

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

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THE AUDITOR-GENERAL

ON

**RIATIRIMBA TECHNICAL AND VOCATIONAL
COLLEGE**

FOR THE YEAR ENDED

30 JUNE, 2022

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 19 JUN 2025	DAY: Thursday
TABLED BY:	Hon. Silvanus Otieno (Majority Party Whip)
CLERK-AT THE-TABLE:	Amelia



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RIATURIMBA TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2022**

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

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

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1. Acronyms & Glossary of Terms

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

2. Key RTVC Information and Management

Riatirimba Technical and vocational college (RTVC) is a public institution sponsored by the government. It is under the Ministry of education in the state department for TVET. It offers technical subject and is a centre of excellence in Mechanical Engineering more so on Production and Plant Engineering. Other courses for technical field is also being offered.

(a) Background information

The Riatirimba TVC was started as a mechanical workshop under Keroka TTI. However, the community requested through the ministry for it to be a standalone and independent as a TVC which on 2019 .The college was successfully registered as a technical and vocational college on 28 January, 2021, and was awarded a certificate with a TVET no. TVETA/PUBLIC/TVC/0016/2021 and training license number TVETA/PUBLIC/TVC/OO16/2021. It currently has the following departments: electrical engineering, school computing, building and civil engineering, hospitality, business studies and mechanical engineering as a centre of excellence.

(b) Core Principal Activities

The core principle activity of RTVC is to ensure that it has achieved its prospective objectives as whole, by offering quality training: in research, technology, innovation and entrepreneurship, skills, increasing the student enrolment and facilities used upon, improving net-working systems within the institution hence creating RTVC as Centre of excellence

1. Vision

The vision of the college is to scale the heights of technology.

2. Mission

The mission of the college is to engage the minds in order to enhance creativity and innovation to propel quality skills towards meeting industry needs.

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3. Core Values

Riatirimba Technical and Vocational College is committed to and will be identified by the following core values:

- i. Quality work
- ii. Team work
- iii. Creativity and innovation
- iv. Accountability and transparency
- v. Integrity

(c). Key Management

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

- Board of Governors
- Principal
- Deputy principal
- Registrar
- Dean of students
- Head of Finance

(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:

SN.	Designation	Name
1.	Principal	Mr Kennedy Anyona
2.	Deputy principal	Mr Johnson Nyamweya
3.	Registrar (s)	Mr Yapline Nyakundi
4.	Dean of students	Mr Maroa Paul
5.	Head of Finance	Mr Rogers Mokinu

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(e) Fiduciary Oversight Arrangements

- ✓ Audit and Risk committee
- ✓ Finance and Operations and Infrastructure Committee
- ✓ Academic, Training and Human Resource Committee

(f) RTVC Headquarters

RIATIRIMBA MAIN CAMPUS,
P.O. Box 25-40201, GESUSU,
KISII, KENYA

(g) RTVC Contacts

Telephone: 0757331085

E-mail: info@riatirimbatvc.ac.ke

Website: riatirimbatvc.ac.ke

(h) Riatirimba Technical & Vocational College Bankers

Kenya Commercial Bank
Keroka Branch
KISII, KENYA

j. INDEPENDENT AUDITORS

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

k. Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112 - 00200
City Square NAIROBI, KENYA

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3. The Board of Governors

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	<i>DR. BENSON ONGARORA</i>	<i>He holds a PHD degree and serves as the chairman of the board</i>
2.	<i>DR. JANE OMBATI</i>	<i>She a PHD degree holder. She seats in finance and Operation board committee and also education and research board committee</i>
3.	<i>FRANCIS GATHURA</i>	<i>He is a Masters holder and is a member of the board and seats in Audit and Risk Board Committee.</i>
4.	<i>KAPERRE NDEGE</i>	<i>He is a master's holder and seats in Audit and Risk board committees</i>
5.	<i>KENNEDY ANYONA</i>	<i>He is a Master's degree holder. He is the secretary to the board. He serves in all the committees except Audit and Risk Committee</i>
6.	<i>NINA AUMA</i>	<i>She holds a Master's degree. She seats in audit and risk board committee and also in financial and education committee.</i>
7.	<i>GIBSON MICHIRA</i>	<i>He is a Master degree holder.</i>
8.	<i>TOM OLANGO</i>	<i>He holds a Masters degree and is a member of the board. He is the TVET county director. He serves in all the committees.</i>

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3. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	<i>KENNEDY ANYONA</i>	<i>Principal/ BOG secretary</i>
2.	<i>JOHNSON NYAMWEYA</i>	<i>Deputy Principal</i>
3.	<i>MAROA PAUL CHACHA</i>	<i>Ag. Dean of Trainees</i>
4.	<i>YAPLINE NYAKUNDI BOGOMBA</i>	<i>Ag. Registrar</i>

4. Chairman's Statement

When Riatirimba Technical and Vocational College (RTVC) was established as an independent institution in 2011, having been carved out from Keroka Technical Training Institute (KETTI), it faced significant challenges due to the lack of infrastructure and adequate amenities for full operation. However, thanks to the efforts and sacrifices of the board and the management team, significant progress has been made.

Initially, the college registered as a training and assessment centre to conduct NITA examinations, while the TVETA accreditation process was underway. After a successful inspection of the facilities by the NITA team, RTVC was accredited as a centre for trade test grades, marking a key achievement.

Since then, the college has focused on creating a conducive learning environment, developing a campus map and strategic plan to serve as a roadmap for future growth and success. The top management team is committed to mobilizing funds for the construction of classrooms, laboratories, and workshops to further enhance the quality of training provided.

The Board is pleased to announce that NITA has approved training in the following areas:

- Artisan in Turning and Machining
- Artisan in Arc Welding
- Artisan in Masonry

5. Report from the Principal

After being posted to Riatirimba Technical and Vocational College (RTVC) in 2020 from Kisii National Polytechnic as a trainer, and with the permission of the established Board of Governors, we initiated the process of registration with both NITA and TVETA. I am pleased to report that the process went smoothly and was successfully concluded.

Following inspections by both NITA and TVETA, the college's facilities were thoroughly evaluated, and we were successfully accredited as a centre for trade test examinations. These examinations will be conducted annually in the months of March, May, and November.

In addition to offering existing programs, we are proposing the introduction of new courses to better meet the needs of the industry and provide our students with broader opportunities. The following courses will be proposed:

- Business Courses, Electrical Engineering, Hospitality Services and Hairdressing and Beauty Therapy

Despite the progress made, the college continues to face significant challenges due to limited resources:

1. Inadequate Student Furniture: Due to financial constraints, the provision of student furniture remains insufficient for the growing student population.
2. Insufficient Tuition Block and Office Space: The college currently faces space challenges, with the main workshop being multi-purpose, limiting the effective delivery of academic services.
3. Lack of a Playground: There is no designated area for sports and extracurricular activities due to the unavailability of land for expansion.
4. Inadequate ICT Facilities: The college lacks sufficient ICT resources, including computers, to equip students with essential technical skills and support office operations.

Way Forward

The Board appeals to the Ministry of Education for additional funding to address these challenges and enable the college to fulfil its mandate effectively. A dedicated tuition block will greatly enhance service delivery and accommodate the growing number of students. We also

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request the support of relevant ministries and authorities to assist in providing basic infrastructure and resources to improve the overall learning environment at Riatirimba TVC.

We remain committed to overcoming these challenges and ensuring that Riatirimba TVC becomes a centre of excellence in technical and vocational education.

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6. Statement of Performance against Predetermined Objectives

In adherence to Section 81 subsection (2) of the public finance management Act, 2012 the management will align its objectives with the National government entity's performance against objectives that shall be prescribed by the management.

RTVC has strategic pillars and objectives within current plan for the performance targets set FY 2021/2022.

The pillars are as indicated in the diagram below:

RTVC STRATEGIC PILLARS

- Staff
- Physical infrastructure
- Equipment's
- Water
- Resource Mobilization

RTVC develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The RTVC achieved its performance targets set for the FY 2021/2022 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
STAFF	To increase number of teaching and non- teaching staff	Number of teaching staff and non - teaching staff increased	Recruitment of more staff	Additional staff
Physical infrastructure	To provide the required physical infrastructure in the college	Classrooms to be constructed	Building of classrooms	Presence of new classrooms
Equipment	To provide adequate	Training equipment requitioned and	procurement	Presence of additional; equipment

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	training equipment	procured across the departments		
Water	To provide adequate sustainable water in the college	acquire tanks	Procurement process	Availability of water
Resource mobilization	To provide adequate source of funding	Increase enrolment	Marketing and advertising	Increase student population

7. Governance Corporate Statement

The board has been having meetings once a quarter that is four times a year and the attendance has been extremely well due to good number attending the meetings. The process of appointments takes place after the contract period elapses which normally take three years , then the nomination process takes place through a circular from the ministry of education.

The council performs the following roles and responsibilities:

- i. Maintaining adequate financial management arrangements and ensuring that this continues to be effective throughout the reporting period.
- ii. Safeguarding the assets of the institution.
- iii. Selecting and applying appropriate accounting policies.
- iv. Making accounting estimates that are reasonable in the circumstances.
- v. Designing, implementing and maintaining internal controls.
- vi. Ensures the entity keep proper books of accounting.
- vii. Confirms the completeness of the accounting records maintained for the entity.
- viii. To determine the fees and charges made for institute services and facilities.
- ix. To make recommendations to BOG in the financing of projects.

8. Management Discussion and Analysis

SECTION A.

The RTVC operational and financial performance.

The college financial statement indicates that, it's performance is in a better operation in concernment with the going concern.

The board of governors are in the opinion that, the financial statements give a true and fair view state of financial affairs of an entity.

SECTION B

The College Compliance with statutory requirements.

The college is fully complied with statutory requirements, in accordance with section 83[5] of public finance management, and IPSAS applicable for the preparation of financial statements.

The board members further accept responsibility for maintenance of accounting records that may be relied upon, in preparation of financial statements as well as adequate systems of internal controls.

9. Environmental And Sustainability Reporting Statement

Riatirimba Technical & Training College (RTVC) exists to transform lives. This is will remain purpose; the driving force behind everything we do. It's what guides to deliver our strategy, which is founded on our pillars putting our clients first, delivering relevant services, improving operational excellence. Below is a highlight of strategies and activities that promotes organisation's strategic objectives:

Sustainability strategy and profile

Key staff attended career days and workshops for Principals and Head teachers in order to motivate and mentor the students in high schools. The institute maintains strong links with students who are aspiring to join institutes.

Environment performance

Environment degradation has a negative impact in the society. It is therefore important for constant efforts to be made to conserve the environment around us. Our institution ensures that disposals of wastes are done in a right manner to avoid pollution within the community.

Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.

d) Product stewardship- outline efforts to safeguard consumer rights and interests.

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

10. Report of the Board of Governors

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

Principal activities

The principal activities of the *RTVC* are:

- I. Conduct training to the trainees in his area of expertise
- II. Conduct Assessment tools for trainees
- III. Offer competence based technical training
- IV. Prepare and guide trainees, for evaluation and certification by appropriate examination bodies. Strengthen linkages between the institute and industries
- V. Diversify income generating activities and optimizing available resources.
- VI. Promote science and technology and innovation in all training programs.
- VII. Act as the secretary to the board of management

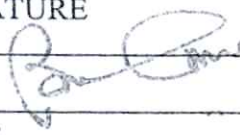
Board of Governors

The members of the Board /Council who served during the year are shown on page V11

Auditors

The Auditor General is responsible for the statutory audit of the *RTVC* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *RTVC* for the year/period 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

NAME	SIGNATURE
<i>DR. BENSON ONGARORA</i>	
THE BOARD CHAIRMAN	DATE:

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
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11. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) require the council members to prepare financial statements in respect of that *RTVC*, which give a true and fair view of the state of affairs of the *RTVC* at the end of the financial year/period and the operating results of the *RTVC* for that year/period. The Council members are also required to ensure that the *RTVC* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *RTVC*. The council members are also responsible for safeguarding the assets of the *RTVC*.

The Council members are responsible for the preparation and presentation of the *RTVC's* financial statements, which give a true and fair view of the state of affairs of the *RTVC* for and as at the end of the financial year (period) 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 *RTVC*, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *RTVC*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the *RTVC'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. The council members are of the opinion that the *RTVC's* financial statements give a true and fair view of the state of *RTVC's* transactions during the financial year ended June 30, 2022 and of the *RTVC's* financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the *RTVC*, which have been relied upon in the preparation of the *RTVC's* financial statements as well as the adequacy of the systems of internal financial control.

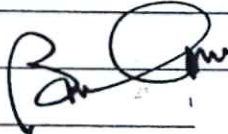
RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
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In preparing the financial statements, the Principal has assessed the *RTVC*'s ability to continue as a going concern *OR*

Nothing has come to the attention of the Council members to indicate that the *RTVC* 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 *RTVC*'s financial statements were approved by the Board on 5th May, 2025 and signed on its behalf by:

NAME	SIGNATURE
<i>for</i> DR. BENSON ONGARORA	
THE BOARD CHAIRMAN	

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
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12. Report of the Independent Auditor

As a new college, auditing had not been done.

REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RIATIRIMBA 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 Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Riatirimba Technical and Vocational College set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, 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 effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Riatirimba 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Statement of Financial Position

The statement of financial position reflects total current assets balance of Kshs.1,134,568.75. However, the recomputed balance of summation of cash and cash equivalents and inventories totaled Kshs.973,638.75 resulting to unreconciled variance of Kshs.160,930. Further the statement reflects total assets of Kshs.1,134,568.75 which differs with the representing total balance of accumulated surplus, capital fund and revaluation reserves of Kshs,499,151 resulting to a variance of Kshs.635,417.75. Therefore, the statement of the financial position is not balanced.

In the circumstances, the accuracy and completeness of the total current assets balance of Kshs.1,134,568.75 could not be confirmed.

2. Inaccuracy in the Statement of Cash Flows

The statement of cashflows reflects net cashflows from operating activities of Kshs.499,151. This when added to the opening balance of Kshs.12,450 results to Kshs.511,601 which differs with the audited cash and cash equivalent balance of Kshs.935,938.75 resulting to unreconciled variance of Kshs.424,337.75. Further, the opening balance of Kshs12.450 is not supported.

In the circumstances, the accuracy and completeness of the cash and cash equivalent computed balance of Kshs.511,601 could not be confirmed.

Report of the Auditor-General on Riatirimba Technical and Vocational College for the year ended 30 June, 2022

3. Unsupported Rendering of Services - Fees from Students

The statement of financial performance and as disclosed in Note 6 to the financial statement reflects Ksh.1,373,502 in respect to rendering of services from students. However, the student ledger showing the name, date, amount and admission number of the students was not provided. Further, evidence to indicate how the fees collected were distributed to various vote-heads as outlined in the fees structure was also not provided for audit review. In addition, the school uses Microsoft excel to record fees collection an indication of weak controls for invoicing and collection of fees.

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

4. Unsupported Use of Goods and Services

The statement of financial performance and as disclosed in Note 10 to the financial statement reflects Kshs.2,671,806 in respect to use of goods and services. However, an audit review of documents revealed that payments amounting to Kshs.258,800 were not supported with LPO/LSOs, invoices, delivery notes, goods received notes, receipts, utility bills and duly executed payment schedules.

In the circumstances, the accuracy and completeness of an amount of Kshs.258,800 on use of goods and services could not be confirmed.

5. Non-Disclosure of Property Plant and Equipment

The statement of financial position reflects nil balance in respect of property, plant and equipment. However, the audit revealed that the College has land, buildings and equipment which have not been valued and included in the financial statements.

In the circumstances, the accuracy and completeness of the financial statements on property, plant and equipment could not be confirmed.

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

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Approved Budget

During the year under review, the board approved a revenue and expenditure budget of Kshs.4,821,000 and Kshs.4,338,000 respectively. However, there was no evidence that the budget was submitted and approved by the Cabinet Secretary Ministry of Education contrary to Section 13(3) of the Technical and Vocational Education and Training Act, 2013 which states that; The annual estimate shall be submitted to the Cabinet Secretary for approval before the commencement of the financial year to which they relate. Further, the college did not maintain a vote book contrary to Regulation 52(1)(d) of the Public Finance Management (National Government) Regulations, 2015 which states that when the authority to incur expenditure is issued by the Ministry or State Department or Agency, the allocation shall be entered as a commitment in the Ministry's or State Department's or Agency's master vote book so as to ascertain at all times the availability of uncommitted

Report of the Auditor-General on Riatirimba Technical and Vocational College for the year ended 30 June, 2022

funds. In addition, the statement of comparison of budget and actual amounts reflects a final income budget of Kshs.4,821,000 and final expenditure budget of Kshs.4,338,000 resulting in a budget deficit of Kshs.483,000 contrary to Section 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that the budget shall be balanced.

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

2. Non-compliance with the Law on Ethnic Diversity in Staffing

Audit review of employees' records indicated that all out of the employees of the College or 100% were from one ethnic community. This was contrary to Section 7(1) and Section 7(2) of the National Cohesion and Integration Act, 2008 which requires all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff and ensure that not more than one-third of its staff are from the same ethnic community.

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

3. Failure to Maintain Insurance for the College Staff

The audit revealed that all the Board of Governors (BOG) employees at the College are not covered by any insurance company. This exposes the college staff to risks that may arise during its operations and in line of duty. This was contrary to section 7 (1) of the Work Injuries and Benefits Act 2007 which states that every employer shall obtain and maintain an insurance policy, with an insurer approved by the ministry in respect of any liability the employee may incur under this Act to any of its employees.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of 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 governance were not effective.

Basis for Conclusion

1. Lack of a Risk Management Policy and Framework

The audit review revealed that Riatirimba Technical and Vocational College had not developed or implemented a risk management policy or framework to guide on risk assessment and mitigation processes. The College has not carried out risk assessment and has not updated risk register. Further, it was noted that the entity did not have a disaster recovery plan. This is contrary to regulation 165 (1)(a) and (b) of the Public Finance Management Regulations (National Government) which states that the Accounting Officer shall ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations. Further, most of the requisite policies, regulations and manuals are in draft form and have not been approved for operationalization.

In the circumstances, the controls implemented to control risks are not effective.

2. Lack of Internal Audit Function and Audit Committee

During the financial year under review, the College did not have an internal audit department as required by Regulation 162(2)(a)(b)(c) and (d) of the Public Finance Management (National Government) Regulations, 2015 which provides that an Accounting Officer shall ensure that the organizational structure of the internal audit unit facilitates the entity to accomplish its internal audit responsibilities. Further, the College did not have an audit committee contrary to Regulations, 2015 which states that each national government entity shall establish an audit committee or share audit committee with another entity.

In the circumstances, management lacks the required arrangements to provide oversight over management activities

3. Lack of Approved Staff Establishment and Human Resource Manual

The College does not have an approved staff establishment contrary to the Ministry of Education: State Department of Vocational and Technical Education Circular Ref No: MST/DTE/1/1 dated 12 July, 2019 on staff establishment and justification for Technical and Vocational Education and Training (TVET) Institutions, which requires the institutions to develop a staff establishment with, clear justifications for consideration and approval by the Public Service Commission. Further, the College has no human resource manual and established human resource office for human resource recruitments and other human resource functions. In addition, the College does not have a functional human resource department, which is necessary for staff enrollment and motivation.

In the circumstances, the effectiveness of human resource function in the college could not be confirmed.

4. Weaknesses in the Management of Fixed Assets

The audit revealed that the College did not maintain a complete asset register to record necessary information such as date of acquisition, type of assets, supplier name, costs, accumulated depreciation, net book values asset codes, custodian and location among other details in respect of the assets the College owns. In addition, no assets manager was appointed or asset management committee put in place to effectively manage the College's assets. The assets have not been tagged and as a result making it difficult for the management to manage its assets efficiently. Further the assets were not insured. There were a number of assets bonded in the stores but no evidence of disposal.

In the circumstances, the effectiveness of the College's internal controls over assets could not be confirmed.

5. Lack of a Finance and Accounting and Other Key Policy Manuals

Audit review of Riatirimba Technical and Vocational College revealed that, the College has not developed finance and accounting manual to guide Management in processing financial transactions. This is contrary to Section 68 (2)(e) of The Public Finance Management Act, 2012 which states that an Accounting Officer for a National Government entity is accountable to the National College for ensuring that all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods, adequate arrangements are made for their custody, safeguarding and maintenance'.

In the circumstance, the effectiveness of the accounting function in the College could not be confirmed.

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

Responsibilities of the Management and the Board of Management

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

Report of the Auditor-General on Riatirimba Technical and Vocational College for the year ended 30 June, 2022

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 April, 2025

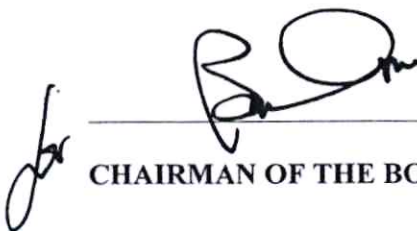
RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

13. Statement of Financial Performance for The Year Ended 30 June 2022

	Notes	FY 2021-2022	FY 2020-2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	5	3,339,270.00	0
Revenue from Exchange transactions			
Rendering of services- fees from students	6	1,373,502.00	0
Sale of goods	7	0	0
Rental revenue from facilities and equipment	8	0	0
Revenue from Exchange transactions		1,373,502.00	0
Total Revenue		4,712,772.00	0
Expenses			
Use of goods and services	10	2,671,806.00	0
Employee costs	11	773,500.00	0
Board of governors Expenses	12	476,760.00	0
Depreciation and amortization expense	13	0	0
Repairs and maintenance	14	291,555.00	0
Total Expenses		4,213,621.00	0
Net surplus for the year		499,151.00	0

(The notes set out on pages 20 to 27 form an integral part of the Annual Financial Statements).

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


 CHAIRMAN OF THE BOARD


 FINANCE OFFICE

PRINCIPAL
 RIATIRIMBA TVC
 23 APR 2025
 P.O. Box 23-40201, GESUSU
 Email: info@riatirimbatvc.ac.ke
 PRINCIPAL

DATE: 23/04/2025

DATE: 23/4/2025

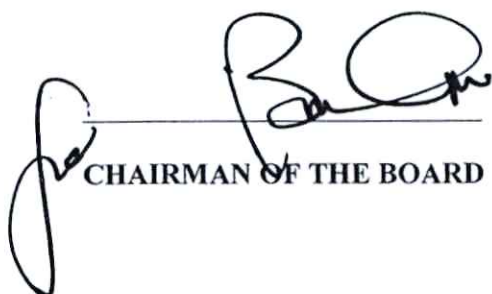
DATE: 23/04/2025

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th June 2022

14. Statement of Financial Position As At 30th June 2022

Description	Notes	FY 2021-2022	FY 2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	15	935,938.75	0
Current portion of receivables from exchange transactions	16	0	0
Receivables from non-exchange transactions	17	0	0
Inventories	18	37,700	0
Total Current Assets		1,134,568.75	0
Non-Current Assets			0
Property, plant, and equipment	20	0	0
Total Non-Current Assets		0	0
Total Assets		1,134,568.75	0
Liabilities			0
Current Liabilities			0
Trade and other payables from exchange transactions	21	0	0
Total Current Liabilities		0	0
Total Liabilities		0	0
Net Assets			0
Revaluation Reserves		0	0
Accumulated Surplus		499,151.00	0
Capital Fund		0	0
Total Net Assets and Liabilities		635,417.75	0

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


 CHAIRMAN OF THE BOARD


 FINANCE OFFICE


PRINCIPAL
 RIATIRIMBA TVC
 P. O. Box 25 - 40201, GESUSU
 Email: info@riatirimbatvc.ac.ke
 PRINCIPAL

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
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15. Statement of Changes in Net Asset For The Year Ended 30 June 2022

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2020	0	0	0	0
Revaluation gain	0	-	-	0
Surplus/(deficit) for the year	-	0	-	0
Capital grants received during the year	-	-	0	0
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	0	0	-
At June 30, 2021	0	0	0	0
At July 1, 2021	0	0	0	0
Revaluation gain	0	-	-	0
Surplus for the year	-	499,151.00	-	0
Capital grants received during the year	-	-	0	0
At June 30, 2022	0	499,151.00	0	0

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
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16. Statement of Cash Flows For The Year Ended 30 June 2022

Description	Note	FY 2021-2022	FY 2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	5	3,339,270.00	0
Rendering of services- fees from students	6	1,373,502.00	0
Sale of goods		0	0
Total Receipts		4,712,772.00	0
Payments			
Use of goods and services	10	2,671,806.00	0
Employee costs	11	773,500.00	0
Board /Council Expenses	12	476,760.00	0
Repairs and maintenance	14	291,555.00	0
Total Payments		4,213,621.00	0
Net Cash Flows from operating activities		499,151.00	0
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(0)	0
Net cash flows used in investing activities		(0)	(0)
Cash flows from financing activities		0	0
Net cash flows used in financing activities		(0)	(0)
Net Increase/(Decrease) in Cash and Cash equivalents		0	(0)
Cash and Cash equivalents at 1 JULY		12,450.00	0
Cash and Cash equivalents at 30 JUNE	15	935,938.75	0

17. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2022

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Transfers from other National Government entities	3,500,000	(0)	3,500,000	3,339,270	160,730	4.6%	a)
Rendering of services- fees from students	1,321,000	(0)	1,321,000	1,373,502	(52,502)	4%	b)
Sale of goods	0	(0)	0	0	0	0%	
Total Income	4,821,000	(0)	4,821,000	4,712,772	108,228		
Expenses							
Use of goods and services	2,918,000	0	2,918,000	2,671,806	246,194	8.4%	c)
Employee costs	620,000	(0)	620,000	773,500	(153,500)	25%	d)
Board of governors Expenses	500,000	(0)	500,000	476,760	23,240	5%	e)
Repairs and maintenance	300,000	(0)	300,000	291,555	8,445	3%	f)
Total Expenditure	4,338,000	(0)	4,338,000	4,213,621	124,379	0	
Surplus For the Period	483,000	0	483,000	499,151	(16,151)	0	

- a) The movement is due to capitation disbursements during the year.
- b) The increase was due to increase of number of students during the year under consideration.
- c) The change was due to reduced operation activities in the college.
- d) The changes was due to the increase to the number of board trainers during the period.
- e) The changes was due to decrease in number of sittings.
- f) The change was due to decrease number of operations in the college.

18. Notes to the Financial Statements

1. General Information

Riatirimba technical and vocational is established by and derives its authority and accountability from TVETA Act. The RTVC is wholly owned by the Government of Kenya and is domiciled in Kenya. The RTVC's core principal activity is training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *RTVC's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *RTVC*. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an RTVC's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an RTVC's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting RTVC provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the RTVC.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p>

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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the RTVC's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard t</p> <p>sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide</p>

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th, June 2022

Standard	Effective date and impact:
	<p>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 RTVC.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The college did not early-adopt any new or amended standards in year 2022 because it was newly started

Summary of Significant Accounting Policies

- a) Revenue recognition
- b) 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 RTVC and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

- i) Revenue from exchange transactions

Rendering of services

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
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The RTVC 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 RTVC.

Interest income

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

Rental income

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.

Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on **4,821,000**. 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 RTVC upon receiving the respective approvals to conclude the final budget.. 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 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.

c) Taxes

Current income tax

The RTVC is exempt from paying taxes as per schedule of the 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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the RTVC 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

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th, June 2022

criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the RTVC. 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 RTVC also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the RTVC 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 RTVC. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale.

RIATIRIMBA TECHNICAL AND VOCATIONAL COLLEGE
Annual Report and Financial Statements for the year ended 30th, June 2022

- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

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

i) Financial instruments

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The RTVC assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The RTVC recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

Financial liabilities

Classification

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

j) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method.

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

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

Inventories (Continued)

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 RTVC.

k) Provisions

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

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as

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a whole. The RTVC recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the RTVC will incur in fulfilling the present obligations represented by the liability.

Nature and purpose of reserves

The RTVC creates and maintains reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

The *RTVC* 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 RTVC provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an RTVC pays fixed contributions into a separate RTVC (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.

q) Related parties

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) Service concession arrangements

The RTVC 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 RTVC 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 RTVC 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.

4. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *RTVC's* financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of

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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 RTVC 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 RTVC. 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 *RTVC*.
- 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.

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.

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5. Transfers from other National Government entities

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	1,492,500.00	0
Operational/recurrent Grant	1,846,770.00	0
Total unconditional Grants	3,339,270.00	0

6. Rendering of Services

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Tuition Fees	1,171,187.00	0
Activity Fees	18,200.00	0
Personal emoluments	15,000.00	0
Repairs and maintenance	15,380.00	0
Industrial Attachment Fees	4,000.00	0
Local travel and transport	9,100.00	0
Electricity, water and conservation	3,050.00	0
Examination Fees	94,200.00	0
Administration	1,645.00	
Admission fee	31,500.00	0
Medical and insurance	3,490.00	0
Caution fee	6,750.00	0
Total Revenue from The Rendering of Services	1,373,502.00	0

7. Sale of Goods

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Sale of Books	0	0
Sale of Publications	0	0
Sale of Farm Produce	0	0
Total Revenue from Sale of Goods	0	0

8. Rental revenue from facilities and equipment

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment	0	0
Contingent Rentals	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

9. Miscellaneous Income

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Insurance recoveries	0	0
Consultancy fees	0	0
Income from sale of tender	0	0
Services concession income	0	0
Total other income	0	0

10. Use of Goods and Services

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Administration expenses	691,785.00	0
Industrial attachment costs	20,000.00	0
Electricity	300,000.00	0
Tuition	774,740.00	0
Advertising	30,000.00	0
Examination fees	150,160.00	0
Travelling and accommodation	568,900.00	0
Postage	7725.00	0
Telephone expenses	4,200.00	0
Internet expenses	41,196.00	0
Training expenses	37,800.00	0
Other operating expenses	45,300.00	0
Total good and services	2,671,806.00	0

11. Employee Costs

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Salaries and wages	773,500.00	0
Employee Costs	773,500.00	0

12. Board of governors Expenses

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Board of governors Expenses	476,760.00	0
Total	476,760.00	0

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13. Depreciation and Amortization expense

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

14. Repairs and Maintenance

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
RMI-Property	291,555.00	0
Total Repairs and Maintenance	291,555.00	0

15. Cash and Cash Equivalents

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Current Account	935,938.75	0
Total Cash and Cash Equivalents	935,938.75	0

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

Financial Institution	Account number	FY 2021-2022	FY 2020-2021
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank		935,938.75	0
Sub- Total		935,938.75	0
Cash in Hand		0	0
Sub- Total		0	0
Grand Total		935,938.75	0

16. Receivables from Exchange transactions

16 (a) Current Receivables from Exchange transactions

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	0	0
Total Current Receivables	0	0

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16 (b) Ageing Analysis of Receivables from Exchange transactions

Description	FY 2021-2022		FY 2020-2021	
	Kshs		Kshs	
	Current	% of total	Comparative FY	% of total
Less than 1 year	0	%	0	%
Total (a+b)	0	%	0	%

17 (Receivables from Non-Exchange transactions)

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Current Receivables		
Capitation Grants*	0	0
Total Current Receivables	0	0

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

Description	FY 2021-2022		FY 2020-2021	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Total	0	%	0	%

18. Inventories

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Consumable stores	28,350	0
Cleaning Materials stores	6,500	0
Catering stores	3,050	0
Total Inventories at lower of Cost and Net Realizable Value	37,900	0

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Notes to the Financial Statements (Continued)

19. Investments in financial assets

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
a) Investment in Treasury Bills and Bonds		
Financial Institution		
CBK	0	0
CBK	0	0
Sub- Total	0	0
b) Investment with Financial Institutions/ Banks		
Bank X	0	0
Bank Y	0	0
Sub- Total	0	0
c) Equity Investments (Specify)		
Equity/ Shares in Company	0	0
Sub- Total	0	0
Grand Total	0	0

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 RTVC 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		Insert Current FY	Insert Comparative FY
	%	%	%	Kshs	Kshs	Kshs
RTVC A	0	0	0	0	0	0
RTVC B	0	0	0	0	0	0
	0	0	0	0	0	0

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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2020	0	0	0	0	0	0	0	0
Additions	0	0	0	-	0	-	0	0
Disposals	(0)	(0)	-	-	0	-	(0)	(0)
Transfers/Adjustments	0	(0)	0	0	0	-	0	(0)
At 30th June 2021	0	0	0	0	0	0	0	0
Additions	0	0	0	-	0	0	0	0
Disposals	(0)	-	-	-	0	0	(0)	(0)
Transfer/Adjustments	(0)	0	0	(0)	0	0	0	(0)
At 30th June 2022	0	0	0	0	0	0	0	0
Depreciation And Impairment								
At 1 July 2021	-	(0)	(0)	(0)	(0)	-	(0)	(0)
Depreciation	-	(0)	(0)	(0)	(0)	-	(0)	(0)
Disposals	-	-	-	-	0	-	0	0
Impairment	-	-	-	-	(0)	-	-	(0)
At 30 Jun 2022		0	0	0	0	0	0	0
Depreciation	-	(0)	(0)	-	(0)	(0)	(0)	(0)
Disposals	-	-	-	-	0	-	0	0
Impairment	-	(0)	-	-	(0)	-	-	(0)
Transfer/Adjustment	-	(0)	(0)	0	(0)	-	(0)	0
At 30th Jun 2022	-	0	0	0	0	0	0	0
Net Book Values								
At 30th Jun 2021	0	0	0	0	0	0	0	0
At 30th Jun 2022	0	0	0	0	0	0	0	0

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Notes to the Financial Statements (Continued)

21. Trade and Other Payables

Description	FY 2021-2022		Insert Comparative FY	
	Kshs		Kshs	
Trade payables	0		0	
Fees paid in advance	0		0	
Other Payables	0		0	
Total Trade and Other Payables	0		0	
	Current FY	% of the Total	Comparative FY	% of the Total
Ageing analysis:				
Under one year	0	%	0	0
Total (to tie to totals above)	0	%	0	0

22. Financial Risk Management

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

(i) Credit risk

The RTVC has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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The carrying amount of financial assets recorded in the financial statements representing the RTVC'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	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Receivables from exchange transactions		0	0	0
Receivables from non-exchange transactions	0			
Bank balances	935,938.75	0	0	0
Total	935,938.75	0	0	0

Financial risk management (continued)

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 RTVC has significant concentration of credit risk on amounts.

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

(ii) Liquidity risk management

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

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

(iii) Market risk

The RTVC has put in place an internal audit function to assist it in assessing the risk faced by the RTVC 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 RTVC'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 RTVC'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 RTVC's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The RTVC 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 RTVC's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial Assets (Investments, Cash, Debtors)	0	0	0
Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

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

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%	0	0
Usd	10%	0	0
2022			
Euro	10%	0	0
Usd	10%	0	0

b) Interest rate risk

Interest rate risk is the risk that the RTVC'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.

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Management of interest rate risk

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

Sensitivity analysis


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

23. 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:



KENNEDY ANYONA
PRINCIPAL/SECREARY TO THE BOARD, RTVC

DATE: __