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REPORT

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THE AUDITOR-GENERAL

ON

**KINANGO TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2023**

| | |
|---|--|
|  THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 06 MAR 2025 | |
| DAY: Thursday | |
| TABLED BY: | Hon. Naomi Njirai |
| CLERK-AT-THE-TABLE: | Deputy Majority Party Whip At Shikuku |



OFFICE OF THE AUDITOR GENERAL
P.O. Box 95202, MOMBASA
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Revised Template: 30th June 2023



**KINANGO TECHNICAL AND VOCATIONAL COLLEGE
P.O BOX 6-80120 SAMBURU MOMBASA**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

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

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MINISTRY OF EDUCATION
KINANGO TECHNICAL AND VOCATIONAL COLLEGE

P.O.BOX 6-80120 SAMBURU – MOMBASA

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info@kinangotvc.ac.ke



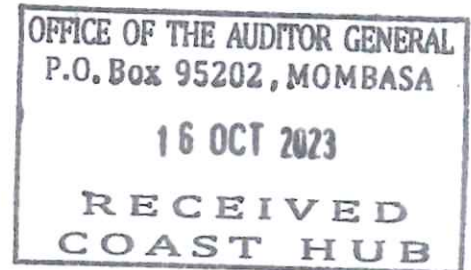
Vision: To Be a Path Finder and Trail Blazer in Technical Training in the Current and Next Generation

Our Ref: KTVC/BGT/VOL.01 (38)

Date: 12TH OCTOBER 2023

Your Ref

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



Dear Sir/Madam

RE: SUBMISSION OF 2022/2023 FINANCIAL STATEMENT REPORT FOR AUDIT BY OFFICE OF AUDITOR GENERAL.

The above subject matter refers,

I hereby present the 2022/2023 financial statement report for Kinango Technical and Vocational College for audit by office of Auditor General.

Kindly receive for your perusal.

Thank you.

Yours faithfully,

Maria Kimonyi (M/S)

PRINCIPAL/BOG SECRETARY

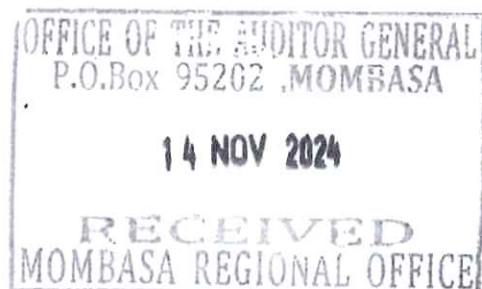


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Kinango TVC
Annual Report and Financial Statements for the year ended 30th June 2023

1. Acronyms & Glossary of Terms

| | |
|-----------------------------|---|
| BOG | Board of Governors |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| TTI | Technical Training Institute |
| TTC | Teacher Training College |
| TVC | Technical Vocational College |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity |

2. Key Entity Information and Management

Kinango Technical & vocational training college envisions itself to be a path finder and trail blazer in technical training in the current and next generation

(a) Background information

Kinango Technical and Vocational College was incorporated/ established under the TVET Act/ 2013 Section 20 (1). The College is domiciled in Kenya Kwale County Mackinnon Road Township. The College is under the Ministry of Education. Kinango Technical and Vocational College has 5 (Five) departments namely:

- i) Engineering department i.e. Electrical and Electronic Section.
- ii) Automotive department.
- iii) Fashion and design department.
- iv) Information Communication Technology department.
- v) Business department.

(b) Principal Activities

COLLEGE VISION

Kinango Technical & vocational training college envisions itself to be a path finder and trail blazer in technical training in the current and next generation

THE COLLEGE MISSION

We aspire to provide demand based and industry tailored courses in technology for international competitiveness

MOTTO

Relevant skills for international competitiveness

COLLEGE STRATEGIC OBJECTIVES

1. To increase access to quality and relevant TVET training in the region and in the country.
2. Embrace partnerships and collaboration with industry, organizations & the community.
3. To create and maintain a green environment and culture for effective training.
4. To position the college as premier research and innovation centre.
5. To expand the college financial base by creating diversified production units.
6. To brand and market, the college & integrate ICT in training.
7. To put in place sound & accountable governance systems & standard financial reporting procedures.
8. To bring up a well-motivated and courteous work force for quality services

(c) Key Management

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

- Board of Governors/ Council/ Management etc.
- Accounting officer/ Principal.
- Deputy Principal Administration.
- Deputy Principal Academics.
- Registrar.
- Dean of student's.
- Finance Officer.
- Head of departments.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

| | | |
|----|----------------------------|------------------------------|
| 1. | Principal | Maria Kimonyi |
| 2. | Deputy principal Finance | Douglas Muasya |
| 3 | Deputy principal Academics | Anselim Mwakio |
| 4 | Registrar (s) | Duke Nyanhongí Kimori |
| 5 | Dean of students | Robert Kipkoech Bett |
| 6 | Head of Finance | Frumence K. Lagat |

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

- **Audit and risk committee activities**

This committee receives reports from the internal auditor. The college does not yet have an internal auditor; hence the Principal was advised to make use of the Mentor. The committee shall also be guided by the government auditor's reports. Every department shall prepare a risk register. The college shall prepare the academic, and the human resource policy. The audit and risk committee is expected to interrogate the policies developed and then share with the full board. It was unanimously resolved that the preparation of the college strategic plan be expedited.

- **Finance and operations committee activities**

This committee shall interrogate the Human Resource policy developed by the college management and determine the college Human Resource needs, including staff morale. This committee shall also source for additional funds and advise the college management on income generating activities.

- **Academic committee activities**

This committee advises on new courses to be developed and interrogates college external results. This committee shall meet with HODs after the examination results to discuss the challenges, strategies and methods for improvement. Other areas of interest for the committee include:

1. Liaison with industry
2. Students welfare and discipline
3. Students morale and customer satisfaction and graduation (when necessary)

(f) Entity Headquarters

Kinango Technical and Vocational College
P.O. Box 6 – 80120
Mackinnon Road
Samburu
Mombasa, Kenya

(g) Entity Contacts

Telephone: (254) 0746632243/0788280009
E-mail: kinangotti2030@gmail.com
Website: www.kinangotvc.go.ke

(h) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000

City Square 00200
Nairobi, Kenya



(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

3.The Council/Board of Governors







| SN. | Member/ Director | Details |
|-----|--|---|
| 1. |  <p>Idd Chuphi Yussuf Chairman to the Council/ Board Master's in Business Administration (MBA)</p> | <p>Date of birth: 02nd January 1977 Qualifications: Master's in Business Administration (MBA) Work Experience: March 2019 to date work as sector manager (KRA) Domestic Taxes Department East & South of Nairobi – Tax service office.</p> <ul style="list-style-type: none"> - September 2016 to August 2018 work as Ag. Assistant manager KRA Domestic Taxes Department Eastleigh Satellite Station. - November 2015 to August 2016 work as Supervisor KRA Domestic Taxes Department Large Taxpayer Office. - July 2014 to March 2016 work as Officer 1 KRA Domestic Taxes Department Large Taxpayer Office. - March 2010 to July 2014 work as Revenue Officer 1 KRA Domestic Taxes Department Large Taxpayer Office. - April 2009 to March 2010 work as Ag. Revenue Officer 1 KRA Domestic Taxes Department Large Taxpayer Office. - August 2006 to March 2009 worked as Tax Auditor II KRA Domestic Taxes Department Large Taxpayer Office. - January 2005 to July 2006 worked as Audit semi senior (Pannel Kerr Forster-PKF Kenya Auditors) - January 2003 to December 2005 worked as Audit Assistant (Pannel Kerr Forster-PKF Kenya Auditors) - January 2001 to December 2002 worked as Audit Assistant (Anant Bhalt & Co. Auditors) <p>Member description: BOG Chairman.</p> |
| 2. |  <p>Mwangi Wangai Peter TVET County Director Master's degree in Education Management and Administration</p> | <p>Date of birth: 24/02/1966 Qualifications: Master's degree in Education Management and Administration. Work Experience: 2018 to date worked as TVET County Director in the Ministry of Education department of Technical Education.</p> <ul style="list-style-type: none"> - Worked in Vocational Training in the County Government of Murangá. - Joined Ministry of youth affairs for some few years. - Worked as School Inspector for many years in the Ministry of Education. - Worked as a Teacher for five (5) years. <p>Member description: TVET County Director.</p> |

| | | |
|----|---|--|
| 3. |  <p>Amina Ndinya Council/ BoG Member 2 Masters in Business Administration (MBA)</p> | <p>Date of birth: 27/9/1975 Qualifications: Master's in Business Administration (MBA)</p> <p>Work Experience: -Assistant Lecturer – Taita Taveta University</p> <ul style="list-style-type: none"> - Part Time Lecturer – Management University of Africa - Part Time Lecturer – Kenya Institute of Management. - Part Time Lecturer – University of Nairobi. - Procurement and Costing Officer – Micato Safaris. - Business Advisor – KIM (Jitihada Business Competition) - Trainer – KEPSA/KYEP <p>Member description: Member</p> |
| 4. |  <p>DR. Joseph Muthiani Malechwanz Council/ BoG Member 3 Doctor of Philosophy (PhD)</p> | <p>Date of birth: 13th April 1981 Qualifications: Ph. D. Education Work Experience: -2019 to date, - Full Time Lecturer Pwani University, Kilifi.</p> <ul style="list-style-type: none"> - August 2019- KNBS stationed in Kwale, Makobe sub location content supervisor. - June 2010 to Sept. 2019 – Coast Institute of Technology in Taita Taveta, Full Time Senior Lecturer. - Sept. 2018 to Dec. 2018 – Taita Taveta University Part Time Lecturer. - June 2017- Huazhong University of Science and Technology, China Teaching Assistant. - May 2008 to June 2010 – Lulu High School in Kwale. Teacher, class manager and deputy games master. - Sept. 2006 to April 2008 – Kwale High School. Teacher, class manager and handball team patron. - Dec. 2007 and 2013 – ECK/IEBC Stationed in Kwale and Taita Taveta respectively. <p>Member description: Member</p> |
| 5. |  <p>Jane Waguthi Kabiru Council/ BoG Member 4 Bachelors Business and Information Technology (BBIT)</p> | <p>Date of birth: 17th September 1990 Qualifications: Bachelors Business and Information Technology (BBIT) Work Experience: May 2019 to date work as Marketing and Communication Manager at Safepak limited.</p> <ul style="list-style-type: none"> - February 2017 – April 2019 work as Administrative Manager at AVVY group ltd. - June 2015 – July 2016 work as Customer Care Assistant at SPACE global ltd. - December 2013 – March 2015 work as Marketing Executive and Communication Officer at Capital Realty ltd. - August 2013 – November 2013 worked as Intern at Africa Centre of Cooperate Studies. |

| | | |
|----|---|--|
| | | <ul style="list-style-type: none"> - January 2010 – February 2011 worked as Executive Assistant at Sikamu Investment. - September 2012 – January 2013 worked as Programs Coordinator at IT Club Africa Nazarene University. <p>Member description: Member</p> |
| 6. |  <p>Mahe Abdalla Abubakar Council/ BoG Member 5 Bachelors of Science (B.Sc.)</p> | <p>Date of birth: 14th September 1988 Qualifications: Bachelors of Science (B.Sc.) Work Experience: September 2018 to date worked as Project coordinator Technical University of Mombasa.</p> <ul style="list-style-type: none"> - June 2015 to September 2018 worked as Estate Maintenance Supervisor Technical University of Mombasa. - June 2014 to August 2014 worked as Supervisor at A. A Bayusuf & Sons Limited as a Supervisor. - May 2009 to April 2014 worked as Construction Site Supervisor at AI Sultan Builders Limited. <p>Member description: Member</p> |
| 7. |  <p>Dr Mvurya Mgala Council/ BoG Member 6 Doctor of Philosophy (PHD)</p> | <p>Date of birth: 12th March 1968 Qualifications: Doctor of Philosophy (PHD) Work Experience: Coordination and Supervision: Director, Institute of Computing and Informatics <i>Technical University of Mombasa</i>.</p> <ul style="list-style-type: none"> - Worked as Curriculum Development Officer Technical University of Mombasa. - Worked as Chairman Research Committee Technical University of Mombasa - February 2011 to July 27, 2012 worked as Chairman of Department Mombasa Polytechnic University College. - May 2010 Feb 2011 worked as Examination Coordinator Mombasa Polytechnic University College. - 2004 - 2010 worked as Departmental Industrial liaison officer Mombasa. Polytechnic University College. - Worked as Curriculum Development officer Mombasa. Polytechnic University College. <p>Member description: Member</p> |
| 8. |  <p>Alfred Mshimba Mtuweta Council/ BoG Member 7 Master's in Business Administration (MBA)</p> | <p>Date of birth: 1959 Qualifications: Master's in Business Administration (MBA) Work Experience: 2011 - 2013: Deputy Chief of Logistics/Colonel Supply and Maintenance, Kenya Defence Forces DHQs (KDF),</p> <ul style="list-style-type: none"> - 2007 – 2011: Appointed Kenya Defence Attaché to Beijing, Peoples Republic of China, - 2006-2007: Promoted to the rank of Colonel and Appointed as the Commander, Kenya Army Corps-Transport. - 2005-2006: Seconded by Government of Kenya as Liaison Officer, American Led Joint Task Force (JTF) Counter Terrorism Horn of Africa in Djibouti. |

| | | |
|----|--|--|
| | | <ul style="list-style-type: none"> - 2004-2005: Staff Officer Grade One; Personnel Branch-Kenya Army Headquarters. - 2003-2005: Staff Officer Grade One in charge of Works Services; Kenya Army Headquarters Logistics Branch. - 2000-2003: Promoted to Lieutenant Colonel and appointed Commanding Officer Transport Battalion. - 1996-2000: Battalion Second in Command, Transport Battalion. - 1995-1996: Military Observer, United Nations Western Sahara Morocco (MINURSO), Provided working experience with United Nations and in peace keeping. - 1990- 1995: Appointed Staff Officer Grade 11 (Two) in charge of Movement Control in Logistics Branch, Defence Headquarters Kenya. - 1989-1990: Promoted to the rank of Major and appointed Staff Officer Grade Two: In charge of procurement at the Kenya Defence HQ Logistics Branch - 1987-1989: Appointed Grade Three Staff Officer (Captain) Procurement at Logistics Branch, Defence Headquarters Kenya. - 1985: Promoted to the rank of Captain and appointed Transport Second in Command, - 1982-1985: Platoon Commander Transport Company, - April 1981: Joined the Kenya Armed Forces as an Officer Cadet and Commissioned in the rank of Second Lieutenant on (March 1982): <p>Member description: Member.</p> |
| 9. |  <p>Maria Kimonyi Secretary to the Board Masters Strategic Management (Ongoing)</p> | <p>Date of birth: 4TH May 1967</p> <p>Qualifications: Masters Strategic Management (Ongoing)</p> <p>Work Experience: Worked as a teacher secondary school for 3 years</p> <ul style="list-style-type: none"> - Worked as a teacher training college for 10 years. - Also taught Technical Training Institute. - Worked as Registrar for 2 years. - Worked as Deputy Principal for 2 years. - Worked as Principal for 3 years <p>Member description: Secretary to the Board</p> |

4. Key Management Team

| SN. | Member/ Director | Details |
|-----|--|----------------------------|
| 1. |  Maria Kimonyi Secretary to the Board Masters Strategic Management (Ongoing) | Principal |
| 2. |  Douglas Muasya Bachelor of Business Information Technology | D/Principal Administration |
| 3. |  Anselim Mghanga Mwakio Masters of Science in Entrepreneurship Development | D/Principal Academics |
| 4. |  Duke Nyanchongi Kimori Bachelors of Science (B. Sc) Computer Science | Registrar Ag. |
| 5. |  Robert K. Bett Bachelor of Electrical and Electronic Engineering (Ongoing) | Dean of Students Ag. |
| 6. |  Frumence K. Lagat Certified Public Accountant (CPA III) Ongoing | Finance Officer |

Chairman's Statement

Kinango Technical and Vocational College financial position is improving. The college has increased its student population through College marketing and publicity from a population of 600 (Six hundred) students as at 30th June 2022 to a population of 1,541 (One thousand five hundred and forty one as at the close of financial year 2022-2023). This shows positive response on strategies used by fiduciary management in College marketing and publicity.

However, the College have had his fair share of challenges. There has been a challenge of neighbouring village members encroaching on College land thus hindering College expansion and other activities such as having fencing around College land or a perimeter wall for that matter. Water also has been a problem and there had been proposal during meeting to having a borehole for the College in order to enable the College to have constant supply of clean water and minimise the cost of water bill being incurred.

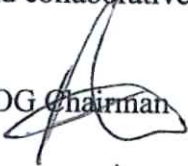
The College is planning to continue increasing student population, improve service delivery to students through learning as they are our clients, enhance accountability in resource management and facilitate good implementation of College strategic plan.

The Kinango Technical and Vocational College Board of Governors recognizes the reforms that the government is undertaking on technical and vocational training in order to develop highly skilled manpower to provide the technical skills needed for industrialization. The national plans and other strategic priorities have consistently placed emphasis on development of skills that match the industry requirements and the government strategies and policies as outlined in the constitution of Kenya 2010.

The board of governors appreciates the critical role that the TVET play in building the foundation which will move this country to the next level of economic development.

Finally, I sincerely congratulates everybody that contributed in one way or another to the development of Kinango Technical and Vocational College. It is through your dedication, sacrifice and collaborative efforts that there is increase in College population.

BOG Chairman



12-10-2023

5. Report of the Senior Principal

Kinango Technical and Vocational College has been expanding rapidly since its inception in 2019 with a total student's population of 616 (Six hundred and sixteen) as at 30th June 2022. As at the end of this financial year 2022-2023 the student population increased to a population of 1541 students as at the close of the year.

The College Management has had Challenges due to land encroachment by squatters thus hindering College expansion and other activities such as fence around College land or a perimeter wall which is urgently required to safeguard the Property. Water also has been a problem and there had been proposal during meeting to having a borehole for the College in order to enable the College to have constant supply of clean water and minimise the cost of water bill being incurred.

The College is planning to continue increasing student population, improve service delivery to students through learning as they are our clients, and enhance accountability in resource utilization by operationalizing the internal audit committee.

The College Management recognizes the reforms that the government is undertaking on technical and vocational training in order to develop highly skilled manpower to provide the technical skills needed for industrialization. The national plans and other strategic priorities have consistently placed emphasis on development of skills that match the industry requirements and the government strategies and policies as outlined in the constitution of Kenya 2010.

Kinango Technical and Vocational college operational and financial performance is based on direct fee collection from students, Students Helb loans applications, Bursary, Sponsorship, Capitation from government and government grants. The opening bank balance of this financial year 2022-2023 was kshs. 3,062,887. For the first Quarter i.e. July – September 30th 2022, the college received funds from student's fee, Helb loans, Bursary and Sponsorship. The college however did not receive Capitation allocation for Quarter 4 2021-2022 financial year as per Ministry communication. The college had a net deficit of Kshs. 368,372 as at 30th September 2022 financial performance. For Quarter 2 i.e. October – December 2022, Kinango TVC received funds from Capitulations, Helb loans, Bursary, Sponsorship and direct deposits. The college had a net surplus of Kshs. 272,117 as at 31st December 2022 financial performance. For Quarter 3 i.e. January – March 2023, Kinango TVC received funds from Capitulations, Helb loans, Bursary, Sponsorship and direct deposits. The college had a net surplus of Kshs. 5,414,274.00 as at 31st March 2023 financial performance. For Quarter 4 i.e. April –June 2023, Kinango TVC received funds from Capitulations, Helb loans, Bursary, Sponsorship and direct deposits. The college had a net surplus of Kshs. 751,408.00 as at 30th June 2023 financial performance.

In the statements that follow, I'm pleased to present the statement of performance against Predetermined objectives which outlines the performance of the Board against its key pillars in the 5-year strategic plan. I also present management discussion and analysis that indicate how funds received were allocated and utilised.

I thank the Board of Management for their leadership and guidance throughout the year and for the members of staff for their commitment towards achievement of the set targets despite limitations in resources experienced. I also thank our stakeholders for their support and look forward to working with you in future.

Maria Kimonyi (M/S)
Board of Governors Secretary/ Principal.



6. Statement of Performance against Predetermined Objectives

Kinango Technical and Vocational College has the following strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2021 FY 2022. These strategic pillars are as follows:

Pillar 1: Increase College financial stability

Pillar 2: Promote relevant and quality TVET Training and learning.

Pillar 3: Improve the college's Human Resource Capacity for effective service delivery.

Pillar 4: Integrate technology and innovations in college management.

Kinango Technical and Vocational College develops its annual work plans based on the above 5 (Five) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The College achieved its performance targets set for the FY 2021/22 period for its 5 (Five) strategic pillars, as indicated in the diagram below:

| | | |
|---|---|---|
| 1.To increase financial sustainability in the college | Develop alternative sources of funding | <ul style="list-style-type: none"> • Develop funding proposals for donors |
| | Introduce Income Generating Units | <ul style="list-style-type: none"> • Strengthen existing production units • Introduce new production units |
| | Improve financial management | <ul style="list-style-type: none"> • Enhance internal checks and Audits • Build capacity in financial management |
| 2. To promote relevant and quality TVET Training and learning | Promote new and modern methods of Training/learning | <ul style="list-style-type: none"> • Build capacity in new and modern methods of Training • Acquire more learning resources |
| | Initiate research and development activities | <ul style="list-style-type: none"> • Operationalize Research department • Provide funds for research activities • Undertake research activities |
| | Networking and Collaboration | <ul style="list-style-type: none"> • Establish linkages with industry • Establish linkages with other tertiary institutions • Undertake CSR activities |
| | Enrol more trainees | <ul style="list-style-type: none"> • Introduce new courses • Strengthen linkage with KUCCPS • Introduce dynamic marketing |
| | Construct additional infrastructure | <ul style="list-style-type: none"> • Construct additional lecture rooms and additional workshops/labs |
| | Procure training equipment | <ul style="list-style-type: none"> • Procure additional Training equipment • Develop and implement a maintenance schedule |
| | | |

Kinango TVC

Annual Report and Financial Statements for the year ended 30th June 2023

| | | |
|---|---|---|
| | Develop and nurture youth talents | <ul style="list-style-type: none"> • Participate in co-curricular activities • Promote innovations • Provide guidance, counseling & mentorship |
| 3. To continuously improve the college's Human Resource Capacity for effective service delivery | Plan and implement staff development programs | <ul style="list-style-type: none"> • Sponsor staff for training • Hold workshops and seminars for staff • Assess and Implement the TNA reports where possible |
| | Increasing number of staff | <ul style="list-style-type: none"> • Lobby the MoE for additional trainers • Employ more BOG staff |
| 4.To Integrate technology and innovations in college management | Improve internet in the college | <ul style="list-style-type: none"> • Increase bandwidth in the college |
| | Integrate ICT in management | <ul style="list-style-type: none"> • Computerize services in the college • Build user capacity |
| | Build Staff capacity on ICT | <ul style="list-style-type: none"> • Train staff on relevant ICT skills • Install desktops in the staffroom • Encourage and support the acquisition of personal laptops where possible |

7. Corporate Governance Statement

The Governance and Strategy Committee of the Board is responsible for the Board's achievement of its strategic objectives and ensures that annual work plans are implemented. The Committee is also responsible to ensure that the organisation's budget and procurement plan are in line with the strategic plan. This committee is also responsible for managing the College risk, ensuring compliance to all applicable laws and regulations, and spearheading good governance practices within the Board of Governors Trainers and staff.

On this financial year Kinango TVC manage to held three full board meeting and one finance and human resource committee meeting.

8. Management Discussion and Analysis

The entity's operational and financial performance

Kinango Technical and Vocational college operational and financial performance is based on direct fee collection from students, Students Helb loans applications, Bursary, Sponsorship, Capitation from government and government grants. The opening bank balance of this financial year 2022-2023 was kshs. 3,062,887. For the first Quarter i.e. July – September 30th 2022, the college received funds from student's fee, Helb loans, Bursary and Sponsorship. The college however did not receive Capitation allocation for Quarter 4 2021-2022 financial year as per Ministry communication. The college had a net deficit of Kshs. 368,372 as at 30th September 2022 financial performance. For Quarter 2 i.e. October – December 2022, Kinango TVC received funds from Capitations, Helb loans, Bursary, Sponsorship and direct deposits. The college had a net surplus of Kshs. 272,117 as at 31st December 2022 financial performance. For Quarter 3 i.e. January – March 2023, Kinango TVC received funds from Capitations, Helb loans, Bursary, Sponsorship and direct deposits. The college had a net surplus of Kshs. 5,414,274.00 as at 31st March 2023 financial performance. For Quarter 4 i.e. April –June 2023, Kinango TVC received funds from Capitations, Helb loans, Bursary, Sponsorship and direct deposits. The college had a net surplus of Kshs. 751,408.00 as at 30th June 2023 financial performance. In this financial year Kinango TVC undertook JITUME Project which is a government project in collaboration with Konza Technopolis. Kinango TVC received 100 computers and its accessories for online trainings.

9. Environmental and Sustainability Reporting Statement

Sustainability strategy and profile

Kinango TVC had the plans to have the College fence and Automotive workshop block but due to squatters' encroachments and interference and not having College title deed the project is still pending.

Environmental performance

Kinango TVC is yet to establish environmental policy guiding the organisations on managing biodiversity, waste management and efforts to reduce environmental impact of the College's products.

Employee welfare

Kinango TVC usually take into account the gender ratio and stakeholder engagements while hiring staff and trainers. The management often take trainers and staff for benchmarking and respective trainings to improve skills and manage careers. The organisation also trains trainees on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) to enhance their awareness.

Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.
The trainers are encouraged to ensure that trainees get the required skills and be able to pass their respective external exams. Also, during sporting activities, they are encouraged to trained hard in order to excel during competition. During last Athletics' Championship, Kinango TVC was position 3 (three) overall in Coast region.
- b) Responsible Supply chain and supplier relations- The college usually request quotations from suppliers and they often pay the successful supplier in time to avoid a lot of pending bills.
- c) Responsible marketing and advertisement-The college management opted to use trainers to attend scheduled chiefs barazas and visit different Secondary Schools to source student contacts.
- d) Product stewardship- The college management encourage student leadership to come up with student's union constitution so as to address most of their needs.

Corporate Social Responsibility / Community Engagements

The College was able to engage Community members during bush clearing of the compound in which the management facilitated them as a way of giving back to the society.

Kinango TVC

Annual Report and Financial Statements for the year ended 30th June 2023

10. Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Kinango TVC affairs.

Principal activities

The principal activities of the Kinango TVC are;

VISION

Kinango Technical & vocational training college envisions itself to be a path finder and trail blazer in technical training in the current and next generation

MISSION

We aspire to provide demand based and industry tailored courses in technology for international competitiveness

MOTTO

Relevant skills for international competitiveness

STRATEGIC OBJECTIVES

1. To increase access to quality and relevant TVET training in the region and in the country
2. Embrace partnerships and collaboration with industry, organizations & the community
3. To create and maintain a green environment and culture for effective training
4. To position the college as premier research and innovation centre
5. To expand the college financial base by creating diversified production units
6. To brand and market, the college & integrate ICT in training
7. To put in place sound & accountable governance systems & standard financial reporting procedures
8. To bring up a well-motivated and courteous work force for quality services

Results

The results of Kinango TVC for the year ended June 30 are set out on page 1 of the financial statements.

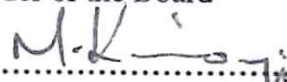
Council/Board of Governors

The members of the Board /Council who served during the year are shown on page vii to page x. During the year 2022 no director retired hence no appointment made.

Auditors

The Auditor General is responsible for the statutory audit of Kinango TVC in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


.....
Secretary of the Board/Council

Nairobi

Date: 12.10.2023

11. Statement of Board of Governors/ Council's Responsibilities

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

The Board members are responsible for the preparation and presentation of the college's financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial period ended on 30th June, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the college'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 the college's financial statements give a true and fair view of the state of college's transactions during the period ended 30th June, 2023, and of the college's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity'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 the college will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Kinango TVC financial statements were approved by the Board on 12.10. 2023 and signed on its behalf by:

.....
Name PETER MWANGI
Chairperson of the Board/Council

.....
Name MARIA KIMONYI
Accounting Officer/Principal

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KINANGO TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

The accompanying financial statements of set out on pages 1 to 34, which comprise the statement of financial position as at 30 June, 2023 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, have been audited on my behalf by EJ & Associates LLP, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, except for the possible effects 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 Kinango Technical and Vocational College as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Current Portion of Receivables from Exchange Transactions

The statement of financial position and Note 27(a) to the financial statements reflects current portion of receivables from exchange transactions of Kshs. 28,406,667. Included is prior year balance of Kshs.12,535,034 which has however been outstanding for a duration of more than one (1) year but categorized as current portion of receivables instead of long-term receivables from exchange transactions.

In the circumstances, the accuracy, completeness and valuation of receivables from exchange transactions could not be confirmed.

2. Overstatement of Use of Goods and Services Expenses

The statement of financial performance and Note 10 to the financial statements reflect Kshs.12,639,422 in respect of use of goods and services expenses. However, the expenditure includes Kshs.194,840 relating to the financial year 2021/2022 erroneously reported as expenditure for the current financial year, contrary to the accrual basis of accounting.

In the circumstances, the accuracy and completeness of use of goods and services balance of Kshs.12,639,422 could not be confirmed.

3. Property, Plant and Equipment

The statement of financial position and Note 18 to the financial statements reflects property, plant and equipment balance of Kshs.165,952,482. Included in the balance is Kshs.20,661,250 in respect to land on which the college is built. Review of records provided and discussion with management revealed that the land was initially earmarked

for the construction of a stadium but part of the land has been encroached on and third parties are claiming ownership. Although, Management explained that they are following up the issue through the Ministry of Education, no documentary evidence was provided in support of action taken to safeguard the Institutions land.

In the circumstances, the ownership of the land valued at Kshs.20,661,250 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kinango Technical and Vocational College Management in accordance with ISSAI 130 on the 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. Except for the matters described in the basis of qualified opinion section, I have determined that there were no other key audit matters to report in the year under review.

Other Information

The Board of Governors are responsible for the other information set out on page iii to xx which comprise of Key Entity Information and Management, The Board of Governors, Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governors Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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 effects of 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

Board of Directors Expenses

The statement of financial performance and Note 12 to the financial statements reflects expenditure of Kshs.422,300 in respect of board /council expenses. However, review of personal files revealed that three board of directors upon appointment did not sign acceptance letter, four directors did not submit their academic certificates and all board members did not declare conflict of interest in respect to any of the board meetings held during the year. Further, the academic and research and audit and risk committees of the board did not hold any meeting during the year contrary to Paragraph A (2) of circular No. OP/CAB.9/1A of 11 March, 2020 which provides that board meetings be restricted to a minimum of four (4) and capped at a maximum of six (6) during each year.

In addition, Management did not levy and remit taxes on the allowances paid to the Board members contrary to Income Tax Act, CAP 470 which requires taxation of all allowances exceeding Kshs.2,000 per day.

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

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, 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 ISSAIs 2315 and 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 the Management and the Board of Governors

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

In preparing the financial statements, the Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

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

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

The Board of Governors 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


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015 Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 February, 2025

Kinango TVC

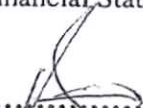
Annual Report and Financial Statements for the year ended 30th June 2023

13. Statement of Financial Performance For The Year Ended 30 June 2023

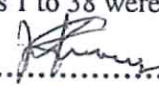
| | Notes | 2022-2023 | 2021-2022 |
|---|-------|----------------------|----------------------|
| | | Current FY | Comparative FY |
| | | Kshs | Kshs |
| Revenue from Non-Exchange transactions | | | |
| Transfers from other National Government entities | 6 | 42,484,797.25 | 25,584,559.13 |
| Grants from donors and development partners | 7 | 10,934,000.00 | |
| Transfers from other levels of government | | | |
| Public contributions and donations | | | |
| | | 53,418,797.25 | 25,584,559.13 |
| Revenue from Exchange transactions | | | |
| Rendering of services- fees from students | 8 | 30,530,253.00 | 20,525,161.00 |
| Miscellaneous income | 9 | - | 47,240.00 |
| Revenue from Exchange transactions | | 30,530,253.00 | 20,572,401.00 |
| Total Revenue | | 83,949,050.25 | 46,156,960.13 |
| Expenses | | | |
| Use of goods and services | 10 | 12,639,422.00 | 9,444,582.00 |
| Employee costs | 11 | 5,380,106.00 | 2,960,100.00 |
| Board /Council Expenses | 12 | 422,300.00 | 567,880.00 |
| Depreciation and amortization expense | 13 | 18,438,077.85 | 14,271,511.63 |
| Repairs and maintenance | 14 | 243,120.00 | 371,423.00 |
| Total Expenses | | 37,123,025.85 | 27,615,496.63 |
| Other Gains/(Losses) | | | |
| Gain on sale of assets | | | |
| Gain/ Loss on fair value of investments | | | |
| Impairment loss | | | |
| Total Other Gains/(Losses) | | | |
| Net surplus/(deficit) for the year | | 46,826,024.40 | 18,541,463.50 |

(The notes set out on pages 1 to 38 form an integral part of the Annual Financial Statements).

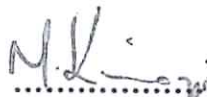
The Financial Statements set out on pages 1 to 38 were signed by:



 Chairman of Council/Board



 Finance Officer
 ICPAK No 2



 Principal

Date 12.10.23

Date 12/10/2023

Date 12.10.2023

Comparative FY refers to the financial year preceding the current year.

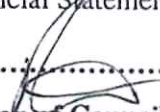
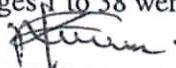
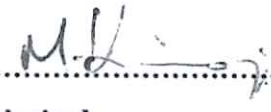
Kinango TVC

Annual Report and Financial Statements for the year ended 30th June 2023

14. Statement of Financial Position As At 30th June 2023

| Description | Notes | 2022-2023 | 2021-2022 |
|---|-------|-----------------------|------------------------|
| | | Kshs | Comparative FY Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 15 | 3,752,467.00 | 3,062,887.00 |
| Current portion of receivables from exchange transactions | 27(a) | 28,406,667.00 | 12,535,034.00 |
| Receivables from non-exchange transactions | 28 | 21,505,500.00 | 3,225,000.00 |
| Inventories | | | |
| Investments in financial assets | | | |
| Total Current Assets | | 53,664,634.00 | 18,822,921.00 |
| Non-Current Assets | | | |
| Long term receivables from exchange transactions | | | |
| Investments | | | |
| Property, plant, and equipment | 18 | 165,952,481.53 | 168,011,052.38 |
| Intangible assets | | | |
| Total Non-Current Assets | | 165,952,481.53 | 168,011,052.38 |
| Total Assets | | 219,617,115.53 | 186,833,973.38 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions | | | |
| Refundable deposits from customers | 20 | 92,500.00 | 11,500.00 |
| Deferred income | 21 | 28,511,856.38 | 14,149,559.13 |
| Employee benefit obligation | | | |
| Payments received in advance | 22 | 541,025.00 | 302,610.00 |
| Total Current Liabilities | | 29,145,381.38 | 14,463,669.13 |
| Non-Current Liabilities | | | |
| Deferred income | 21 | 103,212,412.25 | 131,937,006.75 |
| Total non-current liabilities | | 103,212,412.25 | 131,937,006.75 |
| Total Liabilities | | 132,357,793.63 | 146,400,675.88 |
| Net Assets | | | |
| Revaluation Reserves | | 20,661,250.00 | 20,661,250.00 |
| Accumulated Surplus | | 66,598,071.91 | 19,772,047.51 |
| Capital Fund | | | |
| Total Net Assets and Liabilities | | 87,259,321.91 | 40,433,297.51 |
| | | 219,617,115.53 | 186,833,973.38 |

The Financial Statements set out on pages 1 to 38 were signed by:

.....
 Chairman of Council/Board Finance Officer Principal

ICPAK No

Date 12/10/23 Date 12/10/2023 Date 12.10.2023

Comparative FY refers to the financial year preceding the current year.

15. Statement of Changes in Net Asset For The Year Ended 30 June 2023

| | | | | Grants/Fund | |
|--|--|----------------------|----------------------|-------------|----------------------|
| At July 1, 2021 (previous year) | | 20,661,250.00 | 1,230,584.00 | | 21,891,834.00 |
| Revaluation gain | | | | | |
| Surplus/(deficit) for the year | | | 18,541,463.51 | | 18,541,463.51 |
| Capital grants received during the year | | | | | |
| Transfer of depreciation/amortisation from capital fund to | | | | | |
| Retained earnings | | | | | |
| At June 30, 2022 | | 20,661,250.00 | 19,772,047.51 | - | 40,433,297.51 |
| At July 1, 2022 (current year) | | 20,661,250.00 | 19,772,047.51 | - | 40,433,297.51 |
| Revaluation gain | | | | | |
| Surplus/(deficit) for the year | | - | 46,826,024.40 | | 46,826,024.40 |
| Capital grants received during the year | | | | | |
| Transfer of depreciation/amortisation from capital fund to | | | | | |
| Retained earnings | | | | | |
| At June 30, 2023 | | 20,661,250.00 | 66,598,071.91 | - | 87,259,321.91 |

Note:

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

16. Statement of Cash Flows for The Year Ended 30 June 2023

| Description | Note | 2022-2023 | 2021-2022 |
|--|-----------|----------------------|----------------------|
| | | Current FY | Comparative FY |
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other National Government entities | 6 | 9,842,000.00 | 8,210,000.00 |
| Grants from donors and development partners | 7 | 10,934,000.00 | |
| Transfers from other levels of government | | | |
| Public contributions and donations | | | |
| Rendering of services- fees from students | 8 | 14,658,620.00 | 7,990,127.00 |
| Refundable deposits from students | 20 | 81,000.00 | 11,500.00 |
| Fees paid in advance | 22 | 238,415.00 | 302,610.00 |
| Finance income | | | |
| Miscellaneous income | 9 | | 47,240.00 |
| Total Receipts | | 35,754,035.00 | 16,561,477.00 |
| Payments | | | |
| Use of goods and services | 10 | 12,639,422.00 | 9,444,582.00 |
| Employee costs | 11 | 5,380,106.00 | 2,960,100.00 |
| Board /Council Expenses | 12 | 422,300.00 | 567,880.00 |
| Repairs and maintenance | 14 | 243,120.00 | 371,423.00 |
| Contracted services | | | |
| Grants and subsidies | | | |
| Total Payments | | 18,684,948.00 | 13,343,985.00 |
| Net Cash Flows from operating activities | 46 | 17,069,087.00 | 3,217,492.00 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | 18 | (16,379,507.00) | (1,385,189.00) |
| Proceeds from sale of property, plant and equipment | | | |
| Net cash flows used in investing activities | | 689,580.00 | 1,832,303.00 |
| Cash flows from financing activities | | | |
| Proceeds From Borrowing | | | |
| Repayment Of Borrowings | | | |
| Net cash flows used in financing activities | | - | - |
| Net Increase/(Decrease) in Cash and Cash equivalents | | 689,580.00 | 1,832,303.00 |
| Cash and Cash equivalents at 1 JULY | 26 | 3,062,887.00 | 1,230,584.00 |
| Cash and Cash equivalents at 30 JUNE | 26 | 3,752,467.00 | 3,062,887.00 |

(PSASB has prescribed the direct method of cashflow preparation and presentation for all public sector entities reporting under the IPSAS Accrual basis of accounting)

17. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | Utilization Difference |
|---|----------------------|-------------|----------------------|----------------------------|------------------------|------------------------|
| | | | budget | | | |
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs | % |
| Transfers from other National Government entities | 15,000,000.00 | - | 15,000,000.00 | 9,842,000.00 | 5,158,000.00 | 66% |
| Grants from donors and development partners | | | | 10,934,000.00 | (10,934,000.00) | |
| Transfers from other levels of government | | | | | - | |
| Public contributions and donations | | | | | - | |
| Rendering of services- fees from students | 14,811,800.00 | | 4,811,800.00 | 14,658,620.00 | 153,180.00 | 99% |
| Sale of goods | | | | | - | |
| Rental revenue from facilities and equipment | | | | | - | |
| Finance income | | | | | - | |
| Miscellaneous Income | | | | | - | |
| Total Income | 29,811,800.00 | - | 29,811,800.00 | 35,434,620.00 | (5,622,820.00) | 119% |
| Expenses | | | | | | |
| Use of goods and services | 14,110,000.00 | - | 14,110,000.00 | 12,639,422.00 | 1,470,578.00 | 90% |
| Employee costs | 5,415,200.00 | | 5,415,200.00 | 5,380,106.00 | 35,094.00 | 99% |
| Board /Council Expenses | 880,000.00 | | 880,000.00 | 422,300.00 | 457,700.00 | 48% |
| Repairs and maintenance | 290,000.00 | - | 290,000.00 | 243,120.00 | 46,880.00 | 84% |
| Contracted services | | | | | - | |
| Grants and subsidies | | | | | - | |
| Total Expenditure | 20,695,200.00 | - | 20,695,200.00 | 18,684,948.00 | 2,010,252.00 | 90% |
| Surplus For the Period | 9,116,600.00 | - | 9,116,600.00 | 16,749,672.00 | (7,633,072.00) | 184% |
| Capital Expenditure | 3,675,000.00 | - | 3,675,000.00 | 5,231,007.00 | (1,556,007.00) | 142% |

Kinango TVC
Annual Report and Financial Statements for the year ended 30th June 2023

(Budget notes)

1. Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

The revenue received from Transfers from other National Government was less than the budgeted amount due to inadequate funding.

2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

There were no changes made to the original budget after it was endorsed by the BOG Members.

3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

RECONCILIATION STATEMENT ON ACCOUNTING BASIS DIFFERENCE

| RECONCILIATION STATEMENT | | |
|---|----|------------------------|
| Net surplus/(deficit) for the year as per Statement of Performance | | 46,826,024.40 |
| Add -Depreciation and amortization expense | 13 | 18,438,077.85 |
| Totals | | 65,264,102.25 |
| Less | | |
| Student Debtors | 16 | (15,871,633.00) |
| Capitation Grants* | 17 | (18,280,500.00) |
| Deferred Income | 21 | (14,362,297.25) |
| Total Amounts reported on Accrual basis | | (48,514,430.25) |
| Surplus For the Period as per Statement of Comparison | | 16,749,672.00 |

18. Notes to the Financial Statements

1. General Information

Kinango Technical and Vocational College is established by and derives its authority and accountability from TVET Act/ 2013 Section 20 (1). The Institution is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institution's principal activity is to be a path finder and trail blazer in Technical training in the current and next generation.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the College'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 Kinango TVC. The values are rounded off to the nearest shilling. 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.

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 2023.

| | |
|---|---|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of College'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"> • 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. <p>It has Little significance to the institution.</p> |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>It has little significance to the institution.</p> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <ol 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. |

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

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

| | |
|---|---|
| IPSAS 43 | <p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>It has significance influence to the institution.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>It has significance to the institution.</p> |

iii. **Early adoption of standards**

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

Kinango TVC did not early-adopt any new or amended standards in year 2022/2023.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the Board on 4th July 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the College recorded additional appropriations on 22nd July 2022 of the FY 2022/2023 budget following Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in

the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per finance Act 2021 of the income tax cap 470.

Sales tax/ Value Added Tax

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

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

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

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 10 (Ten-year) period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. Kinango TVC does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets**Classification**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

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

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

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

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

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Annual Report and Financial Statements for the year ended 30th June 2023

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the College.

k) Provisions

Provisions are recognized when Kinango 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 Kinango 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

Kinango 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

Kinango 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 College in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Nature and purpose of reserves

Kinango TVC creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

Kinango TVC recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively. Retrospective application is impractical.

o) Employee benefits

Retirement benefit plans

Kinango TVC does not have permanent employees so far as all workers are contracted. The college is yet to formulate a human resource policy. Meanwhile the college makes use of the Public Service Human Resource Policies and Procedures Manual for the Public Service – May 2016.

p) 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.

q) 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.

r) Related parties

Kinango 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 Institution, or vice versa. Members of key management are regarded as related parties and comprise the directors, the principal and senior managers.

s) Service concession arrangements

Kinango 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, the College recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the College also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Cash and cash equivalents

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

u) Comparative figures

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

v) 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, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 8 and Note 16.

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.

-Depreciation on property plant and equipment is calculated using reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates;

Motor Vehicle 25%

Furniture & fitting 12.5%

Computers 30%

Equipment 12.5%

Building 2%

-Land has been estimated in handing over report from our mentor institution to be 4 ha (hectares) which is equivalent to 8.2645 Acres. The approximated value of land per acre is estimated at a nominal value of Kshs. 2,500,000 (Two million five hundred thousand) on market price. Therefore, the total amount for 8.2645 Acres is Kshs. 20,661,250 (Twenty million six hundred and sixty-one thousand two hundred and fifty).

-Building has been estimated at a cost of Ksh. 56,630,025 as per the handing over report to Kinango TVC Board of Governors.

-Plant, Machinery and Equipment's, Computers, Laptops and accessories, Furniture and Fittings donated by Government to Kinango TVC had a cost of US Dollars. 1,036,061 which is equivalent to Kshs. 103,606,100 on assumption that 1Usd = Kshs. 100

On this financial year Kinango TVC received 100 Computers complete with its accessories from GOK through KONZA in line with the Bottom-up Economic Agenda in TVET Institutions However, there were no value attached. Hence, as per IPSAS 17 that we can give a nominal value based on the market price it is estimated that 1 (one) complete computer amounts to Kshs. 109,340 thus Kshs. 10,934,000 for 100 Complete computers.

6. Transfers from other National Government entities

| Description | 2022-2023 | 2021-2022 |
|---|----------------------|------------------------|
| | Kshs | Comparative FY Kshs |
| Unconditional Grants | | |
| Capitation Grants | 27,622,500.00 | 10,935,000.00 |
| Operational Grant | 500,000.00 | 500,000.00 |
| Unconditional Development grants | | |
| Deferred Income | 14,362,297.25 | 14,149,559.13 |
| Total unconditional Grants | 42,484,797.25 | 25,584,559.13 |
| Conditional Grants amortised/ recognised in revenue | | |
| Library Grant | | |
| Hostels Grant | | |
| Administration Block Grant | | |
| Laboratory Grant | | |
| Learning Facilities Grant | | |
| Other Organizational Grants | | |
| Total Government Grants and Subsidies | 42,484,797.25 | 25,584,559.13 |

(a) Transfers from other Government entities

| Name of the Entity Sending The Grant | Amount recognized to Statement of Financial performance * | Amount deferred under deferred income | Amount recognised in capital fund | Total grant income during the year | Comparative FY |
|--------------------------------------|---|---------------------------------------|-----------------------------------|------------------------------------|----------------------|
| | Kshs | Kshs | Kshs | Kshs | |
| State Department of TVETS | | | | 27,622,500.00 | 10,935,000.00 |
| | 27,622,500.00 | | | | |
| Education Ministry | 500,000.00 | | | 500,000.00 | 500,000.00 |
| Total | 28,122,500.00 | | | 28,122,500.00 | 11,435,000.00 |

The details of the reconciliation have been included under appendix III

Kinango TVC

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Notes to the Financial Statements

7. Grants from Donors and Development Partners

| Description | 2022-2023 | 2021-2022 |
|---|----------------------|------------------------|
| | Kshs | Comparative FY Kshs |
| JICA- Research Grant | | |
| World Bank Grants | | |
| In-Kind Donations -GOK Through KONZA | 10,934,000.00 | |
| Donations transferred to revenue-conditions met | | |
| Other Grants (specify) | | |
| Total Grants from Development Partners | 10,934,000.00 | |

(a) Reconciliations of grants from donors and development partners

| Description | 2022-2023 | 2021-2022 |
|--|---------------|------------------------|
| | Kshs | Comparative FY Kshs |
| Balance unspent at beginning of year | | |
| Current year receipts | 10,934,000.00 | - |
| Conditions Met - Transferred to Revenue | 10,934,000.00 | - |
| Conditions Yet to Be Met - Remain Liabilities | - | - |

The receipts are due to estimated costs of in-kind donations of 100 complete computers and its accessories from Government of Kenya through KONZA.

8. Rendering of Services

| Description | 2022-2023 | 2021-2022 |
|---|----------------------|------------------------|
| | Current FY Kshs | Comparative FY Kshs |
| Tuition Fees | 28,469,853.00 | 19,838,201.00 |
| Transport and subsistence | | 81,880.00 |
| E. W. C | | 68,100.00 |
| Examination Fees | 1,383,280.00 | 77,780.00 |
| R. M. I | | 23,000.00 |
| P. Emoluments | 29,870.00 | 220,650.00 |
| Registration Fees | 240,500.00 | 194,550.00 |
| Student ID | 101,000.00 | 21,000.00 |
| Practical's fee | 305,750.00 | |
| Total Revenue from The Rendering of Services | 30,530,253.00 | 20,525,161.00 |

This revenue is reported on accrual basis

Kinango TVC**Annual Report and Financial Statements for the year ended 30th June 2023****9. Miscellaneous Income**

| Description | 2022-2023 | 2021-2022 |
|--------------------------------|------------|------------------|
| | Current FY | Comparative FY |
| | Kshs | Kshs |
| Insurance recoveries | | |
| Consultancy fees | | |
| Income from sale of tender | | |
| Services concession income | | |
| Reimbursements and refunds | | 47,240.00 |
| Graduation fees | | |
| Miscellaneous income (specify) | | |
| Total other income | - | 47,240.00 |

10. Use of Goods and Services

| Description | 2022-2023 | 2021-2022 |
|--|----------------------|---------------------|
| | Current FY | Comparative FY |
| | Kshs | Kshs |
| Teaching and learning materials | 2,559,173.00 | 2,191,000.00 |
| Industrial attachment costs | 348,300.00 | 136,500.00 |
| Electricity, Water Conservancy | 646,405.00 | 456,669.00 |
| Library | 9,405.00 | 60,257.00 |
| Student Union KTSU | 78,380.00 | |
| Subscriptions | 265,125.00 | 719,450.00 |
| Advertising | 1,600,855.00 | 1,285,830.00 |
| Examination fees | 1,809,960.00 | 341,340.00 |
| Audit fees | | |
| Catering, conferences, and delegations | | |
| Travelling and accommodation | 2,005,700.00 | 1,535,445.00 |
| Administrative Expense | - | 828,783.00 |
| Sports Music and Drama | 619,300.00 | 491,200.00 |
| General Expense | 1,488,975.00 | 799,830.00 |
| Postage | | |
| Printing and stationery | 659,420.00 | 287,740.00 |
| Bank charges | 15,200.00 | |
| Rent expenses | - 189,000.00 | 30,000.00 |
| Skills development levies | | |
| Telephone expenses | 187,868.00 | 156,556.00 |
| Internet expenses | 156,356.00 | 123,982.00 |
| Training expenses | | |
| Other (specify) | | |
| Total good and services | 12,639,422.00 | 9,444,582.00 |

Kinango TVC**Annual Report and Financial Statements for the year ended 30th June 2023****11. Employee Costs**

| Description | 2022-2023 | 2021-2022 |
|---|---------------------|---------------------|
| | Current FY | Comparative FY |
| | Kshs | Kshs |
| Salaries and wages | 4,122,460.00 | 2,065,900.00 |
| Employee related costs - contributions to pensions and medical aids | 560,246.00 | 47,600.00 |
| Travel, motor car, accommodation, subsistence and other allowances | 697,400.00 | 846,600.00 |
| Housing benefits and allowances | | |
| Overtime payments | | |
| Social contributions | | |
| Employee Costs | 5,380,106.00 | 2,960,100.00 |

12. Board/Council Expenses

| Description | 2022-2023 | 2021-2022 |
|------------------------------|-------------------|-------------------|
| | Current FY | Comparative FY |
| | Kshs | Kshs |
| Chairman's Honoraria | | |
| Directors Emoluments | 422,300.00 | 567,880.00 |
| Other Allowances | | |
| Other Board/Council Expenses | | |
| Total | 422,300.00 | 567,880.00 |

13. Depreciation and Amortization expense

| Description | 2022-2023 | 2021-2022 |
|--|----------------------|----------------------|
| | Current FY | Comparative FY |
| | Kshs | Kshs |
| Property, plant and equipment | 18,438,077.85 | 14,271,511.63 |
| Intangible assets | | |
| Investment property carried at cost | | |
| Total depreciation and amortization | 18,438,077.85 | 14,271,511.63 |

14. Repairs and Maintenance

| Description | 2022-2023 | 2021-2022 |
|--------------------------------------|-------------------|-------------------|
| | Current FY | Comparative FY |
| | Kshs | Kshs |
| Property | 243,120.00 | 371,423.00 |
| Equipment and machinery | | |
| Furniture and fittings | | |
| Computers and accessories | | |
| Total Repairs and Maintenance | 243,120.00 | 371,423.00 |

15. Cash and Cash Equivalents

| Description | 2022-2023 | 2021-2022 |
|--|---------------------|---------------------|
| | Current FY | Comparative FY |
| | Kshs | Kshs |
| Current Account | 3,751,271.00 | 3,062,087.00 |
| On - Call Deposits | | |
| Fixed Deposits Account | | |
| Staff Car Loan/ Mortgage | | |
| Cash | 1,196.00 | 800.00 |
| Total Cash and Cash Equivalents | 3,752,467.00 | 3,062,887.00 |

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

| Financial Institution | Account number | 2022-2023 | 2021-2022 |
|-----------------------|----------------|---------------------|---------------------|
| | | Current FY | Comparative FY |
| | | Kshs | Kshs |
| a) | | | |
| a) Current Account | | | |
| Kenya Commercial Bank | 1277092303 | 3,751,271.00 | 3,062,087.00 |
| Equity Bank, etc. | | | |
| b) Sub- Total | | 3,751,271.00 | 3,062,087.00 |
| e) Others (Specify) | | | |
| Cash in Transit | | | |
| Cash in Hand | | 1,196.00 | 800.00 |
| Mobile Money account | | | |
| Sub- Total | | 1,196.00 | 800.00 |
| Grand Total | | 3,752,467.00 | 3,062,887.00 |

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

| Description | 2022-2023 | 2021-2022 |
|----------------------------------|----------------------|----------------------|
| | Current FY | Comparative FY |
| | Kshs | Kshs |
| Current Receivables | | |
| Student Debtors | 15,871,633.00 | 12,535,034.00 |
| Rent Debtors | | |
| Consultancy Debtors | | |
| Other Exchange Debtors | | |
| Less: Impairment Allowance | | |
| Total Current Receivables | 15,871,633.00 | 12,535,034.00 |

17. Receivables from Non-Exchange transactions

| Description | 2022-2023 | 2021-2022 |
|---|----------------------|---------------------|
| | | Comparative FY |
| | Kshs | Kshs |
| Current Receivables | | |
| Capitation Grants* | 18,280,500.00 | 3,225,000.00 |
| Transfers from Other Govt. entities | | |
| Undisbursed Donor Funds | | |
| Other Debtors (Non-Exchange Transactions) | | |
| Less: Impairment Allowance | | |
| Total Current Receivables | 18,280,500.00 | 3,225,000.00 |

*Receivables on capitation grants are recognised for monies received after year end but relating to the year under review.

28 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

| Description | 2022-2023 | | 2021-2022 | |
|--------------------|----------------------|----------------|---------------------|----------------|
| | Kshs | | Comparative FY | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | 18,280,500.00 | 66% | 3,225,000.00 | 29.49% |
| Between 1- 2 years | 3,225,000.00 | 29.49% | | % |
| Between 2-3 years | | % | | % |
| Over 3 years | | % | | % |
| Total | 21,505,500.00 | 55.78% | 3,225,000.00 | 29.49% |

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

| Description | 2022-2023 | 2021-2022 |
|---------------------------------------|----------------------|---------------------|
| | | Comparative FY |
| | Kshs | Kshs |
| At the beginning of the year | 3,225,000.00 | |
| Additional provisions during the year | 18,280,500.00 | 3,225,000.00 |
| Recovered during the year | | |
| Written off during the year | | |
| At the end of the year | 21,505,500.00 | 3,225,000.00 |

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Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

| Cost | Land | Buildings | Motor vehicles | Furniture and fittings | Computers | Plant and equipment | Capital Work in progress | Total |
|--|---------------|----------------|----------------|------------------------|----------------|---------------------|--------------------------|-----------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| Rate | | 2% | 25% | 12.50% | 30% | 12.50% | | |
| At 1 July 2021 (previous year) | 20,661,250.00 | 56,630,025.00 | | | | 103,606,100.00 | | 180,897,375.00 |
| Additions | | | 120,000.00 | 735,620.00 | | 529,569.00 | | 1,385,189.00 |
| At 30 th June 2022 (previous FY) | 20,661,250.00 | 56,630,025.00 | 120,000.00 | 735,620.00 | - | 104,135,669.00 | - | 182,282,564.00 |
| Additions | | | | 2,568,300.00 | 12,109,302.00 | 1,701,905.00 | | 16,379,507.00 |
| At 30 th June 2023 (current year) | 20,661,250.00 | 56,630,025.00 | 120,000.00 | 3,303,920.00 | 12,109,302.00 | 105,837,574.00 | - | 198,662,071.00 |
| Depreciation And Impairment | | | | | | | | |
| At 1 July 2022 (previous year) | - | - | - | - | - | - | - | - |
| Depreciation | - | (1,132,600.50) | (30,000.00) | (91,952.50) | - | (13,016,958.63) | - | (14,271,511.63) |
| At 30 Jun 2022 (previous year) | | (1,132,600.50) | (30,000.00) | (91,952.50) | - | (13,016,958.63) | - | (14,271,511.63) |
| Depreciation | - | (1,132,600.50) | (30,000.00) | (412,990.00) | (3,632,790.60) | (13,229,696.75) | | (18,438,077.85) |
| At 30 th Jun 2023 (current year) | - | (2,265,201.00) | (60,000.00) | (504,942.50) | (3,632,790.60) | (26,246,655.38) | | (32,709,589.48) |
| Net Book Values | | | | | | | | |
| At 30 th Jun 2022 (previous year) | 20,661,250.00 | 55,497,424.50 | 90,000.00 | 643,667.50 | - | 91,118,710.38 | | 168,011,052.38 |
| At 30 th Jun 2023 (current year) | 20,661,250.00 | 54,364,824.00 | 60,000.00 | 2,798,977.50 | 8,476,511.40 | 79,590,918.63 | | 165,952,481.53 |

Kinango TVC**Annual Report and Financial Statements for the year ended 30th June 2023****Notes to the Financial Statements (Continued)****Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were not revalued we are planning to revalue them this financial year.

31 (b) Property, Plant and Equipment at Cost

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

| Description | Cost | Accumulated Depreciation | NBV |
|---|-----------------------|--------------------------|-----------------------|
| | Kshs | Kshs | Kshs |
| Land | 20,661,250.00 | | 20,661,250.00 |
| Buildings | 56,630,025.00 | (2,265,201.00) | 54,364,824.00 |
| Plant And Machinery | 105,837,574.00 | (26,246,655.38) | 79,590,918.63 |
| Motor Vehicles including Motorcycles | 120,000.00 | (60,000.00) | 60,000.00 |
| Computers and Related Equipment | 12,109,302.00 | (3,632,790.60) | 8,476,511.40 |
| Office Equipment, Furniture, And Fittings | 3,303,920.00 | (504,942.50) | 2,798,977.50 |
| Total | 198,662,071.00 | 32,709,589.48 | 165,952,481.53 |

19. Trade and Other Payables

| Description | 2022-2023 | | 2021-2022 | |
|---------------------------------------|-------------------|----------------|-------------------|----------------|
| | Current FY | % of the Total | Comparative FY | % of the Total |
| Fees paid in advance | 238,415.00 | | 302,610.00 | |
| Salary deductions | | | | |
| Third-Party Payments | | | | |
| Other Payables | | | | |
| Total Trade and Other Payables | 238,415.00 | | 302,610.00 | |
| Ageing analysis: | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year | 238,415.00 | % | 302,610.00 | % |
| 1-2 years | 302,610.00 | % | | % |
| 2-3 years | | % | | % |
| Over 3 years | | % | | % |
| Total (to tie to totals above) | 541,025.00 | % | 302,610.00 | % |

20. Refundable Deposits from Customers/Students

| Description | 2022-2023 | | 2021-2022 | |
|--|------------------|-----------------------|-----------------------|-----------------------|
| | Kshs | | Kshs | |
| Consumer deposits | | | | |
| Caution money | 81,000.00 | | | |
| Other refundable deposits | | | | |
| Total Deposits | 81,000.00 | | | |
| | | | Comparative FY | % of the Total |
| Ageing analysis: | 2022-2023 | % of the Total | | % |
| Under one year | 81,000.00 | % | 11,500.00 | % |
| 1-2 years | 11,500.00 | % | | % |
| 2-3 years | | % | | % |
| Over 3 years | | % | | % |
| Total (to tie to totals deposits above) | 92,500.00 | % | 11,500.00 | % |

21. Deferred Income

| Description | 2022-2023 | | 2021-2022 | |
|------------------------------------|-----------------------|--|-----------------------|--|
| | Kshs | | Kshs | |
| National Government | 160,765,694.00 | | 160,236,125.00 | |
| International Funding Bodies | | | | |
| Public Contributions and Donations | | | | |
| Total Deferred Income | 160,765,694.00 | | 160,236,125.00 | |

The deferred income movement is as follows:

| Description | National government | International funders/donors | Public contributions and donations | Total |
|--------------------------------|-----------------------|------------------------------|------------------------------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance brought forward | 160,236,125.00 | | | |
| Additions during the year | | | | |
| Transfers to capital fund | (14,149,559.13) | | | |
| Transfers to income statement | (14,149,559.13) | | | |
| Other transfers | | | | |
| Balance carried forward | 131,937,006.75 | | | |
| Balance brought forward | 131,937,006.75 | | | |
| Additions during the year | | | | |
| Transfers to capital fund | (14,362,297.25) | | | |
| Transfers to income statement | (14,362,297.25) | | | |
| Other transfers | | | | |
| Balance carried forward | 103,212,412.25 | | | |

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Analysed as:

| Description | Amount |
|--------------|-----------------------|
| | Kshs |
| Current | 14,362,297.25 |
| Non- Current | 103,212,412.25 |
| Total | 117,574,709.50 |

22. Payments received in advance.

| Description | 2022-2023 | | 2021-2022 | |
|---------------------------------------|-------------------|-----------------------|-----------------------|-----------------------|
| | Current FY | % of the Total | Comparative FY | % of the Total |
| Fees paid in advance | 238,415.00 | | 302,610.00 | |
| Salary deductions | | | | |
| Third-Party Payments | | | | |
| Other Payables | | | | |
| Total Trade and Other Payables | 238,415.00 | | 302,610.00 | |
| Ageing analysis: | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year | 238,415.00 | % | 302,610.00 | % |
| 1-2 years | 302,610.00 | % | | % |
| 2-3 years | | % | | % |
| Over 3 years | | % | | % |
| Total (to tie to totals above) | 541,025.00 | % | 302,610.00 | % |

23. Cash generated from operations.

| Surplus for the year before tax | 2022-2023 | | 2021-2022 | |
|--|----------------------|----------------|----------------------|----------------|
| | Current FY | % of the Total | Comparative FY | % of the Total |
| | Kshs | | Kshs | |
| Adjusted for: | 46,826,024.40 | | 18,541,463.50 | |
| Depreciation | 18,438,077.85 | | 14,271,511.63 | |
| Non-Cash grants received | | | | |
| Contributed assets | | | | |
| Working Capital Adjustments | | | | |
| Increase in Inventory | | | | |
| Increase in Current Receivables | (15,871,633.00) | | (12,535,034.00) | |
| Increase in Non-Current Receivables | (18,280,500.00) | | (3,225,000.00) | |
| Increase in Deferred Income | (14,362,297.25) | | (14,149,559.13) | |
| Increase in Payables | 81,000.00 | | 11,500.00 | |
| Increase in Payments received in advance | 238,415.00 | | 302,610.00 | |
| Net Cash Flow from Operating Activities | 17,069,087.00 | | 3,217,492.00 | |

Notes to the Financial Statements (Continued)

24. Financial Risk Management

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

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

(i) Credit risk

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

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

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

| Description | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------|-----------------------------|----------------------|------------------|
| At 30 June 2022 (previous year) | | | | |
| Receivables from exchange transactions | 12,535,034.00 | 12,535,034.00 | - | |
| Receivables from non-exchange transactions | 3,225,000.00 | 3,225,000.00 | - | |
| Bank balances | 3,062,087.00 | 3,062,087.00 | - | |
| Total | 18,822,121.00 | 18,822,121.00 | | |
| At 30 June 2023 (current year) | | | | |
| Receivables from exchange transactions | 28,406,667.00 | 15,871,633.00 | 12,535,034.00 | |
| Receivables from non-exchange transactions | 21,505,500.00 | 18,280,500.00 | 3,225,000.00 | |
| Bank balances | 6,813,358.00 | 3,751,271.00 | 3,062,087.00 | |
| Total | 56,725,525.00 | 37,903,404.00 | 18,822,121.00 | - |

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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 Students and Government of Kenya.

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

(ii) Liquidity risk management

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

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.

(iii) Market risk

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

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

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

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

a) Foreign currency risk

Kinango TVC has no transactional currency exposures.

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern.

25. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry; Ministry of Education
- iii) State Department of Vocational Technical Training
- iv) County Government
- v) Semi- Autonomous Government Agencies;
- vi) Key management;
- vii) Board of directors;

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

| Description | 2022-2023 | 2021-2022 |
|--|----------------------|------------------------|
| | Kshs | Comparative FY Kshs |
| Transactions with Related Parties | | |
| a) Sales to related parties | | |
| Others (<i>specify</i>) | | |
| Total | | |
| B) Purchases from related parties | | |
| Purchases of electricity and Water | 646,405.00 | 456,669.00 |
| Rent expenses paid to govt agencies | 189,000.00 | 30,000.00 |
| Training and conference fees paid to govt. agencies | 2,005,700.00 | 1,535,445.00 |
| Others (<i>specify</i>) | | |
| Total | 2,841,105.00 | 2,022,114.00 |
| b) Grants /Transfers from the Government | | |
| Grants from National Govt | | |
| Grants from County Government | | |
| Donations in Kind | 10,934,000.00 | - |
| Total | 10,934,000.00 | - |
| c) Expenses incurred on behalf of related parties | | |
| Payments of Salaries and Wages for Employees | 5,380,106.00 | 2,960,100.00 |
| Payments for | | |
| Teaching and learning materials | 2,559,173.00 | 2,191,000.00 |
| Industrial attachment costs | 348,300.00 | 136,500.00 |
| Library | 9,405.00 | 60,257.00 |
| Student Union KTSU | 78,380.00 | |
| Subscriptions | 265,125.00 | 719,450.00 |
| Advertising | 1,600,855.00 | 1,285,830.00 |
| Examination fees | 1,809,960.00 | 341,340.00 |
| Administrative Expense | | 828,783.00 |
| Sports Music and Drama | 619,300.00 | 491,200.00 |
| General Expense | 1,488,975.00 | 799,830.00 |
| Printing and stationery | 659,420.00 | 287,740.00 |
| Bank charges | 15,200.00 | |
| Telephone expenses | 187,868.00 | 156,556.00 |
| Internet expenses | 156,356.00 | 123,982.00 |
| | | |
| Total | 15,178,423.00 | 10,382,568.00 |
| d) Key Management Compensation | | |
| Directors' emoluments | 422,300.00 | 567,880.00 |
| Compensation to Key Management | | |
| Total | 422,300.00 | 567,880.00 |

26. Events After the Reporting Period

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

27. Ultimate And Holding Entity

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

28. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

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19. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

| | | | | |
|------------------------------------|--|---|----------|--|
| Statement of financial performance | <ul style="list-style-type: none"> Reflects transfers from other National Government entities amount of Kshs. 25,584,559 which includes capitation grants of Kshs. 10,935,000. However, supporting schedule indicated Kshs. 7,710,000, resulting in a variance of Kshs. 3,225,000 which was not explained or reconciled. | <ul style="list-style-type: none"> The variance of Kshs. 3,225,000 was as a result of accounting on accrual basis. Kshs. 7,710,000 supported by schedule was as a result of transfer received by Kinango TVC. | Resolved | |
| Statement of financial position | <ul style="list-style-type: none"> Reflects current portion of receivables from exchange transactions balance of Kshs. 12,535,034 while the ledger indicates Kshs. 15,759,994, resulting in a variance of Kshs. 3,224,960 which was not explained or reconciled. Reflects receivables from non-exchange transactions | <ul style="list-style-type: none"> The amount indicated in ledger as Kshs. 15,759,994 is not correctly stated it should be Kshs. 15,760,034 representing receivables from exchange transactions and receivables from non-exchange transactions of Kshs. 12,535,034 and Kshs. 3,225,000 respectively. Receivables from non-exchange transactions received for FY 2021/2022 was Kshs. 855,000 for Q3 of FY 2020/2021, Kshs. 1,815,000 for Q1, Kshs. 1,815,000 for Q2 and Kshs. 3,225,000 for Q3 | Resolved | |

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