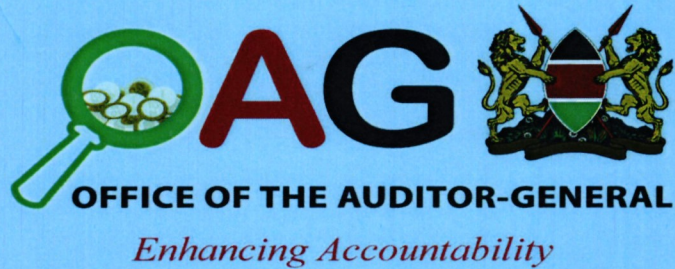
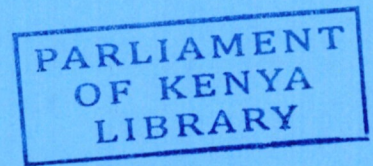


REPUBLIC OF KENYA



REPORT



THE NATIONAL ASSEMBLY
P
DATE: 23 NOV 2022 Wednesday
MAJORITY WHIP
Christine

OF

THE AUDITOR-GENERAL

ON

**RIRAGIA TECHNICAL AND
VOCATIONAL COLLEGE**

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



**RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE,
ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

I. Contents

| | |
|---|------------|
| I. KEY ENTITY INFORMATION AND MANAGEMENT..... | ii |
| II. BOARD OF GOVERNORS..... | v |
| III. MANAGEMENT TEAM..... | vii |
| IV. CHAIRMAN'S STATEMENT..... | ix |
| V. REPORT OF THE PRINCIPAL..... | x |
| VI. RIRAGIA TVC STATEMENT OF PERFORMANCE..... | xi |
| VII. CORPORATE GOVERNANCE STATEMENT..... | xii |
| VIII. MANAGEMENT DISCUSSION AND ANALYSIS..... | xiv |
| IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING..... | xvi |
| X. REPORT OF THE BOARD OF GOVERNORS..... | xix |
| XI. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES..... | xx |
| XII. REPORT OF THE INDEPENDENT AUDITORS ON RIRAGIA TVC..... | xxi |
| XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021..... | 1 |
| XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH 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 |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

I. KEY ENTITY INFORMATION AND MANAGEMENT.

(a) Background information

The *institution* was established under the TVET Act 2013 and commenced its operations on 15/07/2020. The entity is domiciled in kegogi approximately 1 kilometre from Kegogi market. The institute is under the Ministry of Education.

(b) Principal Activities

The principal activity/mission/ mandate of the entity is to train students in technical courses.

VISION

A top- class institution empowering youth with market driven technical and vocational skills and competencies for a brighter future .

MISISON

To develop highly qualified human resources by providing quality training applied research and entrepreneurship skills that are responsive to industry demands.

MOTTO

To understand the course of things to innovate new ways of doing them better “home of innovation”

CORE VALUES

Riragia Technical and vocational college is committed to the following core values:

- i) Integrity
- ii). Transparency and Accountability
- ii) Creativity and Innovation
- iv). Professionalism & Teamwork
- vi). Financial Sustainability
- vii). Environmental sustainability

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

(c) Key Management

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

1. Board of governors
2. Principal/ Bog Secretary
3. Principal 's Management Committee
4. HOD'S

(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 | Lydia kimoro |
| 2. | Deputy principal | Benster obobe |
| 3. | Ag. Registrar | Collins odhiambo |
| 4. | Ag. Dean of students | Joab asande |
| 5. | Ag. Head of Finance | Peterson ogwora |
| 6. | Ag. Head of procurement | Beryl mainga |
| 7. | Ag. Human resource | Peterson ogwora |

(e) Fiduciary Oversight Arrangements

Board committee Members

Committee

member

- | | |
|---|---|
| -Administration Finance and Infrastructure | - Jared Onyach - Ogembo ndegwa - Peter kigen - Christine sagwa |
| -Audit, Risk and Compliance (ARC) Committee | - Peter kigen -samwel Angira |
| -Education, Research and Training committee | - Athanas mokaya -Samwel angira -Enock ogembo - Doris nyakangi -Tom orang'o |

(f) Entity Headquarters

P.O. Box 1809
Kisii
Kisii-kisumu highway
KENYA

(g) Entity Contacts

E-mail: riragiatti@gmail.com
Website: riragiatti@.go.ke

(h) Entity Bankers

Kcb limited
Kisii West
Kisii Kisumu highway

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

II. BOARD OF GOVERNORS

| | |
|---|--|
|  Mr. Samuel Angira(Chairman) | Holds Bsc. (Honors) -Chairman Board of Governors for Riragia TVC) 2020 - Present -Vice Chairman of the Audit Team(2000 – 2015)Senior ISO -Auditor(Bureau Veritas) Jubilee Insurance -Senior Manager –Benefits Administration (2014 – 2015) Jubilee Insurance -Senior Team Leader Customer-Service/ Operations (2001 – 2013) Jubilee Insurance -Assistant Superintendent Underwriting Department (1986 – 1989) Jubilee Insurance -Actuarial Assistant –Pensions and Group Life Department (1983 – 1985) Jubilee Insurance |
|  Lydia Kimoro (Secretary) | Holds Msc in Environmental Science and a diploma in Project Management from Kenya Institute of Management She was HOD then deputy principalat Kisii National Polytechnic and currently the principal Riragia TVC and Secretary to the board. |
|  Mr. Jared Onyach (Member) | Holds Msc. in human resource development Certified Public Secretaries (Kenya) Certified Organizational Development (OD) Practitioner, East African Support Unit for NGOs (EASUN) He is a specialist in human resource management, strategic management and organizational management, he chairs general purpose and finance committee. |
|  Arc. Enock Ogembo (Member) | Holds MSc Project Management from JKUAT, Bachelor of landscape architecture from JKUAT He is a General Manager Shajena Enterprises limited and Chief Executive Officer Pixel Studio Limited and he is also a landscape architect consultant in Primescapes Limited. He is accredited in building works by NCA. |





RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

| | |
|---|--|
|  Christine Sagwa (Member) | <p>She holds BA from Moi University Eldoret She holds postgraduate diploma in law, she also has a certificate of pupillage – Asati & Company Advocates She is an advocate of the high court of Kenya. Currently she is managing CR Sagwa & Co. Advocates.</p> |
|  Dr. Doris Nyangoge Nyokangi (Member) | <p>She holds a Phd in Education from University of South Africa (UNISA) MED in education and B.Ed from University of Nairobi Has worked as a lecturer at Egerton University from 2015-2017, Lecturer and research assistant at UNISA and currently she is chief officer education in Kisii County</p> |
|  Mr. Peter Kigen (Member) | <p>Holds Bachelor of commerce (Accounting Option) from The Catholic University of East Africa He is CPA (K) holder He is a registered member of ICPAK He Works as an accountant with KTDA He chairs risk and audit committee</p> |
|  Mr. Athanas Mokaya (Member) | <p>Holds higher diploma in electrical and electronics (power electronics option) Holds MBA from JKUAT A former principal Kisii National Polytechnic Has got overwhelming experience in leadership and TVET matters. He chairs education and research committee</p> |



RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

III. MANAGEMENT TEAM.

The management personnel who held office during this year ended 30th June 2021 and who had direct fiduciary responsibility were;

| | | |
|---|--|---|
| 1 |  Lydia kimoro (Principal) | Holds Msc in Environmental Science and a diploma in Project Management from Kenya Institute of Management She was HOD then deputy principal at Kisii National Polytechnic and currently the principal Riragia TVC and Secretary to the board. |
| 2 |  Benster Obobe (Deputy Principal) | Holds Bsc in Agricultural Education and Extension 2000-2012 trainer at Nyamira Technical 2013 – 2020 HOD Agriculture Department at Mawego Technical Training Institute Currently he is the deputy principal Riragia Technical and Vocational College |
| 3 |  Collins Odhiambo (Registrar) | -Holds B.Ed Mechanical Technology (Moi University 2010) -2019 Oct-Present – Trainer at Riragia TVC and Ag. Registrar -2016 Feb-2019 Oct Trainer at Keroka Technical Training Institute. Served as Assistant H.O.D. Mechanical Engineering while at Keroka Technical Training Institute. -2018- Five months Welding Technology Training by Avic Int. and MoE -2011-2016 Jan- Worked with KCB bank as a DSA and clerk |
| 4 |  Joab Osebe (Dean of Student) | Completed Bitech. Mechanical from T-UK awaiting graduation, Diploma and craft in mechanical (production) He was a plant technician at KTDA, Mechanical technician 1 at Kisii National polytechnic and currently Ag. Dean of student and trainer at Riragia TVC |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

| | | |
|---|---|--|
| 5 |  Peterson Ogwora (Head of Finance) | CPA part II Holder from Kisii college of accountancy (KCA) 2011-2020 Accountant Gekongo secondary school. 2021 Finance officer riragia tvc |
| 6 |  Beryl Awuor Mainga (Head of Procurement) | Bachelors Degree in Business Management (Purchasing and supply chain management) 2020-2021 Intern Omuga TVC 2021 procurement officer Riragia TVC |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

IV. CHAIRMAN'S STATEMENT.

Riragia TVC is a new TVET institution. It opened its doors on 15th July 2020 admitting its first batch of students.

The board of governors was subsequently appointed by the cabinet secretary for education then and held its inaugural meeting on 14th February 2020. On behalf of the entire board, I would wish to thank the cabinet secretary for this appointment.

The Board therefore embarked on a mission to put in place systems, policies, procedures and other frameworks to enable full operationalization of the college. Subsequent to this the Board has already approved the Riragia TVC strategic plan, in addition to the strategic plan the Board as also nominated various board committees.

The college however faced a number of challenges due to lack of enough financial resources, there were also problems of water due to lack of enough water tanks, partially fenced college compound, no enough training machinery, and lack of enough furniture. The closure of the institution as part of the nationwide strategy of containment of the Covid -19 pandemic also affected the mobilization of trainees.

However the future looks bright. The Board has entrusted day to day running of the institution to management headed by the principal who together with the staff ensures that policies put in place by the Board are adhered to the reports in all operational areas are reported to the Board to oversight whether targets set are met.

The Board intends to embark on massive resource mobilization, additional policy formulation, link the institution with key stakeholder groups, enhance sustainability and monitor achievement of targets, the Board gives an assurance on continued support to management as they exercise their oversight role for effective performance.

The overall achievements of the college reflect the enormous hard work of our staff over a period of time. they also reflect the commitment of Board of governors to the academic strategy and to securing the institutes financial sustainability.

I wish to finally thank the government of kenya, ministry of education state department of TVET, fellow board members, management and staff for their dedication and participation over the financial quarter in the striving to make Riragia TVC globally competitive technical and vocational training college for trainees in the region.

Thank you



Mr samwel Angira

CHAIRMAN.

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

V. REPORT OF THE PRINCIPAL.

Introduction.

Presented here is the yearly report and financial statements of Riragia TVC for the financial year ended 30th June 2021 as required by the public finance management act 2012.

Riragia TVC "s performance during the year under review is impressive despite being its maiden year since inception. The government capitation still remains as the institute's main source of income.

The college has continued with its core business of disseminating knowledge through, training and innovation. The current trainee population has increased to 148 and is expected to increase further by the end of this financial year.

Development partner's project

Currently there is no major on going development project. However we have an intention of constructing temporary structures in the college compound to be used during practical lessons.

Operational results.

Financial resources as been a big challenge in the just ended year.

At the close of the financial year, the college had received ksh 2,602,500 grant from Gok.

The college therefore had a total income of ksh 7,244,100 against total expenditure of ksh 2,826,776. Giving a surplus of ksh 4,417,324.


We hope to fence and secure the college compound as well as work towards getting water tanks to supply enough water in the college, we are also working in conjunction with CDF and other donors to improve infrastructure. Hopefully this will be witnessed in the next Financial year.

Conclusion

On behalf of Riragia Technical and Vocational college management and staff, I wish to take this opportunity to thank the government, our development partners and all stakeholders for their continued support.

Finally, I would like to express my sincere gratitude for constituting the college board of governors to help provide policy and strategic guidance, the entire college staff and students who have worked tirelessly to ensure smooth running of the college.

Thank you



Lydia kimoro

The principal

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

VI. RIRAGIA TVC STATEMENT OF PERFORMANCE.

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

Riragia Technical and vocational College has six strategic pillars and objectives within its strategic plan. These pillars are as follows;

Pillar 1: To achieve financial viability and sustainability.

Pillar 2: To develop a strong and a well-managed institution.

Pillar 3: To provide quality education and technical training.

Pillar 4: To improve corporate governance and image.

Pillar 5: To expand and improve the physical facilities.

Pillar 6: To enhance risk management and disaster preparedness.

Being the first year of operation Riragia TVC will develop its annual work plan based on the above 6 pillars. Assessment of the Board performance against its annual work plan will be done on quarterly basis.

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

VII. CORPORATE GOVERNANCE STATEMENT.

We believe in good corporate governance as an institution. The board provides leadership through oversight, review and guidance whilst setting strategic direction.

The Board which has an appropriate mix of skills, knowledge and experience to perform its role effectively was inaugurated on 14th February 2020

Board meetings are held quarterly and as and when need arises. The college ensures that it provides the necessary resources and expertise to the board to assist it in their decision making. The ministry of education is also regularly consulted on key policy matters.

General Responsibilities

The Board has a duty to the people of Kenya to ensure that Riragia TVC achieves its objectives efficiently and effectively and in compliance with PFM Act, 2012, TVET Act 2013, all relevant acts of parliament and all ministry directives and guidelines issued from time to time.

The statutory functions of the Board includes;

- Overseeing the conduct of education and training in the institution in accordance with the provisions of TVET act 2013
- Develop and implementing of Riragia TVC strategic plan.
- Administering and managing the property of the institution.
- Mobilizing resources for the institution.
- Providing for the welfare of the students and staff of the institution.
- Making regulations governing organization and conduct and discipline of staff students.
- Recruiting and appointing trainers from among qualified professionals.
- Encouraging , nurturing and promoting democratic culture, dialogue and tolerance in the institution.
- Preparing comprehensive annual reports on all areas of their mandate.
- Discharging all other functions conferred upon by the TVET Act 2013 or any other written laws,

Risk Management and Internal Controls.

The Board has overall responsibility for the establishment and oversight of the institution's risk management frameworks. The risk management policies are established to identify and analyse the risk faced by the institution and to set appropriate risk limits and controls and to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions, legislation and services offered. Subsequently the institution identifies and manages risk through in- house risk review enhanced by compliance , internal and external audits.

The institution has in place a system of internal control systems with defined operating procedures , financial and operating controls to ensure that resources are safeguarded ;transactions authorised , validated and reported in line with IPSAS.

Conflict of Interest

All Board members are under a duty to avoid any conflict of interest. This entails not engaging directly or indirectly in any business that competes or conflicts with the institution's business.

The Board has established a robust process requiring members to disclose outside business interests that would conflict with institutions interests.

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

Compliance

The Board confirms that it is satisfied that though the institution has inadequate resources it can continue operating for the foreseeable future. For this reason it continues to adopt the going concern basis when preparing the financial statements.

The Board is satisfied that the institution as to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the laws in particular to;

- . The constitution of Kenya, 2010.
- . TVET Act, 2012.
- . PFM Act, 2012.
- . Procurement and Asset Disposal Act 2015.
- . IPSAS Standards.
- . All other relevant laws in its operation (circulars from Treasury and Ministry of Education).

Riragia Technical and Vocational College also has internal policies it uses in its operations. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled.

These policies are inter alia; financial management policy, procurement policy and academic policy.

BOARD MEETING ATTENDANCE FOR THE YEAR ENDED 30TH JUNE 2021

| s/no. | Name | 4 th August 2020 | 12 th August 2020 | 5 th September 2020 | 23 rd September 2020 | 16 th December 2020 | 26 th March 2021 |
|-------|-----------------|-----------------------------------|------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|
| 1 | Samwel Angira | ✓ | ✓ | X | ✓ | ✓ | ✓ |
| 2 | Athanas Mokaya | X | ✓ | X | ✓ | ✓ | X |
| 3 | Christine Sagwa | X | ✓ | X | ✓ | ✓ | ✓ |
| 4 | Peter Kigen | X | X | X | X | ✓ | ✓ |
| 5 | Jared Onyach | X | ✓ | X | X | ✓ | ✓ |
| 6 | Enock Ogembo | X | ✓ | | X | X | X |
| 7 | Doris Nyokangi | X | X | X | X | X | X |
| 8 | Lydia Kimoro | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION.

This discussion and analysis provide an overview of the results of activities and financial position of Riragia TVC. Being the first year of operation, comparative information is unavailable. This overview has been prepared by management and should be read in conjunction with the financial statements and the notes that follow.

FINANCIAL HIGHLIGHTS.

Revenue.

Riragia TVC's revenue stood at ksh7,244,100. The students population at the close of financial year stood at 148 trainees.

It is hoped that in FY 2021/2022, income of the institution will increase as a result of successful registration with HELB and KUCCPS.

Expenditure.

Total expenditure stood at at ksh 2,826,776.

It should be noted that employee costs stood at 22.7% of total costs. This is below the recommended ceiling of 30%.

Board expenses stand at 13.16% of total expenditure. This is above the recommended 5%. There is therefore need to generate more income to lower this %.

Use of goods and services is at 64.1% of total expenditure. This comprises basically of expenses incurred to operationalize the college. It is worth noting that due to lack of machinery, trainers have not carried out adequate practical lessons.

Compliance with statutory Requirements.

The college is operating under legal frameworks necessary under public sector requirement such as;

- . The constitution of Kenya, 2010
- . TVET Act, 2013
- . PFM Act, 2012
- . Procurement and Asset disposal Act, 2015
- . IPSAS standards.
- . All other relevant laws in its operation (regular circulars from treasury and ministry).

The college has also internal policies it uses in its operations. The Board is to discuss and approve the following policies in the next financial year;

- . Academic policy.
- . Financial Management policy.
- . Procurement Policy.
- . Risk Analysis policy.
- . Operational Risk policy.

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

The Board has overall responsibility for the oversight of the college risk management framework. The college is developing risk management policies to identify and analyse the risk faced by the college, set appropriate risk limits and controls and monitor risk and adherence to limits. These risk management policies and systems will be reviewed regularly to reflect the changes in economic conditions and the college activities.

The principal will then oversee how management monitors compliance with the college risk management policies and procedures review the adequacy of the risk management frame work in relation to the risk faced by the college. The college can also be exposed to the following risks in the future;

Liquidity risk.

This is the risk that the college will not meet its financial obligations as they fall due. There is therefore need to increase the number of trainees to cover the fixed costs. The college's approach to manage liquidity is to ensure as far as possible, that there is always sufficient cash to meet liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking to damage the college reputation.

Credit risk.

Credit risk is the risk of financial loss to the college if a customer or counter party to a financial instrument fails to meet its current obligations. The receipt of fees from student minimizes the credit risk exposure. The college will in the future implement fees payment policy which will define how and when fees are supposed to be paid thus minimizing the credit risk exposure.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.

Riragia TVC exists to transform lives. This is our main purpose; the driving force behind everything we do. This is what guides us to deliver our strategy of putting the customer first, delivering relevant goods and services and improve operational excellence.

Sustainability strategy and profile

The college's approach to sustainability is based on the college mission to develop highly qualified human resources by providing quality education, applied research and practicability in partnership with industry players.

The institution recognises the importance of sustainable growth and has initiated programmes to generate income to cushion its operations. It is also establishing policies and programmes that are needed to promote sustainable development especially at local and regional level. The college will also sign an MOU with at least two industry players to among others enhance its capability to generate income in collaboration with industry.

Sustainability is also incorporated into student learning through both curricular and co-curricular programs by introducing practicability into the programmes as well as incorporating on job practical training. Programmes have also been planned at increasing the capacity and capability of the trainers through development workshops and trainings.

Environmental performance

Riragia TVC strives to be a responsible business representing the higher standards of ethics and professionalism. We have reviewed the global best practise guidelines and standards including IPSAS, in order to help inform relevant policy areas. It is therefore important that Riragia TVC is aware of current environmental issues and informs, educates and stand with the local community to improve the environment.

Our institution's social responsibilities are defined by both compliance and proactiveness. Riragia TVC, compliance refers to our commitment to upholding all legal requirements, and willing to observe acknowledgement, and respect community values and laws.

- Recognise that privacy is a fundamental right, and we will comply with all laws and expectations. In addition, we will work whenever possible to ensure that we respect the ability for all to manage their personal data.

Riragia TVC values our natural environment and the need to protect it. Keeping our environment unpolluted and clean is paramount to the success of our communities and business. We will also follow best practices in disposal of garbage, compost, and seek out working facilities that strive to minimize their

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

carbon footprint through National Environmental Management Authority (NEMA) certificate and other environmentally sustainable best practice.

Employee welfare

We recognize the value of human relationships and put people at the heart of our business. We seek to treat all staff fairly and consistently, to create a workplace and business environment that is open, transparent, and trusted. Aligned with this approach, all members of the Riragia TVC are required to conduct their activities in accordance with our codes and policies, as they are implemented and updated from time to time.

Riragia TVC respect all employees, and strive to make their experience a positive one in all aspects of their relationship with the institution. Our success is closely tied to staff happiness, growth, development, and teamwork, and we work to assess, measure and support the personal and professional growth of our employees at all times, recognize that the success of Riragia TVC is led first by the success and happiness of our people.

We require our staff to act according to the highest standards of honesty and integrity as well as comply with all legal and regulatory requirements, which extend to the protection of human rights.

As an institution, we will also ensure that we do not risk the health and safety of our employees and community, we avoid harming the lives or safety of local and indigenous people, and we respect the basic human rights all people, involved in our business. Riragia TVC is dedicated to protecting human rights. We practice and commit to equal opportunity and will always abide by fair labour practices. Additionally, Riragia TVC will ensure that our activities do not directly or indirectly violate human rights in any way.

Market place practices

Diversity and inclusion are deeply ingrained in all aspects of our mission. There are core values to our institution because they are aligned to our institution's ethics. These policies also have the added value of improving training performance. Studies show that more diverse teams perform better, and institutions that have more inclusive environments also experience less turnover, have higher internal morale, and higher productivity rates from their employees.

Corporate Social Responsibility / Community Engagements.

Riragia TVC recognises an expectation to have a positive impact on our community , and we promote this expectation through social work , volunteering and community services.

Our proactiveness is manifested by emphasising and recognizing human rights locally and globally and actively engaging with our communities through volunteering and community services, while always protecting and and respecting our natural environment through our actions and policies.

As an institution , we implement policies and take action to drive diversity and inclusion by providing an inclusive environment where all are empowered to share their diverse perspectives and experiences so we can be ultimately be better together. Our policies , practices , programs , activities and decisions

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

regarding employment , hiring , assignment , promotion, compensation , volunteerism and internships are not based are not based on a person's ethnicity ,colour , sex, age, religion, national origin, mental or physical disability , ancestry , sexual orientation , gender identity or expression , marital status , source of income, parental status , housing status, or other protected status. We strongly encourage women , youth , persons with disabilities and members of the community to join the institution and live our shared values.

Riragia TVC will always;

- . Respect and uphold applicable local, county, and national laws to the best of our abilities.
- . Honour and review all internal policies for complete and responsible implementation.
- . Ensure that all business transactions and relationships are legitimate, free of influence and bribery.
- . keep all partnerships and collaborations transparent and open.

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

X. REPORT OF THE BOARD OF GOVERNORS.

The board members submit their report together with the audited financial statements for the year ended 30th June 2021. Which shows the state of Riragia TVC's affairs?

Principal activities.

The principal activity of Riragia Technical and vocational College is to provide training in technical and vocational skills, research, innovation and management services. In addition, the college intends to participate in technological innovation beneficial to the society as well as contributing to industrial and technological development of Kenya in partnership with industry.

Results.

The results of Riragia technical and vocational college for the year ended 30th June 2021 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

Auditors

The Auditor General is responsible for the statutory audit of Riragia TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. However being the first year of operation there were no previous financial statements to be audited.

By Order of the Board

Lydia kimoro
Principal/ Secretary to the board

Nairobi
Date: 5/10/2022
Signature



RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

XI. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES.

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

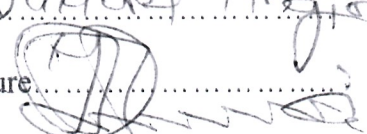
The Board members are responsible for the preparation and presentation of Riragia TVC financial statements, which give a true and fair view of the state of affairs of the Riragia TVC for and as at the end of the financial year ended on June 30th June 2021. This responsibility includes: (i) maintaining 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 Riragia 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 Riragia TVC; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The council members accept responsibility for Riragia 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 TVET Act. The Board members are of the opinion that Riragia TVC's financial statements give a true and fair view of the state of Riragia TVC's transactions during the financial year ended June 30, 2021, and of Riragia TVC's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Riragia TVC, which have been relied upon in the preparation of Riragia 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 Riragia TVC will not remain a going concern for at least the next twelve months from the date of this statement.

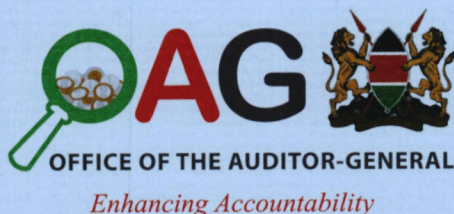
Approval of the financial statements

The Riragia TVC's financial statements were approved by the Board on 30th September 2021 and signed on its behalf by:

Name: Samuel Angira
Signature: 
Chairperson of the Board.

Name: JOIA Kumbi
Signature: 
Accounting Officer/Principal

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

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 Riragia Technical and Vocational College set out on pages 1 to 19, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, the statement

of changes in net assets, statement of cash flows and statement of comparison of budget 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Riragia Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

Property, Plant and Equipment

The statement of financial position, reflects Kshs.302,843,987 in respect to property, plant and equipment, as further disclosed in Note 12 to the financial statements. The balance includes land and buildings with a historical value of Kshs.102,363,987. However, the land does not have a title deed and as result, its ownership by the College could not be verified.

Further, the property, plant and equipment include furniture and fittings, computers and plant and other equipment valued at Kshs.420,000, Kshs.60,000 and Kshs.200,000,000 respectively, being donations from the Ministry of Education. However, no valuation report was provided in respect of the donated assets. In addition, no depreciation was charged on these assets in the year under review, or in previous years, in their being in use by the College.

In the circumstances, the accuracy, completeness and valuation of the property, plant and equipment with a historical cost of Kshs.302,843,987 could not be confirmed.

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

Key Audit Matters

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

Other Matters

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.9,437,000 and Kshs.3,061,972 respectively resulting to a revenue shortfall of Kshs.6,375,028 or 67% of the budget. Similarly, the Fund expended Kshs.2,720,576 against an approved budget of Kshs.9,437,000 resulting to an under-expenditure of Kshs.6,716,424 or 71% of the budget.

The underfunding and under-performance constrained implementation of planned activities and may have impacted negatively on service delivery to the students and other stakeholders of the College.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Ethnic Diversity in Staffing

Examination of human resource records revealed that all the 12 employees of the College were drawn from one dominant community. This is contrary to Section 7(1) and Section 7(2) of the National Cohesion and Integration Act, 2008 which requires all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment should have more than one third of its staff from the same ethnic community.

In the circumstance, Management is in breach of the law.

2. Failure to Deduct and Remit Statutory Deductions

Review of payroll records revealed that National Social Security Fund (NSSF) and National Hospital Insurance Fund (NHIF) dues were not deducted from the salaries of the twelve (12) employees of the Institute and remitted to the respective bodies. This was contrary to Section 14 of the National Social Security Fund Act CAP 258 and National Hospital Insurance Fund Act CAP 255 which require employers to deduct and remit the respective dues promptly.

In the circumstances, Management is 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 procedures audit performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance and Basis for qualified opinion sections of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance as to whether effective processes and systems of internal control, risk management and overall governance was maintained 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 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 cease operations.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 September, 2021

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

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

| | Notes | 2020-2021 | 2019-2020 |
|---|-------|------------------|-----------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the National Government – grants | 4 | 2,602,500 | - |
| Grants from donors and development partners | - | - | - |
| Transfers from other levels of government | - | - | - |
| Public contributions and donations | - | - | - |
| | | 2,602,500 | - |
| Revenue from exchange transactions | | | |
| Rendering of services- Fees from students | 5 | 4,513,600 | - |
| Sale of goods | - | - | - |
| Rental revenue from facilities and equipment | - | - | - |
| Finance income - external investments | - | - | - |
| Other income | - | 128,000 | - |
| Revenue from exchange transactions | | 4,641,600 | - |
| Total revenue | | 7,244,100 | - |
| Expenses | | | |
| Use of goods and services | 6 | 1,811,776 | - |
| Employee costs | 7 | 643,000 | - |
| Remuneration of directors | 8 | 372,000 | - |
| Depreciation and amortization expense | 9 | - | - |
| Repairs and maintenance | - | - | - |
| Contracted services | - | - | - |
| Grants and subsidies | - | - | - |
| Finance costs | - | - | - |
| Total expenses | | 2,826,776 | - |
| Net surplus for the year | | 4,417,324 | - |

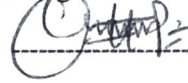
RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

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

| | Notes | 2020-2021 Kshs | 2019-2020 Kshs |
|---|-------|--------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 10(b) | 693,112 | - |
| Current portion of receivables from exchange transactions | 11 | 3,838,642 | - |
| Receivables from non-exchange transactions | - | - | - |
| Inventories | - | - | - |
| Investments | - | - | - |
| | | 4,531,754 | - |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 302,843,987 | - |
| Investments | - | - | - |
| Intangible assets | - | - | - |
| Investment property | - | - | - |
| Long term receivables from exchange transactions | - | - | - |
| | | - | - |
| Total assets | | 307,375,741 | - |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 13 | 114,430 | - |
| Refundable deposits from customers | - | - | - |
| Current Provisions | - | - | - |
| Finance lease obligation | - | - | - |
| Current portion of borrowings | - | - | - |
| Deferred income | - | - | - |
| Employee benefit obligation | - | - | - |
| Payments received in advance | - | - | - |
| | | 114,430 | - |
| Non-current liabilities | | | |
| Non-current employee benefit obligation | - | - | - |
| Non-current provisions | - | - | - |
| Borrowings | - | - | - |
| Service concession liability | - | - | - |
| Deferred tax liabilities | - | - | - |
| | | - | - |
| Total liabilities | | 114,430 | - |
| Net assets | | 307,261,311 | - |
| Reserves | | - | - |
| Accumulated surplus | | 4,417,324 | - |
| Capital Fund | | 302,843,987 | - |
| Total net assets | | - | - |
| Total net assets and liabilities | | 307,261,311 | - |

The Financial Statements set out on pages xx to xx were signed on behalf of the Institute Council/ Board of Governors by:


Board of Governors


Accountant


Principal

Date: 19.05.2022

Date: 19/05/2022

Date: 19/05/2022

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

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

| | Revaluation reserve | Fair value adjustment reserve | Retained earnings | Capital/Development Grants/Fund | Total |
|--|---------------------|-------------------------------|-------------------|---------------------------------|-------------|
| At July 1, 2019 | - | - | - | - | - |
| Revaluation gain | - | - | - | - | - |
| Fair value adjustment on quoted investments | - | - | - | - | - |
| Total comprehensive income | - | - | - | - | - |
| Capital/Development grants received during the year | - | - | - | - | - |
| Transfer of depreciation/amortisation from capital fund to retained earnings | - | - | - | - | - |
| At June 30, 2020 | - | - | - | - | - |
| | | | | | |
| At July 1, 2020 | - | 302,843,987 | - | - | 302,843,987 |
| Revaluation gain | - | - | - | - | - |
| Fair value adjustment on quoted investments | - | - | - | - | - |
| Total comprehensive income | - | - | 4,417,324 | - | 4,417,324 |
| Capital/Development grants received during the year | - | - | - | - | - |
| Transfer of depreciation/amortisation from capital fund to retained earnings | - | - | - | - | - |
| At June 30, 2021 | - | 302,843,987 | 4,417,324 | - | 307,261,311 |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

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

| | Note | 2020-2021 Kshs | 2019-2020 Kshs |
|--|------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other Government entities/Govt. grants | 4 | 2,602,500 | - |
| Public contributions and donations | | - | - |
| Rendering of services- Fees from students | 5 | 459,472 | |
| Sale of goods | | - | - |
| Rental revenue from facilities and equipment | | - | - |
| Finance income | | - | - |
| Other income | | 128,000 | - |
| Total Receipts | | 3,189,972 | - |
| Payments | | | |
| Compensation of employees | 7 | 313,084 | - |
| Use of goods and services | 6 | 1,811,776 | - |
| Director remuneration | 8 | 372,000 | - |
| Rent paid | | - | - |
| Taxation paid | | - | - |
| Other payments | | - | - |
| Grants and subsidies paid | | - | - |
| Total Payments | | 2,496,860 | - |
| Net cash flows from operating activities | | 693,112 | - |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | - | - |
| Proceeds from sale of property, plant and equipment | | | |
| Decrease in non-current receivables | | - | - |
| Increase in investments | | - | |
| Net cash flows used in investing activities | | - | - |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Increase in deposits | | - | - |
| Net cash flows used in financing activities | | - | - |
| Net increase in cash and cash equivalents | | 693,112 | - |
| Cash and cash equivalents at 1 JULY | - | - | - |
| Cash and cash equivalents at 30 JUNE | 12 | 693,112 | - |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

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

| | Original budget | | Adjustments | | Final budget | | Actual on comparable basis | | Performance difference | | Utilisation Difference | |
|--|------------------|------|-------------|------|------------------|------|----------------------------|------|------------------------|------|------------------------|---|
| | 2020-2021 | Kshs | 2020-2021 | Kshs | 2020-2021 | Kshs | 2020-2021 | Kshs | 2020-2021 | Kshs | 2020-2021 | % |
| Revenue | | | | | | | | | | | | |
| Transfers from other Govt entities Govt grants | 5,474,000 | | - | | 5,474,000 | | 2,602,500 | | 2,871,500 | | 52.45 | |
| Public contributions and donations | - | | - | | - | | - | | - | | - | |
| Rending of services- Fees from students | 3,963,000 | | - | | 3,963,000 | | 459,472 | | 3,503,528 | | 88.4 | |
| Sale of goods | - | | - | | - | | - | | - | | - | |
| Finance Income | - | | - | | - | | - | | - | | - | |
| Other Income | - | | - | | - | | - | | - | | - | |
| Gains on disposal, rental income and agency fees | - | | - | | - | | - | | - | | - | |
| Total income | 9,437,000 | | - | | 9,437,000 | | 3,061,972 | | 6,375,028 | | 140.85 | |
| Expenses | | | | | | | | | | | | |
| Compensation of employees | 1,824,000 | | - | | 1,824,000 | | 536,800 | | 1,287,200 | | 70.6 | |
| Use of Goods and services | 2,850,000 | | - | | 2,850,000 | | 1,811,776 | | 1,038,224 | | 36.4 | |
| Finance costs | - | | - | | - | | - | | - | | - | |
| Rent paid | - | | - | | - | | - | | - | | - | |
| Remuneration of directors | 800,000 | | - | | 800,000 | | 372,000 | | 428,000 | | 53.5 | |
| Grants and subsidies paid | - | | - | | - | | - | | - | | - | |
| Total expenditure | 5,474,000 | | - | | 5,474,000 | | 2,720,576 | | 2,753,424 | | 50.3 | |
| Surplus for the period | 3,963,000 | | - | | 3,963,000 | | 341,396 | | 3,621,604 | | 91.4 | |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The *institution* was established under the TVET Act 2013 and commenced its operations on 15/07/2020. The entity is domiciled in kegogi approximately 1 kilometre from Kegogi market. The institute is under the Ministry of Education.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. 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 Riragia 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.

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

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

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretation in issue but not yet effective in the year ended 30 June 2021.

| Standard | Effective date and impact: |
|--|---|
| IPSAS 41: Financial Instruments | Applicable: 1st January 2023: 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: <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| IPSAS 42: Social Benefits | Applicable: 1st January 2023 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: <ul style="list-style-type: none"> (a) The nature of such social benefits provided by Riragia TVC; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on Riragia TVC's financial performance, financial position and cash flows. |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | Applicable: 1st January 2023: <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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. |

ii. Early adoption of standards

Riragia TVC did not early – adopt any new or amended standards in year 2020-2021

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

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 Riragia TVC and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. 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

Riragia TVC recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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 Riragia TVC.

In FY 2020-2021 there were no sale of goods.

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.

Rental income

Riragia TVC currently does not earn any rental income.

b) Budget information.

Riragia 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.

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

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 not been presented as this is the first year of operation.

c) Taxes

Current income tax

In FY 2020-2021 there were no income taxes to be paid.

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 VAT 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

Riragia TVC currently does not have any investment properties.

e) Property, plant and equipment

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

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

f) Leases.

Riragia TVC currently does not have any Finance lease or Operating lease

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. 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. Riragia TVC currently does not have any intangible assets.

h). 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 cost.

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.

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

i) Provisions

Provisions are recognized when the Riragia 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 Riragia 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.

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

Contingent liabilities

Riragia 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

Riragia 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 the Riragia 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.

j) Nature and purpose of reserves

Riragia TVC creates and maintains reserves in terms of specific requirements. Currently there are no specific reserves.

k) Changes in accounting policies and estimates

Riragia 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.

l) Related parties

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

m) Service concession arrangements

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

n) 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

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

4. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

| Description | 2020-2021 | 2019-2020 |
|--|------------------|-----------|
| | KShs | KShs |
| Unconditional grants | | |
| Capitation grants | 1,102,500 | - |
| Operational grant | 1,500,000 | - |
| Other grants | - | - |
| | 2,602,500 | - |
| Conditional grants | | |
| Laboratory grant | - | - |
| Learning facilities grant | - | - |
| Other organizational grants | - | - |
| Total government grants and subsidies | 2,602,500 | - |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

5. RENDERING OF SERVICES

| Description | 2020-2021 | 2019-2020 |
|---|------------------|-----------|
| | KShs | KShs |
| Tuition fees | 459,472 | - |
| Activity fees | - | - |
| Industrial attachment fees | - | - |
| Examination fees | - | - |
| Library fees | - | - |
| Facilities and materials | - | - |
| Registration fees | - | - |
| Fees receivables | 4,054,128 | - |
| Total revenue from the rendering of services | 4,513,600 | - |

6. USE OF GOODS AND SERVICES

| Description | 2020-2021 | 2019-2020 |
|---------------------------------|------------------|-----------|
| | KShs | KShs |
| Teaching and learning materials | 711,612 | - |
| Electricity | 195,000 | - |
| Subscriptions | 129,869 | - |
| Advertising | 210,000 | - |
| Travelling and accommodation | 510,000 | - |
| Postage | 620 | - |
| Printing and stationery | 54,675 | - |
| Total good and services | 1,811,776 | - |

7. EMPLOYEE COSTS

| Description | 2020-2021 | 2019-2020 |
|---|----------------|-----------|
| | KShs | KShs |
| Salaries and wages | 313,084 | - |
| Employee related costs - contributions to pensions and medical aids | - | - |
| Travel, motor car, accommodation, subsistence and other allowances | - | - |
| Housing benefits and allowances | - | - |
| Overtime payments | - | - |
| Performance and other bonuses | - | - |
| Salaries Payable | 329,916 | - |
| Employee costs | 643,000 | - |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

8. REMUNERATION OF DIRECTORS

| Description | 2020-2021 | 2019-2020 |
|----------------------------------|----------------|-----------|
| | KShs | KShs |
| Chairman's Honoraria | - | - |
| Directors emoluments | - | - |
| Other allowances | 372,000 | - |
| Total director emoluments | 372,000 | - |

9. DEPRECIATION AND AMORTIZATION EXPENSE

| Description | 2020-2021 | 2019-2020 |
|--|-----------|-----------|
| | KShs | KShs |
| Property, plant and equipment | - | - |
| Intangible assets | - | - |
| Investment property carried at cost | - | - |
| Total depreciation and amortization | - | - |

The accounting for depreciation requires an on-going series of entries to charge affixed asset to cost and eventually recognise it as an expense to income statement. However in this case there be should be no depreciation since this was the year of acquisition.

10. (a) CASH AND CASH EQUIVALENTS

| Description | 2020-2021 | 2019-2020 |
|--|----------------|-----------|
| | KShs | KShs |
| Current account | 650,418 | - |
| On - call deposits | - | - |
| Fixed deposits account | - | - |
| Staff car loan/ mortgage | - | - |
| Others(specify) | - | - |
| Total cash and cash equivalents | 650,418 | - |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

(b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

| | | 2020-2021 | 2019-2020 |
|------------------------------------|-----------------------|----------------|-------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank | 1268855723 | 650,418 | - |
| Equity Bank, | | - | - |
| Sub- total | | 650,418 | - |
| b) On - call deposits | | | |
| Kenya Commercial bank | | - | - |
| Equity Bank | | - | - |
| Sub- total | | - | - |
| c) Fixed deposits account | | | |
| Kenya Commercial bank | | - | - |
| Bank B | | - | - |
| Sub- total | | - | - |
| d) Staff car loan/ mortgage | | | |
| Kenya Commercial bank | | - | - |
| Bank B | | - | - |
| Sub- total | | - | - |
| e) Others(specify) | | | |
| Cash in transit | | - | - |
| cash in hand | | 42,694 | - |
| Mobile Money account | | - | - |
| Sub- total | | 42,692 | - |
| Grand total | | 693,112 | - |

11. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| Description | 2020-2021 | 2019-2021 |
|----------------------------------|------------------|------------------|
| | KShs | KShs |
| Current receivables | | |
| Student debtors | 3,838,642 | - |
| Rent debtors | - | - |
| Consultancy debtors | - | - |
| Other exchange debtors | - | - |
| Less: impairment allowance | - | - |
| Total current receivables | 3,838,642 | - |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

12. PROPERTY, PLANT AND EQUIPMENT

| | Land and Buildings | Motor vehicles | Furniture and fittings | Computers | Other Assets (Specify) | Plant and equipment | Capital Work in progress | Total |
|-------------------------------------|--------------------|----------------|------------------------|-----------|------------------------|---------------------|--------------------------|-------------|
| Cost | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| At 1 July 2019 | - | - | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - | - | - |
| At 30th June 2020 | - | - | - | - | - | - | - | - |
| Additions | 102,363,987 | - | 420,000 | 60,000 | - | 200,000,000 | - | 302,843,987 |
| Disposals | - | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | - | - | - |
| At 30th June | 102,363,987 | - | 420,000 | 60,000 | - | 200,000,000 | - | 302,843,987 |
| Depreciation and impairment | | | | | | | | |
| At 1 July 2020 | - | - | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| At 30th June 2021 | 102,363,987 | - | 420,000 | 60,000 | - | 200,000,000 | - | 302,843,987 |
| Depreciation | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - | - | - | - |
| At 30th June 2021 | 102,363,987 | - | 420,000 | 60,000 | - | 200,000,000 | - | 302,843,987 |
| Net book values | - | - | - | - | - | - | - | - |
| At 30th June 2022 | - | - | - | - | - | - | - | - |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

Valuation

Land and buildings were given estimated fair values. These amounts were adopted on 30th June 2021 pending valuation when funds will be available.

(b) Property, Plant and Equipment at Cost

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

| | Cost | Accumulated Depreciation | NBV |
|---|--------------------|-----------------------------|--------------------|
| | Kshs | Kshs | Kshs |
| Land | 2,000,000 | - | 2,000,000 |
| Buildings | 100,363,987 | - | 100,363,987 |
| Plant and machinery | 200,000,000 | - | 200,000,000 |
| Motor vehicles, including motorcycles | - | - | - |
| Computers and related equipment | 60,000 | - | 60,000 |
| Office equipment, furniture, and fittings | 420,000 | - | 420,000 |
| Total | 302,843,987 | - | 302,843,987 |

1. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

| Description | 2020-2021 | 2019-2020 |
|---------------------------------------|----------------|-----------|
| | KShs | KShs |
| Trade payables | 114,430 | - |
| Fees paid in advance | - | - |
| Employee advances | - | - |
| Third-party payments | - | - |
| Other payables | - | - |
| Total trade and other payables | 114,430 | - |

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|-------------------------|-----------------------------|------------------|------------------|
| At 30 June 2019 | | | | |
| At 30 June 2021 | | | | |
| Receivables from exchange transactions | 3,838,642 | - | - | - |
| Receivables from non exchange transactions | - | - | - | - |
| Bank balances | 650,418 | - | - | - |
| Total | 4,489,060 | - | - | - |

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

The entity has significant concentration of credit risk on amounts due from xxxx

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.

RIRAGIA TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

(ii) Liquidity risk management

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

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.

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|----------------------|-----------------------|------------------|---------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2020 | | | | |
| Trade payables | - | - | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2021 | | | | |
| Trade payables | - | - | 114,430 | 114,430 |

(iii).Market risk

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

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

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

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

