

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY	
P. 17	
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OF

THE AUDITOR-GENERAL

ON

KIPSOEN TECHNICAL AND VOCATIONAL  
COLLEGE

FOR THE YEAR ENDED  
30 JUNE, 2021





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## **KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE  
ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30,2021

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**I. KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE INFORMATION AND MANAGEMENT**

**(a) Background information**

Kipsoen Technical and Vocational College Iten was incorporated/established under the TVET Act, 2013 Act on 11<sup>th</sup> April, 2018 (Ref: TVETA/PUBLIC/TVC/010/2018). The entity is domiciled in Kenya. The institute is under the Ministry of Education.

KTVC-Iten academic activities are grouped in two namely: department of Engineering which constitutes Mechatronics Technician, Electrical & Electronics, Civil, Building & Technology, Welding & Fabrication, Plumbing and Carpentry and department of ICT/Business which constitutes Agriculture, Fashion & Design, Secretarial, Information Studies and Accountancy

**(b) Principal Activities**

The core mandate of KTVC - Iten is to promote advancement of education and development in the region and the country at large through technical and vocational training, research, innovation and community service.

The vision of the college is *"A leading institution in the Provision of Technical Skills Training and Entrepreneurship"*.

Its mission is: *"To impart quality technical skills through education, training and practical knowledge for self-reliance and economic empowerment in partnership with stakeholders"*.

Core values of KTVC-Iten are: *Integrity, teamwork, professionalism, accountability, inclusivity and health and safety.*

The Objectives of Kipsoen Technical and Vocational and College - Iten are as follows:

- i. To provide, a competent, dependable, innovative and creative human resource.*
- ii. To impart applied knowledge to trainees in order to gain entrepreneurial and problem-solving skills in the world of work;*
- iii. To expand and upgrade the Institute's infrastructure and equipment;*
- iv. To collaborate with Institutions and the community in providing extension services and solutions to emerging issues;*
- v. To promote trainee welfare and maintain co-curricular facilities for training and wellness.*

**(c) Key Management**

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

**Board of Governors (BOG)**

The Board meets as often as warranted but not less than three times a year. The day to day management of the Institute is the responsibility of the Principal. Various committees assist in running the Institute.

These include

- Finance, Infrastructural and General Purpose committee
- Human, Resource, Education and Research committee
- Audit and Risk committee

Each of the above committees has specific responsibilities and obligations in as far as the Institute is concerned. They meet often to deliberate on issues affecting the Institute and make appropriate recommendation for further action by the Institute management.

**Principal**

- The Principal is answerable to the Board of Governors and the Government.
- The chief executive of the institute managing it on a day to day basis and is the secretary to the Board of Governors.
- Ensures implementation and execution of government policies, programmes and other statutory requirements.

**Deputy Principal**

- The Deputy Principal is answerable to Principal
- The deputy chief executive of the institute assisting the principal in managing it on a day to day basis and is the deputy secretary to the Board of Governors.
- Ensures implementation and execution of school policies, programmes and other statutory requirements as directed by the principal.

**Registrar**

- Handle all issues related to student's admissions in general
- Effective management of trainees' records
- Management of trainee evaluation both internally and externally.
- Marketing institute programmes
- Any other functions assigned by the principal.

**Dean Of Students**

- Organize proper utilization of all trainees' recreational facilities
- Oversee organization of student's governance, clubs, societies, games etc.
- Arrange regular consultative information oriented meetings with class representative, HODs and Principal
- Approve student's leave of absence during non-tuition time.
- Prepare budget related to all co-curricular activities
- Keep records and correspondence on trainees' issues and welfare.
- Any other functions assigned by the principal.

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(d) **Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	<b>Eric K. Tanui</b>
2.	Deputy Principal	<b>Samuel K. Lagat</b>
3.	Registrar(s)	<b>Festus K. Rotich</b>
4.	Dean of Students	<b>Maurice K. Chemitei</b>
5.	Head of Finance	<b>Jonathan K. Yator</b>
6.	Head of Department-Engineering	<b>Peres Chepkemei</b>
7.	Head of Department ICT/Business/Agriculture	<b>Aaron Chemwolo</b>

(e) **Fiduciary Oversight Arrangements**

*Audit and Risk committee*

Members of Kipsoen Technical and Vocational College-Iten Board of Governors (BOG) have established an *Audit and risk committee*, which attends to the college audit requirements from time to time. Auditing is scheduled as per the GOK requirements relating to public institutions. Internal and external auditors are involved for this purpose.

*Finance, Infrastructural and General Purpose committee*

The Kipsoen Technical and Vocational College-Iten has an existing *Finance and operations committee* that is constituted by some the members of the Board of Governors (BOG). This committee performs functions such as college budget approval, regulation of expenditures, identifications of Income Generating Activities (IGA) and other sources of revenues.

*Human, Resource, Education and Research committee*

Kipsoen Technical and Vocational College-Iten core mandate is to promote advancement of education and development in the region and the country at large through technical and vocational training, research, innovation and community service. The Board of Governors has therefore established a special committee that is dedicated to issues relating to academic activities such development of policies, acquisition of teaching and learning materials amongst others.



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S/No	Name of committee	Members
1.	<i>Finance, Infrastructural and General Purpose committee</i>	<ol style="list-style-type: none"> <li>1. Duncan Kimaiyo - Chairperson</li> <li>2. Boaz Kipkurui Kipchoge</li> <li>3. Nyabuto Diafna Lucy</li> <li>4. Accounts Clerk May be Co-opted</li> </ol>
2.	<i>Human,Resource, Education and Research committee</i>	<ol style="list-style-type: none"> <li>1. Boaz Kipkurui Kipchoge- Chairperson</li> <li>2. Duncan Kimaiyo</li> <li>3. Nyabuto Diafna Lucy</li> <li>4. HoD-Academics may be co-opted</li> </ol>
3	<i>Audit and Risk committee</i>	<ol style="list-style-type: none"> <li>1. David Kimosop Chesire- Chairperson</li> <li>2. Dr. Castro Felix M. Mugalla</li> <li>3. Janet Jepchirchir Kimutai</li> </ol>

**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(f) Entity Headquarters**  
Kipsoen Technical and Vocational College,  
Off Iten0Eldoret Road.  
P.O. Box 344-30700,  
ITEN, KENYA

**(g) Entity Contacts**  
  
Telephone: (254) 797868786  
Email: kipsoentvc@gmail.com  
Website: www.kipsoentvc.ac.ke







**(h) Entity Bankers**  
  
Equity Bank Ltd  
Iten Branch  
P.O. Box 616-30700  
Iten, Kenya

**(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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II. THE COUNCIL/BOARD OF GOVERNORS

No.	Member/ Director	Details
1.	 James Kemboi Keitany. <i>Bachelor in Project, Planning and Management</i>	<p><i>Born in 21<sup>st</sup> Sept. 1962.</i>  Holder of Bachelor in Project, Planning and Management.  Deployed to the County Department for Lands, Water, Environment and Natural Resources  Chairperson BOG</p>
2.	 Duncan Kimaiyo. <i>Bachelor of Science in Mathematics</i>	<p><i>Born in 5<sup>th</sup> May 1986.</i>  Holder of Bachelor of Science in Mathematics.  He is a business Person-Agricultural Input and General Supplies.  Executive member BOG, member Human, Resource, Education and Research  Chairperson Finance, Infrastructure and General Purpose Committee.</p>
3.	 Janet Jephchirchir Kimutai. <i>Master of Business Administration-Finance</i>	<p><i>Born in 29<sup>th</sup> January, 1984</i>  Holder of Master of Business Administration-Finance. She has a 10-year experience as an accountant.  Executive member BOG and  Member Audit and Risk Committee.</p>
4.	 Dr. Castro Felix M. Mugalla. <i>Master of Medicine</i>	<p><i>Born in 27<sup>th</sup> October 1979</i>  Holder of Master of Medicine. A career medical doctor.  Executive member BOG and  Member Audit and Risk Committee.</p>
5.	 David Kimosop Chesire <i>Bachelor of Science in Computer Science</i>	<p><i>Born in 27<sup>th</sup> July 1980</i>  Holder of Bachelor of Science in Computer Science.  Senior Manager, Business Systems &amp; Analysis.  Executive member BOG and  Chairperson Finance, Infrastructure and General Purpose Committee.</p>
6.	 Boaz Kipkurui Kipchoge <i>BSc. Telecommunications &amp; I.T</i>	<p><i>Born in 10<sup>th</sup> March 1986</i>  Holder of BSc. Telecommunications &amp; I.T. He is Trainee Engineer - Networks.  Executive member BOG, member and  Chairperson Human, Resource, Education and Research Committee.  Member of Finance, Infrastructure and General Purpose Committee.</p>







7.	 Nyabuto Diafna Lucy <i>B.Eng. Geospatial Engineering</i>	Born in 4 <sup>th</sup> April 1991. Holder of B.Eng. Geospatial Engineering. She is a Geospatial engineer. Executive member BOG and Member Human, Resource, Education and Research Committee. Member of Finance, Infrastructure and General Purpose Committee.
8.	 Eric K. Tanui. <i>Master Of Science (Pure Mathematics)</i>	Born in 21 <sup>st</sup> June, 1972 Holder of Master Of Science (Pure Mathematics). Experienced educational manager. Currently serves as the principal/ Secretary BOG

### III. MANAGEMENT TEAM

No.	Member/ Director	Details
1.	 Eric K. Tanui <i>Master Of Science (Pure Mathematics)</i>	Principal
2.	 Samuel K. Lagat <i>Bachelor of Education in Technology Education (Electrical &amp; Electronics Engineering)</i>	Deputy Principal
3.	 Festus K. Rotich <i>Bachelor of Education (Technology Education (Electrical &amp; Electronics Engineering))</i>	Ag. Registrar

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4.	 Maurice K. Chemitei Bachelor of Education0Business and Secretarial.	Ag. Dean of Students
5.	 Peres Chepkemei <i>Diploma in Technical Education,  Diploma in Electrical &amp; Electronics  Engineering (Power Option)</i>	Ag. Head of Department0Engineering
6.	 Aaron K. Chemwolo	Ag. Head of Department0ICT/Business/Agriculture/Garment Making
7.	 Jonathan K. Yator <i>Bachelors In Business Management  (Finance And Banking), ICPAK</i>	Accounts clerk

#### IV. CHAIRMAN'S STATEMENT

I have the pleasure to present an overview of the Kipsoen Technical and Vocational College performance for the year ended 30<sup>th</sup> June 2021. KTVC endeavors to continually improve on the implementation of its mission and Objectives

The college recently developed a strategic plan 2021-2025 with the following strategic issues:

- a) Infrastructural Development
- b) Resources (financial and human)
- c) Access, Equity and Quality Assurance
- d) ICT Integration, Equipment and Technology
- e) Collaboration and Linkages
- f) Communication and Public Relations
- g) Research and Development

These issues were identified through a SWOT analysis involving internal and external environments that influence the operations of the institute. The external environment was analysed through the analysis of Political, Economic, Social-Cultural, Technological, Environmental and Legal Factors. The internal analysis was conducted through consideration of the strengths, weaknesses, opportunities and threats with a view to uphold or leverage the strengths and opportunities and eliminate or cope up with weaknesses and threats. The strategic issues identified necessitated the need to implement strategies and activities that went along away to provide solutions.

We envisage to promote highly and advanced technical trained manpower in the various fields as part of the college's contribution towards the achievement of Vision 2030 by providing quality technical training for self-reliance and economic empowerment for sustainable development.

During the year ended 30<sup>th</sup> June 2021, Kipsoen Technical and Vocational College was mainly funded through the Government capitation and collection of fees from students.

On behalf of Kipsoen Technical and Vocational College, I am grateful to the government of Kenya, Board of Governors, Management and staff for their dedication and participation over the year in striving to make KTVC achieve its vision and mission so as to achieve its objectives.

Signature.....



Date .....

25/07/2022

**James Kemboi Keitany**

**CHAIRMAN, BOARD OF GOVERNORS**



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**V. REPORT OF THE PRINCIPAL**

I refer you to the Board of Governors chairperson's statement, the main strategic issues considered in Kipsoen Technical and Vocational College - Iten 2021-2025 strategic plan were Infrastructural Development, Resources (financial and human), Access, Equity and Quality Assurance, ICT Integration, Equipment and Technology, Collaboration and Linkages, Communication and Public Relations and Research and Development.

During the year under consideration, the following activities were undertaken:

- a) Infrastructural Development:  
Equipping library and Acquiring a 60 seater bus in progress.
- b) Resources (financial and human):  
Increase student's enrolment and Enrolment of students/trainees, Regular audit of financial records, Developed and Implement the HR policy,
- c) Access, Equity and Quality Assurance:  
Assist potential trainees to access funding for their tuition, sponsor guidance and counselling staff for training/Workshop, Purchase of guidance and counselling reference materials and offer market oriented curriculum.
- d) ICT, Equipment and Technology:  
Expand and improve ICT equipment, Integrated ICT in curriculum delivery.
- e) Collaboration and Linkages:  
Benchmarking trips to other TVET institution and visiting industries and companies;
- f) Public Relations and Communication:  
Participation in tree planting, go to local barazas, use social medias and print media and Participate in TVET open days;
- g) Research and Development:  
Established a research and development unit for coordination and carried out research and development activities

**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

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

Kipsoen Technical and Vocational College has *seven (7)* strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2021- FY 2025. These strategic pillars are as follows:

- Pillar/ theme/issue 1: Infrastructural Development
- Pillar/ theme/issue 2: Resources (financial and human)
- Pillar/ theme/issue 3: Access, Equity and Quality Assurance
- Pillar/ theme/issue 4: ICT Integration, Equipment and Technology
- Pillar/ theme/issue 5: Collaboration and Linkages
- Pillar/ theme/issue 6: Communication and Public Relations
- Pillar/ theme/issue 7: Research and Development

Kipsoen Technical and Vocational College develops its annual work plans based on the above *seven (7)* pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

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The Kipsoen Technical and Vocational College achieved its performance targets set for the FY 2020/2021 period for its *seven (7)* strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar / theme / issue 1	Infrastructure Development	Develop and upgrade infrastructure	Approved master plan by public works	1. Review the master plan 2. Update the master plan	
			Functional library	Equip a library	Library is not yet equipped.
			Availability of complete catering unit	Construct and equip a catering unit	Functional catering unit is not yet in place.
			College owned bus	Acquire a 46 seater bus	School bus is not available.
			Completed gate	Construct college gate	College gate not constructed
			Availability of more usable classrooms	Completion of existing basement block	Plans are underway for construction of four classroom.
			More classroom available	Construction of classrooms	Four classroom not constructed
			Two more Workshops available for learning	Construct and Equip two workshops	Two workshops are yet to be constructed and equipped
			Two more Workshops available for learning	Construct and Equip two workshops	Two workshops not yet constructed and equipped.
			Functional sporting facilities	Construct and landscape for sporting facilities	Sporting facilities not constructed
			Functioning infrastructure	Repairs and maintenance	Infrastructure repair and maintenance is on-going
			Number of acres bought.	Buy 15 acres of land	15 acres of land not bought.
			Operational 100KVA generator	Purchase 100KVA generator	100KVA generator not bought.
Pillar / theme / issue 2	Financial Resources	Diversify sources and increase funding	Increased student population	Increase student's enrolment. Enrolment of students/trainees	GOK capitation increased.

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			Number of proposals done	Develop and submit proposals to Donors	Proposals not yet developed and submitted
			Funds sought	Seek for funds from county, national and other agencies	More activities not undertaken and accomplished
			Number of dairy cows purchased	Purchase four dairy cows	Not yet purchased
			Number of 500 seater tents fabricated	Fabrication of 500 seater tents	500 seater Tents not fabricated
			Number of audits records done	Regular audit of financial records	Auditing of financial records currently underway.
	Human Resources	Harness Human resource	Human resource policy in place.	i) Form a committee to work on the Human Resource policy	HR Policy draft is ready for adoption.
			HR policy implemented	ii) Implement the HR policy	HR policy not operational
Pillar / theme / issue 3	Access, Equity and Quality Assurance		Number of students assisted.	Assist potential trainees to access funding for their tuition.	Several applications received.
			Policy on Affirmative Action	Develop and implement Affirmative Action Policy	Gender equity yet to be achieved.
			Number of training/workshop attended.	Sponsor guidance and counselling staff for training/Workshop	Improved guidance and counselling services
			Number of guidance and counselling reference materials bought.	Purchase of guidance and counselling reference materials	Reference materials in place
			Number of graduates securing employment.	Offer market oriented curriculum	Market oriented curriculum implemented
Pillar / theme / issue 4	ICT, Equipment and Technology	To build ICT capacity in curriculum,	60 additional computers procured,	Expand and improve ICT equipment	ICT equipment expansion in progress



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		service delivery and institution management.			
			2 Smart boards procured		
			10 CCTV Cameras		
			Computer Rooms and Administrative offices provided with LAN		
			Functional MIS.	Procure and install management Information Systems	Procurement of management information systems initiated.
			ICT integrated in teaching and learning.	Integrate ICT in curriculum delivery	Introduced online teaching/learning, Maintained teaching/learning Database.
			ICT policy in place	Develop and implement ICT Policy	ICT policy not yet developed.
Pillar / theme / issue 5	Collaboration and Linkages	Enhance collaboration and linkages with industries, TVET institutions and schools	Number of Collaborations established.	Nurture and expand collaboration and linkages	Enhanced collaborations and linkage undertaken;
			No of benchmark trips	Benchmarking trips to other TVET institution	Bench marking undertaken.
			Number of networks established.	Visiting industries and companies	Six industries/companies visited.
Pillar / theme / issue 6	Public Relations and Communication	To ensure effective public relation communication between the	Corporate communication policy in place	Form a committee to develop a corporate communication policy	Corporate communication policy not developed

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		college and our publics	Number of social responsibilities undertaken.	Participation in tree planting, cleaning activities, offering agriculture extension to our neighbourhood, fund raising activities. Amongst others	Corporate image and good will raised.
			Number of activities conducted in relation to marketing.	Go to local barazas, use social medias and print media	Visibility of our college Increased.
			Number of sensitization conducted	Sensitize Schools(primary and secondary) on importance of TVET courses.	Schools sensitized
			Number of forums attended.	Sensitization of local community on importance of TVET courses	Local community sensitized
			Number of TVET services and products exhibited.	Participate in TVET Open Days.	Showcased TVET services and products
Pillar / theme / issue 7	Research and Development	Institutionalize effective research and development	Research policy document in place	Develop research policy	Research policy document not yet developed.
			Research and Development unit functional	Establish a Research and Development Unit for coordination	Research and Development unit established
			Number of successful R & D activities carried out.	Carry out research and development activities.	Innovativeness Enhanced.
			Participation in ASK Show and open days	Organize open Fora to showcase Research findings.	Technological exchange fora not yet organized

## **VII. CORPORATE GOVERNANCE STATEMENT**

Kipsoen technical and vocational college is organised under the category of Technical and Vocational Colleges to offer programmes up to Diploma level, in accordance with the TVET Act No. 29 of 2013. The institute is governed by the Board of Governors (BOG). The membership of the BOG comprises the Chairperson, representative of the Principal Secretary, State Department of Vocational and Technical Training, Ministry of Education, representative of the Governor of Uasin Gishu within which the institute is located, Six other persons appointed on the basis of their knowledge and experience in leadership and management, financial management, technology, industry, engineering and Information Communication Technology. The Principal/Accounting Officer/Executive officer being the secretary to the BOG.

In appointing and reappointing of board members, commencement dates of some members are staggered to maintain continuity in the affairs of the board.

The appointment of a member to the BOG may be revoked if the member resigns, becomes insolvent, imprisoned for a term of six months or more, incapacitated by physical or mental illness, absent from three consecutive meetings of the board without leave, inability to discharge his/her function or appointment revoked by the appointing authority.

The BOG meets at least once every four months. Quorum for the conduct of business at a meeting of the BOG is two-thirds of the total number of members of the Board.

During the financial year an induction of the board members was conducted in Kitale facilitated by officials from the state department for Vocational and Technical Training.

### **The functions of the Board Include:**

- Overseeing the conduct of education and Training in the institute
- Promoting and maintaining quality standards and relevance in education and Training
- Administering and managing the institutes property
- Preparing annual estimates of revenue and expenditure as well as incurring expenditure
- Receiving fees, grants, subscriptions, donations and other moneys and making disbursements
- Mobilising resources for the institute
- Developing and reviewing training programmes
- Regulating admissions subject to the Act
- Approving collaborations or associations with other institutions and industries
- Recruiting trainers from among qualified professionals
- Determining suitable terms and conditions of service for support staff and trainers and remunerating them in consultation with the Authority.
- Making regulations governing the institute, conduct and discipline of staff and students.
- Preparing annual reports in areas of their mandate
- Providing for the welfare of staff and students
- Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institute.



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**VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A**

Kipsoen technical and vocational college operational and financial performance

During the financial year the institute realized revenues of **Ksh. 17,047,950** and recurrent expenditure stood at **Ksh. 12,249,123**

**SECTION B**

Kipsoen technical and vocational college compliance with statutory requirements

Kipsoen technical and vocational college has complied with all statutory requirements which include prompt remittance of NSSF, NHIF, PAYE and HELB.

## SECTION C

### Major risks facing Kipsoen Technical and vocational college

Kipsoen Technical and Vocational College desires to enhance its performance and competitiveness in the tertiary education sector in the face of competition of already established institutions and private colleges/institutions. However, to succeed in competitive environment the Institute requires a lot of support from the Government and other stakeholders in terms of funding and other development projects because there is lack of; hostels for students and staff, inadequate classroom infrastructure, inadequate land for expansion, insufficient funds, inadequate library space and books and means of transport-utility vehicles.

The challenges include Inadequate Development and Recurrent grants that reduces implementation of procurement plan activities and Untimely disbursement of student Capitation.

## SECTION D

### Material arrears in statutory and other financial obligations

Kipsoen Technical and Vocational College is law abiding Institution and is committed to its core mandate hence it has no Statutory or tax default to date.

## SECTION E

### The entity's financial probity and serious governance issues

The Institute has no governance issues among the Board of Governors members or the top management in so far as conflict of interest is concerned.

## IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Kipsoen Technical and Vocational College exists to transform lives. This is our purpose; the driving force behind everything we do. Its what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence.

### Sustainability strategy and profile

Through its strategic planning the entity has drawn its sustainability and profile from its vision, mission and core values

### Environmental performance

Kipsoen technical and vocational college is guided by the environmental sustainability guidelines in accordance to chapter 5 of the constitution of kenya and the Environmental Management and Coordination Act(EMCA) OF 1999. Environmental sustainability refers to concerted efforts put in place to mitigate

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against environmental degradation. It is the maintenance of factors and practises that contribute to the quality of environment on a short and long term basis.

**Employee welfare**

Kipsoen technical and vocational college is guided by the policies under the labour laws.

The entity also complies with the occupation safety and health Act 2007, (OSHA)

Persons with the right qualifications and competence were hired following established process of advertising existing posts, receiving applications, shortlisting of qualified candidates and inviting for an interview conducted based on established criteria that include gender consideration, experiences and relevant qualifications.

**Market place practises**

a) Responsible competition practise.

the entity is guided by the Kenya constitution that has endeavoured to uphold fairness, equity and transparency during implementation of its projects. In the implementation of the curriculum the management ensured that the training offered was of high quality. Instructional training, continuous assessment and evaluation conducted in line with the academic policy

b) Responsible supply chain and supplier relations.

The entity through its strategic plan identified various stakeholders including the suppliers and is committed towards strengthening supplier relations through sensitisation and prequalification of all suppliers who meet requirements, timely payments for goods and services provided, provide feedback mechanism and effective communication linkages.

c) Responsible marketing and advertisement

To enhance its marketing strategies, the entity has continuously done road trips, barazas, updating the online platform and publicise its information in its website mainly aimed at reaching out to the youth. Advertisements of tenders has been done widely on local platforms and major tenders in newspapers.

d) Product stewardship

The entity has ensured that its consumers rights and interests have been safeguarded. the entity participates in science fairs, sports, staff training and development to enhance the delivery of services to its clients.

**Corporate social responsibility/community engagement**

Partnered with the community in tree planting to increase the Kenya's forest cover



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**X. REPORT OF THE COUNCIL/BOARD OF GOVERNORS**

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

Principal activities

The principal activities of the entity are;

- ☐ To offer technical training
- ☐ To provide and promote life-long learning

Results

The results of the entity for the year ended June 30, 2021

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page vii and viii.

Auditors

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

By Order of the Board of Governors



Principal/BOG secretary

Date: 25/7/2022

## **XI. 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 *Kipsoen Technical and Vocational College*, which give a true and fair view of the state of affairs of the *Kipsoen Technical and Vocational College* at the end of the financial 2020/2021 and the operating results of the *Kipsoen Technical and Vocational College* for 2020/2021. The council members are also required to ensure that the *Kipsoen Technical and Vocational College* keeps proper accounting records which disclose with reasonable accuracy the financial position of *Kipsoen Technical and Vocational College*. The council members are also responsible for safeguarding the assets of the *Kipsoen Technical and Vocational College*.

The council members are responsible for the preparation and presentation of the *Kipsoen Technical and Vocational College* financial statements, which give a true and fair view of the state of affairs of the *Kipsoen Technical and Vocational College* for and as at the end of the financial year 2020/2021 ended on 30<sup>th</sup> 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 *Kipsoen Technical and Vocational College*;
- (v) Selecting and applying appropriate accounting policies;
- (vi) Making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the *Kipsoen 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 State Corporations Act*, and the *TVET Act*). The council members are of the opinion that the *Kipsoen Technical and Vocational College's* financial statements give a true and fair view of the state of *Kipsoen Technical and Vocational College* transactions during the financial year ended 30<sup>th</sup> June 2021, and of the *Kipsoen Technical and Vocational College's* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the *Kipsoen Technical and Vocational College*, which have been relied upon in the preparation of the *Kipsoen Technical and Vocational College'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 *Kipsoen Technical and Vocational College* will not remain a going concern for at least the next twelve months from the date of this statement.

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**Approval of the financial statements**

The *Kipsoen Technical and Vocational College's* financial statements were approved by the Board on 11/10/2021 and signed on its behalf by:

Name: James Kemboi Keitany

Signature.....

Chairperson of the Board/Council

For Name: Eric K. Tanui

Signature.....

Accounting Officer/Principal



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**XII. REPORT OF THE AUDITOR GENERAL ON THE KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE.**

# REPUBLIC OF KENYA

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

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

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### **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 Kipsoen Technical and Vocational College set out on pages 1 to 52, 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 statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting



policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kipsoen 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 Public Finance Management Act, 2012 and the Technical and Vocational Education Act, 2013.

## **Basis for Qualified Opinion**

### **1.0 Unsupported Adjustment in the Financial Statements**

The statement of changes in net assets reflects a balance of Kshs.67,366,962 while the initial financial statements submitted for audit reflected a balance of Kshs.113,753,124 resulting in a variance of Kshs.46,386,162. However, Management did not provide a journal voucher to support the adjustment.

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

### **2.0 Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.59,232,376 and as disclosed in Note 31 to the financial statements. Review of the financial records revealed the following observations;

- i. The initial financial statements had a property, plant and equipment balance of Kshs.104,828,800 while the revised statements had a balance of Kshs.59,232,376 resulting in a variance of Kshs.45,596,424. However, Management did not provide journal vouchers to support the amendments.
- ii. The values of land and buildings were not supported with valuation reports.
- iii. The assets register did not include assets valued at Kshs.61,015,600 as detailed at Appendix I. In addition, assets donated by the Ministry of Education were not valued and included in the assets register as detailed at Appendix II.
- iv. Title documents for the land on which the College is located were not provided.
- v. According to the asset register, the College had a land rover, which was donated to the College by Keiyo North CDF office on 17 February, 2020. However, the log book for the vehicle was not provided for audit verification.
- vi. The College was mentored by Rift Valley Institute of Science and Technology (RVIST). However, the mentoring Institution did not provide a handing over report. Therefore, the details of assets handed over could not be ascertained.



In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.59,232,376 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kipsoen 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 other 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 final receipts budget and actual on a comparable basis of Kshs.31,592,800 and Kshs.17,047,950 respectively resulting in under collection of Kshs.14,544,850 or 46% of the budget. Similarly, the College expended Kshs.12,249,123 against an approved budget of Kshs.31,592,800 resulting to an under-expenditure of Kshs.19,343,677 or 61.2% of the budget. The underperformance affected the planned activities and may have impacted negatively on service delivery 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, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1.0 Non-Remittance of Industrial Training Levy**

The statement of financial performance reflects employee costs balance of Kshs.2,095,160. During the year under audit review, Management had not registered the College as an employer with the Director of Industrial Training, contrary to Paragraph 3(2) of the Industrial Training (Training Levy) Order, 2007 which stipulates that a person who becomes an employer after the commencement of this Order shall, within thirty days of becoming an employer, apply to the Director in the Form 1 set out in the Schedule to be registered as an employer.



Subsequently, for the year under review, Management had not remitted the requisite Industrial Training Levy, contrary to paragraph 4.(1) of the Industrial Training (Training Levy) (Amendment) Order, 2020 which requires that at the end of each financial year, an employer shall remit to the Director a levy of six hundred shillings per employee per year or a pro rata basis for their term of service. (2) Payment of the levy due shall be accompanied by an annual return in Form 2 set out in the Schedule.

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

## **2.0 Lack of Approved Staff Establishment**

The statement of financial performance reflects employee costs amounting to Kshs.2,095,160. During the year under review, Management did not have in place an approved organizational structure, human resource plan and staff establishment record contrary to Paragraph B.2(1) of the Human Resource Policies and Procedures Manual for the Public Service May, 2016 which requires that every Ministry/State Department shall prepare Human Resource Plans to support achievement of goals and objectives in their Strategic plans. It is therefore not possible to ascertain the human resource requirements and establish the basis of recruitment of new employees, both permanent and temporary.

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

## **3.0 Non-Compliance with the Law on Ethnic Composition**

Review of human resource records revealed that 87% of the Board of Governors and senior management staff were from one dominant community contrary to Section 7 of the National Cohesion and Integration Act, 2008 which requires that all public establishments should seek to represent the diversity of the people of Kenya in employment of staff and that no public establishment shall have more than one third of its establishment from the same ethnic community.

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

## **4.0 Late Submission of Financial Statements**

The College's financial statements for the year ended 30 June, 2021 were submitted to the Office of the Auditor-General on 21 October, 2021. This was contrary to Section 68(2k) of the Public Finance Management Act, 2012 which stipulates that an accounting officer shall prepare annual financial statements within three months after the end of the financial year and submit them to Auditor-General for audit. Management did not provide reasons for delay in submission of financial statements.

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

## **5.0 Remuneration of Directors**

The statement of financial performance reflects remuneration of directors (Board of Governors) expenses amounting to Kshs.1,098,300 that were incurred during the financial year under review. However, the following observations were noted with the composition of the Board:

- (i) The letter appointing the Secretary to the Board was not provided for audit review contrary to Paragraph 5(3) of the Second Schedule S.28(3) (Membership and Governance Procedures for Boards of Governors for Training Institutions) of the Technical and Vocational Education and Training Act, 2013 which stipulates that no person shall participate in any proceedings or otherwise conduct the business of the Committee of Board without first being appointed.
- (ii) The Board Work Plan was not provided for review contrary to Chapter 1.9 (1) of the Mwongozo code which requires that Board members should ensure the development of an annual Board work plan.
- (iii) Board Calendar/Almanac and notices of Board & Committee meetings to Board members were not provided contrary to Paragraph 11(2) of the TVET Act, 2013 which stipulates that every meeting of the Board of Governors shall be convened by giving at least fourteen days' notice in writing to every member unless three quarters of the total members of a Board of Governors otherwise agree
- (iv) There was no evidence of any Board member being a *bona fide* member of ICPAK contrary to Chapter 1.1 (6) of the Mwongozo Code (the Code of Governance for State Corporations) which requires that at least one Board member should be a financial expert, meaning that he or she has the necessary qualifications and expertise in financial management or accounting and is a *bona-fide* member of a professional body regulating the Accountancy profession, and in compliance with the requirements thereof.
- (v) The gazette notice appointing the Board members was not provided contrary to Chapter 1.1 (11) of the Mwongozo code which stipulates that each Board member shall be formally appointed to the Board through a Gazette Notice and thereafter an appointment letter.
- (vii) Board resolution forming the various Board committees and defining their terms of reference was not provided contravening Chapter 1.7 (1) of the Mwongozo code which states that the Board should: (c) Provide Terms of Reference for each committee which should set out, as a minimum, objectives, delegated authority, operations and reporting mechanism to the Board.
- (viii) Board Charter not provided contrary to Chapter 1.11 (1) of the Mwongozo code which stipulates that the Board should develop and adopt a Board Charter.
- (ix) Board annual evaluation had not been done contrary to Chapter 1.13 (1) of the Mwongozo code which requires the Board, in consultation with the Oversight Office, to ensure that it subjects the organization to an annual governance audit by a member regulated by the College of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose
- (x) No evidence that the Board was certified by an accredited body within six months of their appointment contrary to Chapter 1.10 (2) (c) of the Mwongozo code which requires that the Board should be certified by an accredited body within six months of their appointment.

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

## **6.0 Lack of Approved Annual Estimates and Cash Flow Plan**

The statement of comparison of budget and actual amounts indicates that College had a final budget amount of Kshs.31,592,800. During the year, payments amounting to Kshs.12,249,123 or 39 % of the budgeted funds were made. However, the Management did not provide the annual estimates approved by the Cabinet Secretary contrary to Section 22(2) of the Second Schedule of the Technical and Vocational Education and Training Act, 2013. Further, Management did not provide quarterly cash flow projections supported by a procurement plan approved in accordance with the Public Procurement and Disposal Act, contrary to Regulations 44(4) of the Public Finance Management (National Government) Regulations, 2015.

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

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

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

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 sections 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 an Internal Audit Function**

Review of internal control environment revealed that the College did not have an Internal Audit Department to guide and evaluate its internal controls. This is contrary to Section 73(1)(a) of Public Finance Management Act, 2012 which states that, every National Government entity shall ensure that it has appropriate arrangements in place for conducting Internal Audit according to the guidelines of Public Sector Accounting Standards Board.

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

##### **2. Lack of a Risk Management Policy**

Review of the internal control environment of the College revealed that the Management did not have in place a risk management policy contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the national government entity develops - (a) risk

management strategies, which include fraud prevention mechanism; and (b) a system of risk management and internal control that builds robust business operations.

Further, there is no evidence that the institution's Finance, Infrastructural and general-Purpose Committee submitted quarterly reports of its work including recommendations to the responsible Cabinet Secretary, as required under Regulation 19(2) of the Public Finance Management (National Government) Regulations, 2015.

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

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

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

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

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain 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 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions



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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

02 September, 2022



#### Appendix I: Assets Not Included in the Asset Register

No.	Item	Amount (Kshs.)
1	1 Building	60,000,000
2	1 Samsung Cellphone	35,000
3	1 Epson printer	28,000
4	1 Samsang Galaxy	50,000
5	9 White board	157,500
6	9 Grid Board	130,500
7	2 Sign Post	35,000
9	24 Drawing Tables	151,200
10	24 Drawing stools	96,000
11	20 Lecture Chairs	76,000
12	20 Plastic Chairs	16,400
13	20 Steel beds	240,000
	<b>Total</b>	<b>61,015,600</b>



## Appendix II: Assets Donated by the Ministry of Education

No.	Date Supplied	Quantity	Item	Class
1	1 July, 2019	20	HP Desktop Computer complete	Computers
2	1 July, 2019	20	UPS	Computers
3	1 July, 2019	3	HP Laser Jet Printers	Computers
4	1 July, 2019	3	Laptops	Computers
5	1 July, 2019	2	Projectors	Computers
6	1 July, 2019	1	14-seater boardroom table	Furniture
7	1 July, 2019	10	boardroom chairs	Furniture
8	1 July, 2019	1	Principal's office Desk	Furniture
9	1 July, 2019	1	Principals Executive Seat	Furniture
10	1 July, 2019	1	filing cabinet	Furniture
11	1 July, 2019	1	Computer table	Furniture
12	1 July, 2019	1	Fire proof compact safe	Furniture
14	1 July, 2019	1	3 door book shelf	Furniture
15	1 July, 2019	6	Visitors chairs	Furniture
16	1 July, 2019	10	Staff writing tables	Furniture
17	1 July, 2019	10	Teachers desks with drawers	Furniture
18	1 July, 2019	80	Classroom training chairs	Furniture
19	1 July, 2019	5	Industrial Manipulator Training device	Industrial equipment
20	1 July, 2019	20	Digital Multimeter	Industrial equipment
21	1 July, 2019	50	Tool kits	Industrial equipment
22	1 July, 2019	10	Cabinets	Industrial equipment
23	1 July, 2019	5	Mechatronics training device	Industrial equipment
24	1 July, 2019	5	Production line training	Industrial equipment
25	1 July, 2019	5	PLC controlled hydraulic and pneumatic training device	Industrial equipment
26	1 July, 2019	5	Mechanotronics installation and control training device	Industrial equipment

<b>No.</b>	<b>Date Supplied</b>	<b>Quantity</b>	<b>Item</b>	<b>Class</b>
27	1 July, 2019	1	Hydraulic Lifter	Industrial equipment
28	1 July, 2019	2	Hydraulic Cart	Industrial equipment
29	1 July, 2019	5	projectors	Computers
30	1 July, 2019	25	Desk Top Computers	Computers
31	1 July, 2019	25	UPS	Computers
32	1 July, 2019	25	Computer desks	Furniture



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

	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	8,850,000	3,317,500
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
		<b>8,850,000</b>	<b>3,317,500</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	10	8,197,950	3,959,500
Sale of goods	11	-	-
Rental revenue from facilities and equipment	12	-	-
Finance income - external investments	13	-	-
Other income	14	-	-
		<b>8,197,950</b>	<b>3,959,500</b>
<b>Total revenue</b>		<b>17,047,950</b>	<b>7,277,000</b>
<b>Expenses</b>			
Use of goods and services	15	6,572,289	2,115,465
Employee costs	16	2,095,160	817,500
Remuneration of directors	17	1,098,300	157,000
Depreciation and amortization expense	18	2,066,290	1,617,200
Repairs and maintenance	19	417,350	1,700
Contracted services	20	-	-
Grants and subsidies	21	-	-
Finance costs	22	-	-
		<b>12,249,123</b>	<b>4,708,865</b>
<b>Other gains/(losses)</b>			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	-	-
		-	-
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus for the year</b>		<b>4,798,827</b>	<b>2,568,135</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		-	-

The notes set out on pages 21 to 56 form an integral part of the Annual Financial Statements.

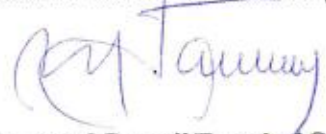


**KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE**  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2021**

	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	26	4,284,690	1,031,032
Current portion of receivables from exchange transactions	27(a)	3,866,984	668,156
Receivables from non-exchange transactions	28	4,957,500	3,317,500
Inventories	29	-	-
Investments	30	-	-
		<b>13,109,174</b>	<b>5,016,688</b>
<b>Non-current assets</b>			
Property, plant and equipment	31	59,232,376	59,320,400
Investments	30	-	-
Intangible assets	32	-	-
Investment property	33	-	-
Long term receivables from exchange transactions	27(b)	-	-
<b>Total Non-current assets</b>		<b>59,232,376</b>	<b>59,320,400</b>
<b>Total assets</b>		<b>72,341,550</b>	<b>64,337,088</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	34	2,730,588	1,655,953
Refundable deposits from customers	35	344,000	113,000
Current Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of borrowings	41	-	-
Deferred income	38	-	-
Employee benefit obligation	39	-	-
Payments received in advance		-	-
		<b>3,074,588</b>	<b>1,768,953</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	39	-	-
Non-current provisions	40	-	-
Borrowings	41	-	-
Service concession liability	42	-	-
Deferred tax liabilities	49	-	-
<b>Total liabilities</b>		<b>3,074,588</b>	<b>1,768,953</b>
<b>Reserves</b>			
Surplus for the year		4,798,827	2,568,135
Accumulated surplus		2,568,135	-
Capital Fund		61,900,000	60,000,000
<b>Total net assets and liabilities</b>		<b>72,341,550</b>	<b>64,337,088</b>

The Financial Statements set out on pages 1 to 2 were signed on behalf of the Institute Council/ Board of Governors by:

  
Chairman of Council/Board of Governors

  
Finance Officer  
ICPAK No 26189

  
Principal

Date: 25/07/2022

Date: 25.07.2022

Date: 25/7/2022

KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE  
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XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings/Accumulated Reserves	Capital/ Development Grants/Fund	Total
<b>Balance b/f as at July 1, 2019</b>	-	-	-	60,000,000	-
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Net surplus for the year	-	-	2,568,135	-	2,568,135
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
<b>Balance c/d as at June 30, 2020</b>	-	-	2,568,135	60,000,000	62,568,135
<b>Balance b/f as at July 1, 2020</b>	-	-	2,568,135	60,000,000	62,568,135
Revaluation gain	1,900,000	-	-	-	1,900,000
Fair value adjustment on quoted investments	-	-	-	-	-
Net surplus for the year	-	-	4,798,827	-	4,798,827
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
<b>Balance c/d as at June 30, 2021</b>	1,900,000	-	7,366,962	60,000,000	67,366,962

**KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE**

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**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		2020/2021	2019/2020
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants		7,210,000	-
Public contributions and donations		-	-
Rendering of services Fees from students		6,704,737	4,373,817
Sale of goods		-	-
Rental revenue from facilities and equipment		-	-
Finance income		-	-
Other income		-	-
<b>Total Receipts</b>		<b>13,914,737</b>	<b>4,373,817</b>
<b>Payments</b>			
Compensation of employees		2,095,160	817,500
Use of goods and services		6,972,269	1,668,985
Remuneration to directors		1,098,300	157,000
Repairs and maintenance		417,350	1,700
Finance cost		-	-
Rent paid		-	-
Taxation paid		-	-
Other payments		-	-
Grants and subsidies paid		-	-
<b>Total Payments</b>		<b>10,583,079</b>	<b>2,645,185</b>
<b>Net cash flows from operating activities</b>	43	<b>3,331,458</b>	<b>1,728,632</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(78,000)	(697,600)
Proceeds from sale of property, plant and equipment		-	-
Decrease in non-current receivables		-	-
Increase in investments		-	-
<b>Net cash flows used in investing activities</b>		<b>(78,000)</b>	<b>(697,600)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,253,658</b>	<b>1,031,032</b>
Cash and cash equivalents at 1 JULY	26	1,031,032	-
<b>Cash and cash equivalents at 30 JUNE</b>	26	<b>4,284,690</b>	<b>1,031,032</b>



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**XVII. 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 %
<b>Revenue</b>						
Transfers from other Govt entities Govt grants	16,200,000	-	16,200,000	8,850,000	(7,350,000)	(45.37)
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Fees from students	15,392,800	-	15,392,800	8,197,950	(7,194,850)	(42.54)
Sale of goods	-	-	-	-	-	-
Finance Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Gains on disposal, rental income and agency fees	-	-	-	-	-	-
<b>Total income</b>	<b>31,592,800</b>	-	<b>31,592,800</b>	<b>17,047,950</b>		
<b>Expenses</b>						
Compensation of employees	6,220,800	-	6,220,800	2,095,160	(4,125,640)	(66.32)
Use of Goods and services	23,201,500	-	23,201,500	6,572,289	(16,629,211)	(71.67)
Finance costs	-	-	-	-	-	-
Rent paid	-	-	-	-	-	-
Remuneration of directors	1,185,000	-	1,185,000	1,098,300	(86,700)	(7.32)
Repairs and maintenance	985,500	-	985,500	417,350	568,150	(57.65)
Provision for depreciation	-	-	-	2,066,024	-	-
Grants and subsidies paid	-	-	-	-	-	-
<b>Total expenditure</b>	<b>31,592,800</b>	-	<b>31,592,800</b>	<b>12,249,123</b>		
<b>Surplus for the period</b>	-	-	-	<b>4,798,827</b>		

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**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Kipsoen 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 technical 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 *Kipsoen Technical and Vocational College's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx

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

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>



**KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020.

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> 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: <ul style="list-style-type: none"><li>•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;</li><li>•Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li><li>•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.</li></ul>
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> 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: <ul style="list-style-type: none"><li>(a) The nature of such social benefits provided by the entity;</li><li>(b) The key features of the operation of those social benefit schemes; and</li><li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li></ul>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> <ul style="list-style-type: none"><li>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.</li><li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li><li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li></ul>

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Standard	Effective date and impact:
	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.

**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 **24<sup>TH</sup> JULY 2020**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

**c) Taxes**

***Current income tax***

The entity is not exempt from paying taxes since it deducts PAYE and remits for its employees.



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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.

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

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

**f) Leases**

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

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

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

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

**g) Intangible assets**

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

**h) Research and development costs**

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

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

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



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

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

**i) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

*Held-to-maturity*

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

*Impairment of financial assets*

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

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

*Financial liabilities*

*Initial recognition and measurement*

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

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

*Loans and borrowing*

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

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

**i) Inventories**

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

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

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



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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**

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

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

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

**m) Employee benefits**

**Retirement benefit plans**

The Entity 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

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of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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

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

**p) Related parties**

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

**q) Service concession arrangements**

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

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. No additional disclosure of these estimates of provisions is included.

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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Description	2020/2021	2019/2020
	KShs	KShs
<b>Unconditional grants</b>		
Capitation grants	8,850,000	3,317,500
Operational grant	-	-
Other grants	-	-
	<b>8,850,000</b>	<b>3,317,500</b>
<b>Conditional grants</b>		
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
<b>Total government grants and subsidies</b>	<b>8,850,000</b>	<b>3,317,500</b>

**(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.	Total grant income during the year	2020/2021
			KShs	KShs	KShs
Ministry/State Department of vocational technical training	8,850,000	-	61,900,000	8,850,000	8,850,000
<b>Total</b>	<b>8,850,000</b>	<b>-</b>	<b>61,900,000</b>	<b>8,850,000</b>	<b>8,850,000</b>

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

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**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	-	-
<b>Total grants from development partners</b>	-	-

**Reconciliations of grants from donors and development partners**

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

No grants received from donors

**8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT**

Description	2020/2021	2019/2020
	KShs	KShs
Transfer from County xxx	-	-
Transfer from xxx University	-	-
Transfer from xxx institute	-	-
<b>Total Transfers</b>	-	-

**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	-	-
<b>Total donations and sponsorships</b>	-	-

No public contributions and donations



**KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****10. RENDERING OF SERVICES**

Description	2020/2021	2019/2020
	KShs	KShs
Tuition fees and related income	8,140,400	3,154,960
Activity fees	-	-
Industrial attachment fees	-	-
Examination fees	57,550	804,540
Library fees	-	-
Facilities and materials	-	-
Registration fees	-	-
Others ( <i>Specify</i> )	-	-
<b>Total revenue from the rendering of services</b>	<b>8,197,950</b>	<b>3,959,500</b>

The institution received income from the collection of fees from students only

**11. SALE OF GOODS**

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

No sale of goods during the year

**12. HIRE OF FACILITIES AND EQUIPMENT**

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

No hire of facilities during the year

**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	-	-
<b>Total finance income</b>	<b>-</b>	<b>-</b>

There were no funds invested or interest charged to debtors during the year hence no income received



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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	-	-
Miscellaneous ( <i>Specify</i> )	-	-
<b>Total other income</b>	-	-

We did not receive any other income during the year

**15. USE OF GOODS AND SERVICES**

Description	2020/2021	2019/2020
	KShs	KShs
Teaching and learning materials	3,778,465	1,050,835
Industrial attachment costs	199,000	-
Electricity	150,747	130,500
Water	47,900	29,960
Security	-	-
Professional and Consultancy services	-	-
Subscriptions	52,900	100,000
Advertising	-	-
Examination fees	47,580	400,940
Audit fees	-	-
Catering, Conferences, and delegations	-	-
Travelling and accommodation	1,038,890	390,000
Fuel and oil	-	-
Insurance	21,300	-
Legal expenses	-	-
Licenses and permits	-	-
Postage	10,815	9,450
Printing and stationery	808,853	-
Students identity card	70,350	-
Activity	68,120	-
Skills development levies	-	-
Telephone expenses	-	-
Internet expenses	75,889	-
Training expenses	173,390	-
Bank charges and commissions	28,090	3,780

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Total good and services	6,572,289	2,115,465
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**16. EMPLOYEE COSTS**

	2020/2021	2019/2020
	KShs	KShs
Salaries and wages	2,095,160	817,500
Employee related costs - contributions to pensions and medical aids	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
<b>Employee costs</b>	<b>2,095,160</b>	<b>817,500</b>

**17. REMUNERATION OF DIRECTORS**

Description	2020/2021	2019/2020
	KShs	KShs
Board of governors expenses	1,098,300	157,000
Directors emoluments	-	-
Other allowances	-	-
<b>Total director emoluments</b>	<b>1,098,300</b>	<b>157,000</b>

**18. DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2020/2021	2019/2020
	KShs	KShs
Property, plant and equipment	2,066,290	1,617,200
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>2,066,290</b>	<b>1,617,200</b>

**KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**19. REPAIRS AND MAINTENANCE**

Description	2020/2021	2019/2020
	KShs	KShs
Property	17,000	1,700
Investment property – earning rentals	-	-
Equipment and machinery	-	-
Vehicles	400,350	-
Furniture and fittings	-	-
Computers and accessories	-	-
Other	-	-
<b>Total repairs and maintenance</b>	<b>417,350</b>	<b>1,700</b>



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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	-	-
<b>Total contracted services</b>	-	-

**21. GRANTS AND SUBSIDIES**

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

**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	-	-
<b>Total finance costs</b>	-	-

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

**23. GAIN ON SALE OF ASSETS**

Description	2020/2021	2019/2020
	KShs	KShs
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-

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<b>Total gain on sale of assets</b>	<b>-</b>	<b>-</b>
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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	-	-
<b>Total gain</b>	-	-

**25. IMPAIRMENT LOSS**

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

**26. CASH AND CASH EQUIVALENTS**

Description	2020/2021	2019/2020
	KShs	KShs
Current account	4,146,690	1,031,032
On 0 call deposits	-	-
Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Cash in hand	138,000	-
<b>Total cash and cash equivalents</b>	<b>4,284,690</b>	<b>1,031,032</b>

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

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

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

Financial institution	Account number	2020/2021 KShs	2019/2020 KShs
<b>a) Current account</b>			
Equity Bank – Fee collection	1530279317994	1,693,229	1,031,032
Equity Bank - Capitation	1530279318067	2,453,461	0
<b>Sub0 total</b>		<b>4,146,690</b>	<b>1,031,032</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub0 total</b>		-	-
<b>c) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Bank B		-	-
<b>Sub- total</b>		-	-
<b>d) Staff car loan/ mortgage</b>			
Kenya Commercial bank		-	-
Bank B		-	-
<b>Sub- total</b>		-	-
<b>e) Others(specify)</b>			
Cash in transit		-	-
cash in hand		138,000	-
Mobile Money account		-	-
<b>Sub- total</b>		<b>138,000</b>	-
<b>Grand total</b>		<b>4,284,690</b>	<b>1,031,032</b>

**27. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**27(a) Current Receivables from Exchange Transactions**

Description	2020/2021 KShs	2019/2020 KShs
<b>Current receivables</b>		
Student debtors	3,866,984	668,156
Rent debtors	-	-
Consultancy debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>3,866,984</b>	<b>668,156</b>



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

**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
<b>Current receivables</b>		
Capitation grants*	4,957,500	3,317,500
Transfers from other govt. entities	-	-
Undisbursed donor funds	-	-
Other debtors (non0exchange transactions)	-	-
Less: impairment allowance	-	-
<b>Total current receivables</b>	<b>4,957,500</b>	<b>3,317,500</b>

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

**KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE****ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021****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	3,317,500	-
Additional provisions during the year	4,957,500	-
Recovered during the year	3,317,500	-
Written off during the year	-	-
At the end of the year	<b>4,957,500</b>	-

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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	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

**30. INVESTMENTS**

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

d)

**KIPSOEN TECHNICAL AND VOCATIONAL COLLEGE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**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			
	%	%	%	Shs	Current year	Prior year
					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	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation rates	0.025	0.25	.0125	.0333		.0125		
At 1 July 2019	60,000,000	-	-	-	-	-	-	60,000,000
Additions	-	-	339,600	-	-	598,000	-	937,600
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2020	60,000,000	0	339,600	-	-	598,000	-	60,937,600
Additions	-	1,900,000	-	78,000	-	-	-	1,978,000
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2021	60,000,000	1,900,000	339,600	78,000	-	598,000	-	62,915,600
Depreciation and impairment								
At 1 July 2019	-	-	-	-	-	-	-	-
Depreciation	1,500,000	-	42,450	-	-	74,750	-	1,617,200
Impairment	-	-	-	-	-	-	-	-
At 30 June 2020	1,500,000	-	42,450	-	-	74,750	-	1,617,200
Depreciation	1,462,500	475,000	37,144	25,974	-	65,406	-	2,066,024
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2021	2,962,500	475,000	79,594	25,974	-	140,156	-	3,683,224
Net book values								
At 30 <sup>th</sup> June 2020	58,500,000	-	297,150	-	-	523,250	-	59,320,400
At 30 <sup>th</sup> June 2021	57,037,500	1,425,000	260,006	52,026	-	457,844	-	59,232,376

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The College Received donated assets from Ministry of Education as listed below.

1. Land (5 Acres)
2. mechatronics Training equipment's
3. Furniture
4. Computer equipment's
5. College vehicle (Land Rover GKA 363U) donated by Keiyo North CDF.

The college intends to do valuation of all the assets it received from the ministry of Education and will adopt the values in to the financial statements.

**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	60,000,000	2,962,500	57,037,500
Plant and machinery	598,000	140,156	457,844
Motor vehicles, including motorcycles	1,900,000	475,000	1,425,000
Computers and related equipment	78,000	25,974	52,026
Office equipment, furniture, and fittings	339,600	79,594	260,006
<b>Total</b>	<b>62,915,600</b>	<b>3,683,224</b>	<b>59,232,376</b>

**32. INTANGIBLE ASSETS-SOFTWARE**

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

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**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	286,500	686,480
Fees paid in advance	2,444,088	969,473
Employee advances	-	-
Third-party payments	-	-
Other payables	-	-
Total trade and other payables	2,730,588	1,655,953

**35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

Description	2020/2021	2019/2020
	KShs	KShs
Consumer deposits	-	-
Caution money	344,000	113,000
Other refundable deposits	-	-
Total deposits	344,000	113,000

**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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**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	-
<b>Total</b>	-

**38. DEFERRED INCOME**

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



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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	Postemployment medical benefits	Other Provisions	2020/2021	2019/2020
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-	-

#### Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. 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	X%	X%
Future salary increases	X%	X%
Future pension increases	X%	X%
Mortality (Pre- retirement)	X%	X%
Mortality (Post- retirement)	X%	X%
Withdrawals	xx	Xx
Ill health	xx	xx
Retirement	Xx years	Xx years

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**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	-	-
<b>Remeasurement of the net defined benefit liability (asset)</b>	<b>-</b>	<b>-</b>

**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(=a0b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
<b>Net Asset or liability arising from defined benefit obligation</b>	<b>-</b>	<b>-</b>

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 360 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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**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	-	-	-	-	-
<b>Total deferred income</b>	-	-	-	-	-

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

**41. BORROWINGS**

Description	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
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
<b>Total balance at end of the year</b>	-	-



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

Description	2020/2021	2019/2020
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

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

**42. SERVICE CONCESSION ARRANGEMENTS**

Description	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	4,798,827	2,568,135
<b>Adjusted for:</b>		
Depreciation	2,066,024	1,617,200
Non cash grants received	-	-
Contributed assets	-	(240,000)
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>	<b>6,864,851</b>	<b>3,945,335</b>
Increase in inventory	-	-
Increase in receivables	(4,838,828)	(3,985,656)
Increase in deferred income	-	-
increase(Decrease) in payables	1,305,635	1,768,953
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>3,331,658</b>	<b>1,728,632</b>

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



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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:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2020</b>				
Receivables from exchange transactions	668,156	668,156	-	-
Receivables from non-exchange transactions	3,317,500	3,317,500	-	-
Bank balances	1,031,032	1,031,032	-	-
<b>Total</b>	<b>5,016,688</b>	<b>5,016,688</b>	-	-
<b>At 30 June 2021</b>				
Receivables from exchange transactions	3,866,984	3,864,984	-	-
Receivables from non-exchange transactions	4,957,500	4,957,500	-	-
Bank balances	4,146,690	4,146,690	-	-
<b>Total</b>	<b>12,971,174</b>	<b>12,971,174</b>	-	-

*(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
<b>At 30 June 2020</b>				
Trade payables	-	686,480	-	686,480
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	<b>686,480</b>	-	<b>686,480</b>
<b>At 30 June 2021</b>				
Trade payables	-	286,500	-	286,500
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	<b>286,500</b>	-	<b>286,500</b>

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**44. FINANCIAL RISK MANAGEMENT (Continued)**

**(iii) Market risk**

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

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

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

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

**a) Foreign currency risk**

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

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>			
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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**44. FINANCIAL RISK MANAGEMENT (Continued)**

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>			
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
<b>20xx</b>			
Euro	10%	xxx	Xxx
USD	10%	xxx	Xxx
<b>20xx</b>			
Euro	10%	xxx	Xxx
USD	10%	xxx	Xxx

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	7,366,962	2,568,135
Capital reserve	61,900,000	60,000,000
<b>Total funds</b>	<b>69,266,962</b>	<b>62,568,135</b>
Total borrowings	-	-
Less: cash and bank balances	(4,284,690)	(1,031,032)
Net debt/(excess cash and cash equivalents)	xxx	Xxx
<b>Gearing</b>	<b>xx%</b>	<b>xx%</b>

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**45. RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

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

- i) The National Government;
- ii) The Ministry Of Education;
- 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
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify)	-	-
<b>Total</b>	-	-
<b>b) Purchases from related parties</b>		
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)	-	-
<b>Total</b>	-	-
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	-	-
Grants from County Government	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		
Directors' emoluments	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

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**46. SEGMENT INFORMATION**

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

**47. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

**Contingent Assets**

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

**Contingent Liabilities**

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

*(Give details)*

**48. CAPITAL COMMITMENTS**

Capital commitments	2020/2021	2019/2020
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
<b>Total</b>	-	-

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

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**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	-	-
<b>Net deferred tax liability/(asset)</b>	<b>-</b>	<b>-</b>
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 entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of education. Its ultimate parent is the Government of Kenya.

**52. 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.

Accounting Officer

Name

(Enter title of head of entity)

Signature

Date.

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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:				
Break down of Transfers from the State Department of technical and vocational training				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		1.07.2020	2,545,000.00	2019/2020
		30.10.2020	772,500.00	2019/2020
		30.11.2020	500,000.00	2020/2021
		30.11.2020	810,000.00	2020/2021
		12/3/2021	500,000.00	2020/2021
		20/03/2021	780,000.00	2020/2021
		19/5/2021	802,500.00	2020/2021
		19/5/2021	500,000.00	2020/2021
		<b>Total</b>	<b>7,210,000.00</b>	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		N/A	-	
			-	
			-	
		<b>Total</b>	-	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		N/A	-	
			-	
			-	
		<b>Total</b>	-	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		N/A	-	
			-	
			-	
		<b>Total</b>	-	

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

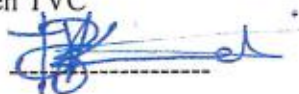
Principal

Head of Accounting Unit

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2021

Kipsoen TVC

Sign



Ministry of education

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/Donor Fund/Direct Payment	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Education	19/5/2021	Recurrent	7,210,000.00	8,850,000	61,900,000	4,957,500	3,866,984	7,210,000
Ministry of Education		Development	-	-	-	-	-	-
USAID		Donor Fund	-	-	-	-	-	-
Ministry of Education		Direct Payment	-	-	-	-	-	-
<b>Total</b>			7,210,000	8,850,000	61,900,000	4,957,500	3,866,984	7,210,000