

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
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REPORT

OF

THE AUDITOR-GENERAL

ON

**KAPCHEROP TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



OFFICE OF THE AUDITOR -GENERAL
CENTRAL RIFT REGIONAL OFFICE

28 JUL 2022

RECEIVED

P. O. Box 2774 - 30100, ELDORET

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2021**

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

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KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The *Kapcherop Technical and Vocational College* was established under the Technical, Vocational, Education and Training (TVET) Act 2013. The entity is domiciled in Kenya. The Kapcherop Technical and Vocational College operates under the Ministry of Education state department of Technical, Vocational, Education and Training (TVET).

(b) Principal Activities

The principal activity of the institution is found in its mission and Vision Statements as below;

Vision

To be international leader in technical and vocational training.

Mission

To train competent manpower in Technical and Vocational Disciplines who are innovative in changing demands of industry and society.

Core Values

Kapcherop Technical and Vocational College is an integral part of the society and the endeavours to exhibit high social and professional standards.

Core Values are fundamental values or ideas at the heart of Kapcherop Technical and Vocational College that lays the foundation on which the college operates.

Core Values shapes the culture and define the character of Kapcherop Technical and Vocational College.

The staff will conduct their duties in accordance with Teachers Service Code of Conduct and Ethics and endeavours to project a supportive corporate culture among its members.

Guided by our vision and mission we shall uphold the following values at all the times. These core values are;

- Responsiveness.
- Accountability
- Teamwork
- Integrity
- Transparency

(c) Key Management

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

- Board of Governors
- Principal
- Management Team

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021****(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Simion Cheplogoi
2	Deputy principal Academics	Paul Seurey
3	Registrar (s)	Samuel Laktabai
4	Dean of students	Issa Mapunde
5	Head of Finance	Gladys Kemboi
5	Ag Procurement	Oscar Chongwo

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Audit and Risk management committee	1. Dr. Eliud Kipkoech Chelanga (Chairman) 2. Margret Murugi Mwangi (Member) 3. Simion Cheplogoi (Secretary)
Academic, Human Resource & Welfare Committee	1. Rosemary Muvinya Muange (Chairlady) 2. Dr Hosea Kiplagat (Member) 3. Solomon Cheboi (Member) 4. Simion Cheplogoi (Secretary)
Finance and Infrastructure committee	1. Solomon Cheboi (Chairman) 2. Eng. Benjamin Mumia Wamukoya (Member) 3. Rosemary Muvinya Muange (Member) 4. Simion Cheplogoi (Secretary)

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II. KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

- Kapcherop Technical and Vocational College
- P.o Box 70-30204,
- Kapcherop. Kenya.
- Elgeyo Marakwet County
- Marakwet West Constituency.

(g) Entity Contacts

- Telephone: (254) 792638668
- E-mail: kapcheroptechnical@gmail.com
- Website: www.kapcheroptechnical.ac.ke

(h) Entity Bankers

1. Access Bank
Kapcherop Branch
2. Kenya Commercial Banks
Eldoret Branch.

(i) Independent Auditors

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



(j) Principal Legal Adviser

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

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III. THE COUNCIL/BOARD OF GOVERNORS

Member's Name	Brief Description
 Elias K Komen-Board chairman.	<p>Elias K Komen was born in 1956. He studied at Kenya Science Teacher's College and later to McGill University (CANADA). B.Ed. (Sci).</p> <p>He has a wealth of experience in the field of Education administration, he has worked in various institutions as Kabianga high school, Marakwet sec. school as deputy head teacher, Kapsowar Day sec. school as head teacher, also worked at saint Patrick High school Iten as a deputy head teacher and later on acting capacity head teacher.</p> <p>He then later on moved to Tambach Teachers' college as the Principal in 1998. In 1999 he moved to Eldoret polytechnic as deputy principal. In June 1999 he went to Eregi Teachers College as the principal until 2005 where he became the Chief principal in the college. He is the B.O.G chair person</p>
 Eng. Benjamin Mumia	<p>Eng. Benjamin Mumia Wamukoya was born on 14th June 1984. He attained his Bachelor of Technology Degree, civil & structural Engineering from Moi University and later joined Kenya Institute of management to study and attained Diploma in Project Management.</p> <p>Eng. Mumia is experienced since he has worked for Malaba Keya and Partners, consulting Engineers and Planners as CAD Technician, Graduate engineer and project Engineer and later on in 2014/2017 being Resident Engineer during the construction of Moi University Pension Scheme, MUPS plaza, Eldoret. He is a finance committee chair.</p>


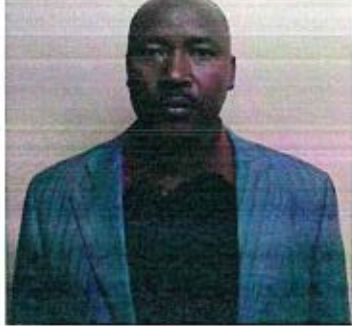
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	<p>Solomon Kimutai Cheboi was born on 22nd August 1984. He joined vision institute of professional studies and attained Accountants Technicians Certificate of Kenya (ATC(K) and later completed his CPA (K) Profession in the same institution. Mr. Solomon Cheboi pursued his Bachelor of commerce (Accounting option) in Kabarak University. He has a wide knowledge in accounting field since he has worked in the field for over 7 years. He worked for Marion Groups of Schools as a Financial Accountant before later on working as an Internal Auditor /Budget assistant at scripture Union of Kenya In 2012 he worked at Sasini group ltd as Financial Accountant and later to date works at Regent Management Limited as Senior Project/Property Accountant.</p>
<p>Solomon Cheboi</p>	
	<p>Dr. Hosea Kiplagat is a PhD holder in Educational Technology in University of Eldoret. Currently working as the head of Department of Technology Education in University of Eldoret</p>
	<p>Rosemary Muvinya Muange was born in 6th June, 1972. he is currently the board member of the Governing Council of the Kapcherop Technical & Vocational College. She has worked as a teacher in Kikima Secondary school and currently working as a lecture in University of Eldoret school of Human resource development and department of quantitative skills and development studies to date</p>
	<p>Dr. Eliud Kipkoech Chelanga is a PhD holder in Business administration.</p>
	<p>Ms Margaret Mwangi Murugi was born on 5 February 1993. She is currently a member of the Board of Kapcherop Technical and</p>

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 <p>Margaret Mwangi Murugi</p>	<p>Vocational College. She is a holder of a bachelor's degree in computer science. She has five years' experience having worked at ITEC S Systems Ltd for the last two years. She currently practices as a business development consultant. She is a graduate in computer science from University of Eldoret (2015).</p>
 <p>Simion Cheplogoi Principal/B O G Secretary.</p>	<p>Simion Cheplogoi was born in 1973. He attained Diploma in science and technical education from Kenya Science Teachers College in 1995. He joined Moi University for Bed. Technology. He is currently on going with MPHIL in University of Eldoret.</p> <p>He has a wealth of experience in the field of education administration. He worked as lecturer in Aiyebo High school before joining Rift Valley Technical Training Institute as a senior lecture, deputy registrar, admission and marketing as well as teaching math's and mechanical. He moved to Baringo Technical College as deputy principal before joining Kapcherop Technical and vocational college as the principal to date. He is the secretary B.O.G.</p>




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IV.MANAGEMENT TEAM

NAME OF THE EMPLOYEE	BRIEF DESCRIPTION
 <p>Simion Cheplogoi Principal/B O G Secretary. He attained Diploma in science and technical education from Kenya Science Teachers College in1995. He joined Moi University for Bed. Technology. He is currently on going with MPHIL in University of Eldoret.</p> <p>He has a wealth of experience in the field of education administration. He worked as lecturer in Aiyebo High school before joining Rift Valley Technical Training Institute as a senior lecture, deputy registrar, admission and marketing as well as teaching math's and mechanical. He moved to Baringo Technical College as deputy principal before joining Kapcherop Technical and vocational college as the principal to date. He is the secretary B.O.G.</p>	<ol style="list-style-type: none">1. In charge of day to day running of the institution.2. In charge of Teaching and administration.3.He is the boss of the school
 <p>Paul Seurey Deputy Principal He attained Bachelor's degree in Education Science from Egerton University.</p>	<ol style="list-style-type: none">1.Assist in running day to day activities of the Institution.2. In charge of Academic and discipline.3. Team leader of performance contracting

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 <p>Samwel Laktabai Registrar He has attained Bachelors of Education Technology from Moi University.</p>	<ol style="list-style-type: none"> 1. Admission of Students. 2.Examination Officer 3.Marketing/performance contracting 4.Support staff
 <p>Issa Mabunde He attained Bachelors of Science degree in Agricultural Engineering from University of Nairobi.</p>	<ol style="list-style-type: none"> 1. Dean of Students.
 <p>Gladys J Kemboi. Pursuing Bachelors degree in finance at Catholic University-Continuing She has attained CPA(K) Certificate of professionals having completed CPA SECT. I, II & II.</p>	<ol style="list-style-type: none"> 1. Head of Finance. 2. Preparation of financial policy. 3. Preparation of final books of accounts.

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V. CHAIRMAN'S STATEMENT

KEY ACHIEVEMENTS

The institution made several milestones during the period under review. Here are some of the highlights:

Growth in Student Enrolment

The college population is impressively increasing and therefore more classes and workshops to constructed.

We appreciate the government through KUCCPS and the community for this improved student enrolment.

Operationalization of spray booth and service bay is in progress so far.

DEVELOPMENT AND INFRASTRUCTURE

The institution has engaged an expert to develop and mount a Learning Management System (LMS) for use in ODEL. The trainers have been trained on the use of LMS to train remotely, development of digital content and uploading the same on the LMS, registering trainees on the LMS.

The members of the board were informed that the college vehicle developed some mechanical problems and was taken to Toyota Kenya where it was found to have damaged a clutch component.

MANAGEMENT CHANGE

The new board was inaugurated in to office on 15/1/2021. The board was declared officially inaugurated with the following membership;

1. Elias K. Komen –Chairperson

2. Solompn Cheboi –Member

3. Dr. Eliud K Chelang'a –Member

4. Margaret M Mwangi –Member

5. Eng. Benjamin M. Wamukhoya –Member

6. Dr. Hosea Kiplagat –Member

7. Rose Mary M Muange –Member

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Members were informed that their mandate is anchored in the TVET Act 2013 and the relevant enabling legislation.

Under this financial year the institution employed Finance Officer and Driver.

CHALLENGES EXPERIENCED

We experienced a number of challenges during the period under review. Student housing is still a major challenge in this area which has stressed the increasing enrolment.

FUTURE OUTLOOK

We are looking forward to increased enrolment in numbers to over 800 students by 2024. The college requires major investment in infrastructure such as hostels, lecture halls, workshops and dining hall. We are engaging with the community stakeholders in an effort to increase housing facilities for students. We also seek to grow our collaboration linkages with various local and international development partners so that we may propel the institution to greater heights. It is our hope that we shall realize key industry linkages with major industry partners. This will see the rise in the quality and relevance of technical courses offered in the institution.

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VI. REPORT OF THE PRINCIPAL

The College has continued to discharge its core mandate as guided by the Board of Governors, in pursuit of its vision of “A global leader in research and training in technology, engineering, innovation and entrepreneurship”

As one of the Technical and Vocational Colleges built to further the aims of the Vision 2030 and the Big Four agenda by enhancing transfer of technical and Vocational skills and learning in Kenya, the College has continued to offer quality education and training that meets the expectations of industry and the general populace.

COVID-19 has really affected the operations of the College since the learning activities were suspended by presidential order. Physical learning was suspended for the first and partially for second Quarter of the financial year 2020-2021. The college is geared toward ensuring that Covid-19 protocols are observed

Looking to the future, there is need to invest heavily in infrastructure to enable us manage the planned increase in the number of trainees reporting for training. Lecture halls and rooms is our immediate focus in the coming financial years as elucidated in our strategic plan 2020-2025.

In the year under review the new board was inaugurated. The board was appointed on 2/7/2020. The 1st Board meeting was held on 15/1/2021 after its inauguration, the induction training of the Board was held on March 2021 at The Kitale National Polytechnic.

During the year under review, 1st cohort of 3 trainers proceeded to KTTC for their further training on pedagogy. The request was made to employ three trainers to replace those who to further their studies.

In the same year, the college planted maize and Potatoes 3 acres and 2 acres respectively.

Due to increase in student population, there is need to construct two temporary classes and workshop done by Building & Civil engineering department drawings were shared to members for scrutiny. The resolution was the drawings be re-engineered so that a one storey building is done with 4 rooms, 2 classes up and 2 workshops down which is to be done in future.

One more pit latrine to be constructed next to the existing one. During the year under review, the college employed Finance officer, Driver security guard under Board of Governors.

In the current financial year as per the performance contracting the college will generate up to kshs.300,000 internally. Operationalization of the automotive service bay was in progress to offer services such as,

- i) Wheel Alignment
- ii) Panel Beating
- iii) Painting
- v) mechanical

As we move into the financial year 2021-2022 below is a description of our activities in the financial year 2020/2021:

I. ADMINISTRATION

On reporting of the tutors from the Public Service Commission, the Principal made substantive appointments to assist with the administration of the college affairs. The following administrative offices were formalized and were filled; Registrar, Exams Officer, HOD Building, HOD Electrical Engineering, HOD General agriculture

The college in the financial year ended 30 June 2021 had five functional departments with a total enrolment of 580 students. The key functions of the department(s) can broadly be described as creating a conducive environment in which learners in the College can have their concerns addressed in a timely, effective and efficient manner.

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Serial Number	Departments	Enrolment per department
1	Information Communication Technology	85
2	General Agriculture	95
3	Business and Development studies	135
4	Mechanical Automotive and Petroleum Geo-science	75
5	Electrical and Electronic Engineering	62
6	Hospitality and Dietetics Management	80
7	Building and Civil Engineering Department	48
	Total	580

II. STAFF ESTABLISHMENT

Currently we have staff establishment of 43 in the college, 23 are trainers employed by the Public Service Commission, 10 are tutors and 10 are essential staff employed by the Board of Governors.

Serial Number	Classification of the staff	Total Number of staff
1	Public Service Commission staff	23
2	Board of Governors trainers	10
3	Board of Governors Essential staff	10
	Total	43

VI. REVENUE COLLECTION

Our collections across this financial year were as follows:

	Revenue description	Actual
1	Fees	6,866,557
2	Capitation	13,167,500
	Total	20,034,057

Conclusion

On behalf of Kapcherop Technical and Vocational College Board of Governors, I take this opportunity to thank the Government for its unequivocal support during the year under review. I also appreciate the financial, material and moral support of our collaborators, partners and friends during the period. It is because of the co-operation with the Government through the Ministry of Education, other stake holders and more importantly guidance of the Board of Governors as well as the mutual cooperation of the management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my gratitude to them all.

I look forward to their continued support in the new financial year and the subsequent periods ahead.

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VII.STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Kapcherop Technical and Vocational College has 5 strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2020- FY 2021. These strategic pillars are as follows:

Pillar/ theme/issue 1: Mount CBET Courses

Pillar/ theme/ issue 2: Develop ICT Infrastructure

Pillar/ theme/ issue 3: Service delivery -Install management information system

Pillar/ theme/ issue 4: Construct tuition block

Pillar/ theme/ issue 5: Construct two classes

Kapcherop Technical and Vocational College develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Kapcherop Technical and Vocational College* achieved its performance targets set for the FY 2020/2021 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Total Estimated Cost	Activities	Achievements
Pillar / theme / issue 1	Mount CBET Courses	Purchase pick up and Motorbike	4,500,000	At Initiation	Not achieved
Pillar / theme / issue 2	Develop ICT Infrastructure	Purchase three Desktop	350,000	At Initiation	Achieved
Pillar/ theme/ issue 3	Service delivery - Install management information system	Installation of management information system	3,000,000	At Initiation	Achieved
Pillar/ theme/ issue 4	Construct tuition block	Design drawings and approval	60,000,000	At Initiation	Not Achieved
Pillar/ theme/ issue 5	Construct two classes	Drawings and approval	1,800,000	At Initiation	Not Achieved

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VIII. CORPORATE GOVERNANCE STATEMENT

The current Board of Governors was appointed into office in 2/7/2020 and upon appointment immediately took charge of their mandate to steer the college forward through application of best governance practices and standards.

One of the core values is effective corporate governance. There are benefits of a properly implemented effective corporate governance system as it provides stakeholders confidence.

The College has built its operations on very strong corporate governance principles based on the application of high and consistent ethical standards in its relationships with all customers, employees and other stakeholders. This is consistent with the institutions core values of effective corporate governance that has led to a strong commitment to conduct business in accordance with best business practices based on principles of transparency, accountability and responsibility, monitoring compliance with relevant laws and regulations, risk management, appropriate checks and balances and the delivery to commitments to all stakeholders.

Ethical leadership and integrity, socio-environmental responsibility and determination of group strategy are the key principles that are taken into account while setting governance standards for the group. The College has kept abreast with international developments in corporate governance for the promotion of enhanced transparency, integrity and rule of law.

The Board of Governors is the representative of the stakeholders, and has the duty of validating financial results and the review of college performance, protecting assets, counselling the chief executive officer on strategy and nurturing the next generation of leaders. The board is all responsible for ensuring proper and sound corporate governance within the College. Good corporate governance is therefore a fundamental part of the culture and the business practices of the College.

Oversight role of board of governors

The Board of Governor's main responsibility is that of guiding the institution in the right path of professional growth to meet the needs of clients and satisfy other stakeholders.

It has ensured that the college management team hire up to their call of duty in ensuring for more transparency and consultation in all affairs of the college.

The board has also ensured prudent use of institution resources including finances and other important assets

Appointments and employment of support staff is the core business of the board and have performed this task in full adherence to established rules and regulations

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Composition of the Board

The board of governor was appointed in accordance with the stated guidelines in terms of qualification, technical expertise, gender and age.

This was done by Cabinet Secretary in charge of education ministry and the board's composition appears as below:

Chairperson

The chairman's role is to ensure that the whole board is one and conduct business with professionalism. The chair therefore takes the lead in guiding members in discharging their mandate with clear boundaries and rules.

i. Board tools

The board develops a calendar of meetings on annual basis and it meets three times annually. The meetings are held once in an academic calendar of three months.

This applies to the two committees for finance and projects and academics respectively. All committees of the board are tasked with the responsibility of reporting to the full board.

ii. Legal audit

Annual financial statement is prepared and presented to the board for discussion and approval. The board sits to discuss and approve annual budget every June of each year, all issues arising from prior discussion of the budget by finance and project committee are discussed and resolved during this meeting any corrections and amendments are then made and approved before the budget is finally approved for next financial year.

Within the year the college account signatories scrutinize all records on expenditure before approving and signing for withdrawals.

A) Audit and Risk committee

- i) Dr. Eliud Kipkoech Chelanga (Chairperson)
- ii) Margaret Murugi Mwangi (Member)
- iii) Simion Cheplogoi (Secretary)

Their roles include:

- i) To provide strong and effective oversight of the college internal audit function
- ii) Examine internal and external audit reports and recommendations
- iii) Assess the performance of internal audit function

B) Academic committee

- i) Rosemary muvinya muange (Chairlady)
- ii) Dr. Hosea Kiplagat (Member)
- iii) Solomon Cheboi (Member)
- iv) Simion Cheplogoi (Secretary)

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Their roles include:

- i) Receive reports from the principal, deputy principal and academic heads of departments on implementation of curriculum in the college and handles any issues and challenges hindering curriculum implementation.
- ii) Authorizes expenditure on acquisition of academic materials and resource for smooth curriculum implementation.
- iii) Reports to the main board on all issues discussed and steps taken by the committee

C) Finance & projects committee

- i) Solomon Cheboi (Chairman)
- ii) Eng. Benjamin Mumia Wamukhoya (Member)
- iii) Rosemary muvinya muange (Member)
- iv) Simion Cheplogoi (Secretary)

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IX.MANAGEMENT DISCUSSION AND ANALYSIS

The college operational and financial performance

The operational and financial performance of Kapcherop Technical and Vocational College is set out in pages 1 to 48

College compliance with statutory requirement

Kapcherop Technical and Vocational College financial statements have been prepared in accordance with Section 81(3) of the Public Finance Management Act of 2012. The college complied with statutory obligation of its employees from time to time.

Total exposure

The college going concern is not in doubt, and has no on-going or potential court cases that may expose it into potential contingent liability. Further the institution has complied with statutory obligation and requirements. Further, the financial statements have been prepared on a going concern basis and management does not have a significant going concern about the entity's ability to continue as a going concern.

Reporting framework

The college first time adoption of International Public sector accounting standards (IPSAS) Accrual in the financial year 2017-2018.

The presentation of financial statements under review is in conformity with International Public sector accounting standards (IPSAS) 1 on the presentation of financial statements. Additionally, each material class of similar items has been presented separately in the financial statements while dissimilar items have been aggregated only if they are immaterial on an individual basis International Public sector accounting standard (IPSAS 1(13))

Sustainability strategy and profile

The college in collaboration with county Government of Elgeyo Marakwet who supports our students in fees payment through county bursaries.

Environmental performance

In our strategic plan, one of our aims is to come up with policies that guide our operations. We are in the process of developing the policies that will guide how the College is to maintain the physical environment we operate in. Currently we are utilising targets we set in our

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performance contract to guide our actions. We set and surpassed our target of planting and maintaining tree seedlings within the college compound annually.

Employee welfare

In our strategic plan, one of our aims is to come up with policies that guide our operations. We are in a process of developing human resource policy which will guide how the College is to recruit and maintain staff, the appraisal of performance, career progression paths and reward systems.

Market place practices-

Being a public Institution, there is the perception that there is a lot of resources to be utilised. The reality is far from that and the resources we have are carefully managed to have the most impact. To this end we carry out the following exercises to get the best partners for continued provision of goods and services.

a) Supplier prequalification

We are guided by the PPOA 2015 and the PPRA guidelines on how to identify suppliers. This is an open and public process that invites all interested parties and has protections built within the process to carve out opportunities for youth, women and people with disabilities.

b) With our prequalified suppliers, we endeavour to meet our obligations on time so that we may be able to sustain relations for future partnerships.

c) Being a national Government entity, the college makes a nationwide advert through newspaper and use of the local administration notice boards, social media and our website to market opportunities in the College.

X.ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

Sustainability strategy and profile

Kapcherop Technical and Vocational College has put in place quality assurance mechanisms in the education sector strategy. This was done following presidential directive to TVET Institutions. Sustainability reforms in the administration of National Examination strategy, Examination policies were adopted and staff trained and sensitized on examination policies.

Increase Enrolment strategy was also adopted through performing marketing activities within the county and in different parts of the country.

Environmental performance

In our strategic plan, one of our aims is to come up with policies that guide our operations. We are in the process of developing the policies that will guide how the College is to maintain the physical environment we operate in. Currently we are utilising targets we set in our performance contract to guide our actions. We set and surpassed our target of planting and maintaining 100 tree seedlings within the college compound annually.

Employee welfare

In our strategic plan, one of our aims is to come up with policies that guide our operations. We are on the process of developing policies that will guide how the College is to recruit and maintain staff, the appraisal of performance, career progression paths and reward systems. We are in compliance with the Occupational Safety and Health Act of 2007.

Market place practices-

Being a public Institution, there is the perception that there is a lot of resources to be utilised. The reality is far from that and the resources we have are carefully managed to have the most impact. To this end we carry out the following exercises to get the best partners for continued provision of goods and services.

d) Supplier prequalification

We are guided by the PPOA 2015 and the PPRA guidelines on how to identify suppliers. This is an open and public process that invites all interested parties and has protections built within the process to carve out opportunities for youth, women and people with disabilities.

e) With our prequalified suppliers, we endeavour to meet our obligations on time so that we may be able to sustain relations for future partnerships.

f) Being a national Government entity, the college makes a nationwide advert through use of the local administration notice boards, and our website to market opportunities in the College.

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE

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Corporate Social Responsibility / Community Engagements

Kapcherop Technical and Vocational College was founded for public benefit, to promote technical education and knowledge and provide an institution open for all, irrespective of race, creed or political belief. It is pioneering institution of higher learning in making technical education available to the communities living in Elgeyo-Marakwet county and Kenya at large.

The College s corporate social responsibility is to set out the guiding principles by which the organization is run in order to fulfil its core mandate.

During the financial year ended 30 June 2021, Kapcherop Technical and Vocational College did not engage in any corporate social responsibility. However, the college is committed in implementing community engagements in the next financial year.

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
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XI.REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Board members submit their report together with the financial statements for the year ended 30 June 2021 which show the state of the College affairs.

Principle activities

The principal activity of Kapcherop Technical and Vocational College is Training.

Results

The results of the entity for the year ended 30 June 2021 are set out on pages 2 to 51

Board of Governors

The Members of the Board who served during the year are shown on page 5, 6 and 7 above.

COUNCIL/BOARD OF GOVERNORS

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

The Board are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on 30 June 2021. This responsibility includes:

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

The board members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required

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by the Public Finance Management Act, 2012 and Technical Vocational Education and Training (TVET) Act, 2013. The board members are of the opinion that the College's financial statements give a true and fair view of the state of Kapcherop Technical College transactions during the financial year ended 30 June 2021 and of the entity's financial position as at that date. The board, further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Kapcherop Technical and Vocational College financial statements were approved by the Board on 27 Sept 2021 and signed on its behalf by the Chairman of the Board and the Principal.



Elias Komen
Chairman of the Board



Simion Cheplogoi
Principal/Secretary to the Board

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
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FOR THE YEAR ENDED 30TH JUNE 2021

XII.STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES

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

The council members are responsible for the preparation and presentation of the *Kapcherop technical and vocational college* financial statements, which give a true and fair view of the state of affairs of the *Kapcherop technical and vocational college* for and as at the end of the financial year (period) ended on June 30,2021. 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 *Kapcherop technical and vocational college*; (v) selecting and applying appropriate accounting policies.
- (v) Making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the *Kapcherop 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 TVET Act. The council members are of the opinion that the financial statements give a true and fair view of the state of *Kapcherop technical and vocational college* transactions during the financial year ended June 30, 2019, and of the *institution's* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the *Kapcherop technical*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

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

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

Approval of the financial statements

The *Kapcherop Technical and Vocational College* financial statements were approved by the Board on 27/09/2021 and signed on its behalf by:

Elias Komen

A blue ink signature of Elias Komen on a light blue background.

Chairman of Council/Board of Governors

Date: 27/09/2021

Simion Cheplogoi

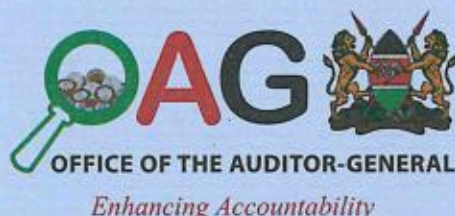
A blue ink signature of Simion Cheplogoi on a light blue background.

Principal

Date: 27/09/2021

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kapcherop Technical and Vocational College set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kapcherop Technical and Vocational College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act 2013, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in Property, Plant and Equipment

The statement of financial position and as disclosed in Note 31 to the financial statements reflects Kshs.5,491,546 in respect of property, plant and equipment. However, the balance excludes undetermined value of land, buildings, furniture and fittings, computers and other training equipment of which had not been valued. Further, a fixed assets register was not provided for audit verification.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.5,491,546 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budgeted revenues of Kshs.93,932,000 and actual revenues of Kshs.20,034,057 resulting in a budget shortfall of Kshs.73,897,943 or 79% of the budget. Similarly, the College

expended an amount of Kshs.15,095,131 against an approved budget of Kshs.73,852,000 resulting in an under-expenditure of Kshs.58,756,869 or 80% of the budget.

The underfunding and under-performance constrained execution of planned activities and delivery of services to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Audit Committee and Internal Audit Function

During the year under review, the College did not have an established Audit Committee of the Board and an Internal Audit Function. This is contrary to the Public Finance Management (National Government) Regulation 174(1) that requires that each National Government entity shall, subject to Paragraph (2) of this regulation, establish an audit committee.

In the circumstances, the effectiveness of the internal controls could not be ascertained.

2. Lack of Risk Management Policy

During the year under review, the College did not have a Risk Management Policy in place contrary to Regulation 165(1)(a) of the Public Finance Management

(National Government) Regulations, 2015 which requires each National Government entity to develop risk management strategies and a system of risk management.

In the circumstances, the existence of an effective risk management system could not be confirmed.

3. Lack of Human Resource Policy

Review of records revealed that the College did not have an approved salary structure, approved staff establishment and Board of Governors, terms and conditions of service which provide for employee welfare and other staff benefits. This is contrary to Public Finance Management (National Government) Regulations, 2015, Regulation 165(1)(b) that states that the Accounting Officer shall ensure that the National Government entity develops a system of risk management and internal controls that builds robust business operations.

In the circumstances, the College may not be managed effectively.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 September, 2022

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
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FOR THE YEAR ENDED 30TH JUNE 2021

XIV.STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	13,167,500	4,590,000
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
		13,167,500	4,590,000
Revenue from exchange transactions			
Rendering of services- Fees from students	10	6,866,557	10,540,064
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	-	-
Finance income - external investments	13	-	-
Other income	14	-	43
Revenue from exchange transactions		6,866,557	10,540,107
Total revenue		20,034,057	15,130,107
Expenses			
Use of goods and services	15	9,291,534	5,710,019
Employee costs	16	2,660,846	2,471,375
Remuneration of directors	17	1,086,900	776,500
Depreciation and amortization expense	18	1,829,778	513,050
Repairs and maintenance	19	226,073	355,460
Contracted services	20	-	-
Grants and subsidies	21	-	-
Finance costs	22	-	-
Total expenses		15,095,131	9,826,404
Other gains/(losses)			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	-	-
Total other gains/(losses)		-	-
Net Surplus for the year		4,938,926	5,303,703

The notes set out on pages 6 to 44 form an integral part of the Annual Financial Statements.

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021
XV.STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	26	5,113,306	5,993,647
Current portion of receivables from exchange transactions	27(a)	2,636,373	422,370
Receivables from non-exchange transactions	28	5,856,750	4,745,544
Inventories	29	-	-
Investments	30	-	-
		13,606,429	11,161,561
Non-current assets		0	
Property, plant and equipment	31	5,491,546.08	2,997,488
Investments	30	-	-
Intangible assets	32	-	-
Investment property	33	-	-
Long term receivables from exchange transactions	27(b)	-	-
Total assets		19,097,975	14,159,049
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	34	-	-
Refundable deposits from customers	35	-	-
Current Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of borrowings	41	-	-
Deferred income	38	-	-
Employee benefit obligation	39	-	-
Payments received in advance		-	-
Non-current liabilities			
Non-current employee benefit obligation	39	-	-
Non-current provisions	40	-	-
Borrowings	41	-	-
Service concession liability	42	-	-
Deferred tax liabilities	49	-	-
Total liabilities			
Net assets		19,097,975	14,159,049
Reserves			
Balance b/f		14,159,049	8,855,346
Surplus /Deficit for the period		4,938,926	5,303,703
Balance c/d		19,097,975	14,159,049

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Council/ Board of Governors by:

Elias Komen



Chairman of Council/Board of Governors

Date: 27/09/2021

Gladys J Kemboi



Finance Officer

Date: 27/09/2021

Simion Cheplogoi



Principal/BOG secretary

Date: 27/09/2021

ICPAK NO. 26115

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH JUNE 2021****XVI.STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 30TH JUNE 2021**

	Accumulated fund	Development fund	Retained earning	Devel
As at 1 July 2020	-	-	14,159,049	
Transfers	-	-	-	
Surplus/deficit for the year	-	-	4,938,926	
As at 30 June 2021	-	-	19,097,975	

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGEANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**XVII.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		2020-2021	2019-2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	13,167,500	4,590,000
Public contributions and donations			
Rendering of services- Fees from students	10	6,866,557	10,540,064
Sale of goods			-
Rental revenue from facilities and equipment			-
Finance income			-
Other income			43
Total Receipts		20,034,057	15,130,107
Payments			
Use of goods and services	15	9,291,534	5,710,019
Compensation of employees	16	2,660,846	2,471,375
BOG remuneration	17	1,086,900	776,500
Repairs	19	226,073	355,460
Finance cost- bank charges	21	-	-
Other payments		-	-
Grants and subsidies paid		-	-
Total Payments		13,265,353	9,313,354
Net cash flows from operating activities		6,768,704	5,816,753
Adjustment for working capital			
Increase /Decrease in debtors		(3,325,209)	794,925
Increase /Decrease of payables			(881,672)
Net cash flow from operating activities		3,443,495	5,730,006
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	31	(4,323,836)	(1,422,523)
Proceeds from sale of property, plant and equipment			
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		(4,323,836)	(1,422,523)
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Increase in deposits			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(880,381)	4,307,485
Cash and cash equivalents at 1 JULY	26	5,993,647	1,686,162
Cash and cash equivalents at 30 JUNE	26	5,113,306	5,993,647

KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2021
XVIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation Difference
	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	2020-2021 %
Revenue						
Transfers from other Govt entities Govt grants	78,080,000	-	78,080,000	13,167,500	64,912,500	17%
Development grants						
Rendering of services- Fees from students	15,852,000	-	15,852,000	6,866,557	8,985,443	43%
Sale of goods	-	-	-	-	-	
Finance Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
Gains on disposal, rental income and agency fees	-	-	-	-	-	
Total income	93,932,000	-	93,932,000	20,034,057	73,897,943	
Expenses						
Compensation of employees	6,912,000	-	6,912,000	2,660,846	4,251,154	38%
Use of Goods and services	64,640,000	-	64,640,000	11,121,312	53,518,688	17%
Finance costs	0	-	0	0	0	
Repairs	300,000	-	300,000	226,073	73,927	75%
Remuneration of directors	2,000,000	-	2,000,000	1,086,900	913,100	54%
Grants and subsidies paid		-			0	
Total expenditure	73,852,000	-	73,852,000	15,095,131	60,586,647	
Surplus for the period	20,080,000	-	20,080,000	4,938,926	13,311,296	

Budget notes

1. overbudgeting of transfers from government grants
2. Over budgeting of student enrolment
3. under employment
4. under spending in use of goods is due to unrealised budget.

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XIX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kapcherop Technical and Vocational College is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Kapcherop Technical and Vocational college accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, 2013), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.**

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> 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. 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. 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 revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

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ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

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iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

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.

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Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 2020/2021** was approved by the Council or Board on **19/07/2021**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities

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.

impact of such social benefits provided on the entity's financial
In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule **xxx** of the **xxx** Act.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

Kapcherop Technical and Vocational College creates and maintains reserves in terms of specific requirements. The College has Retained Earnings as a reserve and the purpose of this is to clear any outstanding debts accrued in the financial year prior once income is realized.

l) Changes in accounting policies and estimates

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

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

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

Kapcherop Technical and Vocational College regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the College, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal and Senior Managers.

q) Service concession arrangements

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

r) 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.

s) Comparative figures

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

t) 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, 2021.

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5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation grants	13,167,500	4,590,000
Operational grant	-	-
Other grants	-	-
Conditional grants		
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
Total government grants and subsidies	13,167,500	4,590,000

(b) 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 recognised in capital fund. KShs	Total grant income during the year KShs	2020-2021 KShs
Ministry/State Department	13,167,500			13,167,500	13,167,500
Ministry	-	-	-	-	-
Total	13,167,500			13,167,500	13,167,500

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2020-2021	2019-2020
	KShs	KShs
JICA- Research grant	-	-
World Bank grants	-	-
In-kind Donations	-	-
Other grants	-	-
Total grants from development partners	-	-

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Reconciliations of grants from donors and development partners

Description	2020-2021	2019-2020
	KShs	KShs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2020-2021	2019-2020
	KShs	KShs
	-	-
Transfer from County	-	-
Transfer from University	-	-
Transfer from institute	-	-
Total Transfers	-	-

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2020-2021	2019-2020
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from alumni	-	-
Other donations	-	-
Total donations and sponsorships	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	6,866,557	10,540,064
Total revenue from the rendering of services	6,866,557	10,540,064

11. SALE OF GOODS

Description	2020-2021	2019-2020
	KShs	KShs
Sale of goods	-	-
Sale of books	-	-
Sale of publications	-	-
Sale of farm produce	-	-
Cafeteria	-	-
Other(include in line with your organisation)	-	-
Total revenue from the sale of goods	-	-

12. HIRE OF FACILITIES AND EQUIPMENT

Description	2020-2021	2019-2020
	KShs	KShs
Hire of facilities and equipment	-	-
Contingent rental	-	-
operating lease revenue	-	-
Total	-	-

13. FINANCE INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Insurance recoveries	-	-
Consultancy fees	-	-
Income from sale of tender	-	-
Services concession income	-	-
Reimbursements and refunds	-	-
Graduation fees	-	-
Interest from bank	-	43
Total other income	-	43

15. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Electricity, Water	224,256	218,447
Transport	2,718,088	1,021,700
Tuition	1,969,441	1,587,786
Website	85,500	-
Tvet Fairs	104,018	441,353
KATTI	284,600	446,279
Printing	135,500	163,198
TVETA	-	34,500
Industrial attachment	-	77,650
Performance Contracting	290,420	314,900
Tree seedlings	-	275,550
Advertisement	403,250	370,800
Hardware materials	-	249,963
Insurance	8,710	20,000
Internet	300,967	-
Kitchen expense	647,668	-
Stationeries	709,245	416,853
Strategic plan	60,000	70,540
Covid 19	549,739	-
Farm	461,780	500
Airtime	249,300	-
Capacity building	73,250	-
Cleaning Materials	15,802	-
Lawnmower	-	-
Total good and services	9,291,534	5,710,019

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	2,660,846	2,471,375
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	-	-
Employee costs	2,660,846	2,471,375

17. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria	-	-
Directors emoluments	1,086,900	776,500
Other allowances	-	-
Total director emoluments	1,086,900	776,500

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	1,829,778	513,050
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	1,829,778	513,050

19. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Property	-	-
Investment property – earning rentals	-	-
Equipment and machinery	-	-
Vehicles	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
General repairs	226,073	355,460
Total repairs and maintenance	226,073	355,460

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. CONTRACTED SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	-
Total contracted services	-	-

21. GRANTS AND SUBSIDIES

Description	2020-2021	2019-2020
	KShs	KShs
Community development	-	-
Education initiatives and programs	-	-
Social development	-	-
Community trust	-	-
Sporting bodies	-	-
Total grants and subsidies	-	-

22. FINANCE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Borrowings (amortized cost)*	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount	-	-
Interest on Bank overdrafts	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

23. GAIN ON SALE OF ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2020-2021	2019-2020
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

25. IMPAIRMENT LOSS

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

26. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Current account	5,113,306	5,993,647
On - call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others(specify)	-	-
Total cash and cash equivalents	5,113,306	5,993,647

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

		2020-2021	2019-2020
Financial institution	Account number	KShs	KShs
a) Current account			
Current account			
Kenya Commercial bank	1219806722	4,431,726	2,123,785
Transnational Bank -fees	251197002	475,070	3,658,920
Transnational Bank -cdf	251197004	1,733	1,725
Transnational Bank -Project	251197001	204,777	209,217
Grand total		5,113,306	5,993,647

27. RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a) Current Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Student debtors	2,636,373	422,370
Rent debtors	-	-
Consultancy debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total current receivables	2,636,373	422,370

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

27(b) Long- term Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Non-current receivables		
Refundable deposits	-	-
Advance payments	-	-
Public organizations	-	-
Less: impairment allowance	-	-
Total	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	-
Total receivables	-	-

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

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	-	-
Provisions during the year	-	-
Recovered during the year	-	-
Write offs during the year	-	-
At the end of the year	-	-

28. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Capitation grants*	5,856,750	4,745,544
Transfers from other govt. entities	-	-
Undisbursed donor funds	-	-
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	-	-
Total current receivables	5,856,750	4,745,544

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

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

Description	2020-2021	2019-2020
	KShs	KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. INVENTORIES

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	-	-
Maintenance stores	-	-
Health unit stores	-	-
Electrical stores	-	-
Cleaning materials stores	-	-
Catering stores	-	-
Total inventories at the lower of cost and net realizable value	-	-

30. INVESTMENTS

Description	2020-2021	2019-2020
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank	-	-
Bank	-	-
Sub- total	-	-
c) Equity investments (specify)		
Equity/ shares in company	-	-
Sub- total	-	-
Grand total	-	-

d) Shareholding in other entities

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings	Motor vehicles	Furniture and fittings 0.125	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
At 1 July 2019			2,343,964	128,000	-	-	-	2,471,964
Additions			1,422,523	-	-	-	-	1,422,523
At 30th June 2020			3,766,487	128,000	-	-	-	3,894,487
As at 1 st July 2020			3,766,487	128,000	-	-	-	3,894,487
Additions			537,262	3,786,574	-	-	-	4,323,836
At 30th June 2021			4,303,749	3,914,574	-	-	-	8,218,323
Depreciation								
At 1 July 2019			341,708	42,240	-	-	-	383,948
Additions			470,810	42,240	-	-	-	513,050
At 30 June 2020			812,518	84,480	-	-	-	896,998
At 1 July 2020			812,518	84,480	-	-	-	896,998
Additions			537,968.63	1,291,809.42	-	-	-	1,829,778.05
At 30th June 2021			1,350,487.50	1,376,289.42	-	-	-	2,726,776.92
Net book values								
At 30 th June 2021			2,953,261.50	2,538,284.58	-	-	-	5,491,546.08
At 30 th June 2020			43,520	2,953,968.13	-	-	-	2,997,488.13

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and buildings were valued by xxx independent valuer on xxx on xxx basis of valuation. These amounts were adopted on xxx.

31 (b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land			
Buildings			
Plant and machinery			
Motor vehicles, including motorcycles			
Computers and related equipment			
Office equipment, furniture, and fittings			
Total			

32. INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Additions—internal development	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. INVESTMENT PROPERTY

Description	2020-2021	2019-2020
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
At end of the year	-	-

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

34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	-	-
Fees paid in advance	-	-
Employee advances	-	-
Third-party payments	-	-
Other payables	-	-
Total trade and other payables	-	-

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
Consumer deposits	-	-
Caution money	-	-
Other refundable deposits	-	-
Total deposits	-	-

36. CURRENT PROVISIONS

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

37. FINANCE LEASE OBLIGATION

Description	2020-2021	2019-2020
	KShs	KShs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity Analysis

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: Unearned interest	-
	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

38. DEFERRED INCOME

Description	2020-2021	2019-2020
	KShs	KShs
National government	-	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National government	International funders/ donors	Public contributions and donations	Total
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

39. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2020-2021	2019-2020
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

The Kapcherop Technical and Vocational College does not operate a defined benefit scheme for all full-time employees. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	2020-2021	2019-2020
	Kshs	Kshs
Discount rates	-	-
Future salary increases	-	-
Future pension increases	-	-
Mortality (Pre- retirement)	-	-
Mortality (Post- retirement)	-	-
Withdrawals	-	-
Ill health	-	-
Retirement	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

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

	2020-2021	2019-2020
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (Specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

	2020-2021	2019-2020
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded Status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

The Kapcherop Technical and Vocational College also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.720 per employee per month.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

40. NON-CURRENT PROVISIONS

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

41. BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the year	-	-

41 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2020-2021	2019-2020
	KShs	KShs
External Borrowings		
Dollar denominated loan from organisation	-	-
Sterling Pound denominated loan from organisation'	-	-
Euro denominated loan from organisation'	-	-
Domestic Borrowings	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 b) BREAKDOWN OF LONG- AND SHORT-TERM BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

42. SERVICE CONCESSION ARRANGEMENTS

Description	2020-2021	2019-2020
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

43. CASH GENERATED FROM OPERATIONS

	2020-2021	2019-2020
Surplus for the year before tax	KShs	KShs
Adjusted for:	-	-
Depreciation	-	-
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in 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
At 30 June 2021				
Receivables from exchange transactions		-	-	-
Receivables from non exchange transactions		-	-	-
Bank balances		-	-	-
Total		-	-	-
At 30 June 2021		-	-	-
Receivables from exchange transactions		-	-	-
Receivables from non exchange transactions		-	-	-
Bank balances		-	-	-
Total		-	-	-

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. 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 recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from xxxx

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
At 30 June 2021	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(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
At 30 June 2021			
Financial assets (investments, cash, debtors)	-	-	-
	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2021		-	-
Euro	10%	-	-
USD	10%	-	-
2021		-	-
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

44 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2020 – KShs xxx)

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

45. RELATED PARTY BALANCES

Nature of related party relationships

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

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

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

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify)	-	-
Total	-	-
b) Purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (specify)	-	-
Total	-	-
b) Grants /Transfers from the Government		
Grants from National Govt	13,167,500	4,590,000
Grants from County Government	-	-
Donations in kind	-	-
Total	13,167,500	4,590,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	2,660,846	2,471,375
Payments for goods and services	9,291,534	5,710,019
Total	11,952,380	8,181,394

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	2020-2021	2019-2020
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	1,086,900	776,500
Compensation to key management	-	-
Total	1,086,900	776,500

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. SEGMENT INFORMATION

Kapcherop Technical and Vocational College has no segment

47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

	2020-2021	2019-2020
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	-	-
Assets arising from determination of court cases	-	-
Reimbursable indemnities and guarantees	-	-
Others (Specify)	-	-
Total	-	-

Contingent Liabilities

	2020-2021	2019-2020
	Kshs	Kshs
Contingent liabilities		
Court case xxx against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Others (Specify)	-	-
Total	-	-

(Give details)

48. CAPITAL COMMITMENTS

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

49. DEFERRED TAX LIABILITY

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

	2020-2021	2019-2020
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability/(asset)	-	-
The movement on the deferred tax account is as follows:	-	-
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

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

50. EVENTS AFTER THE REPORTING PERIOD

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

51. ULTIMATE AND HOLDING ENTITY

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

CURRENCY

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

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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.

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

Guidance Notes:

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

Simion Cheplogoi

Principal/B O G Secretary

Sign 

Date:27/09/2021

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

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

Status of Projects completion

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

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

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APPENDIX III: INTER-ENTITY TRANSFERS

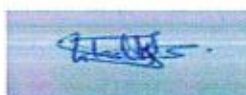
	ENTITY NAME:	KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE		
	Break down of Transfers from the State Department of KAPCHEROP TECHNICAL AND VOCATIONAL COLLEGE			
	FY 20/21			
a.	Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	CAPITATION	06/11/2020	3,495,000	2020/2021
	CAPITATION	15/02/2021	3,495,000	2020/2021
	CAPITATION	30/03/2021	2,332,500	2020/2021
	CAPITATION	30/06/2021	3,345,000	2020/2021
	RECURRENT	05/07/2021	500,000	2020/2021
			13,167,500	

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

Gladys J Kemboi
Finance Officer.

Simion Cheplogoi
Principal/B O G Secretary

Sign



Sign



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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Education	06/11/2020	CAPITATION	3,495,000	3,495,000	-	-	-	3,495,000
Ministry of Education	15/02/2021	CAPITATION	3,495,000	3,495,000	-	-	-	3,495,000
Ministry of Education	30/03/2021	CAPITATION	2,332,500	2,332,500	-	-	-	2,332,500
Ministry of Education	30/06/2021	CAPITATION	3,345,000	3,345,000	-	-	-	3,345,000
Ministry of Education	05/07/2021	RECCURENT	500,000	50,0000	-	-	-	500,000
Total			13,167,500	13,167,500				13,167,500

