

REPUBLIC OF KENYA



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**

THE NATIONAL ASSEMBLY  
PAPER NO. 1 AND 2

DATE: 01 DEC 2022 DAY: Thursday

OF: LOW

BY: TRACY Chebet

CLERK AT THE TABLE:

**THE AUDITOR-GENERAL**

**ON**

**BUNGOMA NORTH TECHNICAL AND  
VOCATIONAL TRAINING COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2021**




MINISTRY OF EDUCATION  
STATE DEPARTMENT OF VOCATIONAL AND TECHNICAL  
TRAINING



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**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

 <b>THE NATIONAL ASSEMBLY</b> PAPER NO. 110	
<b>DATE:</b>	<b>01 DEC 2022</b>
<b>TABLED BY:</b>	
<b>CLERK AT THE TABLE:</b>	



**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2021**

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

Table of Contents

I.	KEY ENTITY INFORMATION AND MANAGEMENT .....	ii
II.	THE BOARD OF GOVERNORS.....	vii
III.	MANAGEMENT TEAM.....	ix
IV.	CHAIRMAN'S STATEMENT.....	xi
V.	REPORT OF THE PRINCIPAL .....	xii
VI.	STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES .....	
VII.	CORPORATE GOVERNANCE STATEMENT.....	xiv
VIII.	MANAGEMENT DISCUSSION AND ANALYSIS .....	xxi
IX.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxi
X.	REPORT OF THE BOARD OF GOVERNORS .....	xxiii
XI.	STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES .....	xxv
XII.	REPORT OF THE INDEPENDENT AUDITOR ON BUNGOMA NORTH TVC .....	xxvi
XIII.	STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2021..	1
XIV.	STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 .....	2
XV.	STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021....	3
XVI.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021.....	4
XVII.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021 .....	5
XVIII.	NOTES TO THE FINANCIAL STATEMENTS.....	6
	APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	
	APPENDIX II: PROJECTS IMPLEMENTED BY BUNGOMA NORTH TVC.....	
	APPENDIX III: INTER-ENTITY TRANSFERS.....	
	APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.....	

## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

Bungoma North TVC was established under the TVET Act/TVETA/PUBLIC/TVC/0033/2019 on 07/06/2019. The institute is under the Ministry of Education.

Currently it has the following departments:

- i) Agriculture
- ii) Mech/Automotive
- iii) Electrical
- iv) Building and plumbing
- v) Institutional management
- vi) Business

### **(b) Principal Activities**

The mandates of the Institute are:

1. To promote positive corporate image;
2. To enhance capacity in TVET and research;
3. To inculcate entrepreneurial culture in trainees;
4. To improve institutional corporate governors; and
5. To promote strategic collaboration and linkages with industry and other institutions.

### **Our Vision**

To be a renowned centre of excellence in technical training and research in Science, Technology and Innovation.

### **Our Mission**

To train and produce highly qualified personnel, with knowledge, skills and competencies to meet societal and Industrial needs

### **Our Motto**

Re-invest your future.

### **Core Values**

The Institute is guided by the following core values and competencies which form the corporate culture of the Institute:

- a) Passion for results
- b) Good Governance
- c) Respect Equity and Equality
- d) Customer and Community Focus
- e) Professionalism and Integrity

**(c) Key Management**

The institution is managed by Board of Governors made up of the Chairman, Secretary (Principal) and other seven professionals.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mr Oroni Barasa
2.	Deputy principal	Mr Patrick Chinyingi
3	Registrar	Nancy Wanyama
4	Dean of students	Mr Kelvin Waya
5	Head of Finance	CPA Constant Simiyu

**(e) Fiduciary Oversight Arrangements**

The Board of Governors Committees facilitate decision-making to assist the Board of Governors in the execution of its duties, powers and authority, however delegation of authority to the Committees does not in any way mitigate or dissipate the discharge by the Board of Governors of its duties and responsibilities. Board of Governors Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Board of Governors.

In the financial year 2020/2021 the Board of Governors approved the following committees;

**FINANCE COMMITTEE**

Membership is as below listed:

NO.	NAME	2 <sup>ND</sup> QUARTER	3 <sup>RD</sup> QUARTER	4 <sup>TH</sup> QUARTER
		DATE	DATE	DATE
			9/1/2021	6/6/21
1.	Pamela Kongoti-Chair	-	✓	✓
2.	Venga Nakuvanahally	-		
3.	Oroni Barasa	-	✓	✓
4.	Eng, Leonard Masafu	-	✓	✓
5.	Martha Wekesa	-	✓	✓

**Mandate**

1. Oversight of annual operating plan and budget development including recommendation to the management for Board's approval.
2. Oversight of the structure with assistance of staff to develop the fee structure.

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

3. To ensure the solvency of the Institute – finance mobilization.
4. To safeguard the Institute assets.
5. To ensure the effective and efficient use of resources.
6. To ensure that the funds provided by GoK and any other funding body are used in accordance with the terms and conditions specified.
7. To ensure that financial control systems are in place and are working effectively.
8. To facilitate the preparation of the Institute Strategic Plan for Board approval.
9. To identify and recommend to the Board the Institutes internal auditors.
10. Ensuring accurate and timely report to the Board on all administrative and financial issues.
11. Implementation and supervision of Institutions projects and other Institute projects (internal and external).
12. Ensure compliance with all statutory and labour laws in management of staff.
13. Mentor other training institutions on behalf of GoK.

**HUMAN RESOURCE, TRAINING & DEVELOPMENT COMMITTEE**

Membership is as below:

NO.	NAME	1 <sup>ST</sup> QUARTER	2 <sup>ND</sup> QUARTER	3 <sup>RD</sup> QUARTER	4 <sup>TH</sup> QUARTER
1.	Wycliffe Mutaki	-	-	-	✓
2.	Julia Bella-Chair	-	-	-	✓
3.	Oroni Barasa	-	-	-	✓
4.	Nakuvanahally Venka	-	-	-	
5.	Martha Wekesa	-	-	-	✓

**Mandate**

1. Overseeing the implementation of academic programs and standards.
1. Approval of training programs.
2. Monitoring, evaluation, and reporting of quality of training programs.
3. Ensuring the relevance of training to labour market requirements.
4. Evaluation of the cost and cost effectiveness of various training programs.
5. Determine the optimum enrolment of training programs.
6. Evaluation of examination criteria, procedure and results.
7. Determination and approval of the certificates to be awarded by the Institute and other awards.
8. Ensuring the overall competence of Institute graduates.
9. Promoting research and innovation by staff and students.
10. Promotion and establishment of a culture of excellence in both staff and students.
11. Ensuring that overall pride in the goals and aspirations of the Institute are embraced and upheld by staff and students.

12. Enhance/promote linkages/collaborations with industry and other stakeholders
13. Enhancement and implementation of the Institute Policies and Strategic Plan.
14. Oversee hiring and promotion of Board of Governors staff.
15. Discipline of both trainers and Board of Governors staff.
16. Oversee preparation of Graduation Ceremony

**AUDIT AND RISK COMMITTEE**

Membership is as follows:

NO.	NAME	1 <sup>ST</sup> QUARTER	2 <sup>ND</sup> QUARTER	3 <sup>RD</sup> QUARTER	4 <sup>TH</sup> QUARTER
		DATE	DATE	DATE	DATE
		-	-	-	-
1.	Mwamzali' Shiribwah- Chair	-	-	-	-
2.	Leonard Masafu	-	-	-	-
3.	Internal Auditor	-	-	-	-

**Mandate**

**1. To Examine.**

- Compliance with labour laws and regulations.
- Compliance with security, health and safety regulations.
- Compliance with Government of Kenya (GoK) Policy.
- Compliance with Board of Governors Policy.
- Compliance with established professional standards.
- Compliance with ISO guidelines and standards.
- Compliance with contractual obligations and statutory requirements.
- Compliance with approved Procurement Plan and Budget.





**2. To evaluate.**

- Achievement of targets and as set in the strategic and work plan.
- The application of ethical standards and core values in the pursuit of vision goals.
- Overall efficiency and effectiveness.
- Financial records and reporting.
- Benefits of the use of technology.
- The level of utilization of existing capacity all round
- Achievement of revenue targets.
- The level of financial discipline.
- Risk associated with non- optimal stock levels.
- Risk associated with non – compliance with statutory and contractual obligations.
- Cash in transit systems.
- Relations with and levels of satisfaction of key stakeholders.
- Spread and diversification of risks.
- Litigation risks and costs.
- And to identify insurable and no insurable risks.





**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

- (f) **Entity Headquarters**  
P.O. Box 72-50211  
Naitiri  
Off Kamukuywa Kitale Road  
Along Kamukuywa-Naitiri Road
- (g) **Entity Contacts**  
Telephone: (254) 0728172771  
E-mail: bungomanorthtechnicalcollege@yahoo.com  
Website:
- (h) **Entity Bankers**  
Kenya Commercial Bank  
Kimilili Branch  
P.O. Box  
KIMILILI
- (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 BOARD OF GOVERNORS**



No.	Member/ Director	Details
1.	 <b>BOG Chairman</b>	<p><b>NAME:</b> PHILIP KARANI  <b>D.O.B:</b> 1957  <b>Key Qualification:</b> Holder of a Bachelor's degree (Law).  <b>Work experience:</b> Worked as head of office UNHCR-HONG-KONG.</p>
2.		<p><b>NAME:</b> PAMELA WAFULA KONGOTI  <b>D. O.B:</b> 1990  <b>Key Qualification:</b> Holder of bachelor of business mgt.  <b>Work experience:</b> worked as a marketing executive – Vihiga Sm-station.</p>
3.		<p><b>NAME:</b> Mwamzali Shiribwah  <b>D.O.B:</b> 1958  <b>Key Qualification:</b> holder of Msc.in Agricultural Machinery Design,  <b>BSC.</b> Agricultural engineering.  <b>Work experience:</b> A private consultant.</p>
4.		<p><b>NAME:</b> Sirengo Wyclife  <b>D.O.B:</b> 1947  <b>Key Qualification:</b> Holder of Msc. library &amp; BSc. Information science  <b>Work experience:</b> worked as a librarian.</p>
5.		

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

	 Secretary to the Board	NAME: Oroni Barasa Nicholas D.O.B: 1970 Key Qualification: Holder of M.Phil. in Education Management, B. ed (Technology), Work experience: Works as a teacher/trainer and Principal.
6.		NAME: Venga Nakuvanahali D.O.B: 1967 Key Qualification: Holder of Bachelor's degree in civil engineering. Work experience: Works as an entrepreneur
7.		NAME: Eng. Leonard Masafu D.O.B :1958 Key Qualification: Holder of BSc. Geology MSc. Hydrogeology. Work experience: Works as private consultant.
8.		NAME: Julia Bella D.O.B: 1983 Key Qualification: Holder of bachelor of science in Disaster Management and International Diplomacy. Work Experience: Works as a consultant.

**III. MANAGEMENT TEAM**

No.	Member/ Director	Details
1.	 <p><b>Oroni Barasa</b> <b><u>Principal</u></b></p>	<p>D.O.B: 1970                      Key Qualification: Holder of M.Phil. in Education Management, B. Ed (Technology),                      Work experience: Works as a teacher/trainer and Principal</p>
2.	 <p><b>Patrick Chinyingi</b> <b><u>D/Principal</u></b></p>	<p>D.O. B 26/12/1979. Joined Bungoma North TVC in June 2019 as Deputy Principal following deployment by the Public Service Commission (PSC). He served as H.O.D of Research, Innovation and Development while at Kisiwa TTI. He is currently the Performance Coordinator. Holds a Master of Science in Applied Mathematics.</p>
3.	 <p><b>Nancy Wanyama</b> <b><u>Registra</u></b></p>	<p>was born on 15/11/1978. Worked as a technician at Kenya Pipeline, Chemelil sugar and Kenya seed company as a technician, Kisiwa TTI as dean of students, Kitale TT.I as a trainer, Ministry of Youth affairs at county government of Bungoma, and an instructor at Sang'alo institute. She is the current registrar of Bungoma North TVC. She has been in the institution since September 2019. She is a holder of B. Ed. Power Mechanics Technology, Diploma in education management (KEMI), Diploma in Education Technology (KTTC), and Diploma in Mechanical Engineering Plant Option.</p>

	 <p><b>Kelvin Waya Mulaku</b>  <u>Dean of Students</u></p>	<p>Born on 7<sup>th</sup> /07/1987. Joined Bungoma North TVC in Feb2019and was appointed as Ag Dean of Students in May 2020 and later appointed as Dean of Students in July 2020. He holds a Bachelor of Science Degree in Information Technology (JKUAT), Advanced Diploma in Technical Teacher Education (KTTC) and trained at KEMI Career Guidance and Counselling Course. He is currently ICT tutor teaching Programming and Computation Maths subjects in the department. Previously, Dean of Students Affairs at Consolata Cathedral Institute-Nyeri.</p>
4.	 <p><b>CPA Constant Simiyu</b>  <u>Finance Officer</u></p>	<p>Born on 22/09/1978. Joined Bungoma North TVC in the Month of February 2021. He is the current Finance Officer of Bungoma North TVC. He is a Certified Public Account (K) M/No. 27231, and also a 4<sup>th</sup> year B. Com (Accounting) student at Masinde Muliro University. He previously worked with Locost Homes construction company (Nairobi) as an accounts clerk (2007), Maeni Girls Secondary school as a Bursar, for a period of 12 years. (From 2009 to February 2021)</p>

#### **IV. CHAIRMAN'S STATEMENT**



**I**n the financial year 2020/2021, I committed to support Bungoma North Technical and Vocational College in meeting the National Values by promoting good governance, inclusive of decision making, respect of rule of law and moral uprightness, transparency and accountability, equity and fairness in performance of all activities of the Institute. Tolerance of cultural diversity, gender belief system and respect for self and others are national values that I upheld during my service as the Chair of the Board in the financial year under review.

In the FY 2020/2021 the Board managed to employ a competent finance officer purposely to improve on financial management and reporting. During the year under review, we have also received quite a good number of PSC trainers from the ministry and this has really reduced our wage bill on trainer's emolument.

Though the college is barely two years in existence, reports from the management shows how the college has attained some of its strategic objectives, as set out in the Strategic Plan 2021-2026, through meeting the targets, the budget and the Performance Contract for the FY 2020/2021.

Among the notable achievements reported in this financial year include an increase in students' enrolment and good results from our pioneer students, who excelled in our first KNEC examinations.

I would like to express my gratitude and appreciation to the Government of Kenya who have relentlessly funded the Institution projects training and employed trainers and administrators in the college. On behalf of the Board, I would like to thank the parents, guardians and other funders, investors and all the Bungoma North TVC partners for their support. I also extend my appreciation to Bungoma North TVC Management and staff for their continued dedication to the college and its Vision and Mission.



**PHILIP KARANI**  
**BOG CHAIRMAN**

## **V. REPORT OF THE PRINCIPAL**



**I**t is of great privilege to lead the trainers, staff and trainees and the management team to present the financial report on the FY 2020/2021 for Bungoma North TVC which ended on 30<sup>th</sup> June, 2021. It is our objective to make each trainee to acquire skills preparing them for the job market and any future challenges in an exciting and increasingly global world.

The vision of our College is: To be a renowned centre of excellence in technical training and research in Science, Technology and Innovation.

The Institute exists to train and provide highly qualified personnel with knowledge, skills and competencies to meet societal and industrial needs.

The FY 2020/2021 has been a memorable year for Bungoma North TVC. The entire Bungoma North TVC community from academics to professional and administrative staff excelled in many areas on many forums. We measure our success by an array of yard sticks, like the increase in enrolment, increase in courses and skills offered, increase in asset acquisition and recruitment of qualified key staff in the Institution.

So far, we are achieving reasonable level of diversity among trainees, thanks to a market campaign to widen our trainee applicant pool. I'm pleased to report that our student enrolment has increased. Figures also show that Bungoma North TVC continues to attract higher enrolment in Science Engineering and Technology (SET) courses which makes our college a real TVET Institution.

The College takes cognizance of the key goal of Kenya's education policy that every Kenyan participates in education and training up to their potential.

I am hereby committed to:

- i. Implement Competency-based education and training through skills, instructive design, development and delivery to rebranding the College to attract trainees.
- ii. Developing and implementing a standard for identification and recognition as a Centre of Excellence.
- iii. Institutionalizing Institute's industry inputs into training
- iv. Pursuing expansion of programs at all levels to accelerate a sustainable gross enrolment ration at least 1,200 trainees by 2022.
- v. Provide adequate and quality competency-based training opportunities.

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

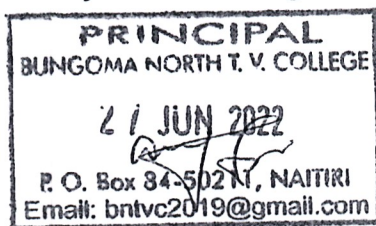
- vi. Ensure that courses are market driven and address workplace needs and promote soft generic life skills in partnership with relevant private sectors and professional bodies for employability alumni.

In the FY 2020/2021 Bungoma North TVC carried out the functions under its budget and mandate through various training and support departments. The achievements during this FY among others include:

1. Training and presenting for national Examinations 76 candidates at various levels of training.
2. In this Financial Year, most of the suppliers had been paid for all the supplies delivered.
3. Constructed toilets for trainees (8 doors)
4. This is the year when the Strategic Plan 2021-2026 was initiated, being the first one.

I'm confident that the financial base built in the FY 2020/2021 shall provide a strong foundation for the year 2021/2022. It has been a wonderful journey and I'm grateful for the unstinting support of my Board of governors and indeed every member of the Bungoma North TVC community.

It is my wish that Bungoma North TVC continues to grow from strength to strength.



ORONI BARASA  
**BOG SEC/PRINCIPAL**

**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

During the financial year 2020/2021, Bungoma North TVC had not put in place strategic pillars/issues/themes and objectives and had not developed a strategic plan.

**VII. CORPORATE GOVERNANCE STATEMENT**

**The Board of Governors**

The Board of Governors consists of nine members inclusive of the PRINCIPAL as the secretary. The Board of Governors members and their meeting attendance is as indicated below;

NO.	NAME	2 <sup>ND</sup> QUARTER		3 <sup>RD</sup> QUATER	4 <sup>TH</sup> QUARTER
		DATE	DATE	DATE	
		24/12/2020	30/12/2020	13/01/2021	
1.	Philip Karani-Chair		✓	✓	-
2.	Pamela Kongoti	✓	✓	✓	-
3.	Julia Bella	✓	✓	✓	-
4.	Mwamzali Shiribwah.	-	-	✓	-
5.	Leonard Masafu	-	✓	✓	-
6.	Sirengo Wycliffe	✓	-	✓	-
7.	VengaNakuvanahally.	-	-	✓	-
8.	OroniBarasa	✓	✓	✓	-
9.	Martha, Wekesa (CDTVET)	✓	✓	✓	-

The biographies of the Board Members are published on page vii-viii. These Board Members possess a broad range of skills, qualifications and experiences required to direct the affairs of the Institute.

**Board and Management Succession**

The Board will put in place a succession plan for both the Board and Management and review the same regularly.

**Existence of the Board Charter**

Currently, Bungoma North TVC is still working on its Board charter. The Board of Governors Charter will define the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It will provide the Board members with an opportunity to think creatively and critically about how their strategic

and operational plans align with the organization's strategic direction and expectations, with respect to governance. The Charter will help the Board in directing Bungoma North Technical and Vocational College to maximize the long-term value of services provided for all stakeholders.

The Charter will be adopted by the Institute, acting in accordance with Mwongozo, Code of Governance for State Corporations ('the Code'), and be complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations.

The Board of Governors will review the Charter at least annually and, if appropriate, revise it from time to time. The Charter will be available to all members of the Board for application.

### **Process of Appointment and removal of Board Members**

- i. The relevant appointing authority shall select and appoint Board members. Every appointment shall be by name and by notice in the Kenya Gazette but shall cease if the Board member:
  - a) Serves the appointing authority with a written notice of resignation; or
  - b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
  - c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
  - d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
  - e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.
    - i. Any removal of a Board member under (i) above, shall be through formal revocation.
    - ii. The record of the appointment letter, gazette notice and written acceptance by the Board member shall kept in the personal file of the Board member.

Evaluations are conducted to review the Board's role, Board processes and committees to support that role and the performance of the Board and each governor. This is undertaken using a variety of techniques including external consultants, and Board discussion. The last full Board performance review, was conducted in February, 2019 vide the retreat whose main agenda was review of the performance for the year 2018.

### **OVERVIEW OF THE THREE STANDING COMMITTEES OF THE BOARD**

An overview of the role and responsibilities, membership and meetings of the Board's three standing Committees is provided in the table below.

Committee meetings are scheduled to coordinate with the Board meeting cycle. Each Committee reports to the Board at the subsequent Board meeting and makes recommendations to the Board for consideration as appropriate.

	<b>RESEARCH, TRAINING AND HUMAN RESOURCE COMMITTEE</b>	<b>PLANNING, FINANCE, DEVELOPMENT AND ENTERPRISE COMMITTEE</b>	<b>AUDIT AND RISK ASSURANCE COMMITTEE</b>
<b>ROLES AND RESPONSIBILITIES</b>	<p>Provide assurance (or otherwise) to the Academic Board that academic oversight assures the quality of <b>research</b> and <b>research</b> training effectively, including by: developing, monitoring and reviewing academic policies and their effectiveness.</p> <p>To formulate policy on all research related matters which impact on the strategic objectives of the College.</p> <p>2.2: To consider and make recommendations on matters of policy relating to research including matters referred to it by the Board and other College committees</p> <p>2.3 To review and oversee the implementation on College’s policy on research ethics.</p> <p>2.4 To monitor, primarily through the feedback mechanism of the Research Forum<sup>2</sup>, the relevance and efficacy of established policy – addressing shortcomings and anomalies so as to facilitate high quality research activities within the College structures.</p> <p>2.5 To oversee quality assurance and</p>	<ol style="list-style-type: none"> <li>1. Provide direction to the Board for fiscal responsibility. Alongside this is the responsibility for future long-term planning and the development of strategies to back up the plan.</li> <li>2. Ongoing review of institute’s revenue and expenditure, balance sheet, investments and other matters related to its continued solvency.</li> <li>3. Approve the annual budget and submit it to the Board for approval.</li> <li>4. Ensure the maintenance of an appropriate capital structure.</li> <li>5. Oversee the maintenance of Institutional-wide assets, including prudent management of Bungoma North TVC’s assets and risk exposure.</li> </ol>	<ol style="list-style-type: none"> <li>1. Overseeing, reviewing and advising the Board on Bungoma North TVC’s risk management policy and processes; (which includes oversight of Health &amp; Safety assurance and climate related risks and opportunities);</li> <li>2. Internal control mechanisms and internal and external audit functions; compliance policies and processes; and financial information prepared by management for publication.</li> <li>3. Management retains responsibility for the implementation and operation of adequate risk assurance, internal control and audit systems. The Board has delegated to the Audit and Assurance, to oversee and monitor these activities.</li> </ol>

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

	<p>improvement measures in respect of research activity, including the efficacy of research quality measures.</p> <p>2.6 To advise the Dean of Research in his role in reporting internally and externally on research and related matters.</p> <p>2.7 To review Annual Reports relating to research matters and to make recommendations to the Board</p> <p>2.8 To approve procedures for allocating research funds and monitor their implementation.</p> <p>2.9 To establish Advisory Committees and Working Groups as required to develop and oversee policy in respect of research matters.</p>		
Meetings	At least three times annually. During the reporting period, the Committee met once.	At least three times annually. During the reporting period, the Committee met two times.	At least annually. During the reporting period, the Committee didn't have any meeting due to lack of an Internal Auditor.

**Resignation from the Board**

A Board member may resign at any time by giving notice, in writing, to the appointing authority, copied to the Chairperson of the Board and the CEO/Principal of the Institute.

The resignation shall take effect upon receipt of notice by the appointing authority or at any later time specified therein; and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

## **Board Responsibilities**

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the organization and its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the Institute's management, staff and its external professional advisors and auditors.

In furtherance of its responsibilities, the Board will:

- a) Determine the Institute's Mission, Vision, Purpose and Core Values;
- b) Review, evaluate and approve, on a regular basis, long-term plans for the Institute;
- c) Review, evaluate and approve the Institute budget and financial forecasts;
- d) Review, evaluate and approve major resource allocations and capital investments;
- e) Ensure that the procurement process is cost-effective and delivers value for money;
- f) Review and approve the operating and financial results of the Institute;
- g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Institute operations and performance;
- h) Ensure that effective processes and systems of risk management and internal controls are in place;
- i) Review, evaluate and approve the overall Institute structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- j) Review, evaluate and approve the remuneration structure of the Institute;
- k) Adopt, implement and monitor compliance with the Institute's Code of Conduct and Ethics;
- l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- m) Review periodically the Institute's strategic objectives and policies relating to sustainability and social responsibility/investment;
- n) Enhance the Institute's organization's public image and ensure engagement with stakeholders through effective communication;
- o) Monitor compliance with the Constitution, all applicable laws, regulations and standards;
- p) Review, monitor and ensure that the Institute is effectively and consistently delivering on its mandate.

## **Responsibilities of Individual Board Members**

Each Board member shall:

- a) Exercise the highest degree of care, skill and diligence in discharging their duties;
- b) Act in the best interest of the Institute and not for any other purpose;
- c) Act honestly at all times and must not place themselves in a situation where their personal interests' conflict with those of the Institute;
- d) Exercise independent judgment;
- e) Devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills;
- f) Promote and protect the image of the Institute;
- g) Owe their duty to the Institute and not to the nominating or appointing authority; and
- h) Owe the Institute the duty to hold in confidence all information available to them by virtue of their position as a Board member.

### **Induction and Training**

In order to provide directions for the effective governance and oversight of the Institution, the Ministry of Education conducts induction and Training of the new board. The induction program runs for three days and covers a variety of areas including; Rationale & Status of On-going Reforms, an Overview of Mwongozo. The Role of Boards & its organs, Legal & Institutional framework for governance of TVET Institutions, Obligations, Accountability & Internal Controls in TVETs, Highlight on Key Policy Issues Governing Board Operations, The Role of Board in Organizational Competency Development, Board Dynamics & Evaluation (including Board tools), Statutory & Legal compliance, Risk Management in State Corporations, Institutionalizing Anti-Corruption Mechanism in TVETs, Ethical Leadership on Boards, Public Procurement and Disposal in TVETs.

### **Board Performance**

The Board will conduct an annual evaluation to appraise its performance. This evaluation will be carried out in accordance with the Board Evaluation Tool.

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board will also evaluate the performance of the CEO/Principal/Secretary to the Board.

### **Conflict of Interest**

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the Institute. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Board Secretary should keep a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

### **Board Remuneration**

Board members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance allowances and bonuses.

### **Ethics and Conduct**

Code of Ethics for Board Members Goal aims at establishing a set of principles and practices of the Bungoma North Technical and Vocational College Board of Governors that will set parameters and provide guidance and direction for board conduct and decision-making.

Members of the Board of Directors of the Bungoma North Technical and Vocational College are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the board of Bungoma North Technical and Vocational College. Board members pledge to accept this code as a minimum guideline for ethical conduct and shall:

#### **Accountability:**

1. Faithfully abide by the Articles of Incorporation, by-laws and policies of Bungoma North Technical and Vocational College
2. Exercise reasonable care, good faith and due diligence in organizational affairs.
3. Fully disclose, at the earliest opportunity, information that may result in a perceived or actual conflict of interest.
4. Fully disclose, at the earliest opportunity, information of fact that would have significance in board decision-making.
5. Remain accountable for prudent fiscal management to association members, the board, and non-profit sector, and where applicable, to government and funding bodies. Professional Excellence.
6. Maintain a professional level of courtesy, respect, and objectivity in all Bungoma North Technical and Vocational College activities.
7. Strive to uphold those practices and assist other Bungoma North Technical and Vocational College members of the board in upholding the highest standards of conduct Personal Gain.
8. Exercise the powers invested for the good of all members of the Institute rather than for his or her personal benefit, or that of the non-profit they represent.

#### **Equal Opportunity:**

9. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of geography, political, religious, or socio-economical characteristics of the state or region represented.
10. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of the organization's volunteer or staff make-up in respect to gender, sexual orientation, national origin, race, religion, age, political affiliation or disability, in accordance with all applicable legal and regulatory requirements. Confidential Information
11. Respect the confidentiality of sensitive information known due to board service. Collaboration and Cooperation

12. Respect the diversity of opinions as expressed or acted upon by the Bungoma North Technical and Vocational College board, committees and membership, and formally register dissent as appropriate.
13. Promote collaboration, cooperation, and partnership among association members.

### **Governance Audit**

The Board should ensure that a governance audit of the Institute is undertaken on an annual basis. The purpose of the governance audit is to ensure that the Institute conforms to the highest standards of good governance. The governance audit should cover the following parameters among others:

- a) Leadership and strategic management;
- b) Transparency and Disclosure;
- c) Compliance with Laws and Regulations;
- d) Communication with stakeholders;
- e) Board independence and governance;
- f) Board systems and procedures; and
- g) Consistent stakeholders' value enhancement

## **VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

### **Bungoma North TVC's operational and financial performance**

#### **Development Grants**

The Institute never received any grant from the Government of Kenya in the FY 2020/2021 for the year under review for infrastructure development.

#### **Financial Performance**

In the year under review, the incomes were Kshs.36,525,398.00 while expenditure was Kshs. 29,041,393.00. This resulted to a surplus of Kshs. 7,484,005.00

#### **Entity's compliance with statutory requirements**

In the year under review, Bungoma North TVC complied with all the statutory obligations

#### **Key projects and investment decisions Bungoma North TVC is planning/implementing**

- Construction of modern staff toilets, construction of college's main gate.
- Procurement of students' metallic chairs
- Build new lecture halls
- Installation of water tanks for harvesting rain water

## **IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

*Bungoma North TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.*

**Sustainability strategy and profile**

Bungoma North TVC is committed to a future in which all people are living sustainably within their natural and built environments.

It will focus on sustainability as a key driver in its own activities. The most importance issue is to be committed to improving the environmental performance of our overall activities, and focus to be leaders in best practice environmental management. This forms a key component of our commitment to demonstrate good environmental practice in our college.

This can only be done by establish appropriate procedures and practices to minimise the consumption of energy water, paper and other material inputs, and minimise the generation of waste, associated with our college activities. These will include:

- reducing energy, water and paper intensity of our office operations.
- installation of Green Power if possible
- reducing the amount of waste we produce, and maximising the amount reused and recycled.
- separating our office waste into reusable, recyclable, compost and true waste components.

**Environmental performance**

For proper environmental performance, Bungoma North TVC has put in place the following:

<b>TARGET</b>	<b>ACTIVITY</b>	<b>INDICATORS</b>
Waste management initiatives that include sewerage management, other waste and by products	-Reducing, Recycling, Reusing, Refusing, Rejecting, Returning, Refilling. -Install waste bins and segregation of waste -Hiring Waste collectors -Procurement of goods and services that are environmentally friendly (Green product purchase that gives environmental consideration in the evaluation criteria)	-Segregated bins in place and in use -Disposal of waste as per the waste management regulations -Evaluation criteria incorporating green purchases in the evaluation

**Employee welfare**

Bungoma North TVC hires its employees competitively from qualified candidates, by advertising for the vacant positions by use of print media and other affordable means of communication.

This is undertaken only after the Board of Governors are informed by management on the need to recruit the needed staff in departments with deficits.

The policy of the college is to hire the best staff for the right job, in order to get maximum output from our staff.

As a young institute, the board of management is working hard in order to attain the gender ratio in placement of its employees.

All employees after being appointed are inducted on their job, after being given job responsibilities and will normally work close with an immediate senior employee for better results and in that process, will gain experience.

Employees in sensitive areas are normally taken to other colleges for benchmarking, and also attending Ministry seminars and workshops.

In the future, Bungoma TVC will put in place an appraisal mechanism and reward schemes for its employees.

In the process, we are working on our policy on safety and compliance with Occupational Safety and Health Act of 2007.

**Market place practices-**

Bungoma North TVC procures its goods and services competitively by following all the laid down procurement procedures.

All procurement committees are constituted upon request for all the procurement activities.

All bidders are selected fairly and incidences of corruption are not tolerated. All suppliers are treated fairly and payment to supplies are made immediately when cash is available.

**Corporate Social Responsibility / Community Engagements**

As an upcoming college, our approach to corporate social responsibility (CSR) shall reflect the steps that we shall be taking to ensure we are, and be, a good corporate citizen. Social responsibility encompasses everything we do that has an impact on society around us – it is our values and behaviour as a Public Entity.

Our role in supporting education, training and research makes a valuable contribution to the continuing development of a training society. As a TVET Institution that champions competency based for our trainees, and online research and learning resources and services, we shall also support our members to deliver against their environmental priorities.

We are committed to ensuring that Bungoma North Technical and Vocational College is a responsible corporate citizen. To do this, we:

- Shall minimise the environmental impact of our corporate activities;
- Have planted over 300 trees as part of environment protection
- Identify and address issues of equality, diversity and inclusion amongst our current and future workforce;
- Ensure that employees are supported in their mental and physical health and treated with dignity, respect and in accordance with basic human rights;
- Understand our suppliers' commitments to CSR issues and practices and ethical approaches to business in our investment strategy.

**X. REPORT OF THE BOARD OF GOVERNORS**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of Bungoma North TVC's affairs.

**Principal activities**

The principal activities of Bungoma North TVC are (continue to be) ....

1. To promote positive corporate image;
2. To enhance capacity in TVET and research;
3. To inculcate entrepreneurial culture in trainees;
4. To improve institutional corporate governors; and
5. To promote strategic collaboration and linkages with industry and other institutions.

**Results**

The results of Bungoma North TVC for the year ended June 30 are set out on pages 1-5.

**BOARD OF GOVERNORS**

The members of the Board who served during the year are shown on page v-vi. During the year, no director retired/ resigned and no new Director was appointed during the year under review.

**Auditors**

The Auditor General is responsible for the statutory audit of the Bungoma North TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2021.

By Order of the Board

Corporate Secretary  
Nairobi  
Date:.....

**XI. STATEMENT OF BOARD OF GOVERNORS/GOVERNORS MEMBERS' 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*) - require the Board members to prepare financial statements in respect of Bungoma North TVC, which give a true and fair view of the state of affairs of Bungoma North TVC at the end of the financial year/period and the operating results of Bungoma North TVC for that year/period. The Governors members are also required to ensure that Bungoma North TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Bungoma North TVC. The Governors members are also responsible for safeguarding the assets of Bungoma North TVC.

The Governors members are responsible for the preparation and presentation of Bungoma North TVC's financial statements, which give a true and fair view of the state of affairs of Bungoma North TVC for and as at the end of the financial year (period) ended on June 30, 2021. 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 Bungoma North TVC; (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 Bungoma North TVC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Governors members accept responsibility for Bungoma North TVC's 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 Board members are of the opinion that Bungoma North TVC's financial statements give a true and fair view of the state of Bungoma North TVC's transactions during the financial year ended June 30, 2021, and of Bungoma North TVC's financial position as at that date. The Governors members further confirm the completeness of the accounting records maintained for Bungoma North TVC, which have been relied upon in the preparation of Bungoma North TVC's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that Bungoma North TVC will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Bungoma North TVC's financial statements were approved by the Board on 28/9 2021 and signed on its behalf by:

Name... Philip Karam

Signature... [Handwritten Signature]

Chairperson of the Board

Name... PRINCE BARASA  
BUNGOMA NORTH T.V. COLLEGE  
Signature... [Handwritten Signature]  
Accounting Officer/Principal  
P.O. Box 24-50211, NAITIRI  
Email: bnvc2017@gmail.com

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021**

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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 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 Bungoma North Technical and Vocational Training College set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant

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

In my opinion, except for the effect of the 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 Bungoma North Technical and Vocational Training College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Unsupported Cash at Hand**

The statement of financial position reflects cash and cash equivalents balance of Kshs.2,903,625 as disclosed in Note 16. This balance includes cash at hand balance of Kshs.28,057 which was not supported by a Board of Survey Certificate.

In the circumstances, the accuracy of the cash at hand balance of Kshs.28,057 could not be confirmed.

#### **2. Unsupported Students Fees**

The statement of financial performance reflects rendering of services-fees from students of Kshs.29,527,857 as disclosed in Note 7A. However, supporting schedules for fees from students were not provided for audit.

In the circumstances, the accuracy and completeness of rendering of services-fees from students of Kshs.29,527,857 could not be confirmed.

#### **3. Unrecognized Donated Tractors**

The statement of financial position reflects property, plant and equipment balance of Kshs.175,813,610 as disclosed in Note 19. The balance excludes undetermined value of five (5) donated tractors. In addition, these tractors have not been registered in the name of the College.

In the circumstances, the completeness of property, plant and equipment balance of Kshs.175,813,610 could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.34,252,000 and Kshs.9,295,004 respectively resulting to an under-funding of Kshs.24,956,996 or 73% of the budget. Similarly, the College expended Kshs.10,107,611 against an approved budget of Kshs.34,252,000 resulting to an under-expenditure of Kshs.24,144,389 or 70% of the budget. Further, the approved budget was not provided for audit.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

### **2. Lack of Hand-Over Reports**

The Ministry of Education appointed Matili Technical and Training College to mentor Bungoma North Technical and Vocational Training College and hand over all assets and liabilities upon completion of the mentorship period. However, no handing over reports were provided for audit verification.

In the circumstances, the assets and liabilities taken over by Bungoma North Technical Training College could not be confirmed.

## **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**

#### **Non-Compliance with Law on Ethnic Composition**

During the year under review, the total number of employees was fifty-one (51) out of which thirty-seven (37) or 73 % of the total number were members of the same/dominant ethnic community in the College. This is contrary to Section 7(1) and (2) of the National

Cohesion and Integration Act, 2008 which states that, “all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community”.

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 Approved Staff Establishment

Review of human resource records revealed that the College operated without an approved staff establishment. Therefore, the College has not determined its optimal staffing levels for effective operations.

In the circumstances, the adequacy of College staff levels could not be confirmed.

#### 2. Lack of Risk Management Policy

The Management had not put in place risk management policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how the management manages risk exposures. This is contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015, which provides that an Accounting Officer of a Government Entity should develop risk management strategies which include fraud prevention mechanism, and a system of risk management and internal control that builds robust business operations. In addition, business continuity and disasters recovery plan have not been put in place.

In the circumstances, the effectiveness of College risk management could not be confirmed.

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

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 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 its 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.

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

### **Auditor-General's Responsibilities for the Audit**

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 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

report. However, future events or conditions may cause the College to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**05 September, 2022**

**XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

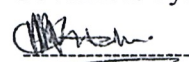
	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	4,297,500	0
<b>Total Revenue from non-exchange transactions</b>		<b>4,297,500</b>	<b>0</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7A	29,527,857	
Sale of goods	8	712,041	
<b>Revenue from exchange transactions</b>		<b>30,239,898</b>	<b>0</b>
<b>Total revenue</b>		<b>34,537,398</b>	<b>0</b>
<b>Expenses</b>			
Use of goods and services	10	1,118,773	0
Employee costs	11	1,947,610	0
Remuneration of directors	12	214,000	0
Depreciation and amortization expense	13	18,933,782	0
Repairs and maintenance	14	505,928	0
General expenses	15A	6,321,300	0
<b>Total expenses</b>		<b>29,041,393</b>	<b>0</b>
<b>Net Surplus for the year</b>		<b>5,496,005</b>	<b>0</b>

The notes set out on pages 6 to 29 form an integral part of the Annual Financial Statements.

**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	2,903,625	0
Receivables from exchange transactions	17	19,007,039	0
Inventories	18	2,694,918	0
<b>Total Current Assets</b>		<b>24,605,582</b>	<b>0</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	175,813,610	0
<b>Total Non-current Assets</b>		<b>175,813,610</b>	<b>0</b>
<b>Total assets</b>		<b>200,419,192</b>	<b>0</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	20	416,042	0
Other incomes	9	23,000	
Payments received in advance	21	4,145	0
<b>Total Current Liabilities</b>		<b>443,187</b>	<b>0</b>
<b>Non-current liabilities</b>			
<b>Total Non-current liabilities</b>		<b>-</b>	<b>0</b>
<b>Total liabilities</b>		<b>443,187</b>	<b>0</b>
<b>Capital and Reserves</b>			
Reserves		194,480,000	0
Accumulated surplus		5,496,005	0
<b>Total Capital and Reserves</b>		<b>199,976,005</b>	<b>0</b>
<b>Total Liabilities and Capital &amp; Reserves</b>		<b>200,419,192</b>	<b>0</b>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Governors by:




Chairman of Board of Governors

Date: 28/9/21



Finance Officer  
ICPAK No

Date: 28/9/21

**PRINCIPAL**  
**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
  
 P. BOX 64-50211, NAITIRI  
 Email: bnvtvc2019@gmail.com  
**Principal**

Date: 28/9/21

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

**XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>Balance b/f at July 1, 2017</b>					0
Revaluation gain					0
Fair value adjustment on quoted investments					0
Total comprehensive income					0
Capital/Development grants received during the year					0
Transfer of depreciation/amortisation from capital fund to retained earnings					0
<b>Balance c/d as at June 30, 2018</b>	0	0	0	0	0
<b>Balance b/f as at July 1, 2020</b>	194,480,000	0	0	0	194,480,000
Revaluation gain					0
Fair value adjustment on quoted investments					0
Total comprehensive income			5,496,005		5,496,005
Capital/Development grants received during the year				0	0
Transfer of depreciation/amortisation from capital fund to retained earnings					0
<b>Balance c/d as at June 30, 2021</b>	194,480,000	0	5,496,005	0	199,976,005

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup>**  
**JUNE 2021**

**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		2020/2021	2019/2020
	Not £	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	4,297,500	
Rendering of services- Fees from students	7B	8,559,963	
Sale of goods	8	712,041	
Other income, rentals and agency fees	9	23,000	
<b>Total Receipts</b>		<b>13,592,504</b>	<b>0</b>
<b>Payments</b>			
Employee costs	11	1,947,610	
Use of goods and services	10	1,118,773	
General Expense	15B	8,600,176	
Repairs & Maintenance	14	505,928	
Remuneration of Directors	12	214,000	
<b>Total Payments</b>		<b>12,386,487</b>	<b>0</b>
<b>Net cash flows from operating activities</b>		<b>1,206,017</b>	<b>0</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	19	- 267,392	
<b>Net cash flows used in investing activities</b>		<b>- 267,392</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Capital Development Grants		-	
Repayment of borrowings		-	
Increase in deposits			
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>938,625</b>	<b>0</b>
Cash and cash equivalents at 1 July 2020		1,965,000	
<b>Cash and cash equivalents at 30 June 2021</b>	<b>16</b>	<b>2,903,625</b>	<b>0</b>

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

**VII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original budget 2020-2021	Adjustments 2020-2021	Final budget 2020-2021	Actual on comparable basis 2020-2021	Performance difference 2020-2021	% variance	explanation of material variance
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
Transfers from other Govt entities Govt grants	18,000,000	0	18,000,000	4,297,500	13,702,500	76	Low enrolment
Rendering of services- Fees from students	15,852,000	0	15,852,000	4,262,463	11,589,537	73	Low enrolment/poor fee payment
Sale of goods	400,000	0	400,000	712,041	-312,041	-78	Under estimation
Finance Income	0	0	0		0		
Other incomes	0	0	0	23,000	-23,000		
Gains on disposal, rental income and agency fees	0	0	0		0		
<b>Total income</b>	<b>34,252,000</b>	<b>0</b>	<b>34,252,000</b>	<b>9,295,004</b>	<b>24,956,996</b>		
<b>Expenses</b>							
Employee Costs	5,196,000	0	5,196,000	1,947,610	3,248,390	63	New positions not yet filled
Use of Goods and services	150,000	0	150,000	1,118,773	-968,773	-646	Under budgeting
Finance costs	0	0	0		0		
Rent paid	0	0	0		0		
Remuneration of directors	1,588,000	0	1,588,000	214,000	1,374,000	87	Minimal meetings
General expenses	27,318,000	0	27,318,000	6,827,228	20,490,772	75	Low enrolment
Grants and subsidies paid	0	0	0		0		
<b>Total expenditure</b>	<b>34,252,000</b>	<b>0</b>	<b>34,252,000</b>	<b>10,107,611</b>	<b>24,144,389</b>		
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-812,607</b>	<b>812,607</b>		

**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Bungoma North TVC entity is established by and derives its authority and accountability from TVET Act No. TVETA/PUBLIC/TVC/0033/2019. Bungoma North TVC is wholly owned by the Government of Kenya and is domiciled in Kenya. Bungoma North TVC's principal activity is to provide technical skills/training services to trainees.

**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 Bungoma North TVC'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 Bungoma North TVC.

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.

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup>**  
**JUNE 2021**

**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 2021.**

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.                      Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.                      Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).                      Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b>                      The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</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>
<b>IPSAS 42:</b> Social Benefits	<p><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:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by Bungoma North TVC;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on Bungoma North TVC's financial performance, financial position and cash flows.</li> </ul>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**iii. Early adoption of standards**

Bungoma North TVC did not early – adopt any new or amended standards in year 2021.

**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 Bungoma North TVC 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**

Bungoma North TVC 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 Bungoma North TVC.

**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 Bungoma North TVC's right to receive payments is established.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**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 2020/2021 was approved by the Board on 24/2/2020. 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 Bungoma North TVC upon receiving the respective approvals in order to conclude the final budget.

Bungoma North TVC'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 xxx of these financial statements.

**c) Taxes**

***Current income tax***

Bungoma North TVC is exempt from paying taxes.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Taxes (continued)**

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

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

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

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

**d) Investment property**

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

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

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, Bungoma North TVC 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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**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 Bungoma North TVC. 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. Bungoma North TVC 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 Bungoma North TVC 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 Bungoma North TVC. 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**

Bungoma North TVC expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Bungoma North TVC 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.

#### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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.

#### **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. Bungoma North TVC 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 Bungoma North TVC 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***

Bungoma North TVC 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 cashflows of the financial

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup>**  
**JUNE 2021**

asset or Bungoma North TVC 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. Bungoma North TVC 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.

**i) 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)**

**i) 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 Bungoma North TVC.

**j) Provisions**

Provisions are recognized when Bungoma North TVC 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 Bungoma North TVC 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***

Bungoma North TVC 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***

Bungoma North TVC 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 Bungoma North TVC 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)**

**k) Nature and purpose of reserves**

Bungoma North TVC creates and maintains reserves in terms of specific requirements.

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

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

**m) Employee benefits**

**Retirement benefit plans**

Bungoma North TVC is in the process of putting in place a retirement benefits scheme 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.

**n) 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.

**o) 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)**

**p) Related parties**

Bungoma North TVC 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 Bungoma North TVC, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

**q) Service concession arrangements**

Bungoma North TVC 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, Bungoma North TVC 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, Bungoma North TVC also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**r) 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**s) Comparative figures**

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

**t) 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, 2021.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of Bungoma North TVC'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. Bungoma North TVC 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 Bungoma North TVC. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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**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 Bungoma North TVC
- 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**

No provisions were raised and management did not determine any estimate based on the information available. No additional disclosure of these estimates of provisions is included under provisions.

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.

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup>**  
**JUNE 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Unconditional grants</b>		
Capitation grant	4,297,500	
<b>Conditional grants</b>		
Library grant		
Hostels grant		
Administration block grant		
Laboratory grant		
Learning facilities grant		
Other organizational grants		
<b>Total Government grants and subsidies</b>	<b>4,297,500</b>	<b>-</b>

**7. A) RENDERING OF SERVICES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Tuition fees	7,548,619	
Activity fees	1,003,759	
Examination fees	407,570	
Library fees	781,062	
Administrative income	4,315,215	
RMI	1,244,065	
COMP MAINT	154,121	
Student ID	21,000	
Student union	178,302	
Attachment and insurance & medical	350,333	
Local transport and travels	2,641,537	
HELB	1,959,928	
Personal Emolument	7,591,036	
EW&C	1,331,310	
<b>Total Rendering of Services</b>	<b>29,527,857</b>	<b>=</b>

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup>**  
**JUNE 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**B) RENDERING OF SERVICES-Tuition inflows**

<b>Rendering of Services-Tuition Inflows</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Rendering of Services-Tuition Fee Recognised in the Statement of Financial Performance</b>	<b>29,527,857</b>	
<b>Add:-</b>		
Increase in prepaid fees/Tuition Fee to be Earned in Future But Received During the Year	4,145	
<b>Less:-</b>		
Increase in Revenue Receivable/ Student Debtors/Income Earned During the Year But Not Received	19,007,039	
Non-Cash Item-Increase in provision for bad debts	-	
Increase in Receivable from Non Exchange Transaction/Income Earned During the Year But Not Received		
Less:-Incorporated receivables	1,965,000	
<b>Amount Recognised in the Statement of Cashflows</b>	<b>8,559,963</b>	<b>-</b>

**8. SALE OF GOODS**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Production Unit	712,041	
Other( include in line with your organisation)		
<b>Total Sale of goods</b>	<b>712,041</b>	<b>-</b>

**9. OTHER INCOME**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Caution	23,000	
<b>Total other income</b>	<b>23,000</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup>**  
**JUNE 2021**

**10. USE OF GOODS AND SERVICES**

Description	2020-2021	2019-2020
	KShs	KShs
Electricity Water & Conservancy	704,773	
Security	414,000	
Professional services		
Subscriptions		
<b>Total good and services</b>	<b><u>1,118,773</u></b>	<b>=</b>

**11. EMPLOYEE COSTS**

Description	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	1,947,610	
Employee related costs - contributions to pensions and medical aids		
Social contributions		
<b>Total Employee costs</b>	<b><u>1,947,610</u></b>	<b>=</b>

**12. REMUNERATION OF DIRECTORS**

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria	30,000	
Directors emoluments	184,000	
Other allowances		
<b>Total director emoluments</b>	<b><u>214,000</u></b>	<b>=</b>

**13. DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	18,933,782	
Intangible assets	-	
<b>Total depreciation and amortization</b>	<b><u>18,933,782</u></b>	<b>=</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup>**  
**JUNE 2021**

**14. REPAIRS AND MAINTENANCE**

Description	2020-2021	2019-2020
	KShs	KShs
RMI	505,928	
<b>Total Repairs and Maintenance</b>	<b>505,928</b>	<b>=</b>

**15. A) GENERAL EXPENSES**

Description	2020-2021	2019-2020
	KShs	KShs
Tuition	2,894,896	
LTT	813,566	
Attachment,	57,832	
Admission	3,000	
Activity	66,360	
Administrative	1,908,056	
Student Union	75,000	
Examination	458,980	
Production Unit	43,610	
<b>Total general expenses</b>	<b>6,321,300</b>	<b>=</b>

**B) GENERAL EXPENSES FOR CASH FLOW**

<b>Expenses-Amount Recognised in the Statement of Financial Performance</b>	<b>6,321,300</b>
<b>Add:-</b>	
Inventory	2,694,918
<b>Less</b>	
Trade Payables	416,042
<b>Amount Recognised in the Statement of Cashflows</b>	<b>8,600,176</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup>**  
**JUNE 2021**

**16. CASH AND CASH EQUIVALENTS**

Description	2020-2021	2019-2020
	KShs	KShs
Cash at hand	28,075	
Current account-1271255235	2,875,550	
On - call deposits		
Fixed deposits account		
M-pesa		
<b>Total cash and cash equivalents</b>	<b><u>2,903,625</u></b>	<b>=</b>

**17. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**Current Receivables from Exchange Transactions**

Description	2020-2021	2019-2020
	KShs	KShs
<b>Current receivables</b>		
Student debtors	19,007,039	
<b>Total current receivables</b>	<b><u>19,007,039</u></b>	<b>=</b>
<b>Non-current receivables</b>		
Refundable deposits		
Less: impairment allowance		
<b>Total non-current receivables</b>	<b>=</b>	<b>=</b>
<b>Total receivables</b>	<b><u>19,007,039</u></b>	<b>=</b>

**18. INVENTORIES**

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	2,694,918	
<b>Total Inventories</b>	<b><u>2,694,918</u></b>	<b>=</b>

**d) Shareholding in other entities**

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

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**19. PROPERTY, PLANT AND EQUIPMENT**

	Land and Shs	Motor vehicles Shs	Furniture and fittings Shs	Computers Shs	Buildings Shs	Library Books Shs	Plant and equipment Shs	Total Shs
<b>Cost</b>								
At 1 July 2020	9,600,000	17,500,000	1,100,000	780,000	63,000,000	0	102,500,000	194,480,000
Additions				267,392				267,392
Disposals								0
Transfer/adjustments								0
At 30 <sup>th</sup> June 2021	9,600,000	17,500,000	1,100,000	1,047,392	63,000,000	0	102,500,000	194,747,392
<b>Depreciation and impairment</b>								
At 1 July 2020	0	0	0	0	0	0	0	0
Depreciation	0	4,375,000	137,500	348,782	1,260,000	0	12,812,500	18,933,782
Disposals								0
Impairment								0
Transfer/adjustment								0
At 30 <sup>th</sup> June 2021	0	4,375,000	137,500	348,782	1,260,000	0	12,812,500	18,933,782
<b>Net book values</b>								
At 30 <sup>th</sup> June 2021	9,600,000	13,125,000	962,500	698,610	61,740,000	0	89,687,500	175,813,610
At 30 <sup>th</sup> June 2020	9,600,000	17,500,000	1,100,000	780,000	63,000,000	0	102,500,000	194,480,000

**BUNGOMA NORTH TECHNICAL AND VOCATIONAL TRAINING COLLEGE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Valuation**

Land and buildings were valued internally by the college management. These amounts were adopted on 23<sup>rd</sup> December 2020.

**20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	416,042	
Other payables		
<b>Total trade and other payables</b>	<b>416,042</b>	<b>=</b>

**21. PAYMENTS RECEIVED IN ADVANCE**

Description	2020-2021	2019-2020
	KShs	KShs
Student Fees	4,145	
Others		
	<b>4,145</b>	<b>=</b>

**Retirement benefit Asset/ Liability**

Bungoma North TVC has not started operating a defined benefit scheme for all full-time employees.

**Recognition of Retirement Benefit Asset/ Liability**

Bungoma North TVC contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. Bungoma North TVC's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 1,014 per employee per month.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **22. FINANCIAL RISK MANAGEMENT**

Bungoma North TVC'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.

Bungoma North TVC's financial risk management objectives and policies are detailed below:

#### **(i) Credit risk**

Bungoma North TVC 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 Bungoma North TVC's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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

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

#### **(ii) Liquidity risk management**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

Bungoma North TVC outsources internal audit function to assist it in assessing the risk faced by Bungoma North TVC on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

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

**a) Foreign currency risk**

Bungoma North TVC has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of Bungoma North TVC's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FINANCIAL RISK MANAGEMENT (Continued)**

- (iii) Market risk (Continued)
  - a) Foreign currency risk (Continued)

**Foreign currency sensitivity analysis**

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

- b) Interest rate risk

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

*Management of interest rate risk*

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

*Sensitivity analysis*

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

- iv) **Capital Risk Management**

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

1. Reserves
2. Surplus

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**23. RELATED PARTY BALANCES**

**Nature of related party relationships**

Entities and other parties related to Bungoma North TVC 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 Bungoma North TVC, holding 100% of Bungoma North TVC's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of Bungoma North TVC, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) NG-CDF;
- iv) Suppliers;
- v) Parents;
- vi) Key management;
- vii) Board of directors
- viii) Trainees;
- ix) HELB

**24. EVENTS AFTER THE REPORTING PERIOD**

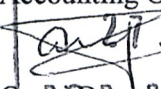
There were no material adjusting and non- adjusting events after the reporting period.

**25. ULTIMATE AND HOLDING ENTITY**

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

**26. CURRENCY**

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

**PRINCIPAL**  
BUNGOMA NORTH T. V. COLLEGE  
Accounting Officer  
  
27 JUN 2022  
Oroni Barasa 4-50211, NAITIRI  
Email: bntvc2019@gmail.com  
Principal  
Date: .....