



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 02 FEB 2022 OF

TABLED BY: Majority Whip

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**THE AUDITOR-GENERAL**

**ON**



**EMSOS TECHNICAL AND  
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

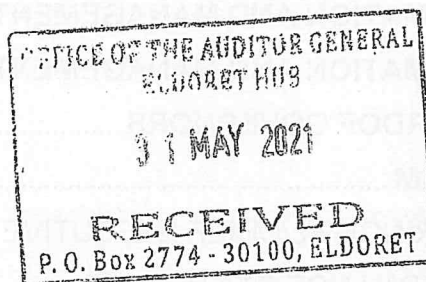
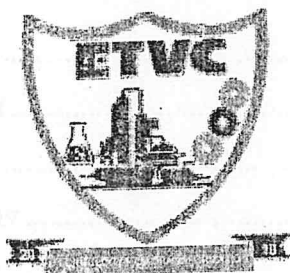






# EMSOS TECHNICAL AND VOCATIONAL COLLEGE FINANCIAL REPORTS AND STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

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## EMSOS TECHNICAL AND VOCATIONAL COLLEGE

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### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2019

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



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## **KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

Emsos Technical & Vocational College (ETVC) is a public technical training college, it is one of the Sixty (60) technical colleges located in Chesumei Sub-County, 10 kilometers from Mosoriot trading centre along Mosoriot –Kabiyet- Kaiboi road. It is situated in scenic rural road setting in the heart of Nandi county renown for dairy and crop farming. It is managed by a Board of Governors (BOG) under the general direction of the Ministry of Education. It operates under the Technical Vocational Education and Training (TVET) Act, 2013. The college admitted its first batch of students in September 2018, thirty (30) students

ETVC is a public government sponsored Technical and Vocational Education and Training (TVET) Institution offering Artisan, Craft Certificate and Diploma courses in Technical and Business fields. Our mandate as a TVET Institution is to enable learners acquire valuable skills on training, experience and knowledge which are key components for specialized labour market. We help build successful careers and take pride in being part of Sustained Development Guidelines (SDGs) in Kenya through the Big Four Agenda and Vision 2030 blue print

ETVC is a centre of excellence in Value Addition in Agriculture with state of art equipment. The institution is errand manufacturing processes that improve the value of primary agricultural commodities by increasing appeal to the customer and willingness to purchase finished products

The specialized courses offered at ETVC are facilitated through six course departments providing KNEC accredited examinations and gradually transiting to CBET-CDDAC.

### **(b) Principal Activities**

#### **Vision Statement**

To be a leading centre of excellence in technical training, research and innovation

#### **Mission Statement**

To provide quality and sustainable skills to meet the needs of industrialization and society



EMSOS TECHNICAL AND VOCATIONA COLLEGE  
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**KEY ENTITY INFORMATION AND MANAGEMENT**

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mrs.Sawe Getrude
2.	Ag.Head of Finance	Ms.Kisang Judith
3.	Ag.Head of Procurement	Ms.Jerop Viola
4.	Deputy Principal	Mr.Ketter Cyprian
5.	Ag.Registrar	Mrs.Chirchir Abigael
6.	Ag.Dean of Students	Mr. Kitur Nelson

**(d) Entity Headquarters**

P.O BOX 300-30100  
ELDORET,  
KENYA

**(e) Entity Contacts**

Telephone: (254)0796376783  
E-Mail:info@etti.ac.ke  
Website: www.etti.ac.ke

**(f) Entity Bankers**

Kenya Commercial Bank  
Eldoret East Branch  
A/C NO:  
➤ 1159400792  
➤ 1252707681...

**(g) Independent Auditors**



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



**(h) Principal Legal Adviser**

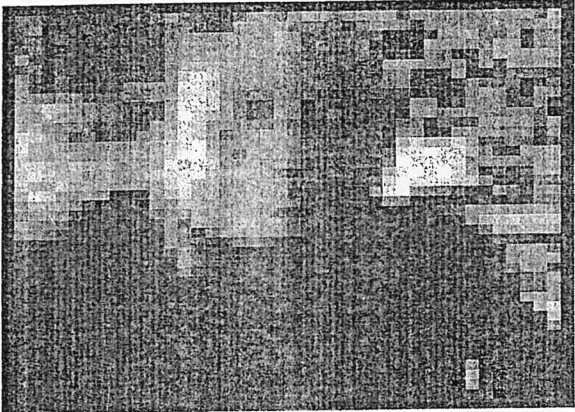
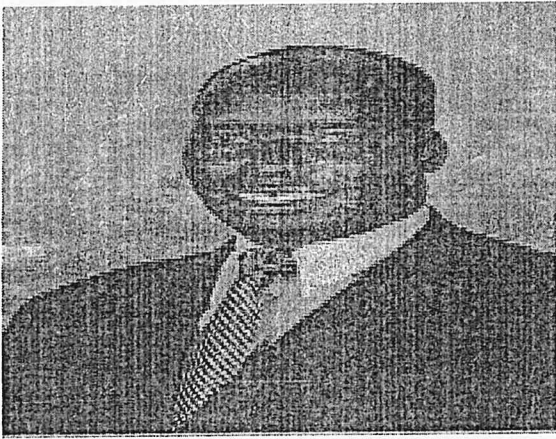
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**THE COUNCIL/BOARD OF GOVERNORS**

1. Name, Photo and position	Qualification.
 <p>MRS.KOECH PERIS-CHAIRMAN</p>	<p>Currently the branch manager Kenya seed Narok branch.</p> <p>She holds a Bachelor of Science in Agricultural Economics from Egerton University, pursuing a Masters Degree in Agricultural Resource Economics and Management. .</p> <p>She previously worked as a Food Security Manager, at Solidarities Kenya</p> <p>Attended a Gender mainstreaming course in Arusha Tanzania among other courses, workshops and seminars</p> <p>She has instrumental understanding in Public and Private sector operations /skills which are all transferable and applicable to other sectors.</p>
 <p>MRS. SAWE GETRUDE-PRINCIPAL/BOG SECRETARY</p>	<p>Mrs. Sawe Gertrude, was born 1964. She holds a bachelors degree in Education (science) from Kampala International University, Diploma in Agriculture and Home-Economics from Egerton University. Currently pursuing a Masters degree in counseling psychology at Egerton University. On upward mobility she gradually graduated from being a course tutor in 2008, Deputy Head of department 2009-2010, Head of department 2010-2018, Deputy Principal in charge of Academic 2018 then current rank as Principal Emsos Technical and vocational college. She has attended several workshops on leadership. She is the secretary to the board Emsos TVC</p>

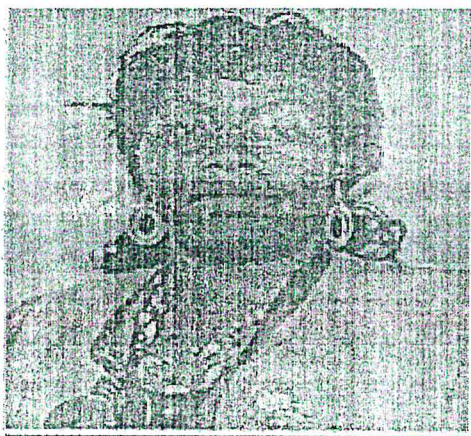


EMSOS TECHNICAL AND VOCATIONA COLLEGE  
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<p>3.</p>  <p>DR. OMUTANGE ELIJAH-VICE CHAIRMAN</p>	<p>Born in 1969. Holds a Doctor of philosophy in Environmental Earth sciences in Moi University, masters of philosophy in education, Moi University, Bachelors of education, Moi University. Currently works as a senior lecturer head of department, Technology education in Moi University. He participated in curriculum review in Moi University. He was appointed as the member of board Emsos Technical and vocational college October 2018</p>
<p>4.</p>  <p>MR.TUM ELIAZER-CHAIRPERSON FINANCE AND GENERAL PURPOSE COMMITTEE</p>	<p>Currently works as County budget Coordinator Bomet County. Born in the year 1965,Holds masters of Arts in Economics, Bachelor of Business Administration and Post graduate Diploma in financial management. He has attended various workshops and seminars. He previously worked with multimedia university college as a senior financial accountant, Agro-chemical and food company as head of internal audit, Moi Teaching and referral Hospital as Head of Audit, risk and compliance /Audit committee. He was appointed as the member of Board in Emsos Technical and Vocational College in October 2018</p>

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DR.MANGIRA ROSELYNE-  
CHAIRMAN AUDIT AND RISK  
COMMITTEE



Currently she is the Librarian in Jomo Kenyatta University of Agriculture and Technology (JKUAT). She holds Doctor of Philosophy in Library and Information Studies and Masters of philosophy in Library and Information Studies. She has published several articles in information related field in peer reviewed journals both in print and electronically. She has been involved in developing and reviewing several university teaching programmes among them is Information Literacy and curriculum that has recently been approved by the University council. She was appointed member to the board of Emsos Technical and vocational college October 2018

5. MR.WANJALA FREDRICK



He is currently an Agribusiness officer /land development officer at Nandi North District. He was a farm manager in Irrigation Scheme Isiolo District under the ministry of Agriculture. He was a district crops manager in Isiolo District. He was appointed Member to the Emsos Technical and Vocational college October 2018






6. ENG.MUTAI ALICE

Currently she is the registrar of Kenya Engineering Technology registration Board. She holds a master's of Science in Engineering System Management. She is also an assistant registrar Technical University of Kenya. She was a lecturer at Rift Valley Institute of Science and Technology. She was also a dean of academic affairs in Rift Valley Institute of Science and Technology. She was a deputy principal at Rift Valley Institute of Science and Technology




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**MANAGEMENT TEAM**

Name and photo	Responsibility
 <p>MRS.SA WE GETRUDE</p>	<ul style="list-style-type: none"> <li>-Chief Executive Officer/ Principal</li> <li>-Secretary BOG</li> <li>- Accounting Officer</li> </ul>
 <p>MR.KETTER CYPRIAN</p>	<ul style="list-style-type: none"> <li>-D/Principal Academics</li> <li>-Head Of Academic Matters</li> <li>-Chairperson Of Academic Committee</li> <li>-Chairperson Disciplinary Committee</li> <li>-Human Resource Function</li> </ul>
 <p>JUDITH KISANG</p>	<ul style="list-style-type: none"> <li>-Ag.Accountant</li> <li>-Financial Management</li> <li>-Budgeting And Control</li> <li>-Financial Reporting</li> </ul>
 <p>ABIGAEL CHIRCHIR</p>	<ul style="list-style-type: none"> <li>-Ag. Registrar</li> <li>-Examination</li> </ul>
	<ul style="list-style-type: none"> <li>-Ag. Dean Of Students</li> <li>-Students Welfare</li> </ul>



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 VIOLA JEROP	<ul style="list-style-type: none"><li>-Ag. Procurement</li><li>-Advisor In Procurement Matters</li></ul>

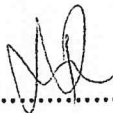
**CHAIRMAN'S STATEMENT**

It is with great pleasure that I present the Emsos Technical and Vocational College Financial Report for the Financial Year ending 30<sup>th</sup> June, 2019. Being a new institution the college has been face various challenges like inadequate funding, inadequate infrastructure, and unreliable source water. Despite the challenges the college with the guide of the board has strived hard to provide basic needs to the learners and trainers.

I wish to appreciate the support of the Government through its capitation programme and organization like the Higher Education Loans Board for continuing to support our students in paying their fees. Increasing number of students have difficulties in meeting the cost of education and HELB as well as other bursary providers have assisted in ensuring our students pursue their studies.

The College Board would like to appeal to the Government to consider us on capital development grants to enable the College in meeting its financial obligations and put up infrastructure to accommodate the rising number of trainees in different programmes. The College faces huge challenge in putting up critical infrastructure. We are looking forward that the college to expand. I thank all students, parents, community, and other stakeholders for choosing to invest in our Institution and urge that together we should strive to achieve higher levels of excellence in the coming years.

SIGNATURE: DATE:.....

 31/05/21

**MRS.KOECH PERIS**

**CHAIRMAN BOARD OF GOVERNORS**


**EMSOS TVC**

**REPORT OF THE PRINCIPAL/CHIEF EXECUTIVE OFFICER**

I would like to thank the Government of Kenya and other stake holders for their continued financial support during the year under consideration.

Although the college is on the upward trend in progress, It has myriad of challenges like Inadequate funding, inadequate infrastructure, unreliable source of water as well ..The institute is served by septic tank with few pit latrines. There is also power outage due to lack of power backup so it requires a stand by generator or any other alternative source of power, these challenges is a result of low funding from the exchequer. The college enrolment has 110 students in the FY ending 30<sup>th</sup> June 2019, It requires more facilities both Human and Material resources is required on the increase especially on the teaching staff we hope the government will employ more trainers in the FY 2019/2020.

Finally, I like to acknowledge the support of BOG, Staff, Students and other stake holders for their overwhelming cooperation in running the college during the year under review.

SIGNATURE:  DATE: 31/05/2021

MRS.SAWE GETRUDE  
PRINCIPAL/ SECRETARY BOG  
EMSOS TVC



## **CORPORATE GOVERNANCE STATEMENT**

Our full board meetings and committee meetings are normally held once in every quarter unless of an urgent matter the board can convene a meeting, attendance is always 100%.

### **Roles and functions of board**

#### **BOARD RESPONSIBILITIES**

The College Board undertakes the following responsibilities

1. The board is the governing body of the college through which the college acts and undertakes the following
  - a. Administers the property and funds of the college in a manner and for the purpose which promotes the interest of the college, but the board does not charge or dispose of immovable property of the exchanger except in accordance with the procedures laid down by the government of Kenya.
  - b. Receives on behalf of the college donations, gifts, grants or other moneys and make disbursement there from the college or other bodies or persons.
  - c. Provides for the welfare of the staff and students on the college.
  - d. May enter into association with other colleges, training colleges or other institutions of learning within Kenya.
  - e. May, after consultation with academic board make regulations governing the conduct discipline of the student of the college
2. All documents, other than those required by law to be under seal, made on behalf of the board and all the decisions of the board may be signed under the hand of the chairman, principal or other members of the board generally or specifically authorised by the board on that behalf.
3. Ensure that proper management structure is in a place and that the structure functions to maintain corporate integrity, reputation and responsibility.
4. Monitors and evaluate the implementations of strategies, policies and management criteria plans of the college.
5. Constantly review the viability and financial sustainability of the college and does so once every year.
6. Ensures that the college comply with all the relevant laws, regulations, governance practice accounting and auditing standards.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management of the college meets as stipulated by the TVET Act with the view of getting reports from the management on its operation and finance performance. Currently the college is running with the small skeleton of staff and the limited resources. Due to limited resource the entity is focusing on the provision of basic requirements. The entity is compliant with all statutory requirements to mitigate any major risks

## **REPORT OF THE COUNCIL/BOARD OF GOVERNORS**

The Board members submit their report together for the year ended June 30, 2019, this being the base year which show the state of the Emsos Technical and Vocational college affairs.

### **Principal activities**

The principal activities of the Emsos Technical and Vocational College is to provide technical and vocational training

### **Results**

The results of the entity for the year ended 30<sup>th</sup> June 2018 are set out on page 1-10

## **COUNCIL/BOARD OF GOVERNORS**

The members of the Board /Council who served during the year are shown on page v-vii. The term for the Board members expires in year October 2021.

### **Auditors**

The Auditor General is responsible for the statutory audit of the Emsos technical and vocational college in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and TVET Act,2013 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Emos technical and vocational college for the year/period ended June 30, 2019 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.

## **STATEMENT OF BOARD OF GOVERNORS/COUNCIL MEMBERS' RESPONSIBILITIES**

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

The council members are responsible for the preparation and presentation of Emsos TVC financial statements, which give a true and fair view of the state of affairs of the college for and as at the end of the financial year ended on June 30, 2020. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Emsos Technical College;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for Emsos Technical and Vocational College financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and . The council members are of the opinion that Emsos TVC financial statements give a true and fair view of the state of Emsos Technical and Vocational College transactions during the financial year ended June 30, 2020, and *Emsos TVC* financial position as at 30<sup>TH</sup> June 2020. The council members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College financial statements as well as the adequacy of the systems of internal financial control.

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



EMSOS TECHNICAL AND VOCATIONA COLLEGE  
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**Approval of the financial statements**

Emsos Technical and Vocational College financial statements were approved by the Board on 30<sup>th</sup> September 2020, and signed on its behalf by:

Name... PERU KETCH ...Date... 31/05/21 ...Sign... [Signature]

**CHAIRMAN BOARD OF GOVERNORS**

**EMSOSETVC**

Name... GETRUDZ SAME ...Date... 31/05/2021 ...Sign... [Signature]

**ACCOUNTING OFFICER/PRINCIPAL**

**EMSOS TVC**

# REPUBLIC OF KENYA

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Anniversary Towers  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON EMSOS TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of Emsos Technical and Vocational College set out on pages 2 to 50, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Emsos Technical and Vocational College as at 30 June, 2019, 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 do not comply with the Technical and Vocational Education and Training Act, 2013.

#### Basis for Adverse Opinion

##### 1.0 Presentation, Accuracy and Disclosure of Financial Statements

A review of the financial statements provided for audit revealed the following anomalies:

- i) The statement of financial performance has not been reflected in the table of content.
- ii) Page 4 of the financial statements is blank.
- iii) The report of the Board of Governors indicate that the results relate to the year ended 30 June, 2018 instead of the year ended 30 June, 2019.
- iv) The statement of Board of Governors/Council Members' responsibilities relate to the year ended 30 June, 2020 instead of the year ended 30 June, 2019.
- v) The statement of financial performance indicates a creditors figure of Kshs.1,068,750 as disclosed in Note 21. However, Note 21 relates to contracted



services. In addition, creditors are statement of financial position and not statement of financial performance items.

- vi) The statement of financial performance indicates that the general expenses of Kshs.3,154,419 are reflected in Note 23 to the financial statements. However, Note 23 relates to finance costs with a nil balance.
- vii) Finance costs are not reflected in Note 24 as indicated in the statement of financial performance which relate to gain on sale of assets.
- viii) Note 25 of the financial statements relate to unrealized gain on fair value investments and not gain on sale of assets as reflected in the statement of financial performance.
- ix) Unrealized gain on fair value investments is not reflected in Note 26 as indicated in the statement of financial performance.
- x) The statement of financial performance indicates that the impairment loss is reflected in Note 27. However, the financial statements do not have Note 27.
- xi) Note 28(a) to the financial statements reflects detailed analysis of cash and cash equivalents grand total figure of Kshs.1,214,671 which vary with the computed figure of Kshs.1,153,545 resulting to a variance of Kshs.61,126 which has not been explained or reconciled. In addition, Note 28(a) reflects a grand total figure of Kshs.2,824,967 which has not been explained.
- xii) The statement of financial position reflects capital fund figure of Kshs.163,240,582 which was not supported.
- xiii) The statement of changes in net assets reflects total capital and reserves figure of Kshs.163,240,582 which vary with the figure of Kshs.167,232,315 reflected in the statement of financial position resulting to a variance of Kshs.3,991,733 which has not been explained.
- xiv) The statement of cash flows reflects transfer from other government entities figure of Kshs.2,545,000 which varies with the figure of Kshs.5,090,000 reflected in the statement of financial performance resulting to unexplained variance of Kshs.2,545,000.
- xv) The statement of cash flows reflects cash and cash equivalent of Kshs.1,214,671 as at 30 June 2019 which varies with the figure of Kshs.1,153,545 reflected in the statement of financial position resulting to unexplained variance of Kshs.61,126.

Under the circumstances, accuracy of the College's financial statements for the year under review could not be confirmed. In addition, the financial statements are not prepared in accordance with the format prescribed by the Public Sector Accounting and Standard Board (PSASB).



## **2.0 Non-Disclosure of Local Travel and Transport Expenditure**

The statement of financial performance for the year ended 30 June, 2019 reflects total expenses balance of Kshs.5,972,547. Documents provided for audit including payment vouchers and supporting schedules revealed that Kshs.600,230 was incurred on local travel and transport. However, the expenditure was not disclosed in the financial statements.

Consequently, the accuracy and completeness of the total expenditure balance of Kshs.5,972,547 for the year ended 30 June, 2019 could not be confirmed.

## **3.0 Receivables from Exchange Transactions**

As disclosed in Note 29 to the financial statements, the statement of financial position as at 30 June, 2019 reflects receivables from exchange transactions figure of Kshs.1,838,188. However, the supporting schedules provided for audit reflects a figure of Kshs.1,296,090 resulting to unexplained/unreconciled variance of Kshs.542,098. Further, provision for bad and doubtful debts has not been made.

Under the circumstances, the validity, accuracy and existence of receivables from exchange transactions balance of Kshs.542,098 as at 30 June, 2019 could not be confirmed.

## **4.0 Property, Plant and Equipment**

The statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.163,240,582. However, assets register, valuation reports, completion certificates or supplier invoices and depreciation policy were not provided for audit. Further, the property, plant and equipment were not depreciated.

Under the circumstances, the validity, accuracy, completeness and existence of property, plant and equipment balance of Kshs.163,240,582 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Emsos Technical and Vocational College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse 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. There were no key audit matters to report in the year under review.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1.0 Employee Costs

##### 1.1 Payment of Salaries Below Minimum Wage

During the year under review, the staff payroll provided for audit verification revealed thirteen (13) members of staff who are paid basic salaries below the basic minimum monthly wages contrary to the first schedule of the Regulation of Wages (General) (Amendment) Order, 2018 which provide that basic minimum monthly wages (Exclusive of Housing Allowance) is Kshs.13,573.

Consequently, the Management is in breach of the law.

##### 1.2 Failure to Observe One Third Rule Staff Establishment

An audit review of personnel records provided for audit revealed that as at 30 June, 2019 Emsos Technical Training College had a staff establishment of thirteen (13) member of staff out of which 11 representing (85%) were from the same ethnic community contrary to Section 7(1) & (2) of the National Cohesion and Integration Act, 2008.

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

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1.0 Internal Control Systems**

During the year ended 30 June, 2019, the Management of Emsos Technical Training College did not have in place a risk management policy, risk management strategies and a system of risk management to enable them develop appropriate risk strategies in order to improve on effective and efficient management of public resources. Further, the Management has not instituted policies and procedures to guide key financial processes and controls for the Management such as human resource policies and procedures, code of conduct, organization structure, revenue policy and debtor's policies.

In the circumstances, the College's effectiveness of internal controls, risk management and governance could not be confirmed.

### **2.0 Information Technology (IT) Internal Control Systems**

A review of the IT internal control systems of the entity revealed the following anomalies;

- i) There was no IT strategic committee
- ii) The College did not have an IT strategic plan that supports business requirements ensuring that IT spending remains within the approved IT strategic plan
- iii) The College did not have an IT steering committee
- iv) The College did not have a formally approved IT security policy to ensure data confidentiality, integrity and availability
- v) There was no IT continuity plan and disaster recovery plan in case a disaster strikes the IT environment of the College.
- vi) The Management did not avail evidence of installing the following in computer rooms:
  - Fire Suppression systems
  - Humidity and temperature control systems
  - UPS and Generators
  - Air conditioning systems

In the circumstances, the College's IT internal control systems for the year under review could not be ascertained.

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

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness



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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the College's policies and procedures may deteriorate.

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

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

06 December, 2021

EMSOS TECHNICAL AND VOCATIONA COLLEGE  
FINANCIAL REPORTS AND STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2019

STATEMENT OF FINANCIAL PERFORMANC FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019/2020	2018/2019
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	-	5,090,000
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
<b>Total Revenue from non-exchange transactions</b>		-	5,090,000
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	10		3,207,780
Sale of goods	11	-	
Rental revenue from facilities and equipment	12	-	
Finance income - external investments	13	-	
Consultancy fees	14	-	
Other income	15	-	
<b>Revenue from exchange transactions</b>		-	3,207,780
<b>Total revenue</b>		-	8,297,780
<b>Expenses</b>			
Use of goods and services	16		171,221
Employee costs	17		934,710
Remuneration of directors	18	-	485,000
Depreciation and amortization expense	19	-	
Repairs and maintenance	20		158,447
Creditors	21	-	1,068,750
Grants and subsidies	22	-	
General expenses	23	-	3,154,419
Finance costs	24	-	
<b>Total expenses</b>		-	5,972,547
<b>Other gains/(losses)</b>			
Gain on sale of assets	25	-	-
Unrealized gain on fair value of investments	26	-	-
Impairment loss	27	-	-
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus for the year</b>		-	2,325,233
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The notes set out on pages 23 to 41 form an integral part of the Annual Financial Statements.



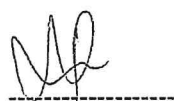


EMSOS TECHNICAL AND VOCATIONA COLLEGE  
FINANCIAL REPORTS AND STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2019

STATEMENT OF FINANCIAL POSITIONAS AT 30<sup>TH</sup> JUNE 2019

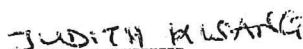
	Notes	2019/2020	2018/2019
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	28	0	1,153,545
Receivables from exchange transactions	29	0	1,838,188
Receivables from non-exchange transactions	30	0	1,000,000
<b>Total Current Assets</b>		<b>0</b>	<b>3,991,733</b>
<b>Non-current assets</b>			
Property, plant and equipment	33		163,240,582
<b>Total Non-current Assets</b>			<b>163,240,582</b>
<b>Total assets</b>			<b>167,232,315</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	36	0	1,068,750
Payments received in advance	42		597,750
<b>Total Current Liabilities</b>		<b>0</b>	<b>1,666,500</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	41		
<b>Total Non-current liabilities</b>			<b>-</b>
<b>Total liabilities</b>			<b>1,666,500</b>
<b>Capital and Reserves</b>			
Accumulated surplus			2,325,233
Capital Fund			163,240,582
<b>Total Capital and Reserves</b>			<b>165,565,815</b>
<b>Total Liabilities and Capital &amp; Reserves</b>		<b>0</b>	<b>167,232,315</b>

The Financial Statements set out on pages 2-3 were signed on behalf of the Institute Council/ Board of Governors by:



Chairman of Council/Board of Governors

Date: 31/05/21



Finance Officer

ICPAK No AS500/3183

Date

Date: 31/05/2021



Principal

EMSOS TECHNICAL AND VOCATIONA COLLEGE  
FINANCIAL REPORTS AND STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 19

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EMSOS TECHNICAL AND VOCATIONAL COLLEGE  
FINANCIAL REPORTS AND STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 19

I. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2019

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
<b>Balance b/f at July 1, 2017</b>				163,240,582	163,240,582
Revaluation gain					-
Fair value adjustment on quoted investments					-
Total comprehensive income					-
Capital/Development grants received during the year					-
Transfer of depreciation/amortisation from capital fund to retained earnings					-
<b>Balance c/d as at June 30, 2018</b>	-	-	-	163,240,582	163,240,582
<b>Balance b/f as at July 1, 2018</b>				163,240,582	163,240,582
Revaluation gain					-
Fair value adjustment on quoted investments					-
Total comprehensive income					-
Capital/Development grants received during the year					-
Transfer of depreciation/amortisation from capital fund to retained earnings					-
<b>Balance c/d as at June 30, 2019</b>	-	-	-	163,240,582	163,240,582

EMSOS TECHNICAL AND VOCATIONA COLLEGE  
FINANCIAL REPORTS AND STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 19

**I. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2019**

STATEMENT OF CASH FLOWS			
		2019/2020	2018/2019
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6		2,545,000
Public contributions and donations			
Rendering of services- Fees from students			2,823,516
Sale of goods			
Consultancy income			
Other income, rentals and agency fees			
<b>Total Receipts</b>		-	5,368,516
<b>Payments</b>			
Compensation of employees	7		934,710
Use of goods and services	16		171,221
General expense	23		3,154,419
Repairs and mantainance	20		158,447
<b>Total Payments</b>		-	4,418,797
<b>Net cash flows from operating activities</b>	45	-	949,719
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets			
<b>Net cash flows used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Increase in deposits			
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		-	949,719
Cash and cash equivalents at 1 July 2018			264,952
<b>Cash and cash equivalents at 30 June 2019</b>	28	-	1,214,671
<b>Cash and cash equivalents as per the Balance Sheet</b>		-	1,214,671

EMSOS TECHNICAL AND VOCATIONAL COLLEGE  
FINANCIAL REPORTS AND STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 19

II. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Transfers from other Govt entities Govt grants	3,090,000		3,090,000	1,545,000	1,545,000	50.00
Recurrent		2,000,000	2,000,000	1,000,000	1,000,000	50.00
Rendering of services- Fees from students	2,873,200		2,873,200	2,536,230	336,970	11.73
Sale of goods			-		-	
Finance Income			-		-	
Consultancy Income			-		-	
Gains on disposal, rental income and agency fees			-		-	
<b>Total income</b>	<b>5,963,200</b>	<b>2,000,000</b>	<b>7,963,200</b>	<b>5,081,230</b>	<b>2,881,970</b>	
<b>Expenses</b>						
Compensation of employees	1,049,444		1,049,444	934,710	114,734	10.93
Use of Goods and services	617,320		617,320	171,221	446,099	72.26
Finance costs			-		-	
Repairs and maintainance	308,660		308,660	158,447	150,213	48.67
Remuneration of directors	-		-		-	
General expenses	4,197,776		4,197,776	3,154,419	1,043,357	24.85
Grants and subsidies paid			-		-	
<b>Total expenditure</b>	<b>6,173,200</b>	<b>-</b>	<b>6,173,200</b>	<b>4,418,797</b>	<b>1,754,403</b>	
<b>Surplus for the period</b>	<b>- 210,000</b>	<b>2,000,000</b>	<b>1,790,000</b>	<b>662,433</b>	<b>1,127,567</b>	

Budget notes

EMSUS TECHNICAL AND VOCATIONAL COLLEGE  
FINANCIAL REPORTS AND STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2019

- i. *The difference is due to late release of capitation from government*
- ii. *The difference was caused by late remission of recurrent grants*
- iii. *Students were unable to clear their fees in time causing arrears*
- iv. *Being a new institution employees were few and the it operated for only nine months*
- v,vi, &vii. *Being new institution operations and activities were minimal*



### III. NOTES TO THE FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION

Emsos TVC entity is established by national government and derives its authority and accountability from TVET AC T 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide technical training.

#### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements.

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

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

#### 3. ADOPTION OF NEW AND REVISED STANDARDS

##### i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalue assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).Amendments to the implementation guidance ondeemed cost in IPSAS 33 to make it consistentwith the core principles in the Standard.</p>
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#### ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

##### **Transfers from other government entities**

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

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Dividends**

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

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **a) Revenue recognition (Continued)**

##### **ii) Revenue from exchange transactions (continued)**

##### **Rental income**

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

##### **b) Budget information**

The original budget for FY 2018/2019 was approved by the Council or Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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



**c) Taxes**

***Current income tax***

.Emsos Technical and Vocational College is exempted from paying taxes as per the Income Tax Act 2019

***Sales tax/ Value Added Tax***

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

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

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

**d) Investment property**

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

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

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**

International public sector Accounting Standards (IPSAS)33 grant transitional exemptions to entities adopting accrual basis IPSAS for the first time, providing a major tool to help entities a long their journey to implement IPSASs. It allows first time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.

**f) Leases**

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

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

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

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

**g) Intangible assets**

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

**h) Research and development costs**

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

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

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

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**i) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair

value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

### ***Loans and receivables***

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

### ***Held-to-maturity***

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

### ***Impairment of financial assets***

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



**i) Financial instruments**

***Impairment of financial assets (Continued)***

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

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

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

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

**i) Inventories**

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

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

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

i) **Inventories (Continued)**

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

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

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

j) **Provisions**

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

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

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

***Contingent liabilities***

The ETVC 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***

ETVC 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 ETVC 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.

### **k) Nature and purpose of reserves**

ETVC creates and maintains reserves in terms of specific requirements..

### **l) Changes in accounting policies and estimates**

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

### **m) Employee benefits**

#### **Retirement benefit plans**

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

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

**n) 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.

**o) 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.

**p) 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.

**q) Comparative figures**

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



**r) 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, 2019.

**5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**6a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

<b>Unconditional grants</b>		
CAPITATION		3,090,000
Reccurent grants		2,000,000
		<b>5,090,000</b>

**6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognized in capital fund KShs	Total grant income during the year KShs	2018-2019 KShs
Ministry/State Department					
<b>Total</b>					

**7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS**

Description	2019-2020 KShs	2018-2019 KShs
JICA- Research grant	0	0
World Bank grants	0	0
Other grants	0	0
<b>Total grants from development partners</b>	<b>0</b>	<b>0</b>

### 8. Reconciliations of grants from donors and development partners

Description	2019-2020	2018-2019
	KShs	KShs
Balance unspent at beginning of year	0	0
Current year receipts	00	0
Conditions met - transferred to revenue	0	0
Conditions to be met - remain liabilities	0	0

### 9. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020	2018-2019
	KShs	KShs
Transfer from County xxx	0	0
Transfer from xxx University	0	0
Transfer from xxx institute	0	0
<b>Total Transfers</b>	<b>0</b>	<b>0</b>

### 10. RENDERING OF SERVICES

Description	2019-2020	2018-2019
Tuition fees		3,207,780
Activity fees		
Examination fees		
Library fees		
Facilities and materials		
Registration fees		
<b>Total rendering service</b>		<b>3,207,780</b>

### 11. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2020-2019	2018-2019
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from alumni	0	0
Other donations	0	0
<b>Total donations and sponsorships</b>	<b>0</b>	<b>0</b>



## 12.SALE OF GOODS

Description	2019-2020	2018-2019
	KShs	KShs
<b>Sale of goods</b>		
Sale of books	0	0
Sale of publications	0	0
Sale of farm produce	0	0
Other( include in line with your organisation)	0	0
<b>Total revenue from the sale of goods</b>	<b>0</b>	<b>0</b>

## 13. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019-2020	2018-2019
	KShs	KShs
Straight-lined operating lease receipts	0	0
Contingent rentals	0	0
<b>Total rentals</b>	<b>0</b>	<b>0</b>

## 14.FINANCE INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Cash investments and fixed deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
<b>Total finance income</b>	<b>0</b>	<b>0</b>



### 15. OTHER INCOME

Description	2019-2020 KSH	2018-2019 KSH
Insurance recoveries	0	0
Consultancy fees	0	0
Income from sale of tender	0	0
Services concession income	0	0
Skills development levy	0	0
Income from disposal of assets	0	0
<b>Total other income</b>	<b>0</b>	<b>0</b>

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. USE OF GOODS AND SERVICES

description	2019-2020	2018-2019
<b>Use of Goods and Services</b>		
Electricity and water		171,221
Security		
Professional services		
<b>Total use of goods and services</b>		<b>171,221</b>

#### 17. EMPLOYEE COSTS

Description	2019-2020 KSH	2018-2019 KSH
Salaries and wages		934,710
Employee related costs - contributions to pensions and medical aids		
Travel, motor car, accommodation, subsistence and other allowances		
Housing benefits and allowances		
Overtime payments		
Performance and other bonuses		
Social contributions		
<b>Total Employee costs</b>	<b>-</b>	<b>934,710</b>

## 18. REMUNERATION OF DIRECTORS

Description	2019-2020 KSH	2018-2019 KSH
Chairman's Honoraria		485,000
Directors emoluments		
Other allowances		
<b>Total director emoluments</b>	<b>-</b>	<b>485,000</b>

## 19. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020 KSHs	2018-2019 KSHs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>0</b>	<b>0</b>

## 20. REPAIRS AND MAINTENANCE

DESCRIPTION	2019-2020 KSH	2018-2019 KSH
Repairs		158,447
Property		
Investment property - earning rentals		
Equipment and machinery		
Vehicles		
Furniture and fittings		
Computers and accessories		
Other		
<b>Total Repairs and Maintenance</b>	<b>-</b>	<b>158,447</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**21.CONTRACTED SERVICES**

Description	2019-2020	2018-2019
	KShs	KShs
Actuarial valuations	0	0
Investment valuations	0	0
Property valuations	0	0
<b>Total contracted services</b>	<b>0</b>	<b>0</b>

**22.GRANTS AND SUBSIDIES**

Description	2020-2019	2018-2019
	KShs	KShs
Community development	0	0
Education initiativesand programs	0	0
Social development	0	0
Community trust	0	0
Sporting bodies	0	0
<b>Total grantsandsubsidies</b>	<b>0</b>	<b>0</b>

**23.FINANCE COSTS**

Description	2019-2020	2018-2019
	KShs	KShs
Borrowings (amortized cost)*	0	0
Finance leases(amortized cost)	0	0
Unwinding of discount	0	0
Interest on Bank overdrafts	0	0
Interest on loans from commercial banks	0	0
<b>Total finance costs</b>	<b>0</b>	<b>0</b>



## 24. GAIN ON SALE OF ASSETS

Description	2019-2020	2018-2019
	KSh	KSh
	0	0
Property, plant and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
<b>Total gain on sale of assets</b>	<b>0</b>	<b>0</b>

## 25. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2019-2020	2018-2019
	KSh	KSh
Investments at fair value	0	0
<b>Total gain</b>	<b>0</b>	<b>0</b>

## 26. IMPAIRMENT LOSS

Description	2019-2020	2018-2019
	KSh	KSh
Property ,plant and equipment	0	0
Intangible assets	0	0
<b>Total impairment loss</b>	<b>0</b>	<b>0</b>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. CASH AND CASH EQUIVALENTS

DESCRIPTION	2019-2020 KSH	2018-2019 KSH
KCB-11594900792		686,841.40
KCB-1252707681		431,514
Cash at hand		35,190
Fixed deposits account		
Staff car loan/ mortgage		
Others(specify)		
<b>Total cash and cash equivalents</b>	<b>-</b>	<b>1,153,545</b>

28(a).DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

		2019-2020	2018-2019
FINANCIAL INSTITUTION	ACCOUNT NUMBER	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1159400792		686,841.40
Kenya Commercial Bank	1252707681		431,514
<b>b) On - call deposits</b>			
Kenya Commercial bank			
Equity Bank –etc			
<b>Sub- total</b>			
<b>c) Others(specify)</b>			
Cash in transit			
cash in hand			35,190
M pesa			
<b>Sub- total</b>			
<b>Grand total</b>		<b>2,824,967.40</b>	<b>1,214,671.40</b>

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**29. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

DESCRIPTION	2019-2020 KSH	2018-2019 KSH
Student debtors		1,838,188
Rent debtors		
Consultancy debtors		
Other exchange debtors		
Less: impairment allowance		
<b>Total current receivables</b>	-	<b>1,838,188</b>

**29(b)**

Description	2019-2020 KSH	2018-2019 KSH
<b>Non-current receivables</b>		
Refundable deposits	0	0
Advance payments	0	0
Public organizations	0	0
Less: impairment allowance	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
Current portion transferred to current receivables	0	0
<b>Total non-current receivables</b>	<b>0</b>	<b>0</b>
<b>Total receivables</b>	<b>0</b>	<b>0</b>

**30. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

DESCRIPTION	2019-2020	2018-2020
Transfers from other govt. entities		1,000,000
Recurrent Grants		
Other debtors (non-exchange transactions)		
Less: impairment allowance		
<b>Total current receivables</b>	-	<b>1,000,000</b>

### 31.INVENTORIES

	2019-2020	2018-2019
	KShs	KShs
Consumable stores	0	0
Maintenance stores	0	0
Health Unit stores	0	0
Electrical stores	0	0
Cleaning materials stores	0	0
Catering stores	0	0
<b>Total inventories at the lower of cost and net realizable value</b>	<b>0</b>	<b>0</b>

### 32.INVESTMENTS

	2019-2020	2018-2019
	KShs	KShs
<b>a) Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	0	0
CBK	0	0
<b>Sub- total</b>	<b>0</b>	<b>0</b>
<b>b) Investment with Financial Institutions/ Banks</b>		
Bank x	0	0
Bank y	0	0
<b>Sub- total</b>	<b>0</b>	<b>0</b>
<b>c) Equity investments (specify)</b>		
Equity/ shares in company xxx	0	0
<b>Sub- total</b>		
<b>Grand total</b>		



d) Shareholding in other entities

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Shs	Shs	Shs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
Entity D	0	0	0	0	0	0
	0	0	0	0	0	0





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Reversal/adjustment									
31 <sup>st</sup> June 2020	4,000,000	53,973,082	-	2,500,000	1,000,000	-	101,767,500	-	163,240,582
Provision for depreciation and impairment									-
31 <sup>st</sup> July 2019									-
Provision for depreciation									-
Provision for impairment									-
31 <sup>st</sup> June 2020	4,000,000	53,973,082	-	2,500,000	1,000,000	-	101,767,500	-	163,240,582
Book values									-
31 <sup>st</sup> June 2020	4,000,000	53,973,082	-	2,500,000	1,000,000	-	101,767,500	-	163,240,582
31 <sup>st</sup> June 2019	4,000,000	53,973,082	-	2,500,000	1,000,000	-	101,767,500	-	163,240,582

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**34. INTANGIBLE ASSETS-SOFTWARE**

Description	2019-2020	2018-2019
	KShs	KShs
<b>Cost</b>		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Additions-internal development	0	0
At end of the year		
<b>Amortization and impairment</b>		
At beginning of theyear	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
<b>NBV</b>	0	0

**35. INVESTMENT PROPERTY**

Description	2019-2020	2018-2019
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Fair value gain	0	0
Depreciation(where investment property is at cost)	0	0
At end of the year	0	0

**36. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

DESCRIPTION	2019-2020 KSH	2018-2019 KSH
Trade payables		471,000
Fees paid in advance		597,750
Employee advances		
Third-party payments		
Other payables		
<b>Total trade and other payables</b>		<b>1,068,750</b>

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## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 37. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2018-2019	2017-2018
	KShs	KShs
Consumer deposits	0	0
Caution money	0	0
Other refundable deposits	0	0
<b>Total deposits</b>	<b>0</b>	<b>0</b>

### 38. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
<b>Balance at the beginning of the year</b>	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount and time value for money	0	0	0	0
Transfers from non -current provisions	0	0	0	0
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 39. FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2018-2019
	KShs	KShs	KShs	KShs
Within current year	0	0	0	0
Long term portion of lease payments	0	0	0	0
<b>Total provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 40.DEFERRED INCOME

Description	2018-2019	2017-2018
	£	£
Nationalgovernment	0	0
Internationalfunders	0	0
Publiccontributionsanddonations	0	0
<b>Totaldeferredincome</b>	<b>0</b>	<b>0</b>

The deferred income movement is as follows:

	Nationalgovernment	Internationalfunders	Publiccontributionsanddonations	Total
Balance brought forward	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to income statement	0	0	0	0
Other transfers	0	0	0	0
Balance carried forward	0	0	0	0

#### 41. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post employment medical benefit	Other Provisions	2019-2020	2018-2019
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
<b>Total employee benefits obligation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	2019-2020	2018-2019
	KShs	KShs
Valuation at the beginning of the year	0	0
Changes in valuation during the year	0	0
Valuation at end of the year	0	0
	=====	=====

#### 42. PAYMENTS RECEIVED IN ADVANCE

DESCRIPTION	2019-2020 KSH	2018-2019 KSH
Student Fees		597,750
Others		
	-	597,750

#### 43.BORROWINGS

DESCRIPTION	2019-2020 KShs	2018-2019 KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestics borrowings during the year	0	0
Balance at end of the period	0	0



#### 43a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2019-2020	2018-2019
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organisation'	0	0
Sterling Pound denominated loan from 'yyyorganisation'	0	0
Euro denominated loan from zzzorganisation'	0	0
<b>Domestic Borrowings</b>	0	0
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
<b>Total balance at end of the year</b>	0	0

#### 43b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Short term borrowings(current portion)	0	0
Long term borrowings	0	0
<b>Total</b>	0	0

#### 44. SERVICE CONCESSION ARRANGEMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	0
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	0	0

#### 45. CASH GENERATED FROM OPERATIONS

	2019-2021	2018-2019
Surplus for the year before tax		
<b>Adjusted for:</b>		
Depreciation	0	0
Non-cash grants received	0	0
Contributed assets	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Finance income	0	0
Finance cost	0	0
<b>Working Capital adjustments</b>	0	0
Increase in inventory	0	0
Increase in receivables	0	0
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
<b>Net cash flow from operating activities</b>	<b>0</b>	<b>0</b>

#### 46. FINANCIAL RISK MANAGEMENT

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

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

##### (i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from student fees arrears

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits

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are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2019</b>				
Receivables from exchange transactions	1,838,188,	0	0	0
Receivables from non exchange transactions	1,000,000	0	0	0
Bank balances	1,153,545	0	0	0
<b>Total</b>	<b>3,991,733</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2020</b>		0	0	0
Receivables from exchange transactions		0	0	0
Receivables from non exchange transactions		0	0	0
Bank balances		0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>

#### 46.FINANCIAL RISK MANAGEMENT (Continued)

##### (i) Credit risk (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



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recognised in the financial statements is considered adequate to cover any potentially irrecoverable 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 entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 19</b>				
Trade payables	0	0	0	471,000
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>				<b>471,000</b>
<b>At 30 June 2019</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



#### 46. FINANCIAL RISK MANAGEMENT

##### (iii) Market risk

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

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

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

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

##### a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 20xx</b>			
Financial assets(investments, cash ,debtors)	0	0	0
	0	0	0

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Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2019</b>			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

**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
<b>20xx</b>			
Euro	10%	0	0
USD	10%	0	0
<b>20xx</b>		0	0
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

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

*Management of interest rate risk*

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

(iii) Market risk

b) Interest rate risk

*Sensitivity analysis*

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

iv) Capital Risk Management

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
	0	0
<b>Total funds</b>	<b>0</b>	<b>0</b>
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash	0	0



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equivalents)		
Gearing	0	0

#### 47.RELATED PARTY BALANCES

##### Nature of related party relationships

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

##### Government of Kenya

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

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

	2019-2020	2018-2019
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of goods to xxx	0	0
Sales of services xxx	0	0
<b>Total</b>	0	0
<b>b) Grants from the Government</b>		
Grants from National Govt		2,545,000
Grants from County Government	0	0
Donations in kind	0	0
<b>Total</b>	<b>3,340,000</b>	<b>2,545,000</b>



#### 11. EVENTS AFTER THE REPORTING PERIOD

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

#### 12. ULTIMATE AND HOLDING ENTITY

The entity is a Semi- Autonomous Government Agency under the Ministry of Education under the state department of technical training. Its ultimate parent is the Government of Kenya.

#### 13. Currency

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

## APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

### Guidance Notes:

- Use the same reference numbers as contained in the external audit report;
- Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Director General/C.E.O/M.D)  
Chairman

Date.....

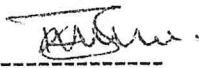
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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	EMSOS TECHNICAL AND VOCATIONAL COLLEGE		
	Break down of Transfers from the State Department of Technical and Vocational training			
	FY 2019/2020			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation		1,545,000	FY 2018/2019
	Recurrent		1,000,000	FY 2018/2019
		Total	2,545,000	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager  
EMSOS TVC

Sign  -----

Head of Accounting Unit

Sign-----

**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Others must be specified	Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables			
Ministry of Education	October 2018	Recurrent	500,000	0	0	0	0		0	500,000
Ministry of Education	March 2019	Recurrent	2,045,000	0	0	0	0		0	2,045,000
Ministry of Education										
<b>Total</b>			2,545,000							2,545,000



**Ref: 2018-2019-1-01-1061-23EMSTVC-19**

**AG**

**Through'**

**DAG FAS 2**

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Audit of the above financial statements has been completed.

1. Entry meeting is B.6.2 exit minutes are filed at AS2.b
2. ML was issued on 11 May 2021 and no ML response was received. ML is at folio AS2.a
3. DAR was issued on 25 May 2021. DAR response was received on 31 May 2021. DAR is at AS2.g. DAR response is at AS2.i
4. Proposed DAR with Adverse Opinion is at folio AS2.l
5. F/S for review is at G.1.2

The file is submitted for your review and approval.

**PRISCILLA N. MAINA**

**DDA (Eldoret Hub)**

**05 JULY 2021**

