

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 17 JUN 2025	DAY: TUESDAY
TABLED BY:	THE LEADER OF THE MAJORITY PARTY
CLERK-AT THE-TABLE:	WILLIS OBIERO

**SEME TECHNICAL AND VOCATIONAL
COLLEGE**

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

**STATE DEPARTMENT FOR TECHNICAL AND
VOCATIONAL EDUCATION AND TRAINING**

OFFICE OF THE AUDITOR
P. O. Box 30044 - DUBLIN 12
RECEIVED
14 OCT 2023
RECEIVED



SEME TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Table of Contents

I	Acronyms &Glossary of Terms	iv
I	Key Entity Information and Management	v
II	The Council/Board of Management	vii
III	Key Management Team	x
IV	Chairman’s Statement	xii
V	Report of the Principal	xiii
VI	Statement Of Performance Against Predetermined Objectives	xv
VII	Management Discussion and Analysis	xviii
VIII	Environmental and Sustainability Reporting Statement	xx
IX	Report of Board of Management	xxi
X	Statement of Board of Management Responsibilities	xxii
XI	Report of Independent Auditors on Seme Technical and Vocational College	xxiii
XII	Statement Of Financial Performance for The Year Ended 30 June 2023	1
XIII	Statement Of Financial Position As At 30th June 2023	2
XIV	Statement Of Changes in Net Asset For The Year Ended 30 June 2023	3
XV	Statement Of Cash Flows for The Year Ended 30 June 2023	4
XVI	Statement Of Comparison Of Budget & Actual Amounts For The Year Ended 30 June 2023	5
XVII	Notes To The Financial Statements	6-26
XVII	Appendices	27-31

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

(a) Background information

Seme Technical and Vocational College was established under the TVET Act 2013 in September 2019. The entity is domiciled in Kenya and has no branches at the moment. The college is under the Ministry of Education, State Department of Vocational and Technical Training (MOE-SDVTT)

The College offers a wide range of courses ranging from Artisan, Certificate and Diploma levels spread across seven academic departments

- Building and Civil Engineering
- Electrical and Electronics Engineering
- Welding and Fabrication
- Information and Communication Technology
- Business and Liberal Studies
- Hair Dressing and Beauty Therapy
- Tailoring and Garment Making
- Food and Beverages

(b) Principal Activities

The principal activity/mission/ mandate of the College is Vocational and Technical Training

Vision: To be a centre of excellence in provision of Technical and Vocational training

Mission: To produce high quality result oriented graduates for both local and global market

Core objectives:

- To provide quality and customer driven technical and vocational training that would make the trainees fit for the dynamic demands of the local and global market
- To equip trainees with relevant knowledge, skills and attitudes needed to address societal and personal development needs.
- To endeavour to continuously improve on services and operations through research and innovation

(c) Key Management

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

Board of Governors
Accounting officer/ Principal
Management

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr Kenneth Odera
2	Deputy Principal Academics	Mr Jared Hasea
3	Registrar (s)	Mr Victor Okeyo
4	Dean of Students	Mr Samuel Ayodo
5	Head of Finance	Mrs Linet Otieno
6	Head of Procurement	Mr Roy Odhiambo

(e) Fiduciary Oversight Arrangements

- *Audit and risk committee activities*
- *Finance and operations committee activities*
- *Academic committee activities*

(f) Entity Headquarters

P.O. Box 47-40102
Seme Technical & Vocational College Building
Along Kisumu -Bondo Highway
Kombewa- Kisumu Kenya

(g) Entity Contacts

Telephone: (254) 775 261 202
E-mail: semetvc2019@gmail.com
Website: www.technical.ac.ke

(h) Entity Bankers

Kenya Commercial Bank Ltd
Kisumu International Airport Branch
P.O. Box 17 -40100
Kisumu, Kenya



(i) Independent Auditors

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




(j) Principal Legal Adviser

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




3. THE COUNCIL/BOARD OF MANAGEMENT

BOG'S PASSPORT-SIZE PHOTO AND NAME.	DESCRIPTION OF EACH BOG'S DATE OF BIRTH, KEY QUALIFICATIONS AND WORK EXPERIENCE.
 <p data-bbox="140 943 501 1016">1. Mr. Jeremiah Oruko Oruko Chairperson of the Board</p>	<p data-bbox="628 445 884 472">Year of Birth: 1956</p> <p data-bbox="628 524 884 551">Key Qualifications:</p> <ul style="list-style-type: none"> <li data-bbox="676 568 1362 595">➤ BED (Vocational) University of Brunswick- Canada <p data-bbox="628 607 868 633">Work Experience:</p> <p data-bbox="628 685 1362 712">Ministry of Education, Science and Technology 2001-2016</p> <ul style="list-style-type: none"> <li data-bbox="676 730 1059 757">• Senior Inspector of Schools <li data-bbox="676 775 1059 801">• Curriculum Developer KIE <li data-bbox="676 819 1283 846">• Coordinated Development of TVET authority <li data-bbox="676 864 1362 927">• Project Officer in charge of Art & Craft GTZ (1998-2001) <li data-bbox="676 945 1315 972">• BOG Member Kipsenende TTI Kericho County <li data-bbox="676 990 1299 1016">• Lecture Instructor trainer – KTTC (1989-1998) <li data-bbox="676 1034 1347 1061">• HoD Automotive Engineering –RIAT (1983-1985)
 <p data-bbox="129 1615 560 1688">2. Mr. Kenneth Odera Principal/Secretary of the Board</p>	<p data-bbox="628 1061 868 1088">Year of Birth 1968</p> <p data-bbox="628 1144 868 1171">Key Qualifications:</p> <ul style="list-style-type: none"> <li data-bbox="676 1189 868 1216">• BSc, PGDE. <p data-bbox="628 1227 852 1254">Work Experience</p> <ul style="list-style-type: none"> <li data-bbox="676 1272 1362 1335">➤ March 11th 2019 to date: Principal Seme Technical and Vocational College <li data-bbox="676 1352 1347 1447">➤ October 1994 – To 6/03/2019 – Lecturer/trainer of Fisheries and Aquaculture at Ramogi Institute of Advanced Technology (RIAT), Kisumu <li data-bbox="676 1464 1203 1491">➤ Positions of responsibilities held (RIAT) <li data-bbox="676 1509 1378 1559">➤ Acting Principal (27th September 2018 to 6th March 2019) <li data-bbox="676 1576 1394 1626">➤ Acting Deputy Principal- Administration (1st July 2018 to 26th September 2018) <li data-bbox="676 1644 1347 1693">➤ Performance Contracting Coordinator (July 2010 to July 2018) <li data-bbox="676 1711 1251 1760">➤ Head of Agriculture & Fisheries Department (February 1994 to July 2018)


The Council/Board of Governors Cont'd

 <p>3. Paul Aduwo Obuya Chairperson - Finance, Infrastructure and Resource Mobilization Committee</p>	<p>Year of Birth 1987</p> <p>Key Qualifications: Bachelor of Commerce (Finance Option), Catholic University of Eastern Africa(CUEA), 2017 CPA(K), KCA University, 2012</p> <p>Work Experience:</p> <ul style="list-style-type: none"> ➤ Chief Accountant at Owiti, Otieno & Ragot Advocates Formerly ➤ Audit Manager at Imran Osman & Associates Certified Public accountants ➤ Senior Accountant, G.S. Patel & Co., CPA(K)
 <p>4. Ronald Kipkurui Bett Chairperson- Audit and Risk Committee</p>	<p>Year of Birth: 1980</p> <p>Key Qualifications: BST. Electronics, University of Eastern Africa, Baraton, 2009</p> <p>Work Experience: Currently serving as:</p> <ul style="list-style-type: none"> ➤ Co-founder/Director Operations, Workbench;
 <p>5. Grace Ongayo Namai Chairperson- Education, Training and Research Committee</p>	<p>Year of Birth: 1953</p> <p>Key Qualifications: Bachelor of Education Arts – Kiswahili and English</p> <p>Work Experience: Senior Principal Butere Girls High School Previously served as:</p> <ul style="list-style-type: none"> ➤ Lecture - Eregi Teachers College ➤ Teacher – Moi Girls High School Vokoli

The Council/Board of Governors Cont'd




 <p>6. Isabella Nyomenda Lumumba BOARD MEMBER</p>	<p>Year of Birth: 1966</p> <p>Key Qualifications: Masters Of Arts Project Planning and Management UON</p> <p>Work Experience:</p> <ul style="list-style-type: none"> ➤ Currently serving as Director – Ufanisi resorts <p>Formerly</p> <ul style="list-style-type: none"> ➤ Coordinator Million Trees - Kisii ➤ Lecturer - Kirinyaga Technical and Community College
 <p>7. Immaculate Ndanu Kioko BOARD MEMBER</p>	<p>Year of Birth: 1981</p> <p>Key Qualifications: She holds a degree in Bachelor of Science in Information Technology BSc. (Information Technology), Maseno University, 2014</p> <p>Work Experience:</p> <ul style="list-style-type: none"> ➤ Member of Seme TVC Board since 2019. ➤ Currently serving as the Head of Department of ICT Tom Mboya University College , a constituent college of Maseno University ➤ Formerly Systems Administrator at KEMRI Kisumu
 <p>8. Kunal Mehta BOARD MEMBER</p>	<p>Year of Birth: 1985</p> <p>Key Qualifications: Master of Engineering- Electrical and electronics (Imperial College London)</p> <p>Work Experience:</p> <ul style="list-style-type: none"> ➤ Manager western Emporium Ltd (2016 to date) ➤ Branch Manager Credit Bank (2015-2016) ➤ Relationship Manager – Chase Bank – (2012-2015) ➤ Software Engineer- Derivative Soft wares6 - London

The Council/Board of Governors Cont'd





	<p>Year of Birth: 1961</p> <p>Key Qualification and</p> <ul style="list-style-type: none">➤ Masters of distance Education (Use of Technology in delivery of Education content)➤ Bachelor of Education (Business and Geography) <p>Work Experience</p> <ul style="list-style-type: none">• County Director TVET (2014 to Date)➤ Policy Implementer (2008-2013)• Curriculum Developer (2005 -2008)➤ Teacher Trainer (1989-2005)➤ Graduate teacher (1985-1989)
---	--

9. Mr. Joseph Sunguti
BOARD MEMBER
Regional Director of TVET

4. KEY MANAGEMENT TEAM

PASSPORT-SIZE PHOTO AND NAME	RESPONSIBILITIES
 <p>MR. KENNETH ODERO PRINCIPAL</p>	<p>Chief Executive Officer/Accounting officer for the college. In charge of the overall management of the college Responsible for the preparation of the budget estimates Interpreting and implementing policy decisions</p>
 <p>MR. JARED HASEA DEPUTY PRINCIPAL ACADEMICS</p>	<p>The Principal assistant to the Principal in the management of the college In charge of coordinating all aspects of trainings.</p>
 <p>MRS. CELESTINE MUDIWO DEPUTY PRINCIPAL ADMINISTRATION</p>	<p>The Principal assistant to the Principal in the management of the college In charge of coordinating all aspects of administration</p>

**Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023**

 <p>MR. VICTOR O. OKEYO REGISTRAR</p>	<p>In charge of marketing of college programs and general students admission; Management of students' records, Formulation of education plans; Maintain academic standards and preparation of timetables.</p>
 <p>MR. SAMUEL AYODO DEAN OF STUDENTS</p>	<p>In charge of management of students' affairs and welfare, Maintain students' discipline; Overseeing students' governance, clubs, societies Sports and recreational activities</p>
 <p>MS LYNET OTIEMO FINANCE OFFICER</p>	<p>In charge of preparation of budget estimates, budgetary control and financial reports Provides financial advice to the management In charge of non-academic staff</p>
 <p>MR. ROY ODHIAMBO PROCUREMENT OFFICER</p>	<p>In charge of supplies and procurement management Manages and advises the management on procurement issues</p>

5. CHAIRMAN'S STATEMENT

It is a great pleasure for me to make this statement on behalf of the Board of Governors and the entire Seme TVC fraternity.

The Annual Report and Financial Statements for the year ended 30 June 2023 has presented us with an opportunity to reflect on our achievements over the past one year and to plan for the future as an institution. This is the 2nd Board that took over the Governance of the College on 8th October 2022 following the appointment of its members by the Cabinet Secretary, MOE in October 2022. Since then, the Board has continued to carry out its oversight role and provision of strategic direction to the College in line with the TVET Act 2013, Mwongozo and other Government Guidelines and Policies.

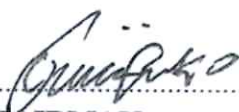
The Board remains focused on its mandate of addressing the Country's TVET agenda of increasing access and equity. As a board, we fully embrace the Government's Vision on TVET as envisioned in the Kenya Vision 2030 and the Big 4 Agenda. To this end, the Board has made the following significant achievements during the Year as part of Governance of the College:

- Increased enrolment from 750 in June 2022 to 1180 by May 2023
- Expansion of academic programs by introducing General Agriculture.
- Continued improvement of college physical infrastructure;
- Construction of the Security Sentry house
- Construction of the Engineering training Workshop shed
- Acquisition and installation of water tanks and Rain water roof catchment
- Ratification and implementation of the College's Key Policies i.e. Strategic Plan, Finance Policy, Academic and Human resource policies.
- Installation of GOK VDI Jitume program requirements

In our endeavour to achieve the aforementioned successes, the Board encountered a number of challenges that have considerably decelerated our performance. These include:

- Lack of adequate funds for implementation of key planned activities and projects such as acquisition of vital training and leaning equipment and facilities.
- Delayed completion of the bridge along the access road that has hindered easy and quick access to the College.
- Lack of Accommodation and Catering facilities for students and staff in the college.
- Inadequate training facilities and equipment (Classes, Laboratories, Library, etc.)
- On-going court case over an illegal structure inside the College's compound.

Despite all these, the Board is optimistic of ensuring that the college grows as envisioned in its vision and mission statements.


.....
CHAIRMAN,
BOARD OF GOVERNORS

6. REPORT OF THE PRINCIPAL

The TVET Act, 2013 outlines the mandates and functions all TVET colleges in Kenya.

In realization of the TVET Act 2013, Seme TVC wishes to distinguish itself as a centre of excellence in the provision of quality technical training in Kisumu County and beyond. Towards this, the College's management wishes to create timely and sustainable interventions that would ensure successful implementation of all the planned activities while ensuring quality in service delivery.

Achievements

Under the able strategic leadership and guidance of the Board, the Management and Staff have accomplished the following:

- Increased enrolment from 750 in June 2022 to 1180 by May 2023
- Expansion academic programs to introduce General Agriculture.
- Acquisition of additional basic training equipment (computers and accessories, student's chairs)
- Construction of Gate house
- Construction of engineering workshop shed
- Improvement of basic physical facilities such as toilets and playing grounds.
- Planting of over 1,000 trees and flowers and general beautification of the college and its environs.
- The college was actively involved in sports and co-curricular activities such as drama and Scouting participating even to the National level.
- Creation of partnerships and cordial relations with the neighbouring community (such as in the provision of boarding and catering facilities for students, provision of free clean water to the community as part of corporate social responsibility etc.).
- Expansion of the income generating activities
- Installation of GOK VDI Jitume program requirements

Challenges

The FY 2022-2023 had its fair share of challenges some of which include:

- Limited physical Infrastructure and learning facilities such training rooms, training workshops and student accommodation facilities
- Being that accommodation and boarding facilities are all provided by the neighbouring community it becomes challenging to ensure security for our students hence cases of insecurity have been witnessed.
- Limited funds due to delayed government funding causing delay in implementation of some of the planned activities and financial obligations.
- Shortage of Government employed trainers in high demand courses that led to engagement of additional BOG trainers which in turn led to high wage bill.
- Lack of essential equipment and facilities for administrative staff, internet connectivity, etc.
- Lack of funds to acquire own transport leading to high transport costs for student activities as well as administrative errands

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

- Scanty Assets' records and values, particularly those supplied by the Ministry this having been occasioned by the lack of clear or detailed asset handing over by the mentoring institution.

➤

Despite the challenges, I am sincerely grateful to the Board of Governors for the dedication and guidance provided during the year and to the staff for their teamwork and cooperation that led to the realization of the College's mandate.

I am equally grateful to the Ministry of Education, State Department of Vocational and Technical Training, HELB and NG-CDF Seme for offering financial support to the college during the financial year ended 30 June 2023.



.....
Mr. Kenneth Odera
PRINCIPAL/SECRETARY,
BOARD OF GOVERNORS

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Seme TVC was in the process of Validating the Strategic Plan during the FY 2022/2023 and therefore it was not possible to compare the performance against predetermined objectives during this period.

8. CORPORATE GOVERNANCE STATEMENT

Board Meetings

Seme TVC Board wishes to conduct its business in accordance to the TVET ACT, 2013, which requires that the Board meet at least once every three months. In line with this requirement, Seme TVC Board held three Full BOG meetings.

There new Board was inaugurated on 8th October 2022 and has since continued to perform their Statutory, managerial and oversight Duties throughout the year. There were a total of 4 board meetings and 2 special board meetings in the year

A summary of the attendance of the Board meetings is as follows:

S.No	Name	No of Meetings	Actual meetings attended	No of meetings missed
1	Mr. Jeremiah Oruko Oruko	6	6	0
2	Mr. Paul Aduwo Obuya	6	6	0
3	Mr. Ronald K. Bett	6	6	0
4	Mr. Grace Namai	6	6	0
5	Ms. Immaculate Ndanu Kioko	6	5	1
6	Ms. Issabella Nyomenda Lumumba	6	5	1
7	Mr. Kunal Mehta	6	6	0
8	Mr. Kenneth Odera	6	6	0
9	Mr. Joseph Sunguti	6	6	0

Seme TVC Board had nine (9) members constituted as follows:

- Seven (7) members appointed by the Cabinet Secretary;
- The County director of TVET representing the PS- SDVTT and
- The Principal as the Board Secretary and Chief Accounting Officer

Corporate Governance Statement Cont'd

Composition of the Board

The membership of the Board of Governors comprises:

- (a) A Chairperson;
- (b) A representative of the Principal Secretary in the Ministry of education, State Department of Vocational and Technical Training (MOE-SDVTT)
- (c) A representative of the County Governor of the county hosting the institution
- (d) Six other persons appointed based on their knowledge and experience in—
 - Leadership and management;
 - Financial management;
 - Technology
 - Industry;
 - Engineering;
 - Information Communication Technology (ICT).

Revocation of Board Membership

The appointment of a member to a Board of Governors or to its committees may be revoked and the member may vacate office if the member

- Resigns by giving notice in writing to the Cabinet Secretary; the person shall cease to be a member of the Board from the date specified in the notice.
- Becomes insolvent or has conveyed or assigned his property or has made a proposition or arrangement for the benefit of his creditors;
- Is sentenced by a court of law to imprisonment for a term of six months or more;
- Is incapacitated by physical or mental illness;
- Has been absent from three consecutive meetings of the Board of Governors without leave;
- Where the member is a representative, has his appointment revoked by the nominating body
- Is otherwise unable or unfit to discharge his functions as a member of the Board of Governors on account of any matter in the Act.

The roles of the Board

The roles of the board members include:

- Overseeing the conduct of education and training in the institution in accordance with the provisions of the Act and any other written law;
- Promoting and maintaining standards, quality and relevance in education and training in the institution in accordance with the Act and any other written law;
- Administering and managing the property of the Institution;
- Developing and implementing the institution's strategic plan;
- Reviewing and approving annual budget estimates of revenue and expenditure for the Institution and incurring expenditure on behalf of the institution;
- Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursements to the Institution or other bodies or persons;

The roles of the Board (continued)

- determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of the TVET Act
- mobilizing resources for the institution;
- developing and reviewing programs for training and to make representations thereon to the Board;
- regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;
- recruiting and appointing trainers from among qualified professionals and practicing trades' persons in relevant sectors of industry;
- determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;
- making regulations governing organization, conduct and discipline of the staff and students;
- preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;
- providing for the welfare of the students and staff of the institution;
- encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institution
- Discharging all other functions conferred upon it by the Act or any other written law.

Conflict of Interest

- If a member of the Board has any Conflict of Interest he/she declares the same in the meeting.
- A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made
- A member of the Board of Governors who contravenes this commits an offence and is liable to a fine or imprisonment.

Remuneration of Board Members

Members of a Board of Governors are paid in respect of their services such remuneration or allowances as the Board of Governors, with the approval of the Cabinet Secretary.

Board Accountability and Financial Reporting

- The Board of Governors should ensure that Management keeps all proper books and records of accounts of the income, expenditure and assets of the institution and review Quarterly Reports
- within a period of four months from the end of each financial year, a Board of Governors submit to the Auditor- General or to an auditor appointed, the accounts of the institution together with:
 - (a) a statement of the income and expenditure of the institution during that year; and
 - (b) a balance sheet of the institution on the last day of that year.
- The Final accounts of the institution are audited and reported upon in accordance with the Public Audit Act, 2003.

10. MANAGEMENT DISCUSSION AND ANALYSIS

COMPLIANCE WITH STATUTORY REQUIREMENTS

Seme TVC is accredited by TVETA to offer a variety of both technical and business course. The college has engaged BOG trainers and support staff to complement the PSC staff.

The college complied with statutory requirements by deducting NSSF, NHIF and PAYE from salaries and wages of BOG staff and PAYE on seating allowances to Board members and submitted the same to NSSF, NHIF and KRA on due dates during the year under review.

KEY CAPITAL PROJECTS AND INVESTMENT DECISIONS

ONGOING PROJECTS

In order for the college to effectively discharge its mandate and to continue improving its capabilities and efficiency, the college has identified certain projects and programmes. The current ongoing projects include;

- Acquisition of additional equipment and furniture for classrooms,
- Acquisition and development of learning/teaching resources
- Validation and Implementation of Strategic Plan finance, Academic and Human resource policies

PLANNED/FUTURE PROJECTS

- Construction of more tuition blocks and additional workshops and laboratories
- Extension of the Engineering Workshop shed and Equipping of the library
- Construction of additional pit latrines
- Acquisition of additional Training and Learning materials, equipment and software.
- Expansion of IGAs (Hairdressing and Beauty services & Block Production) to supplement the college revenue base.
- Acquisition of a basic transport equipment for the institution

Major risk facing the entity

- Credit risk with suppliers and Liquidity risk to fund desired projects
- Infrastructural capacity risk to accommodate high students enrolment

11. CORPORATE SOCIAL RESPONSIBILITY STATEMENT / SUSTAINABILITY REPORTING

Seme TVC exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver:

a. Sustainability strategy and profile

Seme TVC's key sustainability strategies include environmental and social responsibility, Human Resource Development, Innovation and adherence to statutory and regulatory guidelines of the Government of Kenya.

b. Environmental performance

On environment, the college staff have managed to plant over five hundred trees and over one thousand flowers in the college in line with National Environment Management authority requirements. This is also meant to beautify the college as well as to control soil erosion since the college compound is sloppy. Being a centre of excellence in Building and Civil Engineering, the college has laid down strategies to ensure that the community around the college also benefit from the Building and Civil Engineering activities and initiatives offered

c. Employee welfare

Seme TVC plans to develop a recruitment and selection policy (Human Resource manual) that will ensure consistency, transparency, fairness, and merit based hiring.

The college further hopes to continually develop skills for its employees to improve organization performance. It hopes to conduct Annual Performance Appraisal and Training Needs Assessments to establish how well the employees are performing their duties as well as the employees that need training, salary increment and job promotion.

The college endeavours to strictly adhere to OSHA Act 2007 guidelines to: identify workplace hazards, evaluate health safety conditions, design and conduct health and safety surveys, recommend training for new and existing employees, recommend and track new safety practices and Accident / Incident Investigations.

d. Market place practices

Seme TVC's fidelity to anti-corruption practices remains steadfast. It's also committed to promoting local content in its procurement processes and ensuring that all pending bills are cleared in the shortest time possible.

e. Community Engagements

The plight of the immediate community remains a daily concern for the college. The College has on several occasions used its facilities to help maintain the surrounding murrum access roads.

f. Education and Training

Seme TVC Strives to admit trainees from all the country without discrimination. This aimed at enhancing equity and access to college education and acquisition of skills by students from all walks of life

g. Sports

Seme TVC has identified sports as a key marketing and publicity strategy and has therefore put a lot of emphasis in participation in competitive sports within and without the KATTI organized sporting activities as well as friendly matches with neighboring institutions. These sporting activities have enhanced discipline and cohesiveness amongst the trainees within the college.

h. Healthcare

Seme TVC is yet to establish an operational clinic for students and staff in the college. There has however been established a Guidance and Counseling Unit help address students and staff counselling needs.

i. Labour Relations

Seme TVC has adopted the implementation of the Public Service Staff Performance Appraisal (SPAS) as a means of identifying Staff Training Needs as well as a way of recommending for rewards and/or sanctions.

j. Water and Sanitation Initiatives

Seme TVC still has an inadequate supply of fresh drinking water despite having an extensively large roof catchment for rain water harvesting. This is due to absence of roof gutters and adequate water storage facilities/tanks. So we plan to install, additional 10,000 litres tank to help in collection of pure rain water. This will also aid in controlling the free flowing rain water draining into the septic tank which then overflow, the draining of which costs the college heavily. Similarly, the ablution facilities are still inadequate. However, plans are underway to expand ablution facilities to enhance hygiene and to accommodate the growing

REPORT OF THE BOARD OF GOVERNORS

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

Principal activities

The principal activities of the entity are and continue to be offering quality vocational and technical training.

Results

The results of the entity for the year ended 30th June 2023 are set out on pages 1 to 31.

BOARD OF GOVERNORS

The members of the Board who served during the year ended ,30th June 2023 are shown on Page Vii to ix,

Auditors

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

By Order of the Board



Kenneth Odera
Board Secretary

Date... 3/10/2023

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and, 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 Seme TVC which give a true and fair view of the state of affairs of Seme TVC at the end of the financial year ended 30 June 2023 and the operating results of Seme TVC for year ended 30 June 2023 Appendix 1: Implementation Status of Auditor-General Recommendations

12.

The Board members are also required to ensure that Seme TVC keeps proper accounting records which disclose with reasonable accuracy the financial position of Seme TVC. The Board members are also responsible for safeguarding the assets of Seme TVC.

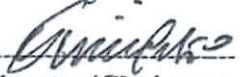
The Board members are responsible for the preparation and presentation of Seme TVC financial statements, which give a true and fair view of the state of affairs of Seme TVC for and as at the end of the financial year ended on June 30th 2023. This responsibility includes: (i) maintaining adequate financial 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 Seme TVC (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for Seme TVC financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act). The council members are of the opinion that TVC financial statements give a true and fair view of the state of Seme TVC transactions during the financial year ended June 30, 2023, and of Seme TVC financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Seme TVC, which have been relied upon in the preparation of Seme TVC financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Seme TVC audited financial statements are hereby approved by the Board on 3/10/2023 2023 and signed on its behalf by:


Director/Chairman
Board of Governors

Date: 3/10/2023


Principal/Chief Accounting Officer
Board of Governors

Date: 3/10/2023

REPUBLIC OF KENYA

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



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON SEME TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023 – STATE DEPARTMENT FOR TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and 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 Seme Technical and Vocational College set out on pages 1 to 31, which comprise of the statement of financial position as at

Report of the Auditor-General on Seme Technical and Vocational College for the year ended 30 June, 2023 – State Department for Technical and Vocational Education and Training

30 June, 2023 and the statement of comprehensive income, statement of changes in net asset, 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 Kepher Franklin and Associates, 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 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 Seme 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 Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Cash and Cash Equivalents Balance

The statement of financial position reflects an amount of Kshs.2,311,007 in respect of cash and cash equivalent and as disclosed in Note 14 to the financial statements which includes cash at bank of Kshs.2,403,125, cash in hand Kshs.488 and a negative Mpesa Paybill balance of Kshs.92,606. However, Management was unable to explain and support the negative Mpesa balance.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.2,311,007 could not be confirmed.

2. Long-Outstanding Receivables from Non-Exchange Transactions

The statement of financial position reflects an amount of Kshs.196,000 in respect of receivables from non-exchange transactions and as disclosed in Note 16 to the financial statements. However, the balance includes staff advances to a staff amounting to Kshs.80,000 which has been outstanding for over two (2) years and remains doubtful in its recoverability.

In the circumstances, the accuracy and recoverability of the staff advances amounting to Kshs.80,000 could not be confirmed.

3. Lack of Ownership Documents

The statement of financial position reflects an amount of Kshs.92,570,459 in respect of property, plant and equipment and as disclosed in Note 18 to the financial statements which includes land valued at an estimated value of Kshs.3,000,000.

Review of the title deed number Kisumu/Kanyadwera/890 show that the title is registered and held in trust by the Principal Secretary Treasury for Awach Kadundo Technical and Vocational College. However, the Management have not shown any effort to regularize and register the title deed under the renamed College name Seme Technical and Vocational College. Further, and as previously reported, available information revealed that in the month of March, 2021 a citizen went to court claiming ownership of part of the land and the case is still pending determination.

In the circumstances, the ownership and value of the land balance of Kshs.3,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Seme 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.55,535,580 and Kshs.39,165,463 respectively, resulting to under-collection of Kshs.16,370,117. Similarly, the College spent Kshs.30,959,193 against an approved budget of Kshs.55,535,580, resulting to under expenditure of Kshs.24,576,387 or 44% of the budget.

The under-funding and under-expenditure affected implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

Review of the annual report and financial statements revealed that there are several issues under report on the financial statements, report on lawfulness and effectiveness in

use of public resources and report on effectiveness of internal controls, risk management and governance that have not been resolved.

Management has not indicated the likely time when the issues will be addressed or the action taken towards their resolutions.

Other Information

Management is responsible for the other information set out on page v to xxiii which comprise of Key Entity Information and Management, The Board of Management, Key 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 Management, Statement of Board of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the College'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, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Failure to Adhere to Ethnicity and Gender Rule

Analysis of staff bio data of the during the year under review revealed that the College had a total of forty-six (46) members of staff who are all from the dominant community in the County. This is contrary to Section B (5) of the PSC HR policies and procedures manual 2016, which provides that; "Recruitment will be undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities".

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Long Outstanding Receivables

The statement of financial position reflect a balance of Kshs.3,840,276 in respect of receivables from exchange transactions and as disclosed in Note15 to the financial statements which includes fee debtors' balance of Kshs.16,750,997, 2020-2021 provision for doubtful debts balance of Kshs.2,852,523 and 2022-2023 deferred income balance of Kshs.10,058,198. However, Management has not provided an approved debt collection policy to facilitate effective collection of fees. Further, aging analysis of fee debtors balance of Kshs.16,750,997 was not provided for audit review. In addition, no supporting evidence was provided for the deferred income of Kshs.10,058,198.

In absence of a debt collection policy, failure to have an aged analysis of debtors and lack of evidence to support the deferred income, Management risk losing control and monitoring of debtors.

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

Responsibilities of the Management and those Charged with Governance

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, Management is responsible for assessing the College'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 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.

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


Auditor-General's Responsibilities for the Audit

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 International Standards for Supreme Audit Institutions (ISSAIs). The standards require 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 ISSAIs 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 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

30 April, 2025

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

14. Statement Of Financial Performance For The Year Ended 30 June 2023

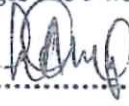
Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenues from non-exchange transactions			
Transfers from the National Government - grants	5	10,041,000	11,992,500
Total Revenues from non-exchange transactions		10,041,000	11,992,500
Revenues from exchange transactions			
Rendering of services - fee from students	6	14,520,558	19,531,037
Other Incomes	7	500,051	111,000
Total Revenue from exchange transactions		15,020,609	19,642,037
Total Revenue		25,061,609	31,634,537
Expenses			
Use of goods and services	8	20,385,116	17,536,321
Employee costs	9	6,750,650	4,869,729
Borad/ council Expenses	10	1,973,605	1,765,336
Depreciation Expense	11	6,361,647	5,435,334
Repairs and maintenance	12	872,838	779,441
Sundry Expenses	13	450,141	109,691
Total expenses		36,793,997	30,495,852
Net surplus for the year		(11,732,388)	1,138,685

(The notes set out on pages 6 to 31 form an integral part of the Annual Financial Statements).


The Financial Statements set out on pages 1 to 5 were signed by:



 Chairman of Council/Board



 Finance Officer



 Principal

Date 3/10/2023

ICPAK No
 ID 10809181
 Date 3/10/2023

Date 3/10/2023

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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

DESCRIPTION	Notes	2022-2023	2021-2022
ASSETS		Kshs	Kshs
Current assets			
Cash and cash equivalents	14	2,311,007	14,377,615
Receivables from exchange transactions	15	3,840,276	3,453,484
Receivables from non-exchange transactions	16	196,000	347,320
Inventory	17	397,280	639,200
Total current asset		6,744,563	18,817,619
Non-current assets			
Property, plant and equipment	18	92,570,459	91,922,026
Total assets		99,315,022	110,739,645
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	307,998	1,158,788
Fee Paid in Advance	20	3,380,607	1,676,314
Refundable deposits from customers/students	21	1,871,618	2,034,390
Total current liabilities		5,560,223	4,869,492
Non-current liabilities			
Non trade payables	22	-	678,990
Total liabilities		5,560,223	5,548,482
Net assets		93,754,799	105,191,163
Accumulated Funds			
Accumulated surplus		11,370,307	18,569,283
Capital fund	23	82,384,492	86,621,880
Total net assets and liabilities		93,754,799	105,191,163

(The notes set out on pages 6 to 31 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 5 were signed by:

.....   

Chairman of Council/Board

Finance Officer

Principal

Date 3/10/2023.

ICPAK No 10809181
Date 3/10/23

Date 03/10/2023

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

16. Statement of Changes in Net Asset for the year ended 30 June 2023

	Note	Accumulated Surplus Kshs	Capital Fund	Accumulated Funds Kshs
As at July1,2021		12,115,634	90,859,268	102,974,902
Surplus/(deficit) for the year		1,138,685		1,138,685
Prior period adjustments		1,077,576		1,077,576
Transfer of depreciation from capital funds to retained earnings		4,237,388	(4,237,388)	-
As at June 30,2022		18,569,283	86,621,880	105,191,163
As at July1,2022		18,569,283	86,621,880	105,191,163
Surplus/(deficit) for the year		(11,732,388)	-	(11,732,388)
Prior period adjustments		296,024	-	296,024
Transfer of depreciation from capital funds to retained earnings		4,237,388	(4,237,388)	-
As at June 30,2023	-	11,370,307	82,384,492	93,754,799

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

17. Statement of Cash Flows for the year ended 30 June 2023

Description	Note	2022-2023	2021-2022
Cash Flow from operating activities		Kshs	Kshs
Receipts			
Transfers from other National Government Entities		10,041,000	15,920,000
Rendering of Services - fee from students		14,520,558	16,785,631
IGA Incomes		500,051	111,000
Refundable deposits		122,865	
Prepaid fee income		1,670,943	
Total Receipts		26,855,417	32,816,631
Payments			
Employee costs		6,750,650	4,931,239
Board/Council Expenses		1,973,605	1,765,336
Repairs and amaintenance		872,838	779,441
Use of Goods and Services		20,385,116	12,460,333
IGA Expenses		450,141	23,424
Restricted funds payments			
Student ID Cards expenses		170,700	700
Student Council Expenses		629,904	434,340
Total Payments		31,232,954	20,394,813
Net cash flow from operating activities	24	(4,377,537)	12,421,818
Cash flow from investing activities			
Purchase of property and equipments		(7,010,081)	(5,238,809)
Payments of accrued furniture and fittings bills		(144,000)	
Payments of accrued property and equipments bills		(534,990)	
Net Cash flow from investing activities		(7,689,071)	(5,238,809)
Net Cash flow from Financing activities		-	-
Net Increase/(decrease) in cash and cash equivalents		(12,066,608)	7,183,009
Cash and cash equivalents at 1 July		14,377,615	7,194,606
Cash and cash equivalents at 30 June		2,311,007	14,377,615

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

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

	Note	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance variance	Utilization Difference	Explanations
Revenue		Kshs			Kshs	Kshs	%	
Transfers from GOK - Grants		23,700,000		23,700,000	10,041,000	13,659,000	58	Grants not received as budgeted
Rendering of services- Fees		26,735,580		26,735,580	14,520,558	12,215,022	46	Pending HELB fundings
Miscellaneous Incomes		100,000		100,000	226,290	(126,290)	- 126	More block sales
Retained Earnings		5,000,000		5,000,000	14,377,615	(9,377,615)	- 188	Higher Opening balance
Total Revenue		55,535,580		55,535,580	39,165,463	16,370,117	29	
Expenses								
Use of goods and services		33,535,940		33,535,940	20,385,116	13,150,824	39	
Employee Costs		7,791,740		7,791,740	6,750,650	1,041,090	13	
Board/Council Expenses		1,797,000		1,797,000	1,973,605	(176,605)	- 10	
Repairs and Maintenance		916,400		916,400	872,838	43,562	5	
Other payments		1,543,500		1,543,500	976,984	566,516	37	Caution moneies not paid
Total Expenditures		45,584,580		45,584,580	30,959,193	14,625,387	32	
Surplus for the period		9,951,000	-	9,951,000	8,206,270	1,744,730		
Capital Expenditure								
Buildings/Workshops construction		5,100,000		5,100,000	7,010,081	(1,910,081)	- 37	
Additional Learning Equipments		4,851,000		4,851,000	678,990	4,172,010	86	
Total Capital Expenditures		9,951,000		9,951,000	7,689,071	2,261,929	23	
Net surplus/deficit		-		-	517,199	(517,199)		

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023 Cont'd
Budget Vs Actual Notes

	Note	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance variance
18a) Other payments Summary		Kshs			Kshs	Kshs
Block Making		-		-	176,380	(176,380)
Caution Money		200,000		200,000	-	200,000
Students ID Funds		200,000		200,000	170,700	29,300
Student Council Funds		1,143,500		1,143,500	629,904	513,596
Total Other payments		1,543,500		1,543,500	976,984	566,516

18b) Buildings and Workshops

Temporary classes		2,000,000	Direct	2,000,000	1,777,515	222,485
F& B Training Workshop		1,300,000	Direct	1,300,000		1,300,000
Store Construction (VDI Workshop)		1,800,000	Direct	1,800,000	1,833,320	(33,320)
Subtotal		5,100,000		5,100,000	3,610,835	1,489,165
18c) Property and Equipments						
Computers and Software		843,500	Computer	843,500	876,000	(32,500)
Water tanks		240,000	EWC	240,000		240,000
Guttering Materials		180,000	EWC	180,000		180,000
Power Factor Correction		250,000	EWC	250,000		250,000
Lawn Mower		100,000	RMI	100,000		100,000
Office Equipments		800,000	SES	800,000	607,796	192,204
Lecture Chairs		1,000,000	SES	1,000,000	200,000	800,000
Other Learning Equipments		1,438,000	SES	1,438,000	1,715,450	(277,450)
Learning Equipments		4,851,500		4,851,500	3,399,246	1,452,254
Total Capital payments		9,951,500		9,951,500	7,010,081	2,941,419

19. Notes to the Financial Statements

1. General Information

Seme TVC is established by and derives its authority and accountability from section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Technical and Vocational Training.

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 relevant accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Seme TVC. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the TVET Act and International Public Sector Accounting Standards (IPSAS).

The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

Relevant new standards and amendments to published standards effective for the year ended 30 June 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.

b) Budget information

The original budget for FY 2022/2023 was approved by the Council or Board on xxx.

The financial statements are prepared on modified accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 on page xx under section xxx of these financial statements.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) Taxes

Seme TVC is not exempt from paying income taxes and has paid applicable taxes in accordance with Kenyan Tax Regulations

d) Property, plant and equipment

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

Non-current assets Depreciation rates

The annual depreciation rates used for Non-current assets are as summarized below

Buildings and workshops	2.5% pa
Property and Equipments	12.5% pa
Furniture and Fittings	12.5% pa
Computers and Accessories	30% pa

e) 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.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

f) 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.

g) Provisions

Provisions are recognized when Seme 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.

h) Changes in accounting policies and estimates

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

i) Foreign currency transactions

There were no foreign currency transactions.

j) Related parties

Seme 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 Seme TVC, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Principal and key management team.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

k) 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.

l) Comparative figures

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

m) 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. Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional grants		
Capitation grant received	10,041,000	11,992,500
Total Government grants and subsidies	10,041,000	11,992,500

b) Transfers from Ministries, Departments and Agencies	2022-2023	2021-2022
	Kshs	Kshs
Ministry of Education SDT	10,041,000	11,992,500
Total	10,041,000	11,992,500

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

6. Rendering of Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition fee	3,215,695	4,929,540
Activity fee	727,096	1,392,600
Industrial attachment	565,818	1,373,000
Registration fee	119,100	192,000
Examination fee	1,812,876	3,222,070
Personnel emoluments	1,885,554	3,031,540
Repairs and maintenance	397,309	679,974
Local transport and Traveling	921,621	1,605,105
Electricity, water & conservancy	644,275	1,184,508
Computer fee	581,538	1,009,500
Medical	303,619	911,200
Insurance	88,254	-
Income from doubtful debts	3,257,803	
Total revenue from the rendering of services	14,520,558	19,531,037

7. Miscellaneous Income

Other Incomes	2022-2023	2021-2022
	Kshs	Kshs
Student Upkeep incomes	126,000	
Sundry incomes	2,460	
Sales of building blocks	371,591	111,000
Total Sundry Incomes	500,051	111,000

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

8. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	1,826,070	1,232,139
Industrial attachment	896,185	292,146
Medical expenses	10,825	140,990
Sports and Games Activities	1,975,240	1,131,130
Research and Innovation	55,730	202,507
Electricity	603,816	373,605
Security	432,000	432,000
Consultancy services	250,000	40,000
Advertising and marketing of courses	524,720	284,899
Provision for FYE 2021 doubtful debts		3,008,416
Provision for FYE 2022 doubtful debts		3,101,910
KNEC Examination fee	5,560,893	2,491,980
KATTI Conferences and Trainings	487,400	552,070
Travel and Daily Subsistence allowances	4,036,795	2,427,580
Local travel and meals	68,385	
Postages	16,275	13,495
Bank charges	13,795	12,921
Printing and stationery	1,168,300	627,935
Telephone expenses	202,500	139,650
Internet expenses	67,988	165,136
Training expenses	641,628	150,948
Administrative expenses	130,171	159,564
Social Contribution	142,800	-
Clubs and Societies	345,375	-
Staff Tea and meals	928,225	555,300
Total goods and services	20,385,116	17,536,321

8a) KNEC Examination Expenses Analysis

Description	2022-2023	2021-2022
	Kshs	Kshs
KNEC Exam Registration	3,918,760	
KNEC Exam Coordination	721,433	
KNEC Exam Practicals	920,700	
Total Examination Expenses	5,560,893	-

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

9. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	6,383,270	4,652,396
Employer NSSF contributions	367,380	217,333
Total employee costs	6,750,650	4,869,729

10. Board/Council Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Allowances	1,625,718	1,363,200
BOG Meeting Expenses	347,887	402,136
Total BOG Expenses	1,973,605	1,765,336

11. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Buildings	1,972,183	1,937,500
Property and Equipments	2,293,401	2,034,391
Computers and Accessories	653,117	1,012,074
Furniture and Fittings	1,442,946	451,369
Total depreciation/Amortization	6,361,647	5,435,334

12. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Pemises and Buildings	473,020	215,214
Property and Equipments	399,818	107,779
Computers and Accessories		41,100
Furniture and Fittings		415,348
Total repairs and maintenance	872,838	779,441

13. Sundry Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Block making expenses	450,141	109,691
	450,141	109,691

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

14. Cash and Cash Equivalents

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash at bank	30(a)	2,403,125	13,201,179
Cash Imprest	30(b)	0	56,359
Cash in hand		488	74,970
MPESA Paybill		(92,606)	1,045,107
Total Cash and cash equivalents		2,311,007	14,377,615

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

Description	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1262078237	2,403,125	13,201,179
b) Others			
Cash in Hand		488	74,970
Mobile Money account		(92,606)	1,045,107
Activity Cash Imprests		0	56,359
Grand Total		2,311,007	14,377,615

14(b). Activity Cash Imprests

Description	2022-2023	2021-2022
	Kshs	Kshs
Sentry Box WIP		28,350
Block Making IGA		28,009
Total Cash Imprests	-	56,359

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

15. Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Fee Debtors Balances	16,750,997	9,563,810
Provision for FYE 2021 doubtful debts	(2,852,523)	(3,008,416)
Provision for FYE 2022 doubtful debts	-	(3,101,910)
FYE 2022-2023 deferred incomes	(10,058,198)	
Total Fee Debtors	3,840,276	3,453,484

16. Receivables from Non-Exchange transactions

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Staff Salary Advances	32(a)	96,000	120,000
Staff Travel Advances	32(b)	-	127,320
PMC WIP Advances	32©	100,000	100,000
Total Current Receivables		196,000	347,320

16 (a) Staff Salary Advances

Description	2022-2023	2021-2022
	Kshs	Kshs
Geoffrey Omondi Advance	80,000	80,000
BOG Staff Salary advances	16,000	40,000
Total Salary advances	96,000	120,000

16b) Staff Travel Advances

Description	2022-2023	2021-2022
	Kshs	Kshs
Martin Otieno imprest advance	-	6,900
Merceline Otieno imprest advances	-	35,000
John Arumba imprest advances	-	40,000
Michael Ajwala imprest advances	-	16,320
Moses Ochung' Imprest advances	-	29,100
Total Travel advances	-	127,320

Seme Technical and Vocational College
 Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

16 (c) PMC Advances

Description	2022-2023	2021-2022
	Kshs	Kshs
PMC advances receivables	100,000	100,000
Total current Non Trade receivables	100,000	100,000

17. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Electrical Engineering Store	137,160	303,170
Building and Civil Engineering Stores	82,040	123,050
Garment Making Store	12,340	20,160
Hair Dressing and Beauty Therapy Store	45,680	84,400
Stationery and General Store	120,060	108,420
Total current receivables	397,280	639,200

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

18. Property, Plant and Equipment

Description	Land	Buildings & Workshops	Computers & Accessories	Property and Equipments	Furniture & Fittings	Total Assets
Cost/Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 01.07.2022	3,000,000	77,750,835	3,665,121	16,997,405	4,846,130	106,259,491
Additions	-	-	-	917,550	39,950	957,500
Sentry Box		78,300				78,300
At end of Quarter 1	3,000,000	77,829,135	3,665,121	17,914,955	4,886,080	107,295,291
Additions	-	-	250,000	417,800	149,795	817,595
Sentry Box		355,610				355,610
Engineering Work Shed		880,706				880,706
At end of Quarter 2	3,000,000	79,065,451	3,915,121	18,332,755	5,035,875	109,349,202
Additions	-	-	609,500	95,500	288,006	993,006
Sentry Box		60,920				60,920
VDI Project			759,980			759,980
At end of Quarter 3	3,000,000	79,126,371	5,284,601	18,428,255	5,323,881	111,163,108
Additions	-	-	16,500	284,600	330,045	631,145
Sentry Box		103,150				103,150
Engineering Work Shed		298,829				298,829
VDI Project			1,073,340			1,073,340
At end of Quarter 4	3,000,000	79,528,350	6,374,441	18,712,855	5,653,926	113,269,572
DEPRECIATION						-
As at 01.07.2022	-	5,812,500	1,951,976	5,635,063	937,926	14,337,465
Charge for Quarter 1	-	486,432	274,884	559,842	152,690	1,473,849
At end of Quarter 1	-	6,298,932	2,226,860	6,194,905	1,090,616	15,811,314
Charge for Quarter 2	-	494,159	293,634	572,899	157,371	1,518,063
At end of Quarter 2	-	6,793,091	2,520,494	6,767,804	1,247,987	17,329,376
Charge for Quarter 3	-	494,540	396,345	575,883	166,371	1,633,139
At end of Quarter 3	-	7,287,631	2,916,839	7,343,687	1,414,358	18,962,515
Charge for Quarter 4	-	497,052	478,083	584,777	176,685	1,736,597
At end of Quarter 4	-	7,784,683	3,394,922	7,928,464	1,591,044	20,699,113
Net Book Values						
As at 30 June 2022	3,000,000	71,938,335	1,713,145	11,362,342	3,908,204	91,922,026
At end of Quarter 1	3,000,000	71,530,203	1,438,261	11,720,050	3,795,464	91,483,977
At end of Quarter 2	3,000,000	72,272,360	1,394,627	11,564,951	3,787,888	92,019,826
At end of Quarter 3	3,000,000	71,838,740	2,367,762	11,084,568	3,909,523	92,200,593
At end of Quarter 4	3,000,000	71,743,667	2,979,519	10,784,391	4,062,882	92,570,459
Depreciation rates	0%	2.50%	30%	12.5%	12.5%	

Notes to the Financial Statements (Continued)

19. Trade and Other payables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	108,300	650,304
Other payables	14,720	53,729
PAYE Withholding Tax Payables	102,858	
PAYE Payables	3,460	1,230
NHIF Payable	15,000	11,100
NSSF Payable	63,660	48,190
Wages Payable	-	394,235
Total trade and other payables	307,998	1,158,788

Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	307,998	100%	1,158,788	100%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (to tie to totals above)	307,998	100%	1,158,788	100%

20. Payments received in advance.

Description	2022-2023		2021-2022	
	Kshs		Kshs	
FYE 2022-2023 fee received in advance	1,670,943			
Prior Years Fee received in advance	1,709,664		1,676,314	
Total fee received in advance	3,380,607		1,676,314	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	1,670,943	47 %	1,676,314	100 %
1-2 years	1,709,664	51 %		%
2-3 years		%		%
Over 3 years		%		%
Total	3,380,607	%	1,676,314	%

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

21. Refundable Deposits from Customers/Students

Description	2022-2023	2021-2022
	Kshs	Kshs
Students ID Cards funds	406,890	496,870
Student Council Funds	878,808	1,031,520
Caution money	585,920	506,000
Total deferred liabilities	1,871,618	2,034,390

Ageing analysis:	2022-2022	% of the Total	2021-2022	% of the Total
Under one year	1,365,618	73 %	2,034,390	100%
1-2 years	506,000	27 %	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (to tie to totals above)	1,871,618	100 %	2,034,390	100 %

22. Non Trade payables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Property and Equipments		144,000
Furniture and Fittings		534,990
Total Non-trade and other payables	-	678,990

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

23. Capital Funds.

Description	Land	Buildings & Structures	Furniture & Fittings	Property & Equipments	Computers & Accessories	Total Capital Assets
Valuation	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2019	3,000,000	77,500,000	1,294,700	14,216,400	1,205,000	97,216,100
Depreciation transfers	-	1,453,125	121,378	1,332,788	271,125	3,178,416
At 30 June 2020	3,000,000	76,046,875	1,173,322	12,883,612	933,875	94,037,684
Depreciation transfers	-	1,453,125	121,378	1,332,788	271,125	3,178,416
At 30 June 2021	3,000,000	74,593,750	1,051,944	11,550,824	662,750	90,859,268
Depreciation transfers	-	1,937,500	161,838	1,777,050	361,000	4,237,388
At 30 June 2022	3,000,000	72,656,250	890,106	9,773,774	301,750	86,621,880
Depreciation transfers	-	1,937,500	161,838	1,777,050	361,000	4,237,388
At 30 June 2023	3,000,000	70,718,750	728,268	7,996,724	(59,250)	82,384,492

24. Cash generated from operations.

	2022-2023	2021-2022
Cash flow from operating activities	Kshs	Kshs
Surplus for the year before tax	(11,732,388)	1,138,685
Adjustments for		
Depreciation	6,361,647	5,435,334
Prior period adjustments	296,024	1,077,576
Adjusted surplus before tax	(5,074,717)	7,651,595
Working capital adjustments		
Increase in receivables from exchange transactions	(386,792)	1,190,830
Increase in receivables from Non exchange transactions	-	3,927,500
Increase in staff travel advances	127,320	
Decrease in staff salary advances	24,000	
Increase in inventory	241,920	(639,200)
Increase in trade payables	(850,790)	(848,367)
Increase in refundable deposits	(162,772)	1,139,460
Increase in prepaid fee	1,704,293	
Net cash flow from operating activities	(4,377,538)	12,421,818

Notes to the Financial Statements (Continued)

Financial Risk Management Cont;d

25. Financial Risk Management

The college's activities expose it to a variety of financial risks including credit and liquidity risks. The College has no clear overall risk management policies focusing on unpredictability of changes in the business environment and fee payment challenges by students.

The Board plans to put policies in place to minimise the potential adverse effect of financial risks on the college's performance by setting acceptable levels of risks and ensure that credit is only extended to students whose credit history has been reasonably established.

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

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

(i) Credit risk

The college has serious exposure to credit risk, which is the risk that a student will not be unable to pay amounts in full when due without HELB intervention. 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.

Description	Total amount	Fully performing	Past due	Impaired
At 30 June 2022	Kshs	Kshs	Kshs	Kshs
Receivables from Exchange transactions				
Fee Debtors Balances	9,563,810	3,453,484	3,101,910	3,008,416
Provision for FYE 2021 doubtful debts	(3,008,416)			(3,008,416)
Provision for FYE 2022 doubtful debts	(3,101,910)		(3,101,910)	
Total Receivables from Exchange transactions	3,453,484	3,453,484	-	-
Receivables from non-exchange transactions				
Staff Travel Advances	127,320		127,320	-
BOG Staff salary advances	40,000	40,000		
PSC Staff salary advances	80,000			80,000
PMC Activity advances	100,000			100,000
Total Receivables from Non Exchange transactions	347,320	40,000	127,320	180,000
At 30 June 2023				
Receivables from Exchange transactions				
Fee Debtors Balances	16,750,997	3,840,276	10,058,198	2,852,523
Provision for FYE 2021 doubtful debts	(2,852,523)			(2,852,523)
Provision for FYE 2023 doubtful debts			(10,058,198)	
FYE 2022-2023 deferred incomes	(10,058,198)			
Total Receivables from Exchange Transactions	3,840,276	3,840,276	-	-
Receivables from non-exchange transactions				
BOG Staff salary advances	16,000	16,000		
PSC Staff salary advances	80,000			80,000
PMC Activity advances	100,000			100,000
Total Receivables from Non Exchange Transactions	196,000	16,000	-	180,000

Very few students are falling under the fully performing category capable of smoothly paying their debts as they continue learning. The credit risk associated with most receivables is high and the uncollectible invoiced amounts that the college has not received in the current financial year is substantial and are potentially irrecoverable

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)
Financial Risk Management Cont;d

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the college's Board, who are tasked with the duty of putting in place appropriate liquidity risk management framework for the management of the college's short, medium and long-term funding and liquidity management requirements when they fall due.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables		650,304		650,304
Other payables		53,729		53,729
PAYE Payables		11,100		1,230
NHIF Payable		48,190		11,100
NSSF Payable				48,190
Wages Payable	394,235			394,235
Fee Pain Advance			1,676,314	1,676,314
Refundable Deposits			2,034,390	2,034,390
Total	394,235	763,323	3,710,704	4,869,492
At 30 June 2023				
Trade payables	108,300			108,300
Other payables		14,720		14,720
PAYE Withholding Tax Payables	102,858			102,858
PAYE Payables	3,460			3,460
NHIF Payable		15,000		15,000
NSSF Payable		63,660		63,660
Payments Received in Advance		1,670,943	1,709,664	3,380,607
Students ID Cards funds			407,390	407,390
Student Council Funds			878,808	878,808
Caution money		79,420	506,000	585,420
Total	214,618	1,843,743	3,501,862	5,560,223

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)
Financial risk management (continued)

(iii) Market risk

Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while ensuring that vulnerable and needy students are not denied opportunity to acquire technical and vocational skills.

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

The college's Audit and Risk Management Committee in liaison with the Key management team, are in the process of **developing detailed risk management policies** for the day-to-day implementation by Finance Department.

iv) Capital Risk Management

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve		
Accumulated Surplus	11,370,307	18,569,283
Capital Fund	82,384,492	86,821,880
Total Funds	93,754,799	105,191,163
Total Borrowings	0	0
Less: Cash and Bank Balances	(2,311,007)	(14,377,615)
Net Debt/(Excess Cash and Cash Equivalents)	(2,311,007)	(14,377,615)
Gearing	0%	0%

The college has no capital risk as it is wholly owned by the Government hence has not borrowed funds as at 30th June 2023

Notes to the Financial Statements (Continued)

26. Related Party Balances

There were no related party transactions

27. Events After The Reporting Period

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

28. Ultimate And Holding Entity

Seme TVC is a Government Technical and Vocational College under the Ministry of Education. Its ultimate parent is the Government of Kenya.

29. Currency

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

	Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1	Accuracy of the Financial Statements	<p>Various differences were noted between the financial statements of financial performance and the statement of cash flows for the year as shown below</p> <ul style="list-style-type: none"> • Rendering of services • Compensation of employees • Use of goods and services • Repairs and maintenance • Other payments • Purchase of fixed assets 	<p>The differences are caused by Statement of cash flow being prepared on cash accounting basis while Statement of Financial Performance and Statement of Financial Position are prepared on accrual basis.</p> <p>The figures are now the same in the FYE 2022-2023 Report</p>	Resolved	
2	Use of Goods and Services	<p>The statement of financial performance and as disclosed in Note 8 to the financial statements, reflects use of goods and services of Kshs 17,536,321 which includes teaching and learning materials of Kshs 1,131,130 during the year under review.</p> <p>However, teaching and learning materials were not supported by stores ledgers during receipts and issuance to various departments.</p>	<p>The management will ensure that in future, Stores Ledger will be prepared showing receipts and issuance to various departments</p> <p>Stores Ledger now prepared showing receipts and issuance of Stock items</p>	Resolved	

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

Appendix 1: Implementation Status of Auditor-General Recommendations Cont'd

	Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
3.	Current Portion of Receivables from Exchange Transactions	There was no debt management policy.	Debt Management Policy to be put in place by the Board of Governors	Not Resolved	Oct 2023
	Current Portion of Receivables from Exchange Transactions	The statement of financial position and as disclosed in Note 16 to the financial statements, reflects receivables from exchange transactions balance of Kshs.3,453,484 which includes student debtors, PMC advances, SC advances, travel imprest advances and BOG staff advances balances of KShs 2,129,868(net of bad debts and provision for bad debts of Kshs 2,405,516 and KShs 3,185,256), Kshs 100,000, KShs 80,000, Kshs 127,320 and KShs 40,000 respectively during the year under review.	BOG Advances have been fully recovered	Resolved	
	Long outstanding BOG Advances	BOG staff advances had been outstanding for long period and they had not been recovered during the year under review.	Outstanding BOG Staff advances of Kshs 40,000 recovered in the next financial year	Resolved	
	Long outstanding PMC Advances	PMC a advances had been outstanding for long period and they had not been recovered during the year under review.	The process of obtaining refunds for PMC advances of Kshs 100,000 are in progress	Not Resolved	November 2023
	Long outstanding SC Advances	SC a advances had been outstanding for long period and they had not been recovered during the year under review	The process of obtaining refunds for SC advances of Kshs 80,000 are in progress	Not Resolved	November 2023

Seme Technical and Vocational College
 Annual Report and Financial Statements for the year ended 30th June 2023

3	Provision for bad and doubtful debts	Included in the student debtors balance of Kshs3,453,484 is bad debts written off of Kshs 3,008,416 for FYE 2021 and Kshs 3,101,910 which was not approved by Board and National Treasury	The management has undertaken a comprehensive review of doubtful debts and provisions for doubtful debts made and approved by the Board of Management given the uncertainty in Capitation and HELB funding. The debts have not been written off hence no need for Treasury approval as at 30 th June 2022	Resolved	
4	Inventories	The statement of financial position and as disclosed in Note 17 to the financial statements, reflects inventories balance of Kshs 639,200. However, it was noted that the college maintained departmental stores without stores ledgers recording receipts and issuance of various stores items	The management will ensure that in future, Stores Ledger will be prepared showing receipts and issuance to various departments	Resolved	
	Disputed Ownership of Land	The statement of financial position and as disclosed in Note 18 to the financial statements, reflects property, plant and equipment balance of Kshs.91,922,026. However, and as previously reported, available information revealed that in the month of March, 2021 a citizen went to court claiming ownership of part of the land and the case is still pending determination.	The College has a title deed vesting the land parcel in the name of a State organ. The management will follow up with the State Counsel handling the matter on progress	Not Resolved	Feb 2024

Seme Technical and Vocational College
Annual Report and Financial Statements for the year ended 30th June 2023

	Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	Non Confirmation of Fixed Assets	The statement of financial position and as disclosed in Note19 to the financial statements, reflects property, plant and equipment balance of Kshs.91,922,026. However fixed assets count and confirmation was not done at the end of the year. Further, various assets were not tagged during the year under review. This is contrary to the Regulation 139(b) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that the Accounting Officer shall ensure that proper control systems exist for assets and that movements and conditions of assets can be tracked.	The management shall ensure that proper control system is put in place for assets and that movement and conditions of assets can be tracked on a regular basis, preferably on a Quarterly basis	Resolved	
	Lack of Segregation of Duties in Cash Management	Review of records revealed that the duties of handling cash, maintaining cashbooks, preparation and checking bank reconciliation statements were being handled by one person.	The duties of handling cash, maintaining cashbooks, preparation and checking of bank reconciliation statements are no longer being handled by one person. An additional staff was engaged during the year ended 30 th June 2022 and, when needs arise technical assistance are sourced on a need basis	Resolved	

Seme Technical and Vocational College
 Annual Report and Financial Statements for the year ended 30th June 2023

	Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	Lack of Segregation of Duties in Stores Management	Similarly, one officer performed all the procurement processes in addition to receiving, issuing and recording of all store's transactions.	Management relied on Departmental stores given the small number of transactions. The management has now stopped the practice to improve internal controls. Management has initiated the process engage a stores officer to ensure that there is segregation of duties so that procurement processes are handled by Procurement officer while stores duties are handled by Stores officer and storekeepers	Resolved	



.....
 Name Keneth Odera
 Accounting Officer
 Principal Seme TVC
 Date 03/10/2023