

REPORT

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY OF

DATE: 05 JUL 2023

DAY

WED

THE AUDITOR-GENERAL

TABLED
BY:

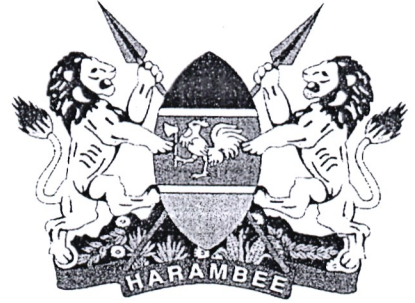
Hon Owen Bayo, CGS, MP
Deputy Leader, majority

CLERK-AT
THE-TABLE:

Fenlays' MURUKI ON

**LIKONI TECHNICAL AND VOCATIONAL
COLLEGE**

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



OFFICE OF THE AUDITOR GENERAL
P.O.Box 95202, MOMRASA
17 JUN 2023
RECEIVED
COAST HUB

LIKONI TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2022

(Leave it Blank)

Table of Contents

I.	Key Entity Information and Management.....	ii
II.	The Council/Board of Governors.....	v
III.	Management Team	viii
IV.	Chairman's Statement	ix
V.	Report of the Principal	x
VI.	Statement of Performance against Predetermined Objectives	xi
VII.	Corporate Governance Statement.....	xii
VIII.	Management Discussion and Analysis	xiii
IX.	Environmental and Sustainability Reporting Statement	xiv
X.	Corporate Social Responsibility / Community Engagements	xv
XI.	Report of the Council/Board of Governors	xvi
XII.	Statement of Board of Governors Responsibilities	xvii
XIII.	Report of the Independent Auditor on Likoni TVC.....	xviii
XIV.	Statement of Financial Performance for the year ended 30 June 2022	1
XV.	Statement of Financial Position as at 30th June 2022	2
XVI.	Statement of Changes in Net Asset for the year ended 30 June 2022.....	3
XVII.	Statement of Cash Flows for the year ended 30 June 2022	4
XVIII.	Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022	5
XIX.	Notes to the Financial Statements	6
XX.	Appendices.....	25

I. Key Entity Information and Management

(a) Background information

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

(b) Principal Activities

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

VISION

To be a world class centre of excellence in technical and vocational training.

MISSION

To produce highly skilled hands on middle level man-power for the global technical industry.

MANDATE

To train skill-oriented workforce that is suitable for further professional development through quality competency based technical and vocational education and training programs responsive to national and global industrial productivity.

CORE VALUE

At Likoni TVC we are committed to the following values:

- Integrity
- Creativity, Efficiency and Competence
- Team work and discipline
- Accountability and transparency
- Honesty
- Innovativeness
- Professionalism

I Key Entity Information and Management (Continued)

The Following are objectives and Functions

- To adopt new competence-based curriculum for artisan, certificate and diploma programmes.
- To increase infrastructure and physical facilities to respond to the expected influx of trainees due to reforms on education and training.
- To source and develop a pool of skilled, qualified and professional staff.
- To conduct research, innovation and Development to promote science and technology and innovation
- To strengthen good governance and effective management of the Institute.
- To diversify sources of and increase revenue.
- To develop linkages and collaborations.
- To continually equip workshops and laboratories with adequate and relevant equipment.

(c) Key Management

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

- Board of Governors
- Accounting officer/ Principal
- Management

(d) Fiduciary Management

The key management personnel who held office during the period ended **30-06-2022** and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mrs. Samira Abdallah Soud
2.	Deputy Principal	Mrs .Eunice Nderitu
3.	Registrar	Mr. Titus Ceaser Mtawa
4.	Dean of students	Mrs. Nelly .Opili

(e) Fiduciary Oversight Arrangements

Likoni Technical and Vocational College has put in place several fiduciary oversight committees to act as enablers of the institution.

Administration, Human Resource & Finance Committee.

This committee sets up viable policies that dictate how institution funds and assets are managed. It sets up school fees structure and always available for consultation on financial matters affecting the college. The committee is also in charge of staff affairs and deals with employee issues in the college. It advises management on human resource practises and is in process of coming up with human resource manual for use in the college its tasked with interviewing employees to be hired by the board.

Key Entity Information and Management (Continued)

Education & Development Committee

The committee looks into and supports all academic matters of the college providing guidance and training methods and practises courses and uptake as well as advising a management on academic matters.

Risk & Audit Committee

The Committee is tasked with risk identification, management and internal controls, financial reporting, including accounting policies, internal and external audits and relevance and accuracy of information going to the stakeholders.

(f) Entity Headquarters

P.O. Box 96343-80110
Likoni TVC Building
Likoni-Mombasa Road
Bububu Settlement Scheme,
Mombasa.

(g) Entity Contacts

Telephone: (254) 0115078664/10390504
E-mail: likoniTVC@gmail.com
Website: likoniTVC.go.ke

(h) Entity Bankers

1. Central Bank of Kenya

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

2. Kenya Commercial Bank

Haile Selassie Avenue
P.O. Box 90254, Mombasa
City/Town: Mombasa
Email Address: treasurysqr@cb.co.ke




(i) Independent Auditors



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





(j) Principal Legal Adviser

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





II. The Council/Board of Governors

No.	Member/ Director	Details
1.	 MRS. SAMIRA HAMZA	Position: Chairman DOB: 21/9/1985 Qualification: Bachelors of Arts Educ) Majoring in History & Kiswahili 2017-date: Community Liaison Supervisor with base Titanium 2013-2017: Community Liaison Officer with Base Titanium
2.	 MR. NYUNDO KATEMBOH	Position: Chair Administration & Finance Committee DOB: 10/5/1967 Qualification: Bachelor of Commerce (Accounting Option) 2016-Date: Businessman 2008-2015: Managing Director, Kwale Water & Sewerage Co. 2006- 2008 Chief Internal Auditor Coast Water Board.
3.	 MR. ABDULSWAMAD ABDUL ALI	Position: Administration & Finance Committee Member DOB: 9/6/1971 Qualifications: Bachelor of Technology – Civil Construction & Management. 2016 -Date: Head Mombasa Old Town Conservation Office 2014-2015: Site Manager Jomo Kenyatta Public Beach Mombasa/Senior engineering Technologist at Mombasa Old Town Conservation Office 2002 - 2013: Senior Supervisor Restoration of historical Building – Old Town Mombasa 2004 -2005 Senior Supervisor Road & Landscaping Project Mombasa Old Town 2000-2002 Project Supervisor of Restoration of 22 houses in Lamu and Mombasa 1998 - 2000 Deployed as a Clerk of Works in the revival and development of Swahili Culture Project.

<p>4.</p>	 <p>MR. ABDIKADIR KIKE</p>	<p>Position: Education, Training & Development Committee Member DOB: Qualifications: Master of Education : Bachelors of Education (Arts) Experience:- 2016 – 2018 -Regional Coordinator of Education Coast Region. 2012 – 2016 County Director Education (Mombasa County) 2008 – 2012 TSC agent and District Education Officer Kilindini 2007 – 2008 TSC agent and District Education Officer Kisumu 2002 – 2007 TSC agent and District Education Officer Mombasa 2000 – 2002 TSC agent and Education Officer Garissa 1997 – 1999 TSC agent and D.E.O Wajir and Mandera Districts 1988 – 1987 TSC agent and Education Officer II Mandera District 1985 – 1986 TSC agent and Education Officer II – Lamu 1983 – 1985 Head Teacher, Borehole II Primary School.</p>
<p>5.</p>	 <p>MR. JOHN MUSUVA</p>	<p>Position: Administration & Finance Committee Member Qualification: -MSc Business Administration Management, Bachelor of Commerce (Business Administration & Management), Senior Management Course _ KSG 2020-Date: County Chief Officer Education Mombasa County 2016 To Date: Ag. CEO Elimu Fund 2014 – 2017 : PA to County Executive 2013 – 2014 : The Grass Company Nrb General Manager 2012 – 2013: General Manager Canaan Health Providers 2007 – 2011: IT Manager/Account Admin/Trainer at Atos Origin. USA 2005 – 2008 : Tax Preparation Manager at Acorn Tax Preparation Services USA</p>

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

III. Management Team

No.	Member/ Director	Details
1.	 SAMIRA ABDALLA)	Position: Principal DOB: 9/03/1968 Qualification: Bsc. Communication & Public Relations Diploma in Education (Humanities) 2021-date: Principal Likoni TVC 2017-2020: Deputy Principal A.S. Mwidani TVC 3/17-7/17: Registrar 2007: Principal Lecturer II 2000-2007: Senior lecturer 1991-2000: Trained Technical Teacher.
2.	 EUNICE NDERITU	Position: Deputy Principal DOB: 30/03/1975 Qualifications Diploma in Education (Hospitality) 2021 – to Date: Deputy Principal Likoni TVC 2008 – 2021: Trainer at Kenya Coast National Polytechnic.
3.	 TITUS CEASER MTAWA	Position: Registrar DOB: 27/11/1991 Qualifications: Bachelors Business Information Communication and Technology. Diploma Information Communication and Technology Diploma Information Systems 2021- to Date Trainer Likoni TVC
4.	 NELLY OPLI	Position: Dean of Students DOB: 17/09/1984 Qualifications: Bachelor of Science in Hospitality and Tourism

IV. Chairman's Statement

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

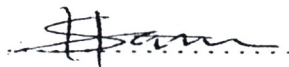
Likoni Technical and Vocational College provides an opportunity for people to acquire skills and knowledge that would empower them to participate effectively in economic activities. By being a member of the larger Technical, Vocational Education and Training fraternity, the college will contribute greatly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

In this year (2021/2022), the budget has included the drawing tables and stools for the Technical Drawing room to add to existing training facilities in line with the desire of making Likoni Technical & Vocational College the best equipped College in the region. Office computers have also been included in the budget to enhance efficiency and effectiveness of the college operations. To improve communication, internet connectivity has been included in the budget. The college currently relies on water supply from the bore hole constructed by the Rotary Club of Kilindini which is very salty thus a need to have connectivity from the National Water Services or a water purifier.

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

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

Thank you.



Signature:
SAMIRA HAMZA
CHAIRMAN- LIKONI TVC

14/04/2023
Date:

V. Report of the Principal

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

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

Likoni Technical and Vocational College will strive to offer responsive skills programs that meet the market needs. This will enable the college contribute positively to the Big Four Agenda, especially in areas of industrialization and housing. In this financial year (FY 2021/2022), the college has come up with a budget mainly focusing on improving the quality of education by adding more training facilities and in staff capacity building

The total budget estimates for the approved budget for FY 2021/2022 amounts to Kshs.13, 284,000.00. The expected sources of income are from both internal and external sources. The internal generated income is from expected fees from the projected 200 students amounting to Kshs.11, 284,000.00 at Kshs.56, 420.00 per student per year payable by parents or sponsors. The remainder Kshs2, 000,000.00 are grants for operations from the Government of Kenya.

In this financial year (FY 2021/2022) Likoni Technical and Vocational College expects to spend Kshs.330, 000.00 to acquire furniture for Technical Drawing room and ICT which is very crucial for Technical Courses. Kshs.500, 000.00 has been set to purchase course text books in the approved budget. The text books are for six departments, namely Electrical & Electronics Engineering, Information & Communication Technology, Hospitality, Refrigeration & Air Conditioning and Business. Internet connectivity which is not only important for communication but also for training purposes has been allocated Kshs.106, 600.00 in the approved budget. For effective and efficient office operations, Kshs367, 500.00 has been budgeted for office computers and equipment. To mitigate the challenge of water shortage, Kshs.1, 000,000.00 has been budgeted for a borehole project and its accessories. To enhance the skills and competency of both teaching and non-teaching staff Kshs.360, 000.00 has been budgeted for staff development in the FY 2021/2022.

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

Thank you.



SAMIRA ABDALLAH

PRINCIPAL.

VI. Statement of Performance against Predetermined Objectives

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

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

Likoni TVC develops its annual work plans based on the above five (5) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Likoni TVC achieved its performance targets set for the FY 2020/2021 period for its annual strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Mounting of new courses	To introduce new courses	3	Research	2
Pillar 2	Improve Examination pass rate	To achieve the mission of the institution	80	Teaching theories and Practical's	64
Pillar 3:	Industrial Linkages established	To create relationship for attaching our trainees	5	Signing of agreements	8
Pillar 4:	Mounting of blue economy courses	To achieve Agenda 2063	2	Research	0
Pillar 5:	Science technology and innovation	To sustain the identity of the institution	100	Research	60

VII. Corporate Governance Statement

According to the TVET Act 2013 Technical and Vocational Colleges are governed by Board of Governors appointed by the cabinet secretary.

The members of the Board of Governors are nominated by a selection panel and submitted to the Cabinet Secretary for approval and appointment.

The selection panel comprises of the chairperson and three other members as follows;

1. Chairman- County Director TVET
2. Secretary- Principal
3. Deputy county commissioner
4. Area Member of Parliament.

The selection panel nominates at least two people for all post except for representative of Principal Secretary and the representative of County Governor.

The Board of Governors nominated by the panel are then forwarded to the Cabinet Secretary for approval and appointment.

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

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

VIII. Management Discussion and Analysis

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

IX. Environmental and Sustainability Reporting Statement

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

Sustainability strategy and profile

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

These include:

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

Environmental performance

In responding to the environmental protection, the college is;

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

Employee welfare

On addressing employee welfare;

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

Market place practices-

- a) *Responsible competition practice.*

Conducting root cause and investigations before determining whether punishment is required also contribute towards building a culture where fairness is perceived and where people can learn from their mistakes.

- b) The institution ensuring to maintain good business practises by:

Being transparent and accepting accountability in order to request orders from suppliers with acceptable lead time and without changers

The organisation maintains good business practices through fairness respect for others, keeping promise, law abiding and integrity.

- c) The institution is ensuring to maintain ethical marketing practises by:

- a. Maximising benefits and minimising risks
- b. Committing to sustainability and human rights
- c. Being transparent
- d. Protecting consumer data and privacy
- e. Not making false comparison

- d) The institution is putting efforts to safeguard consumer rights and interests by:

- a. Protect them from hazard to their health and safety
- b. Availability of effective consumer redness.
- c. Freedom to form group or union to present their views in decision making processes affecting them.

X. Corporate Social Responsibility / Community Engagements

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

XI. 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, 2022 which show the state of Likoni TVC affairs.

Principal activities

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

Results

The results of the entity for the year ended 30th June 2022 are set out from page 1 to 4

Council/Board of Governors

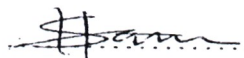
The members of the Board of Governors who served during the year 2020/2022 are shown on page V to VII.

Auditors

The Auditor General is responsible for the statutory audit of Likoni TVC in accordance with the section 68 of the Public finance Management (PFM) Act 2012 section 38 and 39 of Public Act 2015 and Article 229 of Constitution of Kenya 2010 which empower the Auditor General to nominate other certified public Accountant to carry out on his behalf.

By Order of the Board


Samira Abdallah Soud



Samira Hamza

.....
Secretary of the Board/Council

Mombasa

Date:

XII. Statement of Board of Governors Responsibilities

Section 83 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - require the council members to prepare financial statements in respect of that Likoni Technical and Vocational College, which give a true and fair view of the state of affairs of the Likoni Technical and Vocational College at the end of the financial period and the operating results of the Likoni Technical and Vocational College for that period. The council members are also required to ensure that the Likoni Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Likoni Technical and Vocational College. The council members are also responsible for safeguarding the assets of the Likoni Technical and Vocational College.

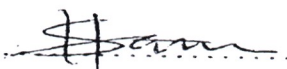
The council members are responsible for the preparation and presentation of the Likoni Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of the Likoni Technical and Vocational College for and as at the end of the financial period ended on **30 June, 2022**. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Likoni Technical and Vocational College (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The Likoni Technical and Vocational College financial statements were approved by the Board on _____ 2022 and signed on its behalf by:



Signature.....
Name...**SAMIRA HAMZA**.....
Chairperson of the Board/Council


14/04/2023

Signature.....
Name...**SAMIRA ABDALLAH**
Accounting officer/Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 Likoni Technical and Vocational College set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and

Report of the Auditor-General on Likoni Technical and Vocational College for the year ended 30 June, 2022

a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the 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 Likoni Technical and Vocational College as at 30 June, 2022, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education Training Act, 2013.

Basis for Qualified Opinion

1. Accuracy of Cash and Cash Equivalents Balance

The statement of financial position and Note 14 to the financial statements reflect cash and cash equivalents balance of Kshs.52,792 in respect of an account held in local bank. However, the balance differs with the cashbook balance of Kshs.32,384 by an unexplained and unreconciled variance of Kshs.20,408.

Further, the bank reconciliation statement as at 30 June, 2022 was not provided for audit. This is contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015 which states that 'the Accounting Officer shall ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month'.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.52,792 could not be confirmed.

2. Land Without Ownership Documents

The statement of financial position and Note 17 to the financial statements reflect property, plant and equipment balance of Kshs.185,734,014 which includes land and buildings balance of Kshs.69,824,184. However, the ownership documents for the land occupied by the College were not provided for audit.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.185,734,014 and the ownership of the land and buildings with a value of Kshs.69,824,184 could not be confirmed.

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

Key Audit Matters

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

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 matter 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. Employee Costs - Payment of Wages Below Minimum Wage

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects employee costs of Kshs.718,162. Review of the payroll records revealed that the College had seven (7) contractual employees, out of whom, two (2) were employed on three months' renewable contracts at salaries of Kshs.25,000 and Kshs.10,000 per month respectively. Further, two (2) other employees were employed at salaries of Kshs.15,000 each per month. This is contrary to Regulation of Wages (General) (Amendment) Order, 2018, which provides for minimum wages of Kshs.30,627, Kshs. 20,907 and Kshs.18,319 respectively.

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

2. Irregular Board Membership and Meetings

The College's Board of Governors had nine appointed members, out of whom, only two were female. This is contrary to Article 27 (8) of the Constitution of Kenya, which stipulates that in addition to the measures contemplated in clause (6), the State shall take legislative and other measures to implement the principle that not more than two thirds of the members of elective or appointive bodies shall be of the same gender.

Further, the Board held only two meetings in the year, contrary to Section 11 (1) of the Technical and Vocational Education and Training Act, 2013 requiring that Board meetings be held at least once every four months.

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, I confirm that, nothing 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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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

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

In preparing the financial statements, Management is responsible for assessing the College'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 Management is aware of the intention to terminate the College or to cease operations.

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

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


The Board of Governors is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting method and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

16 June, 2023

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

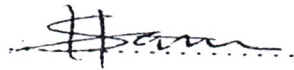
Report of the Auditor-General on Likoni Technical and Vocational College for the year ended 30 June, 2022

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from National Government entities	6	1,000,000.00	-
Deferred Income	7	18,013,530	
Deferred Income		19,013,530	-
Revenue from Exchange transactions			
Rendering of services- fees from students	8	6,225,231.00	-
Revenue from Exchange transactions		6,225,231.00	-
Total Revenue		25,238,761	-
Expenses			
Use of goods and services	9	2,478,021.00	-
Employee costs	10	718,162.00	-
Board /Council Expenses	11	191,400.00	-
Depreciation and amortization expense	12	18,013,530	-
Repairs and maintenance	13	21,430.00	-
Total Expenses		21,422,543	-
Net surplus/Deficit for the year		3,816,217	-

(The notes set out on pages 6 to 24 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 27 were signed by:



.....

Chairman of Council/Board

Date 14/04/2023



.....

Finance Officer

ICPAK No ASSOC/2147

Date 14/04/2023



.....

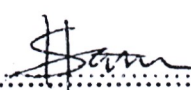
Principal

Date 14/04/2023

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

Description	Notes	2021-2022 Kshs	2020-2021 Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	52,792	
Receivables from exchange transactions	15	5,642,000.00	
Inventories	16	2,500.00	
Total Current Assets		5,697,292.00	
Non-Current Assets			
Property, plant, and equipment	17	185,734,014	
Total Non-Current Assets		185,734,014	
Total Assets		191,431,306	
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	18	2,518,899	
Deferred Income	19	18,013,530	
Total Current Liabilities		20,532,429	
Long Term Liabilities			
Deferred Income	19	167,082,659	
Total Liabilities		187,615,088	
Net Assets		3,816,218	
Accumulated Surplus		3,816,218	
Capital Fund		-	
Total Net Assets and Liabilities		191,431,305	

The Financial Statements set out on pages 1 to 4 were signed by:



Chairman of
Council/Board

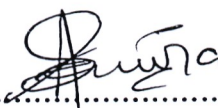
Date 14/04/2023



Finance Officer

ICPAK No ASSOC/2147

Date 14/04/2023



Principal

Date 14/04/2023

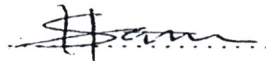
XVI. Statement of Changes in Net Asset for the year ended 30 June 2022

Description		Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2021			-		
Fair value adjustment on quoted investments					
Total comprehensive income			3,816,218		3,816,218
At June 30, 2022			3,816,218		3,816,218

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

Description		2021-2022	2020-2021
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants	6	1,000,000	
Rendering of services- fees from students		583,231	
Total Receipts		1,583,231	
Payments			
Compensation of employees		295,662	
Use of goods and services		2,478,021	
Board /Council Expenses		88,000	
Repair, Maintenance and Improvement		21,430.00	
Mentorship payment of certificate		-	
Payment of caution money and students council		-	
Total Payments		2,883,113	
Net Cash Flows from operating activities		(1,299,882)	
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets			
Net cash flows used in investing activities		-	
Net Increase/(Decrease) in Cash and Cash equivalents		(1,299,882)	
Cash and Cash equivalents at 1 JULY		-	
Cash and Cash equivalents at 30 JUNE	14	52,792	

The Financial Statements set out on pages 1 to 27 were signed by:



Chairman of
Council/Board

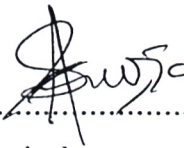
Date 14/04/2023



Finance Officer

ICPAK No ASSOC/2147

Date 14/04/2023



Principal

Date 14/04/2023

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

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	% of Utilization
	a	b	c=a+b	d	e=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from other Govt entities Govt grants	2,000,000.00	-	2,000,000.00	1,000,000.00	(100%)
Public contributions and donations	0.00	-	0.00	0.00	(0.00%)
Rendering of services- Fees from students	11,284,000.00	-	11,284,000.00	6,225,231.00	(7.58%)
Sale of goods	0.00	-	0.00	0.00	(0.00%)
Finance Income	0.00	-	0.00	0.00	0.00%
Other Income	0.00	-	0.00	0.00	0.00%
Gains on disposal,rental income and agency fees	0.00	-	0.00	0.00	(0.00%)
Total income	13,284,000.00	-	13,284,000.00	7,225,231	(65.23%)
Expenses					
Compensation of employees	2,330,400.00	-	2,330,400.00	718,162.00	(30.82%)
Use of Goods and services	9,813,600.00	-	9,813,600.00	2,908,466.00	(29.64%)
Finance costs	0.00	-	0.00	0.00	(0.00)
Rent paid	-	-	-	-	-
Remuneration of directors	1,140,000.00	-	1,140,000.00	191,400.00	16.78%
Grants and subsidies paid	-	-	-	-	-
Total expenditure	13,284,000.00	-	13,284,000.00	3,818,028.00	(32.31%)
Surplus for the period	0.0	-	0.00	3,407,203	0.00

(Budget notes)

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

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

d:- employees were employed later in the financial year thus less utilization of the budget amount.

e:- fewer students and financial constrains led to less spending on the use of goods.

f:- directors had two full sessions thus the underutilisation of the budgeted figure..

XIX. Notes to the Financial Statements

1. General Information

Likoni Technical and Vocational College is established by and derives its authority and accountability from Tvet Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institution's principal activity is presented in roman (ii)

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Likoni Technical and Vocational College accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 21-53

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

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

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

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i>

Standard	Effective date and impact:
	<p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></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>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

Likoni TVC did not early-adopt any new or amended standards in year 2022.

XIX. Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

XIX. Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2021/2022 was approved by the Board and no 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.

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 actual as per the statement of financial performance has been presented under section VI of these financial statements.

c) Taxes

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

XIX. Notes to the Financial Statements (Continued)

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition 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.

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

XIX. Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

e) Inventories

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

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

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

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

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

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

XIX. Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Changes in accounting policies and estimates

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

g) Employee benefits

Retirement benefit plans

The Entity has not yet provides retirement benefits for its employees and directors.

h) 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.

i) 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 30th June 2022.

XIX. 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.

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

XIX. Notes to the Financial Statements (Continued)

6. Transfers from National Government Ministry of Education (TVET)

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
Operational Grant	1,000,000.00	-
Total unconditional Grants	1,000,000.0	-

Likoni Tvc received Operational Grants of Kshs. 1,000,000 from the Ministry of Education (TVET)

(a) Transfers from Ministry of Education (TVET)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2020-2021
			Kshs	Kshs	Kshs
Ministry of Education (TVET)	1,000,000			1,000,000	-
Total	1,000,000			1,000,000	-

7. Deferred Income

Description	2021/2022	2020/2021
Deferred Income	18,013,530	-
Total	18,013,530	-

8. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition fees	81,631	-
Examination fees	331,200	-
Production Unit	164,000	-
Local Transport and Travel	6,400	-
Electricity and Water Conservancy	5,642,000	-
Total revenue from the rendering of services	6,225,231	-

The collection is mainly from trainees

XIX. Notes to the Financial Statements (Continued)

9. Use Of Goods And Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	529,016.00	-
Electricity and water	34,650.00	-
Security	261,000.00	-
Professional and Consultancy Services	44,200.00	-
Advertising	17,600.00	-
Examination fees	331,200	-
Audit fees	70,000	-
Catering, Conferences, and delegations	12,390	-
Travelling and accommodation	563,204	-
Postage	7,725	-
Printing and stationery	115,175	-
Telephone expenses	48,000	-
Internet expenses	18,798	-
Training expenses(KATTI)	346,780	-
Tveta Registration	48,000	-
Health and Safety	30,283	-
Total goods and Services	2,478,021	

10. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	718,162.00	-
Employee related costs - contributions to pensions and medical aids	-	-
Employee Costs	718,162.00	

11. Board/Council Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Directors Emoluments	191,400	-
Total	191,400	

XIX. Notes to the Financial Statements (Continued)

12. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	18,013,530	-
Intangible assets		-
Total depreciation and amortization	18,013,530	-

13. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	21,430.00	-
Total Repairs and Maintenance	21,430.00	-

14. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	52,792	-
Cash in Hand	-	-
Total Cash and Cash Equivalents	52,792	-

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

Financial institution	Account number	Period ended 30 th June 2022	Audited prior Year
		Kshs	Kshs
a) Current account			
Kenya Commercial bank	1290527342	52,792	-
Equity Bank, etc		0.00	-
Sub- total		52,792	-
Grand total		52,792	-

XIX. Notes to the Financial Statements (Continued)

15. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	5,642,000.00	-
Total Current Receivables	5,642,000.00	-

16. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	2,000.00	-
Catering stores	500.00	
Total Inventories at lower of Cost and Net Realizable Value	2,500.00	-

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

XIX. Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

Cost	Land and Buildings		Motor vehicles		Furniture and fittings		Computers		Other Assets (Library books)		Plant and equipment		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 01.07.2021 (beginning of the year)	71,249,168	-	-	-	325,935.00	150,000.00	283,007.00	131,739,434	-	-	-	203,747,544				
Additions during the period	0.00	-	-	-	0.00	-	--	-	-	-	-	-				
Disposals during the period	(0.00)	-	-	-	-	-	-	-	-	-	-	-				
As at 30.06.2022	71,249,168	-	-	-	325,935.00	150,000.00	283,007.00	131,739,434	-	-	-	203,747,544				
Depreciation and impairment																
As at 01.07.2021 (beginning of the year))																
Depreciation for the period	(1,424,983)	-	-	-	(40,742.00)	(45,000.00)	(35,376)	(16,467,429)	-	-	-	(18,013,530)				
Impairment for the period	(-)	-	-	-	-	-	-	-	-	-	-	-				
As at 30.06.2022 (close of the current period)	69,824,184	-	-	-	285,310.00	105,000.00	247,631.12	129,104,645.32	-	-	-	185,734,014				
Net book values																
As at 30.06.2022(close of the current period)	69,824,184	-	-	-	285,310.00	105,000.00	247,631.12	129,104,645.32	-	-	-	185,734,014				

[Include brief description of WIP as a footer]

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

XIX. Notes to the Financial Statements (Continued)

17 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	71,249,168	1,424,983	69,824,184
Plant And Machinery	131,739,434	16,467,429	115,272,004
Library Books	283,007	35,376	247,631
Computers & Related Equipment	150,000	45,000	105,000
Office Equipment, Furniture, And Fittings	325,935	40,742	285,193
Total	203,747,544	18,013,530	185,734,014

18. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	2,518,599	-
Total Trade and Other Payables	2,518,599	-

19. Deferred income Liabilities

Description	Current Liabilities	Long Term Liabilities	Total
	Kshs.	Kshs.	Kshs.
As at 1 st July 2021	-	-	
Additional	18,013,530	167,082,659	185,096,189
At 30 th June 2022	18,013,530	167,082,659	185,096,189

XIX. Notes to the Financial Statements (Continued)

Retirement benefit Asset/ Liability

The institution based on contribution to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The institution's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 6% per employee per monthly salary and the employer the same. No other obligation entered with the employees.

20. Cash generated from operations

	2021-2022	2020-2021
Surplus for the year before tax	Kshs	Kshs
Adjusted for:	3,816,218	
Depreciation	18,013,530	
Working Capital Adjustments		
Increase in Inventory	(2,500)	
Increase in Receivables	(5,642,000)	
Increase in Payables	2,518,899	
Net Cash Flow from Operating Activities	18,704,147	

21. 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 institution's financial risk management objectives and policies are detailed below:

XIX. Notes to the Financial Statements (Continued)

24. Financial Risk Management (Continued)

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	5,642,000			5,642,000
Bank balances (operational A/c)	52,792			52,792
Total	5,694,792			5,694,792

XIX. Notes to the Financial Statements (Continued)

22. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Board of Governors
- iv) Accounting Officer/Principal
- v) Financial Department
- vi) Procurement Department

23. Events After The Reporting Period

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

24. Ultimate And Holding Entity

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

25. Currency

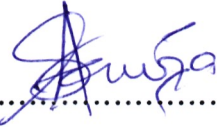
The financial statements are presented in Kenya Shillings (Kshs).

XX. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)



.....
Name
Accounting Officer
Likoni Tvc

Date 14/04/2023

Appendix II: Projects Implemented by Likoni Tvc

Projects

Likoni Tvc has no Projects implemented so far.

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

Status of Projects completion

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

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

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

Appendix III- Inter-Entity Confirmation Letter



Likoni Tvc

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



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

Confirmation of amounts received by Likoni Tvc as at 30 th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022			Amount Received by Likoni Tvc (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
Ministry of Education	23/11/2021	500,000	-	-	-	500,000
Ministry of Education	23/11/2021	500,000	-	-	-	500,000
Ministry of Education	06/07/2022	500,000	-	-	-	500,000
Ministry of Education	06/07/2022	500,000	-	-	-	500,000
Total					2,000,000	2,000,000

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

Head of Accountants department of beneficiary Institution:

Name G. GABRIEL Sign [Signature] Date 14/04/23

