REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
DATE: 05 JUL 2023 DAY. Wednesday
TABLED BY: Hon. Kimani Ichungwah (Majority Party leader)
CLERK AT THE TABLE: Modo

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THE AUDITOR-GENERAL

ON

IKUTHA TECHNICAL AND VOCATIONAL COLLEGE

FOR THE YEAR ENDED 30 JUNE, 2022

OFFICE OF THE AUDITOR GENERAL
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IKUTHA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2022

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I. Key Entity Information and Management

(a) Background information

The institution was established under the TVET Act (2013) in 2020. The entity is domiciled in Kenya and has no branches. The institute is under the Ministry of Education, State Department of Technical and Vocational Training, Department of Technical Education.

Ikutha Technical and Vocational College is situated along Kibwezi - Kitui road, 5KM from Ikutha Town. The College sits on a 10-acre piece of land and is in a predominantly semi-arid region. The college was established by the Government of Kenya and the collaboration of NG-CDF Kitui South constituency in 2020.

The College has four (4) academic departments, namely Electrical, Electronics, Mechanical Engineering and Business Studies departments. The college offers a variety of courses to K.C.P.E and K.C.S.E graduates at Artisan, Craft, and Diploma levels. The courses offered are examined by KNEC, NITA and CDACC. Currently, the Institute has 7 PSC and 13 BOG trainers/interns with student population of 120 students, who are all commuters.

The institution is run on day-to-day basis by a Principal who is appointed by the CS, Ministry of Education under the State department Vocational and Technical Training. The College is managed by a Board of Governors (BOG), appointed by the Cabinet Secretary, Ministry of Education as stipulated by the TVET Act (January, 2013). Responsibilities of the Board of Governors include recruitment of support staff, overseeing financial management, upholding of staff and student discipline, maintenance of infrastructure & other assets, and sourcing for finances.

(b) Principal Activities

The principal activity of the College is to offer training, innovation and research in business and technical skills.

Vision

To be a leading college offering career focused training that equips graduates to visualize and achieve excellence award in the dynamic global community

Mission

To offer transformative training for the production of competent, committed and competitive graduates to the market

Core Values

1. Professionalism
2. Integrity
3. Teamwork.
4. Accountability
5. Innovativeness
6. Equity

Core Objectives

- To upgrade on infrastructure and facilities,
- To acquire and use modern ICT in training and service delivery.
- To promote linkages with other colleges and industries.
- To promote Training, Research and Development.
- To improve Marketing of the Institute and its programs
- To enhance human resource development
- To enhance funds mobilization to strengthen the financial capacity of the Institution.

(c) Key Management

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

1. The Principal
2. Deputy Principal
3. Ag. Registrar
4. Ag. Deans of Students
5. Accountant
6. Heads of Departments

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Eric Muendo Kilonzo
2.	Deputy Principal	Dickson Giconi Kivindu
3	Registrar	Nelson Sirhero Kimungui
4	Dean of Students	Joseph Kimani Mungai
5	Accountant	Tracy Nduku Musango

(e) Fiduciary Oversight Arrangements

1. Finance Committee of the BOG

The Committee shall exercise all the powers of Board of Governors in financial matters except in relation to the items which are reserved to Board of Governors in these Standing Orders, on which the Committee shall advise Board of Governors.

Terms of Reference

The role of the Committee shall be to monitor the financial status of the college on behalf of Board of Governors. In addition to advising Board of Governors on those matters referred to above, the Committee's responsibilities shall include:

a. To monitor and facilitate the implementation of the College's strategy with regard to financial matters.
b. To receive reports from the Principal and the Accountant
c. To determine the fees and charges made for College services and facilities.
d. To supervise the financial administration of the College and make recommendations to Board of Governors where appropriate.
e. To supervise the arrangements for safeguarding the college's assets.
f. To ensure the proper financial evaluation and control of projects.
g. To supervise the arrangements for investing the College's funds, including monitoring the performance of investments.
h. To ensure the appropriate exploitation of the College's intellectual property.
i. To make recommendations to Board of Governors on the financing of projects
j. To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
k. To supervise the College's purchasing procedures and practices.
l. To submit an annual statement on its activities to Board of Governors.
m. To keep under review the activities of the College's various departments.

2. Human Resource and Academic Committee Activities

The HR & Academic committee of the Board is entrusted with the following roles and functions:

i) To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings there on to the Board
ii) To propose regulation for consideration by the Board regarding the eligibility of persons for admission to a course of study,
iii) To propose regulations for consideration by the Board regarding the standard of proficiency to be gained in each examination for a Diploma, certificate or other award.
iv) To approve programs of study, regulate admission of persons to Ikutha TVC and determine their continuation or discontinuation in such programs.
v) To determine the Academic policy of Ikutha TVC and to advise the Board on the provision of facilities to carry out that policy,

vi) To direct and regulate the training and instruction within the College subject to the powers of the Board
vii) To formulate HR policies.
viii) To recommend disciplinary action against staff.

3. Senior Management Committee Activities

The main purpose of the Senior Management Team is to:

1) Ensure that Ikutha TVC's Board of Governors is able to take strategic decisions relating to Ikutha TVC's activities
2) Provide leadership in communicating Ikutha TVC's mission, values, plans and achievements effectively and consistently to Board of Governors Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
3) Be accountable for the development and implementation of Ikutha TVC strategic, corporate and business plans in line with the mission and values (strategic plan formulation in progress)
4) Take a strategic overview of performance in all areas of Ikutha TVC's activities, specifically the Senior Management Team
5) Makes recommendations to the board on the implementation and achievement of the Board of Governors' Strategic Framework;
6) Agrees to Ikutha TVC's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
7) In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
8) Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of Ikutha TVC, making recommendations as appropriate to the Board of Governors and or its relevant Committees
9) Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register
10) Oversees and monitors Ikutha TVC's joint work with the other stakeholders
11) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board of Governors and or its relevant Committee
12) Leads all senior managers in motivating and developing Ikutha TVC staff to deliver the highest standards of performance and customer service.

4. Risk and Audit Committee Activities

i. Governance Initiatives: Review and provide oversight on governance initiatives established by the BOG and maintained by the organization.

ii. Risk Management: Review and provide oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management, and risk reporting practices.

iii. Internal Control Framework: Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.

iv. Audit Activity: Approve and periodically review the organizational audit policy. Review and approve an internal audit plan. The audit plan should be risk-based and supported by appropriate risk assessments.

v. Follow up on Management Action Plans: The audit committee shall review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.

vi. Financial Statements and Public Accountability Reporting: The audit committee shall review and provide advice to the BOG on the key financial management and performance reports and disclosures issued to the public.

Key Entity Information and Management (Continued)

(f) Entity Headquarters

P.O. Box 14 - 90207
Ikutha.
Along Kibwezi – Kitui Road,
Kenya.

(g) Entity Contacts

Telephone: +(254) 798002148

E-mail: ikuthatvc@gmail.com

Website: ikuthatvc.ac.ke

(h) Entity Bankers

Kenya Commercial Bank
Wote Branch,
P.O Box 265-90300
Makueni.

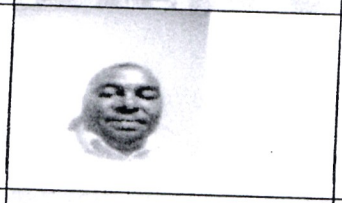
(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. The Board of Governors

Name	Title	Photograph	Date of Birth, Key Qualifications and Work Experience	
			Responsibility	Date of Birth & Qualifications, Experience
1. Mr. Francis K. Muthoka	Chairman		Overall Management of the Board Activities.	**Date of Birth** -1958 **Key Qualifications** Holds a Masters in Business Administration. **Work experience- 26 years** Christian Reformed Relief Committee & Ambassadors Development Agency(ADA)
2. Jossineter Ndunge Syengo	Member		Chairperson of the Finance and resource mobilization committee	**Date of Birth** -1980 **Key Qualifications** Holds a master of Business Administration. **Work experience – 18 Years** KRA
3.Joseph Makau	Member		Chairperson of the Academic and Human resources committee	**Date of Birth** –1959 **Key Qualifications** Bachelor of Education (Arts) **Work experience – 40 Years** CSO 7 Years Principal11 years Teacher 9 years
4. Saidi Bakari	Member			**Date of Birth** – 1972 **Key Qualifications** Bachelor of Agri-business Management **Work experience –13 Years** Hydery (P) Kenya Ltd
5. Mbavu Sayo	Member		Member of the Finance and resource mobilization commitee	**Date of Birth** – 1972 **Key Qualifications** Masters of Science , Civil Engineering **Work experience -20 YEARS** Runji & Partners 8 years KRRA 12 years

6. Prof. Anne Syomwene	Member		Chairperson of the audit and risk committee	**Date of Birth** – 1973 **Key Qualifications** PhD in Curriculum Development **Work experience -25years** Associate prof. in curriculum studies 2 years Lecturer 10 years Teachers 13 years
7. William Gateri	Member		Member of the audit and risk committee	**Date of Birth** – 1988 **Key Qualifications** Bachelor of Science in Information Technology **Work experience – 6 years** Asst. Head-Infrastructure (Reeforge)
8. John Wamae	PS Representative		Member of the academic and human resources committee	**State Department for Technical Vocational training**
9. Eric Muendo Kilonzo	Principal/ SecretaryB.O.G		In Charge of the overall management of the Institute	**Date of Birth** -1970 **Qualifications** Masters of Business Administration **Work experience -25 years** Principal 1 years Deputy Principal ,2 years Dean 7 years , HOD 10 years Trainer 5 years

III. Management Team

Manager	Title	Photograph	Qualifications & Responsibility	
			Responsibility	Date of Birth & Qualifications

1. Eric Muendo Kilonzo	Principal /Secretary B.O.G		Overall in Charge of Institute Affairs	**Date of Birth** - 1970 **Qualifications** Masters of Business Administration **Work experience -25 years** Principal 1 years Deputy Principal ,2 yearsDean 7 years , HOD 10 years Trainer 5 years
2. Dickson Giconi Kivindu	Ag. Deputy Principal		Administration and curriculum implementation	**Date of Birth** – 1985 **Qualifications** Master of energy, Bsc Manufacturing & Technology **Work experience** Content writer and editor 8 years Trainer 2 years
3. Nelson Sirhero Kimungui	Ag. Registrar		Admission of students and examinations	**Date of Birth** - 1992 **Qualifications** Bsc. Computer science, PGDE **Work experience 6 years** Ag. Registrar 9 months Trainer 3 years System administrator 2 years
4. Joseph Mungai Kimani	Ag. Dean ofStudents		In charge of Students Welfare.	**Date of Birth** -1990 **Qualifications** Bsc. Automotive engineering **Work experience** Dean of students 9 monthsTrainer 9 months

IV. Chairman's Statement

The office of the Chairperson of the Board of Governors of Ikutha Technical and Vocational College (ITVC) has been active during the year under review in managing the affairs of the College. The Board was inaugurated on 19/2/2021 and has been in office in the financial year. We reckon the existing challenges including the issues of inadequate learning facilities, lack of water, few trainers and training resources. Despite all this, the College was able to continue admitting students this year and training went on well. However, the enrolment is low due to lack of hostels among other challenges.

As a board, we have encouraged a change in the mindset of our people as we leveraged on the leaders to sensitize and educate our people to embrace the concept of technical and vocational training for our youth. The board has been and is committed to ensuring that the changing world around is sensitive to the needs of the future of our young men and women. We shall collaborate with a number of agencies in the public and private sector in our effort to grow the College. Particularly we have collaborated with the Kitui South Constituency NG-CDF on various academic and economic ventures. Our desire to achieve and deliver on our mandate has seen our drive in reaching out to each and every other partner willing to work with us.

Our mandate is to grow the student population through a number of strategies including effective outreach programs geared to popularize the College from within and around the County. During the year under review, the management has carried out an aggressive popularity campaign in Ikutha Sub-County and its environs.

Besides, we endeavour to continually put in place governance systems to ensure that we not only comply with the PFM Act of 2012 but also engage in prudent leadership practices that creates value for the College. Ikutha TVC has remained a good corporate citizen that meets its obligations for its staff and students as well as the national obligations.

The college registered remarkable development which is commensurate to its resources within one year since its inception. During the period under review, the college was able to realize its mandate with financial support of the Ministry of Education, State Department of Vocational and Technical Training in form of grants and student capitation. As a result, the College has now been able to steer its progress through linkages, collaboration and partnerships. We continue to register an overall improvement in our performance due to enhanced resources, physical facilities and infrastructure.

I wish on behalf of the Board of Governors to thank the State Department of Vocational and Technical Training, Ministry of Education, the CDF Kitui South Constituency and all other development partners for the support they continue to accord the College without which our achievements would not have been realized. Finally, I wish to appreciate the Board members and the management team for their efforts in supporting the realization of the College's mandate.

..... 24/05/2023

Francis K. Muthoka
Chairman, Board of Governors

V. Report of the Principal

Pursuant to Section 83 of the Public Finance Management Act, 2012, I take this opportunity to present the College's first annual report and financial statements for the financial year ended 30 June 2022. The report focuses on the Institute's Strategic intent as enshrined in the TVET Act 2013 which includes: Improvement of physical facilities and infrastructure, curriculum development, and advancement of TVET programs by promoting research & innovation, partnership/ linkages and environmental management. Further, the College envisages strengthening its financial base through promotion of good governance and effective management.

The above strategic issues are part of broad initiatives undertaken by the institute's planning system in order to impart relevance to current the national TVET reforms. This defines the College's mandate aimed at enhancing quality, competitiveness, creativity and innovativeness in TVET sector. The report is premised on involvement on account of analysis of goals, strategic issues, strategic objectives and activities that the Ikutha TVC envisaged to pursue in the 2021/2022 Financial year. The mandate of the BOG among other things is to provide apex management towards achieving the institute mandate as per the TVET Act 2013.

In order to develop a College with excellence in teaching, training, entrepreneurship, research, consultancy, community service, among other educational services and products, Ikutha TVC envisages investing in all forms of curriculum development with emphasis on technology. The top management has embraced change by sensitizing the local populace to embrace the concept of technical and vocational training, particularly the youth. During the year under review, we commit to continue to collaborate with a number of agencies both public and private sector in our effort to grow the College. Our desire to achieve and deliver on our mandate has seen our drive in reaching out to each and every other development partner desiring to work with us.

During the year under review, there were serious challenges of resources since the institution missed the third and fourth quarter grant, fourth quarter capitation and HELB disbursement was not done due to financing challenges. The college has not been equipped with 1CT` equipment by GOK since its inception. This prompted the management to spend some funds towards the purchase of computers.

Challenges

The College emphasizes on the need for adequate staffing for the effective education in all departments. Most of the departments do not have sufficient staff to handle the trainees. Shortage of trainers is therefore one of the challenges facing the College. In order to alleviate the shortage, the College has been hiring BOG staff to teach the trainees, whose remuneration originates from the institution resources. During the 2021/2022 financial year, the Institute maintained 13 trainers under BOG contract but the number is likely to increase due to our increased programs.

Continuous dynamics in the ICT sector is inevitable where both upgrade and updates of website are a priority. The college has no MIS for efficient provision of her services, but due to minimal resources MIS in all our departments remains a dream to be actualized at unknown later date.

Lack of training equipment has been a serious challenge where the college cannot roll out new technical programs.

Water has been a challenge since there is no water source. Plans to harvest more rain water during the year under review were in place, but due to shortage of resources, they were not actualized.

The college is now connected to power. KPLC informed us through one of their staff that we have an outstanding payment of Ksh. 100,000. The invoice has not been received yet.

.....

Eric Muendo Kilonzo

Principal / Secretary BOG

VI. 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. Ikutha Technical and Vocational College has Seven (7) strategic pillars /issues/ themes and objectives within current Strategic Plan for the Financial Year 2021/2022.

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

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar / Theme /1.	- Physical infrastructure, facilities and environment	- To develop/improve infrastructure, facilities and environment.	-Automotive and electrical workshops constructed. -2 computer labs constructed. -play field leveled -burglar proof doors installed. -CCTV cameras installed. -staff latrine constructed.- -bore hole drilled.- -generator house constructed -	- constructing electrical and automotive workshops. -co computer labs- -levelling the play field. -installing burglar proof doors. -installing CCTV cameras. - drilling a bore hole -constructing a generator house	-workshops constructed. - computer lab equipped
Pillar/Theme 2.	ICT integration	To acquire and use modern ICT systems in training and service delivery.	-ICT policy developed. -internet connected. - 40 computers, 3 printers,5 projectors procured. -CCTV cameras installed	-developing ICT policy. -connecting internet -procuring computers and accessories and MIS software.	Internet was installed, - 2computers were bought.
Pillar/Theme 3	Linkages with other institutions /organizations	-. To establish strong and working links with international, national, county government and NGO organizations.	Established partnerships, collaborations and other linkages with organizations inter industry and across industries.	establish exchange programs. -design and develop MOUs with other institutions	- acquired KATTI membership.
Pillar/Theme 4	Research and Development.	To promote research and development.	-research resources	allocate funds to research.	Plans are underway to initiate these necessary actions

			required. -Report on research skills. -report on TNA -implemented research recommendations -list of training participants. -new research facilities. -implemented findings	-strength the research unit. -undertake training needs assessment -train staff in proposal writing and data analysis. -circulate proposal for possible funding	towards this.
Pillar/Theme 5	Marketing the colleges and its programs.	To market the college and its programs.	-detailed marketing Strategic initiative based on a well thought strategic plan. Completed marketing and publicity campaigns. -completed media advertisements. -printing and circulation of advertisement materials. -executed below the line marketing activities. -	Developing a marketing strategic plan. -executing the marketing plan. Recruiting a marketing officer and a team. Developing the marketing activity plans. Preparing materials for media marketing. -	Below the line marketing activities undertaken.
Pillar/Theme 6	Create conducive working environment	To create a conducive working and learning environment	reward scheme in place -staff trips -students tours	-document a fair reward scheme. -plan & hold staff trips &	plans underway to have these in place. Already management trainings have been

			-awareness creation. - conduct TNA and arrange training workshops/seminars.	tours. -continuous T&D to build capacity in performance of duties and in management and leadership.	undertaken.
Pillar/Theme 7	Resource mobilization	-To strengthen the financial and other resources status of the college.	a food a beverage Restaurant constructed -a driving school established as per the NTSA regulations. -disposal of idle assets.	a food a beverage Restaurant constructed -a driving school established as per the NTSA regulations. -disposal of idle assets.	Plans are underwa to implement these strategies in the forthcoming financial years as funds become available.

VII. Corporate Governance Statement

The College affirms that good corporate governance is simply good business. The College commits to ensure that there is compliance with the statutory and all the legal requirements as well as meeting the set deadlines.

i. Appointment of BOG Members

The Cabinet Secretary, MOE appoints members of the Board following recommendations from the B.O.G nominating committee. The Board consists of nine members. The Board of Governors for Ikutha Technical and Vocational College serves for three years. The Board may set up sub-committees and assign them responsibilities as it may deem fit.

As stipulated by the Ministry of Education through the TVET Act (January, 2013), responsibilities of the Board of Governors include recruitment of support staff, overseeing financial management, upholding of staff and student discipline, maintenance of infrastructure & other assets, and sourcing for finances.

ii. Major roles and Functions of Board of Governors

The functions of the organs set out under section 28 (1) shall include —

a) Overseeing the conduct of education and training in the institutions in accordance with theprovisions of this TVET Act and any other written law;
b) Promoting and maintaining standards, quality and relevance in education and training in theinstitutions in accordance with this TVET Act and any other written law;
c) Administering and managing the property of the institution;
d) Developing and implementing the institutions' strategic plan;
e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
g) 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 TVET Act; 855 2013 Technical and Vocational Education and Training No. 29
h) Mobilizing resources for the institutions;
i) Developing and reviewing programs for training and to make representations thereon to the Board;
j) 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.
k) Recruiting and appointing trainers from among qualified professionals and practicing trade'spersons in relevant sectors of industry;
l) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the TVET Authority;
m) Making regulations governing organization, conduct and discipline of the staff and students;

n) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry

o) Providing for the welfare of the students and staff of the institutions;
p) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in theinstitutions; and
q) Discharging all other functions conferred upon it by this Act or any other written law.

iii. Board of Governors Allowances

The College pays allowances to board members to cater for their transport and sitting allowances.

iv. Meetings

a. Full Board Meetings - are held once every term, but if there is an urgent need, a meeting can beconvened.
b. Board Committee Meetings, or working committees are held once every term

During the year under review, the board held four board meetings whose attendance was by the majority of the board members. Being the first board since inception of the College, evaluation of its performance has not been done and plans are underway to initiate the development of a succession plan and a charter. The board was inducted in January 2023.

VIII. Management Discussion and Analysis

i. Financial Performance

The entity is financially unstable and operates on fees received from students, government grants and capitation. In the FY 2021/2022, the College targeted to raise A.I.A (Appropriation in Aid) of Kshs. 8,162,400. At the end of the year, the Institution had collected A.I.A amounting to Kshs. 5,962,495. The institution had pending bills by the close of the financial year 2021/2022. During the 2021/2022 financial year, the Institute undertook activities relating to:

1. Purchase of 2 computers costing Kshs. 152,100
2. Purchase of training materials

ii. College's compliance with statutory requirements

The institute has undertaken to comply with various statutory requirements; e.g., deduction and remittance of P.A.Y.E, N.H.I.F and N.S.S.F within the financial year under review.

iii. Major risks facing the entity

Student's uncertainty on their sustainability in college-, in adequate training materials, lack of fence exposing the entity to risk of theft, lack of equipment, being occasioned by delayed disbursements of G.O.K Capitation

iv. Material arrears in statutory /financial obligations

At end of the financial year, there were outstanding debts owing to lack of adequate funds to settle the bills while ensuring continuity in College operations.

IX. Environmental And Sustainability Reporting Statement

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

1) Sustainability strategy and profile

Ikutha Technical and Vocational College is strategically placed along Kibwezi - Kitui road near Ikutha market in Kitui County. The Vocational Training Sub-sector, despite being a major producer of self & formal employment opportunities, has not been able to perform as anticipated due to a number of reasons.

In order to address the above anomaly, the College wishes to put diverse efforts in place to make sure the College performs as mandated. One such effort is to develop a Sustainability Growth Plan (SGP). The main aim of the intervention is to map out a sustainable growth plan to increase access to diverse training opportunities and increase trainees' enrolment and retention to a realistic number of 500 by the end of 2024

2) Environmental performance

- **Land Issue**

The College has 10 acres of land which is not sufficient enough for any meaningful growth to cater for expansion and future development. The entity is committed to pursue with the County Government to allocate more funds to purchase extra land within the surrounding to pave way for future expansion.

- **Water**

The entity is predominantly in an arid zone. In order to solve the problem of water shortage in the College, the entity resolved to collect all the rain water and increase water tanks from 1-10; including rehabilitating the ground water tank, which was initially used by the contractor to store water for cleaning and watering plants.

3) Employee welfare

The entity is in a process of coming up with a Human Resource Management policy which will guide the hiring process, procedures, regulations and other administrative procedures relating to hiring of human resources. The Board of Governors (BOG) continues to hire the services of non- teaching staff on contractual basis according to the College's needs and

ability to pay salaries. Over the one year, the BOG staffs have continued to suffer poor remuneration due to inadequate resources. With the realization of the high cost of living, the Board is unable to review their salaries due to meagre resources. However, the Board has maintained salaries that are affordable considering the low fees paid by parents. Specifically, the policy manual on progress intents to: -

- Ensure adherence to the Constitution as the supreme reference document and other governmentregulations.
- Ensure a common understanding by Ikutha Technical and Vocational College's Staff of stipulated standards and procedures in monitoring their performance for continued improvement.
- Achieve optimum utilization of staff' skills and talents, in enhancing career development.
- Create a conducive working environment, positive relations, parity treatment of all cadres of staff and work life balance

4) Market place practices-

a) We build trust with all stakeholders by ensuring that ethical decision-making guides responsible procurement of day-to-day necessities. The College will be advertising its annual tenders every two years through College website, social media platform, etc, and ensures that the tendering process is openly and fairly to select the best suitable vendors. Staffs are guided by the code of conduct and procurement ethics thus ensures no unwanted information lands to unintended users. Our clients are free to make inquiries and seek clarifications when need arises.

b) The College conducts due diligence on the vendors it engages with to avert the high risk of transacting with blacklisted companies. The College has great record in managing good supplier relation. We give timely orders to avoid unnecessary rush and panic buying which brings about misunderstanding. Once deliveries are made, the payment process starts. Payment is done on the stipulated times in our service charter. Our suppliers are accorded professional service to ease operations. There are regular meetings held do to supplier evaluation to ensure the best is achieved and in case of any challenges they are ironed out.

c) The College applies ethical marketing in relation to standard of fairness or moral rights to its best interests, besides ensuring good publicity with clients, and occasional adverts

in posters and radios.

5) **Corporate Social Responsibility / Community Engagements**

Ikutha Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar:

(i) Community Engagements

The institution undertook a stakeholder mapping and analysis, and held consultations with Key Stakeholders (Strategic Partners) in the Constituency. From the survey in the Constituency, there was indication that most of the youths associate themselves in the following activities/occupations.

a) Transport sector e.g., Bodaboda, touts

b) Small businesses e.g., Retail, M-pesa, saloons,

c) Agribusiness – farming of Mangoes, oranges and chicken rearing

d) Performing arts and theatre.

From the above findings, the entity undertakes to corroborate with community under the following areasof skills upgrading and offer training to the youths on various areas of need based on skills gap and a targeted outcome for varying youth groups.

i) Hair dressing and beauty therapy.

ii) Entrepreneurial skills.

iii) Employability and life skills.

iv) First aid short course for truck drivers

(ii) The Corporate Social Responsibility activities

During the year under review, the entity sought further on the areas requiring intervention through CSR approach. The entity established and empowered the Guidance and Counseling department to seek to help the community on the following areas;

a) Youth in drug and substance abuse – Muguka, alcohol and other substances
b) Young mothers – how to focus on empowering young mothers in economic activities.
c) Youth in HIV and AIDs.
d) Those in need for mentorship programs and career choice.

X. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the entity's affairs.

Principal activities

The core activities carried out by the institution relate to training, innovation and research in business and technical skills

Results

The results of the entity for the year ended June 30 are set out on page 1-8

Board of Governors

The members of the Board who served during the year are shown on page ix-x. During the year no director retired/ resigned and no one was appointed.

Auditors

The Auditor General is responsible for the statutory audit of Ikutha Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and has not nominated any other Certified Public Accountants to carry out the audit of the College for the year ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....

Secretary of the Board
Ikutha TVC
Date:

XI. Statement of Board of Governors' Responsibilities

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

The Board members are responsible for the preparation and presentation of Ikutha TVC's financial statements, which give a true and fair view of the state of affairs of the Ikutha TVC for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of Ikutha 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 the Ikutha TVC's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The Board members are of the opinion that the Ikutha TVC's financial statements give a true and fair view of the state of Ikutha TVC's transactions during the financial year ended June 30, 2022, and of the Ikutha TVC's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Ikutha TVC, which have been relied upon in the preparation of the Ikutha TVC's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Ikutha TVC's financial statements were approved by the Board on 24/10/ 2023 and signed on its behalf by:

.....	.....
Name Francis Muthoka	**Name** Eric Muendo
Chairperson of the Board	**Principal**

REPUBLIC OF KENYA

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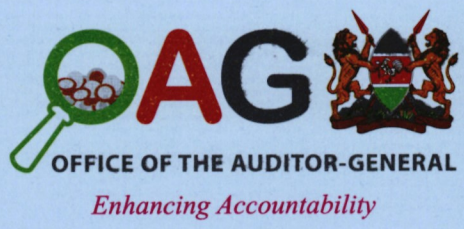

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ikutha Technical and Vocational College set out on pages 1 to 57, which comprise of the statement of financial position as

at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Ikutha Technical and Vocational College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education Training Act, 2013.

Basis for Qualified Opinion

1. Unsupported Employee Costs

The statement of financial performance and Note 16 to the financial statements reflects employee costs amount of Kshs.2,032,847. Review of the supporting documents however, revealed that the amount includes Board of Governors staff salaries totalling to Kshs.1,079,989 which was not supported with the payroll data.

In the circumstances, the accuracy and completeness of the employee costs amount of Kshs.2,032,847 could not be confirmed.

2. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position and Note 31 to the financial statements reflects property, plant and equipment balance of Kshs.197,996,464 which includes land and buildings balance of Kshs.60,507,958. The land and buildings balance include student pit latrines and twin workshop, classrooms and offices' block (2- storey) balances of Kshs.950,000 and Kshs.59,557,958, respectively. Review of property, plant and equipment records revealed the following anomalies:

i. The twin workshop, classrooms, and offices' block (2- storey) balance of Kshs.59,557,958 differs from the final account statement amount of Kshs.67,007,893 by an unexplained variance of Kshs.7,449,935.

ii. The supporting documents for students pit latrines valued at Kshs.950,000 were not provided for audit verification.

iii. The College has not acquired title deed for its land measuring ten (10) acres valued at Kshs.300,000. The ownership of the land could also not be confirmed.

iv. The property, plant, and equipment recognized in the financial statements does not include the bases of measurement to determine the gross carrying amount, the depreciation methods, the useful lives and the adopted depreciation rates used.

v. In addition, there was no approved depreciation policy and the Board had not approved the College's Finance and Procedure Policy Manual to enable determination of fair property, plant and equipment balances.

In the circumstances, the existence, accuracy, completeness, presentation and disclosure of property, plant and equipment balance Kshs.197,996,464 could not be confirmed.

3. Unconfirmed Rendering of Services Fees

The statement of financial performance and Note 10 to the financial statements reflects revenue from exchange transactions amount of Kshs.3,698,495 which includes rendering of services - fees from students amount of Kshs.3,667,495. The Management did not however, provide supporting ledger for audit verification.

In the circumstances, the accuracy and completeness of rendering of services - fees from students amounting to Kshs.3,667,495 could not be confirmed.

4. Unaccrued Operational Grants

The statement of financial position and as disclosed in Note 28 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.1,000,000 which relates to operational grants. Review of supporting documents revealed that the balance was accrued during the year under review, but the related revenue was not recognised in the statement of financial performance. No explanation was provided for the omission.

In the circumstances, the accuracy and completeness of receivables from non-exchange transactions amounting to Kshs.1,000,000 could not be confirmed.

5. Unsupported Use of Low Value Procurement Method

The statement of financial performance and Notes 15 and 19 to the financial statements reflects use of goods and services and repairs and maintenance amounts of Kshs.4,754,365 and Kshs.86,100, respectively. The Management purchased various goods and services amounting to Kshs.446,000 through low value method. Review of supporting documents revealed that the payments were not supported with the original Kenya Revenue Authority Electronic Tax Receipt (KRA ETR Receipt). In addition, the goods were not taken on charge and recorded in store cards.

In the circumstances, the existence, accuracy and completeness of use of goods and services and repairs and maintenance amounting to Kshs.446,000 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue budget and actual amounts on comparable basis amount of Kshs.33,662,400 and Kshs.7,180,995 respectively, resulting to short fall of Kshs.26,481,405 or 79% of the budget. Similarly, the College expended an amount of Kshs.7,169,347 against an approved budget of Kshs.33,662,400 resulting to an under-expenditure of Kshs.26,493,053 or 79 % of the budget.

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

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or given any explanation for failure to implement the recommendations.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

The financial statements for the year ended 30 June, 2022 were submitted for audit on 11 October, 2022 contrary Section 81(4)(a) of the Public Financial Management Act, 2012 which provide for statutory deadline for submission of financial statements to the Auditor General of 30 September of every year.

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

2. Flawed Procurement Process

The statement of financial performance and Note 15 to the financial statements reflects use of goods and services amount of Kshs.4,754,365. Review of a sample of procurement records in support of the procurements revealed the following:

i. The College paid an amount of Kshs.122,300 vide PV No. 115 for supply of refrigeration items through use of request for quotation method. The three suppliers invited to quote were not pre-qualified suppliers. In addition, the payment was not supported with quotation opening and tender evaluation minutes and inspection and acceptance certificates.

ii. Further, an amount of Kshs.110,000 vide PV No. 111 for the supply stationery items. The procurement was not supported with opening and tender evaluation minutes, goods received note and signed inspection and acceptance certificates.

iii. In addition, an amount of Kshs.86,500 for the supply of refrigeration items. However, the signed inspection and acceptance certificates were not provided for audit and the supplier for the goods was not in the list of prequalified suppliers.

In the circumstances, the value for money for the above procurement could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Audit Committee and Internal Audit Functions

Review of the College's records revealed that it had not established and operationalised an internal audit function. Thus, there was no independent assurance on the effectiveness of the College's risk management, governance and internal controls. In addition, the audit committee did not meet during the year under review contrary Regulation 179(1) of the

Public Finance Management (National Government) Regulations, 2015 which requires the audit committee to meet at least once in every three months.

In the circumstances, Management did not get assurance on effectiveness of the operation and necessary policy direction from the Audit Committee.

2. Lack of Procurement Function and Professionals

Review of the procurement records and systems revealed that the College had not established and operationalised a procurement function which should be manned by procurement professionals.

In the circumstances, the effectiveness of procurement process could not be confirmed.

3. Poor Asset Management

Review of the systems revealed that the Management had not put in place security measures including fencing of College land and installation of a permanent gate and burglar proof doors/windows to safeguard College's assets.
In the circumstances, effective controls for assets management are lacking and College assets are exposed to theft and encroachment.

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

Responsibilities of Management and the Board of Governors

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the College or 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 are

in compliance with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance.

Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the College's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 June, 2023

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	3,482,500	1,500,000
Grants from donors and development partners	7	000	000
Transfers from other levels of government	8	000	000
Public contributions and donations	9	000	000
		3,482,500	**1,500,000**
Revenue from Exchange transactions			
Rendering of services- fees from students	10	3,667,495	932,992
Sale of goods	11	000	000
Rental revenue from facilities and equipment	12	000	000
Finance income	13	000	000
Other income	14	31,000	000
Revenue from Exchange transactions		**3,698,495**	**932,992**
Total Revenue		**7,180,995**	**2,432,992**
Expenses			
Use of goods and services	15	4,754,365	1,127,519
Employee costs	16	2,032,847	311,000
Board Expenses	17	291,000	110,000
Depreciation and amortization expense	18	000	000
Repairs and maintenance	19	86,100	39,550
Contracted services	20	000	000
Grants and subsidies	21	000	000
Finance costs / bank charges	22	5,035	3,070
Total Expenses		**7,169,347**	**1,591,139**
Other Gains/(Losses)			
Gain on sale of assets	23	000	000
Unrealized gain on fair value of investments	24	000	000
Impairment loss	25	(000)	(000)
Total Other Gains/(Losses)		**000**	**000**
Net surplus for the year		**11,648**	**841,853**
Attributable to:			
Surplus/(deficit) attributable to minority interest		000	(000)
Surplus attributable to owners of the controlling entity		000	000
		11,648	**841,853**

(The notes set out on pages 9 to 55 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 6 were signed by:

.....	.....	.....
Chairman of Board	**Accountant**	**Principal**
Date	**Date** 24/05/2023	**Date** 24/5/2023

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

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	26	857,286	80,923
Current portion of receivables from exchange transactions	27(a)	905,505	1,270,950
Receivables from non-exchange transactions	28	1,000,000	000
Inventories	29	000	000
Investments	30	000	000
		2,762,791	**1,351,873**
Non-Current Assets			
Long term receivables from exchange transactions	27(b)	000	000
Investments	30	000	000
Property, plant, and equipment	31	197,996,464	197,702,364
Intangible assets	32	7,300	7,300
Investment property	33	000	000
		198,003,764	**197,709,664**
Total Assets		**200,766,555**	**199,061,537**
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	34	1,703,350	9,980
Refundable deposits from customers	35	000	000
Current provisions	36	000	000
Finance lease obligation	37	000	000
Current portion of borrowings	41	000	000
Deferred income	38	000	000
Employee benefit obligation	39	000	000
Payments received in advance		000	000
		1,703,350	**9,980**
Non-Current Liabilities			
Finance lease obligation	37	000	000
Deferred income	38	000	000
Non-Current Employee Benefit Obligation	39	000	000
Non-Current Provisions	40	000	000

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Borrowings	41	000	000
Service Concession Liability	42	000	000
Deferred Tax Liabilities	49	000	000
		000	**000**
Total Liabilities		**1,703,350**	**9,980**
Net Assets		**199,063,205**	**199,051,557**
Reserves		000	000
Accumulated Surplus		853,501	841,853
Capital Fund		198,209,704	198,209,704
Total Net Assets and Liabilities		**199,063,205**	**199,051,557**

The Financial Statements set out on pages 1 to 6 were signed by:

.....	.....	.....
Chairman of the Board	**Accountant**	**Principal**
Date	**Date** 24/5/2023	**Date** 24-5-2023

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

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund(Previous)	Total
At July 1, 2020	**000**	**000**	**000**		**000**
Revaluation gain	000	-	-		000
Fair value adjustment on quoted investments	-	000	-		000
Total comprehensive income	-	-	841,853		**841,853**
Capital/development grants received during the year	-	-	-	62,188,928	62,188,928
Prior year adjustment				136,020,776	136,020,776
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	000		-
At June 30, 2021	**000**	**000**	**841,853**	198,209,704	**199,051,557**
At July 1, 2021	**000**	**000**	**841,853**	198,209,704	**199,051,557**
Revaluation gain	000	-	-		**000**
Fair value adjustment on quoted investments	-	000	-		000
Total comprehensive income	-	-	11,648		**11,648**
Capital/development grants received during the year	-	-	-		
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	000		-
At June 30, 2022	**000**	**000**	**853,501**	198,209,704	**199,063,205**

(Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.

2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done).

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

Description	Note	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants	6	3,482,500	1,500,000
Public contributions and donations	9	000	000
Rendering of services- fees from students	10	3,667,495	932,992
Sale of goods	11	000	000
Rental revenue from facilities and equipment	12	000	000
Finance income	13	000	000
Other income	14	31,000	000
Total Receipts		**7,180,995**	**2,432,992**
Payments			
Use of goods and services		3,861,000	1,127,519
Compensation of employees		1,975,397	311,000
Finance costs/ bank charges		5,035	3,070
Board expenses		211,000	110,000
Repairs and maintenance		86,100	39,550
Grants and subsidies paid		000	000
Total Payments		**6,138,532**	**1,591,139**
Net Cash Flows from operating activities		**1,042,463**	**841,853**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(294,100)	(760,930)
Proceeds from sale of property, plant and equipment		000	000
Net cash flows used in investing activities		**(294,100)**	**(760,930)**
Cash flows from financing activities			
Proceeds From Borrowing		000	000
Repayment Of Borrowings		(000)	(000)
Increase in payables		28,000	000
Deposits receipts		000	000
Net cash flows used in financing activities		**28,000**	**000**
Net Increase/(Decrease) in Cash and Cash equivalents		776,363	**80,923**
Cash and Cash equivalents at 1 JULY 2021	26	80,923	000
Cash and Cash equivalents at 30 JUNE 2022	26	**857,286**	**80,923**

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

The Financial Statements set out on pages 1 to 6 were signed by:

.....	.....	.....
Chairman of the Board	**Accountant**	**Principal**
Date 24/5/2023	**Date** 24/05/2023	**Date** 24/5/2023

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other govt entities and govt grants	5,600,000	(000)	5,600,000	3,482,500	(2,117,500)	62.19%
Public contributions and donations	000	(000)	000	000	(000)	0%
Rendering of services- fees from students	4,562,400	(000)	4,562,400	3,667,495	(894,905)	80.39%
Sale of goods	000	-	000	000	(000)	0%
Development funding from GOK	23,500,000	-	23,500,000	000	(23,500,000)	0%
Other income	000	-	000	31,000	(31,000)	100%
Gains on disposal, rental income and agency fees	000	000	000	000	000	0%
Total Income	**33,662,400**	**(000)**	**33,662,400**	**7,180,995**	**(26,543,405)**	21.33%
Expenses						
Compensation of employees	1,836,000	000	1,836,000	2,032,847	(196,847)	110.72%
Use of goods and services	7,487,400	(000)	7,487,400	4,754,365	(2,733,035)	63.5%
Finance costs / bank charges	000	(000)	000	5,035	(5035)	100%
Repair and maintenance	439,000	(000)	439,000	86100	(352,900)	19.6%
Board expenses	400,000	(000)	400,000	291,000	(109,000)	72.75%
Development expenditure	23,500,000	000	23,500,000	000	(23,500,000)	0%
Total Expenditure	**33,662,400**	**(000)**	**33,662,400**	**7,169,347**	**(27,523,868)**	21.3%
Surplus For the Period	**000**	**000**	**000**	**11648**		

Budget notes

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

The budget for the year under review was far from reality due to difficulties in accurately forecasting operations in a continually changing and growing environment since the institution is new. It was likely to be too ambitious/overly optimistic. The institution had anticipated funds for support in development projects from both the county and local government which formed part of the original budget and these did not materialize. In addition, capitation was not allocated for the fourth quarter and government grants were for two quarters. Collections from students in form of fees were also few because of the low capacity at the time; hence the variance between the budgeted and the actual amounts.

XVIII. Notes to the Financial Statements

1. General Information

Ikutha TVC is established by and derives its authority and accountability from TVET Act 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The institution's principal activity is to offer transformative training for the production of competent and competitive graduates who can visualize and achieve excellence in the current dynamic and global community.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on accrual 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 Ikutha TVC's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed below every note.

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. (These amendments do not impact on financial statements)

Standard	Effective date and impact:
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. (These amendments do not impact on financial statements)
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. (These amendments do not impact on financial statements)
Other improvements to IPSAS	**Applicable 1st January 2023** • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it is no longer defined in IPSAS.

Standard	Effective date and impact:
	• **IPSAS 29: Financial instruments: Recognition and Measurement** Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. (These amendments do not impact on financial statements)
IPSAS 43	**Applicable 1st January 2025** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. (These amendment does not impact on financial statements)
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	**Applicable 1st January 2025** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. (These amendments do not impact on financial statements)

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2021/2022 was approved by the Board on 11/06/2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not record additional appropriations on the FY 2021/2022 budget following the Board's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 8 of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per the First schedule of the Income Tax Act.

Sales tax/ Value Added Tax

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

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

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

Notes to the Financial Statements (Continued)

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 000 years.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, 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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

Ikutha TVC does not create and maintain reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

o) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

p) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

q) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

r) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

s) 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.

t) Comparative figures

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

u) 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, 2022.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(There were no provisions for the period).

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	2,482,500	000
Operational Grant	1,000,000	1,500,000
Other Grants	000	000
	3,482,500	**1,500,000**
Conditional Grants		
Library Grant	000	000
Hostels Grant	000	000
Administration Block Grant	000	000
Laboratory Grant	000	000
Learning Facilities Grant	000	000
Other Organizational Grants	000	000
Total Government Grants and Subsidies	**3,482,500**	**1,500,000**

(a)Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2020-2021
			Kshs	Kshs	Kshs
State Department	000	000	000	000	000
Ministry of Education	3,482,500	000	000	3,482,500	1,500,000
Total	**3,482,500**	**000**	**000**	**3,482,500**	**1,500,000**

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix III)

Notes to the Financial Statements (Continued)

7. Grants from Donors and Development Partners

Description	2021-2022	2020-2021
	Kshs	Kshs
JICA- Research Grant	000	000
World Bank Grants	000	000
In-Kind Donations	000	000
Other Grants	000	000
Total Grants from Development Partners	**000**	**000**

Reconciliations of grants from donors and development partners

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance unspent at beginning of year	**000**	**000**
Current year receipts	000	000
Conditions Met - Transferred to Revenue	000	000
Conditions Yet To Be Met - Remain Liabilities	**000**	**000**

(Provide brief explanation for this revenue)

8. Transfers from Other Levels of Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfer from County XX	000	000
Transfer from XX University	000	000
Transfer from XX Institute	000	000
Total Transfers	**000**	**000**

9. Public Contributions and Donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Public Donations	000	000
Donations from Local Leadership	000	000
Donations from Religious Institutions	000	000
Donations from Alumni	000	000
Other Donations	000	000
Total Donations and Contributions	**000**	**000**

(The institution did not benefit from public contributions and donations)

Notes to the Financial Statements (Continued)

10. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	3,667,495	932,992
Activity Fees	000	000
Industrial Attachment Fees	000	000
Examination Fees	000	000
Library Fees	000	000
Facilities And Materials	000	000
Registration Fees	000	000
Others (*Specify*)	000	000
Total Revenue from The Rendering Of Services	**3,667,495**	**932,992**

(The amount stated was realized from services rendered

11. Sale of Goods

Description	2021-2022	2020-2021
	Kshs	Kshs
Sale of Books		
Sale of Publications	000	000
Sale of Farm Produce	000	000
Cafeteria sales	000	000
Other	000	000
Total Revenue from Sale of Goods	000	000
	000	**000**

(No sum was realized from the sale of goods)

12. Rental revenue from facilities and equipment

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment	000	000
Contingent Rental	000	000
Operating Lease Revenue	000	000
Total	**000**	**000**

(There was no hire of facilities and equipment)

Notes to the Financial Statements (Continued)

13. Finance Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash investments and fixed deposits	000	000
Interest income from treasury bills	000	000
Interest income from treasury bonds	000	000
Interest from outstanding debtors	000	000
Total finance income	**000**	**000**

(There was no amount realized from finance income)

14. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance recoveries	000	000
Consultancy fees	000	000
Income from sale of tender	31,000	000
Services concession income	000	000
Reimbursements and refunds	000	000
Graduation fees	000	000
Miscellaneous (specify)	000	000
Total other income	**31,000**	**000**

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

Notes To The Financial Statements (Continued)

15. Use Of Goods And Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	1,183,795	133,012
Industrial attachment, medical and insurance	89,160	000
Travel, upkeep and subsistence	444,385	326,510
Electricity, water and conservancy	154,990	74603
Marketing and publicity	321,050	88,700
Audit, consultancy and other professional services	147,280	000
Internet subscriptions, telephone and postages	180,125	62,355
Licences and permits	44,200	13,130
Printing and stationery	597,620	118,819
Management and staff training	465,950	110,570
Games and sports	132,640	40,850
Subscription to professional organizations (KATII & others)	62,880	96,400
Student Council	20,940	000
Examination fees	641,990	000
Other (Central office expenses)	267,360	62,570
Total good and services	**4,754,365**	**1,127,519**

Notes to the Financial Statements (Continued)

16. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	2,032,847	311,000
Employee Costs	**2,032,847**	**311,000**

17. Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	000	10,000
Directors Emoluments	291,000	100,000
Other Allowances	000	000
Other Board Expenses	000	000
Total	**291,000**	**110,000**

18. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	000	000
Intangible assets	000	000
Investment property carried at cost	000	000
Total depreciation and amortization	**000**	**000**

19. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Property	75,960	39,550
Investment property – earning rentals		
Equipment and machinery	500	
Vehicles	3,200	
Furniture and fittings	4,440	
Computers and accessories	2,000	
Total Repairs and Maintenance	**86,100**	**39,550**

Notes to the Financial Statements (Continued)

20. Contracted Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Actuarial valuations	000	000
Investment valuations	000	000
Property valuations	000	000
Total contracted services	**000**	**000**

21. Grants and Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Community Development	000	000
Education Initiatives and Programs	000	000
Social Development	000	000
Community Trust	000	000
Sporting Bodies	000	000
Total Grants and Subsidies	**000**	**000**

22. Finance Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank ledger fees and other charges	5,035	3,070
Total Finance Costs	**5,035**	**3,070**

(*Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

23. Gain On Sale of Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	000	000
Intangible Assets	000	000
Other Assets not capitalised	000	000
Total Gain On Sale of Assets	**000**	**000**

Notes to the Financial Statements (Continued)

24. Unrealized Gain on Fair Value Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value	000	000
Total Gain	**000**	**000**

25. Impairment Loss

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	000	000
Intangible Assets	000	000
Total Impairment Loss	**000**	**000**

26. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	834,273	57,790
On - Call Deposits	000	000
Fixed Deposits Account	000	000
Staff Car Loan/ Mortgage	000	000
Others (Specify) Cash at hand	23,013	23,133
Total Cash and Cash Equivalents	**857,286**	**80,923**

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank		834,273	57,790
Cash in hand		23,013	23133
Grand Total		**857,286**	**80,923**

Notes to the Financial Statements (Continued)

27. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	905,505	1,270,950
Rent Debtors	000	000
Consultancy Debtors	000	000
Other Exchange Debtors	000	000
Less: Impairment Allowance	(000)	(000)
Total Current Receivables	**905,505**	**1,270,950**

27(b) Long- term Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Non-Current Receivables		
Refundable Deposits	000	000
Advance Payments	000	000
Public Organizations	000	000
Less: Impairment Allowance	(000)	(000)
Total	**000**	**000**
Current Portion Transferred To Current Receivables	(000)	(000)
Total Non-Current Receivables	**000**	**000**
Total Receivables	**000**	**000**

27 (c) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	000	000
Provisions during the year	000	000
Recovered during the year	(000)	(000)
Write offs during the year	(000)	(000)
At the end of the year	**000**	**000**

Notes to the Financial Statements (Continued)

28. Receivables from Non-Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capital grant	000	000
Transfers from Other Govt. entities	000	000
Undisbursed Donor Funds	000	000
Other Debtors (Operational grant)	1,000,000	000
Less: Impairment Allowance	(000)	(000)
Total Current Receivables	**1,000,000**	**000**

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

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

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	000	000
Additional provisions during the year	000	000
Recovered during the year	(000)	(000)
Written off during the year	(000)	(000)
At the end of the year	**000**	**000**

29. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	000	000
Maintenance stores	000	000
Health Unit stores	000	000
Electrical stores	000	000
Cleaning Materials stores	000	000
Catering stores	000	000
Total Inventories at lower of Cost and Net Realizable Value	**000**	**000**

Notes to the Financial Statements (Continued)

30. Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
a) Investment in Treasury Bills and Bonds		
Financial Institution		
CBK	000	000
CBK	000	000
Sub- Total	**000**	**000**
b) Investment with Financial Institutions/ Banks		
Bank X	000	000
Bank Y	000	000
Sub- Total	**000**	**000**
c) Equity Investments (Specify)		
Equity/ Shares in Company Xxx	000	000
Sub- Total	**000**	**000**
Grand Total	**000**	**000**

d) Shareholding in other entities

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

Name of Entity where Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	Fair Value of Shares
	Direct Shareholding	Indirect Shareholding	Effective Shareholding		2021-2022	2020-2021
	%	%	%	Kshs	Kshs	Kshs
Entity A	0.00	0.00	0.00	000	000	000
Entity B	0.00	0.00	0.00	000	000	000
	0.00	**0.00**	**0.00**	**000**	**000**	**000**

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2020	**59,557,958**	**000**	**3,371,000**	**000**	**000**	132,649,776	**000**	**195,578,734**
Additions	950,000	000	192,280	420,000	000	561,350	000	**2,123,630**
Disposals	(000)	(000)	-	-	(000)	-	(000)	**(000)**
Transfers/Adjustments	000	(000)	000	(000)	(000)	-	000	**(000)**
At 30th June 2021	**60,507,958**	**000**	**3,563,280**	**420,000**	**000**	**133,211,126**	**000**	**197,702,364**
Additions	000	000	6,000	152,100	000	136,000	000	**294,100**
Disposals	(000)	-	-	-	(000)	-	(000)	**(000)**
Transfer/Adjustments	(000)	000	000	(000)	(000)	-	000	**(000)**
At 30th June 2022	**60,507,958**	**000**	**3,569,280**	**572,100**	**000**	**133,347,126**	**000**	**197,996,464**
Depreciation And Impairment								
At 1July 2020	(000)	(000)	(000)	(000)	(000)	-	(000)	**(000)**
Depreciation	(000)	(000)	(000)	(000)	(000)	-	(000)	**(000)**
Impairment	(000)	-	-	-	(000)	-	-	**(000)**
At30 June 2021	**000**	**000**	**000**	**000**	**000**	**000**	**000**	**000**
Depreciation	(000)	(000)	(000)	-	(000)	(000)	(000)	**(000)**
Disposals	000	-	-	-	000	-	000	**000**
Impairment	(000)	(000)	-	-	(000)	-	-	**(000)**
Transfer/Adjustment	000	(000)	(000)	000	(000)	-	(000)	**000**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30th June 2022	000	000	000	000	000	000	000	000
Net Book Values								
At 30th June 2021	60,507,958	000	3,563,280	420,000	000	133,211,126	000	197,702,364
At 30th June 2022	60,507,958	000	3,569,280	572,100	000	133,347,126	000	197,996,464

[There was no WIP]

Notes to the Financial Statements (Continued)

Valuation

Land and buildings were not yet valued as to date. Therefore, there is no any accumulated depreciation, thus, the value remains at cost.

31 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	300,000	000	300,000
Buildings	60,207,958	000	60,207,958
Plant And Machinery	000	000	000
Motor Vehicles including Motorcycles	000	000	000
Computers and Related Equipment	572,100	000	572,100
Office Equipment, Furniture, And Fittings	136,916,406	000	136,916,406
Total	**197,996,464**	**000**	**197,996,464**

32. Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At beginning of the year	7,300	000
Additions	000	7,300
At end of the year	000	000
Additions–internal development	000	000
At end of the year	7,300	7,300
Amortization and impairment		
At beginning of the year	000	000
Amortization	000	000
At end of the year	000	000
Impairment loss	000	000
At end of the year	000	000
NBV	**7,300**	**7,300**

Notes to the Financial Statements (Continued)

33. Investment Property

Description	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year	**000**	**000**
Additions	000	000
Disposal during the year	(000)	(000)
Depreciation	(000)	(000)
Impairment	(000)	(000)
At end of the year	**000**	**000**

(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).

34. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	1,058,815	000
Fees paid in advance	644,535	9,980
Salary deductions	000	000
Third-Party Payments	000	000
Other Payables	000	000
Total Trade and Other Payables	**1,703,350**	**9,980**

35. Refundable Deposits from Students

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumer deposits	000	000
Caution money	000	000
Other refundable deposits	000	000
Total Deposits	**000**	**000**

Notes to the Financial Statements (Continued)

36. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at The Beginning Of The Year	**000**	**000**	**000**	**000**	**000**
Additional Provisions	000	000	000	000	000
Provision Utilised	(000)	(000)	(000)	(000)	(000)
Change Due To Discount And Time Value For Money	(000)	(000)	(000)	(000)	(000)
Transfers From Non -Current Provisions	000	000	000	000	000
Total Provisions	**000**	**000**	**000**	**000**	**000**

37. Finance Lease Obligation

Description	2021-2022	2020-2021
	Kshs	Kshs
At the start of the year	**000**	**000**
Discount interest on Lease Liability	000	000
Paid during the year	(000)	(000)
At end of the year	**000**	**000**

Maturity Analysis

Period	Amount
	Kshs
Year 1	000
Year 2	000
Year 3	000
Year 4	000
Year 5 and Onwards	000
Less: Unearned Interest	(000)
	000

Notes to the Financial Statements (Continued)

Analysed as:

Description	Amount
	Kshs
Current	000
Non- Current	000
Total	**000**

38. Deferred Income

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government	000	000
International Funding Bodies	000	000
Public Contributions and Donations	000	000
Total Deferred Income	**000**	**000**

The deferred income movement is as follows:

Description	National government	International funders/ donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	000	000	000	000
Additions during the year	000	000	000	000
Transfers to capital fund	(000)	(000)	(000)	(000)
Transfers to income statement	(000)	(000)	(000)	(000)
Other transfers	(000)	(000)	(000)	(000)
Balance carried forward	000	000	000	000

Analysed as:

Description	Amount
	Kshs
Current	000
Non- Current	000
Total	**000**

Notes to the Financial Statements (Continued)

39. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	000	000	000	000	000
Non-Current Benefit Obligation	000	000	000	000	000
Total Employee Benefits Obligation	**000**	**000**	**000**	**000**	**000**

Retirement benefit Asset/ Liability

The entity does not operate a defined benefit scheme for all full-time employees from July 1, 2021.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 wasnot carried out as at 30th June 2022. No assumptions were made in the year.

Description	2021-2022	2020-2021
	Kshs	Kshs
Discount Rates	000	000
Future Salary Increases	000	000
Future Pension Increases	000	000
Mortality (Pre- Retirement)	000	000
Mortality (Post- Retirement)	000	000
Withdrawals	000	000
Ill Health	000	000
Retirement	000	000

Notes to the Financial Statements (Continued)

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

Description	2021-2022 Kshs	2020-2021 Kshs
The return on defined plan assets	000	000
Actuarial gains/ losses arising from changes in demographic assumptions	000	000
Actuarial Gains/ Losses Arising From changes In Financial Assumptions	000	000
Actuarial gains and losses arising from experience adjustments	000	000
Others (specify)	000	000
Adjustments for restrictions on the defined benefit asset	000	000
Remeasurement of the net defined benefit liability (asset)	**000**	**000**

b) Amounts recognised in the Statement of Financial Position

Description	2021-2022 Kshs	2020-2021 Kshs
Present value of defined benefit obligations(a)	000	000
Fair value of plan assets(b)	(000)	(000)
Funded status(=a-b)	**000**	**000**
Restrictions on asset recognised	000	000
Others	000	000
Net asset or liability arising from defined benefit obligation	**000**	**000**

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 200 per employee per month. Other than NSSF the entity does not have another defined contribution scheme. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

Notes To The Financial Statements (Continued)

40. Non-Current Provisions

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	000	000	000	000	000
Additional Provisions	000	000	000	000	000
Provision utilised	(000)	(000)	(000)	(000)	(000)
Change due to discount and time value for money	000	000	000	000	000
Less: Current portion	(000)	(000)	(000)	(000)	(000)
Total deferred income	**000**	**000**	**000**	**000**	**000**

(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 34)

41. Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance at beginning of the year	000	000
External borrowings during the year	000	000
Domestic borrowings during the year	000	000
Repayments of external borrowings during the year	(000)	(000)
Repayments of domestic borrowings during the year	(000)	(000)
Balance at end of the year	**000**	**000**

41 a) Analysis of External and Domestic Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
External borrowings		
Dollar denominated loan from 'xx organization'	000	000
Sterling pound denominated loan from 'yyy organization'	000	000
Euro denominated loan from zzz organization'	000	000
Domestic borrowings	000	000
Kenya shilling loan	000	000
Total balance at end of the year	**000**	**000**

Notes to the Financial Statements (Continued)

41 b) Breakdown of Long and Short-Term Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	000	000
Long Term Borrowings	000	000
Total	**000**	**000**

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

42. Service Concession Arrangements

Description	2021-2022	2020-2021
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	000	000
Accumulated depreciation to date	(000)	000
Net carrying amount	**000**	**000**
Service concession liability at beginning of the year	000	000
Service concession revenue recognized	(000)	(000)
Service concession liability at end of the year	**000**	**000**

Notes to the Financial Statements (Continued)

43. Cash generated from operations

	2021-2022	2020-2021
Surplus for the year before tax	**Kshs**	**Kshs**
Adjusted for:	**11,648**	841,853
Depreciation	000	000
Non-Cash grants received	(000)	(000)
Contributed assets	(000)	(000)
Impairment	000	000
Gains and Losses on Disposal of Assets	(000)	(000)
Contribution to provisions	000	000
Contribution to impairment allowance	000	000
Finance Income	(000)	(000)
Finance Cost	000	000
Working Capital Adjustments		
Increase in Inventory	(000)	(000)
Increase in Receivables	(634,555)	(000)
Increase in Deferred Income	000	000
Increase in Payables	1,665,370	000
Increase in Payments received in advance	000	000
Net Cash Flow from Operating Activities	**1,042,463**	**841,853**

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

44. Financial Risk Management

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in

44. Financial Risk Management (Continued)

(i) Credit risk (continued)

the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	000	000	000	000
Receivables from non-exchange transactions	000	000	000	000
Bank balances	000	000	000	000
Total	**000**	**000**	**000**	**000**
At 30 June 2022				
Receivables from exchange transactions	000	000	000	000
Receivables from non-exchange transactions	000	000	000	000
Bank balances	000	000	000	000
Total	**000**	**000**	**000**	**000**

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

The entity does not have significant concentration of credit risk on amounts due.

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

Notes to the Financial Statements (Continued)

44. Financial Risk Management (Continued)

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade Payables	9,980	000	000	9,980
Current Portion Of Borrowings	000	000	000	000
Provisions	000	000	000	000
Deferred Income	000	000	000	000
Employee Benefit Obligation	000	000	000	000
Total	**9,980**	**000**	**000**	**9,980**
At 30 June 2022				
Trade Payables	**1,703,350**	000	000	**1,703,350**
Current Portion Of Borrowings	000	000	000	000
Provisions	000	000	000	000
Deferred Income	000	000	000	000
Employee Benefit Obligation	000	000	000	000
Total	**1,703,350**	**000**	**000**	**1,703,350**

Notes to the Financial Statements (Continued)

44. Financial Risk Management (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial Assets (Investments, Cash, Debtors)	000	000	000
Liabilities			
Trade and Other Payables	000	000	000
Borrowings	000	000	000
Net Foreign Currency Asset/(Liability)	**000**	**000**	**000**

The entity manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

44. Financial Risk Management (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2022			
Financial Assets (Investments, Cash, Debtors)	000	000	000
Liabilities			
Trade and Other Payables	000	000	000
Borrowings	000	000	000
Net Foreign Currency Asset/(Liability)	**000**	**000**	**000**

a) Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2021			
Euro	10%	000	000
Usd	10%	000	000
2022			
Euro	10%	000	000
Usd	10%	000	000

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

44 Financial Risk Management (Continued)

(iii) Market risk (Continued)

b) Interest rate risk (continued)

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has not been performed on the basis that the entity has no borrowed in the year under review and there were no noticeable interest rates movements on the entity's bank deposits.

iv) Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	000	000
Retained Earnings	000	000
Capital Reserve	000	000
Total Funds	000	000
Total Borrowings	000	000
Less: Cash and Bank Balances	(000)	(000)
Net Debt/(Excess Cash and Cash Equivalents)	000	000
Gearing	00%	00%

b) Related Party Balances

Nature of related party relationships

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

Notes to the Financial Statements (Continued)

Government of Kenya

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

i) The National Government;
ii) The Parent Ministry;
iii) Key management;
iv) Board of directors;

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	000	000
Rent income from govt. agencies	000	000
Water sales to govt. agencies	000	000
Others (specify)	000	000
Total	**000**	**000**
B) Purchases from related parties		
Purchases of electricity from kplc	000	000
Purchase of water from govt service providers	000	000
Rent expenses paid to govt agencies	000	000
Training and conference fees paid to govt. agencies	000	000
Others (specify)	000	000
Total	**000**	**000**
b) Grants /Transfers from the Government		
Grants from National Govt	000	000
Grants from County Government	000	000
Donations in Kind	000	000
Total	**000**	**000**
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for Employees	000	000
Payments for Goods and Services	000	000
Total	**000**	**000**
d) Key Management Compensation		
Directors' emoluments	000	000
Compensation to Key Management	000	000
Total	**000**	**000**

Notes to the Financial Statements (Continued)

c) Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

d) Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	000	000
Assets arising from determination of Court Cases	000	000
Reimbursable Indemnities and Guarantees	000	000
Others (Specify)	000	000
Total	**000**	**000**

Contingent Liabilities

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent Liabilities	000	000
Court Case against Ikutha TVC	000	000
Bank guarantees in favour of subsidiary	000	000
Contingent liabilities arising from Contracts including PPPs	000	000
Others (Specify)	000	000
Total	**000**	**000**

e) Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	000	000
Authorised and Contracted for	000	000
Total	**000**	**000**

Notes to the Financial Statements (Continued)

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the entity but at the end of the year had not been contracted or those already contracted for and ongoing)

f) Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	2021-2022	2020-2021
	Kshs	Kshs
Accelerated Capital Allowances	000	000
Unrealised Exchange Gains/(Losses)	000	000
Revaluation Surplus	000	000
Tax Losses carried forward	(000)	(000)
Provisions for Liabilities and Charges	(000)	(000)
Net Deferred Tax Liability/(Asset)	000	000
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	000	000
Credit to revaluation reserve	(000)	(000)
Under provision in prior year	000	000
Income statement charge/(credit)	000	000
Balance at end of the year	000	000

[In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)

Notes to the Financial Statements (Continued)

g) Events After The Reporting Period

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

h) Ultimate And Holding Entity

Ikutha Technical and Vocational College is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

i) Currency

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

XIX. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Report on the financial statements	Financial statements do not present fairly the financial position of the College			
1	Lack of a general ledger	Management to rewrite accounting books in complete double entry and post in relevant ledger	Resolved	
2	Unsupported transfers from the National Government	Ensure source documents for receipts are in place and available for paper trail audits. Provide appropriate supporting documents	Resolved	
3	Rendering of services-fees from students-unsupported	Amend the statements to conform with the accurate figure derived from the updated students' fees register.	Resolved	
4	Misclassification of use of goods and services expenditure	Classify expenses board expenses correctly, amend the report	Resolved	
5	Unsupported traveling and accommodation expenses	Correct lapses arising from poor document handling and processing. Provided for support of vouchers	Resolved	
6	Employee costs-not supported by payroll and had variances	Reconstruct accounts and amended the financial statements	Resolved	
7	Cash and cash equivalents-	Review of cashbook and generate bank	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	lacked board of survey reports and certificates	reconciliations		
8	Property, plant and equipment- could not confirm accuracy, completeness and ownership	Initiated the process of acquiring title of ownership. Amend the financial statements to reflect the correct position- prepare an asset register	Not resolved	FY 2023/2024
9	Unconfirmed capital fund- could not confirm accuracy and completeness	Amend the report to correct the figure of the capital fund	Resolved	
10	Statement of cash flows- could not confirm accuracy and completeness	Amend the report to correct previous inaccuracies through a comprehensive review of accounts	Resolved	
Report on lawfulness and effectiveness in use of public resources	Public resources not applied lawfully and effectively			
1	Non-compliance to PSASB reporting template	Amend the report to ensure compliance	Resolved	
2	Irregular procurement of assets	The College lacked capacity to streamline operations in procurement because it was newly established. Develop a procurement plan.	Resolved	
3	Lack of an approved procurement plan	Management struggles to establish financial and human resources capacity to ensure the procurement systems are in place. Develop a procurement plan	Resolved	
4	Lack of a list of registered suppliers	As a newly established College, we operated with the list of suppliers from the mentor institute wo could not credit rate us for supplies. We are in the process	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		of putting the necessary procurement systems in place.		
Report on effectiveness of internal controls, risk management and governance	Lack of an internal audit function and audit committees of the board- Effectiveness of internal controls, risk management and governance could not be confirmed	The audit committee of the boards in place and ready to execute its mandate. To set an internal audit unit	Resolved	

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Ikutha Technical and Vocational College
Accounting Officer: Eric Muendo
Sign.....
Date 24-5-2023

Appendix II: Projects Implemented by Ikutha TVC

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

Appendix III- Inter-Entity Confirmation Letter

Ikutha Technical and Vocational College
PO Box 14-90207
Ikutha-Kenya

Confirmation of amounts received by Ikutha Technical and Vocational College as at 30th June 2022

		Amounts Disbursed by State Department of Education as at 30th June 2022				Amount Received by Ikutha TVC (KShs) as at 30th June 2021 (E)	Differences (KShs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	23-11-2021	1,000,000	000	000	1,000,000	1,500,000	(500,000)
Total		1,000,000	000	000	1,000,000	1,500,000	(500,000)

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

Head of Accountants department of Ikutha TVC:

Name .....Tracy Musanga..... **Sign** .....M..... **Date** 24/05/2023

Appendix IV: Reporting of Climate Relevant Expenditures

Ikutha Technical and Vocational College
+254 798 002 148
Ikuthatvc@gmail.com
Eric Muendo

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Appendix V: Disaster Expenditure Reporting Template

Date:

Entity

Period to which this report refers	**Year** 2021-2022					
Name of Reporting Officer	Eric Muendo					
Contact details of the reporting officer:	**Email** Ikuthatvc@gmail.com			**Telephone** 0798 002148		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments