacy of critical staff may lead to low enrolment of students and the objectives of the Centre may not be achieved.

## **6. Lack of a Fixed Assets Register**

Review of records revealed that the Centre did not prepare a fixed asset register to record all the assets it owns. Further, the Centre did not have finance policy and procedures manual to guide it on the rates of depreciation and amortization of the property and equipment it owns. This is contrary to Regulation 139(1) of the Public Finance Management (National Government) Regulations, 2015 which states that "The Accounting Officer of a National Government entity shall take full responsibility and ensure that proper control systems exist for assets and that - preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse; and movement and conditions of assets can be tracked'.

In the circumstances, Management did not have a mechanism to mitigate against the possibility of theft, loss, wastage and misuse of fixed assets.

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

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

In preparing the financial statements, Management is responsible for assessing the Centre's ability to continue to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management either intends to terminate the Centre or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way.

The Board is responsible for overseeing the Centre'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 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Centre's 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 Centre'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 Centre 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 Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 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 July, 2023**

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

	Notes	2021 - 2022	2020 - 2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	1	945,000	1,185,000
Transfers from other levels of government	2	932,552	1,926,250
<b>TOTAL</b>		<b>1,877,055</b>	<b>2,611,250</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	10	-	-
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	-	-
Finance income - external investments	13	-	-
Other income	14	-	-
<b>Revenue from exchange transactions</b>		<b>-</b>	<b>-</b>
<b>Total revenue</b>			
<b>Expenses</b>			
Use of goods and services	3	1,600,800	1,765,060
Employee costs	4	-	408,000
Remuneration BOG	5	30,000	-
Repairs and maintenance	6	131,400	962,300
Grants and subsidies		-	-
Finance costs		-	-
<b>Total expenses</b>		<b>1,762,200</b>	<b>2,606,860</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>-</b>	<b>-</b>
<b>Net Surplus for the year</b>		<b>114,855</b>	<b>4,390</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-

*[Signature]*  
 Chairman of Council/Board

.....  
 Finance Officer  
 ICPAK No

*[Signature]*  
 Principal

Date 19/5/2023

Date

Date 19/05/2023

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

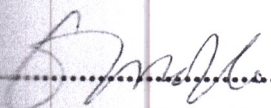
**XI. Statement of Financial Position as at 30th June 2022**

Description	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	7	13,142,009	469,557
Current portion of receivables from exchange transactions			
Receivables from non-exchange transactions			
Inventories	8	196,000	105,000
Investments			
<b>Non-Current Assets</b>			
Long term receivables from exchange transactions	9		
Investments			
Property, plant, and equipment			
Intangible assets			
Investment property			
<b>Total Assets</b>		<b>1,510,209</b>	<b>574,557</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions			
Refundable deposits from customers			
Current provisions			
Finance lease obligation			
Current portion of borrowings			
Deferred income			
Employee benefit obligation			
Payments received in advance			
<b>Non-Current Liabilities</b>			
Finance lease obligation			
Deferred income			
Non-Current Employee Benefit Obligation			
Non-Current Provisions			

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
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Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Borrowings			
Service Concession Liability			
Deferred Tax Liabilities			
<b>Total Liabilities</b>			
<b>Net Assets</b>			
Reserves			
Accumulated Surplus			
Capital Fund			
<b>Total Net Assets and Liabilities</b>		<b>1,973,904</b>	<b>574,557</b>


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

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

Date 19/5/2023

.....  
**Finance Officer**  
**ICPAK No**

Date

  
 .....  
**Principal**

Date 19/05/2023

NYANG'OMA VOCATIONAL TRAINING CENTRE  
Annual Report and Financial Statements for the year ended 30th June 2022

XII. 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, 2020</b>					
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income					
Capital/development grants received during the year					
Transfer of depreciation/amortisation from capital fund to Retained earnings					
<b>At June 30, 2021</b>					
<b>At July 1, 2021</b>					
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income					
Capital/development grants received during the year					
Transfer of depreciation/amortisation from capital fund to Retained earnings					
<b>At June 30, 2022</b>					

(Note:

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

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

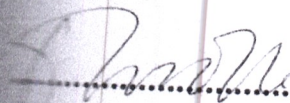
**XIII. Statement of Cash Flows for the year ended 30 June 2022**

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		945,000	1,185,000
Public contributions and donations			
Rendering of services- fees from students			
Sale of goods			
Rental revenue from facilities and equipment			
Finance income			
Other income			
<b>Total Receipts</b>		<b>945,000</b>	<b>1,185,000</b>
<b>Payments</b>		<b>623,500</b>	<b>623,500</b>
Compensation of employees			
Use of goods and services			
Finance cost			
Rent paid			
Taxation paid			
Other payments			
Grants and subsidies paid			
<b>Total Payments</b>			
<b>Net Cash Flows from operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets			
Proceeds from sale of property, plant and equipment			
<b>Net cash flows used in investing activities</b>		<b>817,200</b>	<b>1,942,180</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>817200</b>	<b>1942180</b>
Cash and Cash equivalents at 1 JULY	26	463695	00
<b>Cash and Cash equivalents at 30 JUNE</b>	26	<b>961055</b>	<b>463695</b>

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

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

  
.....

**Chairman of Council/Board**

Date 19/5/2023

.....

**Finance Officer**

**ICPAK No**

**Date**

  
.....

**Principal**

Date 19/05/2023

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

Description	Original budget	Adjustments	Final budget	Actual or comparable basis	Performance difference	Utilization Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
Transfers from other govt entities and govt grants		945,000	1,185,000			
Public contributions and donations						
Rendering of services - fees from students						
Sale of goods						
Finance income						
Other income						
Gains on disposal, rental income and agency fees						
<b>Total Income</b>						
<b>Expenses</b>						
Compensation of employees						
Use of goods and services						
Finance costs						
Rent paid						
Remuneration of directors						
Grants and subsidies paid						
<b>Total Expenditure</b>						
<b>Surplus For the Period</b>						

**(Budget notes)**

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

**XV. Notes to the Financial Statements**

**1. General Information**

Nyang'oma Vocational Training Centre entity is established by and derives its authority and accountability from Nyang'oma Vocational Training Centre Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Nyang'oma Vocational Training Centre.

**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 *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx.

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

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

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

**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.**

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <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><i>(State the impact of the standard to the Entity if relevant)</i></p>

**NYANG'OMA VOCATIONAL TRAINING CENTRE**  
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Standard	Effective date and impact:
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <i>(State the impact of the standard to the Entity if relevant)</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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. <i>(State the impact of the standard to the Entity if relevant)</i>
Other improvements to IPSAS	<b>Applicable 1<sup>st</sup> January 2023</b> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> Amendments to refer to the latest System of National Accounts (SNA 2008).

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> 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.</li> </ul> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></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 cashflows 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> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></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> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

**iii. Early adoption of standards**

*(The entity)* 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.

**4 Summary of Significant Accounting Policies (Continued)**

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**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 *Nyang'oma Vocational Training Centre x*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of *Nyang'oma Vocational Training Centre x* on the FY 2021/2022 budget following the Council/ Board's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 under section *Nyang'oma Vocational Training Centre* of these financial statements.

**c) Taxes**

***Current income tax***

The entity is exempt from paying taxes as per schedule *Nyang'oma Vocational Training Centre of the Nyang'oma Vocational Training Centre Act*.

***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.

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- When receivables and payables are stated with the amount of sales tax included.

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

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

**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 *Nyang'oma Vocational Training Centre 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.

## Notes to the Financial Statements (Continued)

### 4 Summary of Significant Accounting Policies (Continued)

#### 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.

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

**4 Summary of Significant Accounting Policies (Continued)**

**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:

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

**4 Summary of Significant Accounting Policies (Continued)**

**i) Financial instruments (Continued)**

***Financial assets (Continued)***

***Impairment of financial assets (Continued)***

- 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

## Notes to the Financial Statements (Continued)

### 4 Summary of Significant Accounting Policies (Continued)

#### **Inventories (Continued)**

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

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

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

#### **k) 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.

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

**4 Summary of Significant Accounting Policies (Continued)**

**l) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

**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.

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

**4 Summary of Significant Accounting Policies (Continued)**

**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.

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

**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.

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**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. Additional disclosure of these estimates of provisions is included in Note Nyang'oma Vocational Training Centre .

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. *(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

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

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

Description	Amount allocated	2021-2022	2020-2021
<b>Conditional grants</b>			
Repairs maintenance and improvement of tools and equipment	3,300	260,700	260700
Text books, exercise books and stationary	2,000	158,000	158000
Tools, equipment and instructional/assessment/examination materials	6,000	474,000	474000
Electricity Water and bank charges-utilities	1,250	98,750	98750
Skills , competitions and exhibitions	950	75,050	75050
Co-curricular activities	1,000	79,000	79000
Local travel and transport	500	39,500	<b>39,500</b>
<b>Total government grants and</b>		<b>9,450,000</b>	<b>1,185,000</b>

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

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

Description (MCA grant)	2020-2021	2021-2022
	KShs	KShs
Transfer from county government of Kisumu	932,552	1426256-
<b>Total Transfers</b>	<b>932,552</b>	<b>1426256-</b>

**3. USE OF GOODS AND SERVICES**

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Description	NG2020-2021	NG2021-2022	TOTAL	CG2020-2021	CG2021-2022	TOTAL
<b>Conditional grants</b>						
Repairs maintenance and improvement of tools and equipment	152,000	116,000	268,000	222,900	73,9400	962,300
Text books, exercise books and stationary	63,000	11,000	74,000	-	25,000	25,000
Tools, equipment and instructional/assessment/examination materials	56,000	516,500	572,500	76,860	421900	498,760

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lectricity Water and bank charges- utilities	12,900	-	12,900	-	2000	2,000
Skills , competitions and exhibitions	-	7,600	7,600	-	1,800	1,8000
Co-curricular activities	-	11,200	11,200		4,900	4,900
Local travel and transport	1,800		1,800	30000		3,000
<b>Total government grants and subsides</b>			<b>935,100</b>			<b>1,495,960</b>

**4. EMPLOYEE COSTS**

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	KShs		KShs		2021-2022	2020-2021
Salaries and wages	-	-	-	-	408,000	408,000
Employee related costs - contributions to pensions and medical aids	-	-	-	-		
Travel, motor car, accommodation, subsistence and other allowances	-	-	-	-		
Housing benefits and allowances	-	-	-	-		

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Performance and other bonuses	-		-					
Social contributions	-		-					
<b>Employee costs</b>	-		-					<b>408,000</b>

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**5. REMUNERATION OF BOG**

Description	2020-2021	2021-2022	TOTAL
	KShs	KShs	
Other allowances	30,000	-	
<b>Total BOG emoluments</b>	<b>30,000</b>	<b>-</b>	

**6. REPAIRS AND MAINTENANCE**

Description	2020-2021	2021-2022
	KShs	KShs
General Repair and maintenance and Replacement	131,400	962,300
<b>Total repairs and maintenance</b>	<b>131400</b>	<b>962300</b>

**7. CASH AND CASH EQUIVALENTS**

Description	2020-2021	2021-2022
	KShs	KShs
Current account	1,314,209	
Others(specify)	1,314209	469,557
<b>Total cash and cash equivalents</b>	<b>1,314,209</b>	<b>469557</b>

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

Financial institution	Account number	2020-2021	2021-2022
		KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1233819267	961055	463695
Kcb	1112441387	353154	5862
<b>Sub- total</b>		<b>1314209</b>	<b>469557</b>
<b>b) Others(specify)</b>			
Cash in transit		-	-
cash in hand		-	-
M pesa		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>-</b>	<b>-</b>

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**8. INVENTORIES**

Description	2020-2021	2021-2022
	KShs	KShs
Consumable stores	30000	10000
Maintenance stores	58000	20000
Health Unit stores	3000	15000
Electrical stores	67000	43000
Cleaning materials stores	10000	5000
Catering stores	28000	12000
<b>Total inventories at the lower of cost and net realizable value</b>	<b>196000</b>	<b>105000</b>

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**8. PROPERTY, PLANT AND EQUIPMENT**

Cost	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital work in progress	Total
Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July Nyang'oma Vocational Training Centre								
Additions								
Disposals								
Transfers/adjustments								
At 30 <sup>th</sup> June Nyang'oma Vocational Training Centre								
Additions								
Disposals								
Transfer/adjustments								
At 30 <sup>th</sup> June Nyang'oma Vocational Training Centre								
<b>Depreciation and impairment</b>								
At 1 July Nyang'oma Vocational Training Centre								
Depreciation								
Impairment								
At 30 June Nyang'oma Vocational Training Centre								
Depreciation								
Disposals								
Impairment								
Transfer/adjustment								
At 30 <sup>th</sup> June Nyang'oma Vocational Training Centre								
Net book values								

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At 30 <sup>th</sup> June Nyang'oma Vocational Training Centre																			
At 30 <sup>th</sup> June Nyang'oma Vocational Training Centre																			
<i>[Include brief description of WIP as a footer]</i>																			



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

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**9. Financial Risk Management**

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

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

**(i) Credit risk**

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

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

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**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				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				
<b>At 30 June 2022</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

**44. Financial Risk Management (Continued)**

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

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

The entity has significant concentration of credit risk on amounts due from Nyang'oma Vocational Training Centre x

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**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)*

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



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**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) .....

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

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**Appendix V: Disaster Expenditure Reporting Template**

Date:						
Entity:						
Period to which this report refers (FY)	Year	Quarter				
Name of Reporting Officer		Telephone				
Contact details of the reporting officer:	Email					
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 (K.shs.)	Comments

