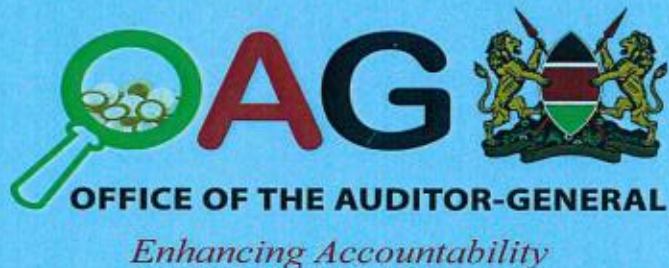


REPUBLIC OF KENYA



REPORT

21 FEB 2023

DAY
TUESDAY

TABLED
BY:

DEPUTY LEADER OF
MAJORITY PARTY

CLERK-AT
TABLE:
OF

IMZORV MWALG

THE AUDITOR-GENERAL

ON

**ELDAMA RAVINE TECHNICAL AND
VOCATIONAL COLLEGE**

**FOR EIGHTEEN (18) MONTHS
PERIOD ENDED 30 JUNE, 2020**



ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE EIGHTEEN MONTHS ENDED

JUNE 30, 2020

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

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

Table of Contents

I. KEY ENTITY INFORMATION AND MANAGEMENT	ii
II. THE BOARD OF GOVERNORS.....	vii
III. MANAGEMENT TEAM.....	x
IV. CHAIRMAN'S STATEMENT	xii
V. REPORT OF THE PRINCIPAL	xiii
VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES	xv
VII. CORPORATE GOVERNANCE STATEMENT	xviii
VIII. MANAGEMENT DISCUSSION AND ANALYSIS	xix
IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xx
X. REPORT OF THE BOARD OF GOVERNORS	xxi
XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES	xxii
XII. REPORT OF THE INDEPENDENT AUDITOR ON THE ENTITY ELDAMA RAVINE TECHNICAL ANDV OCATIONAL COLLEGE.....	xxiii
XIIISTATEMENT OF FINANCIAL PERFORMANCE FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2020..	1
XIV.STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020.....	2
XV.STATEMENT OF CHANGES IN NET ASSETS FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2020.....	3
XVI. STATEMENT OF CASH FLOWS FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2020.....	4
XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2020	5
XVIII. NOTES TO THE FINANCIAL STATEMENTS	6
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	24
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY.....	25
APPENDIX III: INTER-ENTITY TRANSFERS	26
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	27

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Eldama Ravine Technical and Vocational College is a government middle level Technical and Vocational Training College specializing in training of youth in different fields.

The College's operations are carried out in accordance with the Government policies and procedures as spelt out in official documents and circulars. The college is conscious of the Government's policy of industrialization and the Kenya Vision 2030. It is geared towards playing a significant and leading role in the fulfilment of its mandate.

ERTVC was officially opened on the 19th of May 2018 in Rift Valley Region. It is situated approximately 2 kilometres South-East of Eldama Ravine Town along Maji Mazuri-Makaton road.

The College admits students from all over Kenya and offers full- time courses ranging from Artisan, Certificate and Diploma levels. The courses are offered in 7 departments namely, Agricultural and Mechanical Engineering, Agriculture Education and Extension, Building & Construction, Electrical and Electronics, ICT, Business Studies as well as Hairdressing& Beauty Therapy. The students are examined by KNEC, CDACC, NITA, NTSA, among others.

(b) Principal Activities

ERTVC's core mandate is to train and assess students on technical skills and knowledge

Vision

To be a nationally competitive training Centre for imparting technical knowledge and skills for sustainable development

Mission

To create, preserve and transfer knowledge and technology through quality technical training, research and community service

Core Values

Team Work

- We work together collaboratively with respect and empathy to ensure we deliver services and products of good quality

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

Integrity	- We Value high standards of ethical behavior at all times. We shall uphold honesty and all moral principals in all the Eldama Ravine Technical and Vocational College Activities and decisions
Discipline	- We pursue excellence with commitment and perseverance respecting rules and regulations
Accountability	- We shall be Accountable for our Decisions and Actions
Commitment	- We are committed to providing quality services

Motto Technology for Sustainable Development

Objectives of Eldama Ravine Technical and Vocational College

The general Objectives of Eldama Ravine Technical and Vocational College outlined below provide a framework for the achievement of the mandate of the College;

- i. To provide competent, dependable, innovative and creative human resource for Kenya Vision 2030;
- ii. To impart applied knowledge to trainees in order to gain entrepreneurship and problem-solving skills in the world of work;
- iii. To expand and upgrade the College's infrastructure and equipment to meet the current trends;
- iv. To collaborate with other Colleges, 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 College is managed by a 9 member board of governors (BOG) appointed by the Cabinet Secretary for Education in accordance with the TVET Act of 2013. The day to day running of the College is done by the Principal (Secretary to the BOG) assisted by a management team comprising Deputy Principal, Ag. Registrar, Ag. Dean of Students and Accounts Clerk, academic and non-academic heads of department. In total there are 35 members of staff; 26 academic staff and 9 administrative staff.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Eric K. Tanui
2.	Ag. Registrar (s)	Janet Siren
5	Ag. Dean of students	Eric Mutai

No.	Designation	Name
6	Accounts Clerk	Sheila Toroitich
7	Performance Contracting Coordinator	Mayrose Chepchirchir

(e) **Fiduciary Oversight Arrangements**

- *Audit and risk committee activities*

Auditors Comments

- Accountant and the procurement officers need to be trained on IPSAS and PPADA respectively.
 - Principal also should be trained in areas of governance and management
 - The Finance committee of the board should keep on monitoring compliance in financial reporting and other areas of compliance.
 - The institution should benchmark with established TVET institutions.
 - The committee should request quarterly reports from time to time
 - We recommend for the institution to acquire ERP system to ease preparations of financial statements and minimize errors and inconsistencies.
 - The institutions should adopt a better salary scale to minimize staff turnover especially non-teaching staff
- *Finance and operations committee activities*
- Extending contract period from 3 months to 1 year
 - Improving salary from an average of Kshs 6000 to Kshs 7700
 - Paying NHIF for the staff members.
 - Provision of better working conditions.
- *Academic committee activities*
- Guidance and counselling
 - Peer counselling was proposed by the members to the students
 - Capacity building of the deans and peer counsellors
 - Marking class registers
 - follow up absent students immediately
 - student who doesn't attend classes will not be registered for exams
 - implement academic policy to the later
 - Weak trainees to be assisted at individual level
 - Equipping the library
 - Booklist to be prepared and forward to Baringo county governor
 - Career guidance
 - students to be advised on choice of courses before selection/admission to minimize wrong choice of course.

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

- The registry to consider course requirements before admissions
Strictly enforce admission requirements
- Equipping the workshops
Prepare a supplementary budget so as to equip the workshops -especially electrical engineering workshop
- Timely provision of practical materials for technical courses
 - Procurement department to be asked to find ways of availing training materials without much delay
 - TD Equipment to be made in the institution and issued to students during the lesson
 - instructors to role models by using TD equipment during lessons
- Equipping computer lab with at least 7 more computers/desktops; budget for the computers
 - advising ICT students to purchase laptops
 - computer lab to be restricted to ICT students to enhance accessibility to ICT students
 - proper time tabling of the computer lab
 - install relevant software's in the computers

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

KEY ENTITY INFORMATION AND MANAGEMENT

P.O. Box 560-20103,
Along Maji Mazuri-Makutano Road
Eldama Ravine, Baringo County, Kenya
Cell: 0713 546595
Email: *principal@ertvc.ac.ke*
Website: *www.ertvc.ac.ke*

BANKERS

1. Equity Bank
Eldama Ravine Branch
P. O Box 75104
Eldama Ravine

2. Kenya Commercial Bank
P.O. Box 415-20103
Eldama Ravine

Independent/Internal Auditor

Mr. Zacharia Koech (Internal Auditor, Eldoret National Polytechnic)

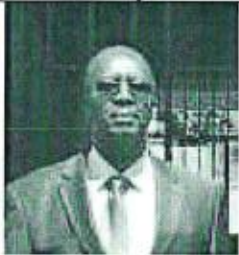

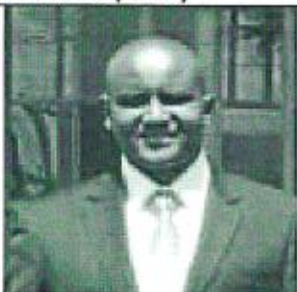
External Auditor

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

Principal Legal Adviser

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




II THE BOARD OF GOVERNORS

Member's photo and name	Member's brief
 <p>1. CHAIRMAN, BOARD OF GOVERNORS Prof. Ronald Kiprop Chepkilot PHD-HRM (SA), MS-EdTD (UK), BA HONS (UoN)</p>	<p>PhD. In Human Resource Management- South Africa Master's Degree of Education in Training and Development- University of Manchester, UK Bachelor of Arts (Honors) – University of Nairobi Currently, Professor of Human Resource Management at Kabarak University Previously, Associate Professor of Human Resource Management at Kabarak University CHAIRMAN,BOARD OF GOVERNORS</p>
 <p>2.MEMBER, BOARD OF GOVERNORS Michael Ngulat BCOM -Accounting Option (UON), CPA, DTec. Ed (KTTC)</p>	<p>Bachelor of Commerce (Accounting Option), - University of Nairobi, Kenya. Diploma in Technical Education Certified Public Accountant Currently, Branch Manager at Agricultural Finance Corporation- Eldama Ravine. Previously, Senior Credit Officer at Agricultural Finance Corporation- Eldama Ravine. CHAIRMAN-FINANCE COMMITTEE</p>
 <p>3.MEMBER, BOARD OF GOVERNORS Moses Mwangi Thiga PhD Information Systems -Kabarak University, KE M.Sc. Information Systems Management – Liverpool University, UK B.Sc. Computer Science – Egerton University, KE</p>	<p>PhD in Information Systems Master of Science in Information Systems Management Master of Science in Statistics Bachelor of Science in Computer Science Currently, Director- Research and Lecturer Computer Science and Information Technology at Kabarak University Previously, Research Associate at Kenya Education Network (KENET) Nairobi CHAIRMAN,ACADEMIC COMMITTEE</p>
Member's photo and name	Member's brief

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020





 <p>4.MEMBER, BOARD OF GOVERNORS Dr. Emily Jepyegon Chemoiwa PhD. Philosophy in Animal Ecology – University of Eldoret, KE Master of Philosophy in Zoology (Ecology) – Moi University, KE Bachelor of Education Science- Maseno University, KE</p>	<p>PhD. Philosophy in Animal Ecology – University of Eldoret, KE Master of Philosophy in Zoology (Ecology) – Moi University, KE Bachelor of Education Science- Maseno University, KE Currently, Lecturer- Animal Ecology and Examinations Coordinator-Zoology at University of Eldoret Previously, Senior Graduate Teacher – Biology at Eldoret GK, Magereza Sec. School, Eldoret MEMBER</p>
 <p>5.MEMBER, BOARD OF GOVERNORS Yunus Issa Aljab MA Religious Studies- UoN, ke B. Ed –International University of Africa, Khartoum Sudan</p>	<p>Master of Arts Religious Studies- University of Nairobi, KE Bachelor of Education –International University of Africa, Khartoum Sudan Currently, Director at Education for Africa Charity Organization Previously, Principal at Highlands High School, Limuru MEMBER</p>
 <p>6.MEMBER, BOARD OF GOVERNORS Dr. Joyce Jepkorir Kiplimo Bett PhD. In Chemistry- University of KwaZulu Natal, SA MSc. Chemistry- Egerton University, KE B. Ed (Science)- Egerton University, KE</p>	<p>Doctor of Philosophy In Chemistry- University of KwaZulu Natal, South Africa Master of Science in Chemistry- Egerton University, KE Bachelor of Education Science- Egerton University, KE Currently, Head of Department, Physical Sciences and Senior Lecturer at Kabianga University Previously, Acting Dean, School of Science and Technology at Kabianga University CHAIRMAN,AUDIT AND RISK MANAGEMENT COMMITTEE</p>

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

 <p>7.MEMBER, BOARD OF GOVERNORS Peter Cheruiyot Ag. Director-TVET Nakuru-Baringo County and CD-TVET Kericho-Bomet County</p>	<p>He is a civil servant currently serving as the Acting Nakuru-Baringo County Director TVET and CD-TVET Kericho-Bomet County. He represents the Principal Secretary, State Department of Vocational & Technical Training in the Board of Governors COUNTY DIRECTOR ,TVET</p>
 <p>8.MEMBER, BOARD OF GOVERNORS Philip Odiwuor Nyabanda B. Sc Civil Engineering- JKUAT, KE Cert Tender/Bid Prep, Claims Prep and Contract Mgmt- EU HND Construction Engineering- Kenya Polytechnic University College</p>	<p>Bachelor of Science Civil Engineering- Jomo Kenyatta University of Agriculture and Technology, KE Certificate in Tender/ Bid preparation, Claims Preparation and Contract Management-EU Higher National Diploma in Construction (Structures) Engineering-Kenya Polytechnic University College, KE National Diploma in Building Construction, Kenya Polytechnic University College, KE Currently, The Technical Director of Kenya Federation of Master Builders and Neo Build Ltd MEMBER</p>
 <p>9.SECRETARY, BOARD OF GOVERNORS Eric K. Tanui M.Sc Pure Mathematics – Kenyatta University, KE B. Ed Egerton University, KE</p>	<p>Master of Science in pure mathematics- Kenyatta University, KE Bachelor of Education Egerton University, KE Currently, Principal and Secretary to the Board of Governors Previously, Principal, Kipsoen Technical and vocational College and trainer Eldoret National Polytechnic SECRETARY,BOARD OF GOVERNORS</p>

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

III. MANAGEMENT TEAM

Name	Passport	Designation	Qualification	The main area of responsibility
Eric K. Tanui		Principal	Masters in- pure mathematics	He is the chief executive officer of the college serving as the principal and secretary to the board of governors.
Janet Siren		Registrar	MSC in agriculture extension	She is registrar of the college and trainer of General Agriculture
Erick Mutai		DOS	DIPLOMA in Agricultural Engineering	He is the Dean of students and trainer of Agricultural Engineering.
Sheila Toroitich		Assistant Account	CPA K finalised	She is the Accountant of the college.

KEY RESPONSIBILITIES OF THE MANAGEMENT TEAM

Name	Designation	The main area of responsibility
Eric K Tanui	Principal	He is the chief executive officer of the college serving as the principal and secretary to the board of governors.
Janet Siren	Registrar	She is registrar of the college and trainer of General Agriculture
Erick Mutai	DOS	He is the Dean of students and trainer of Agricultural Engineering.
Sheila Toroitich	Assistant Account	She is the Accountant of the college.

NB: The Deputy Principal of the college is yet to be deployed by PSC as at the date this statement is prepared

IV CHAIRMAN'S STATEMENT

I have the pleasure to present an overview of the Eldama Ravine Technical and Vocational College performance for the year ended 30th June 2020. Eldama Ravine Technical Vocational College endeavors to continually improve on the implementation of its mission and objectives.

Governance

We have focused 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.

It has 13 public service trainers and 13 BOG trainers thus it is able meet its mandate of training.

The college faces the challenge of fee payment by trainees. Lack of enough public service trainers to cut cost on payment of BOG trainers

Eldama Ravine Technical and Vocational College is planning to improve trainee population and engage stakeholders to improve on infrastructure e.g. more lecture rooms and dining hall.

Financial Policies

During the year ended 30th June 2020, Eldama Ravine Technical and Vocational College was mainly funded through the Government capitation and appropriation in Aid (A-I-A) for its recurrent expenditure.

I wish to finally thank the government of Kenya, Board of Governance, Management and staff for their dedication and participation over the year in striving to make Eldama Ravine Technical Vocational College achieve its desire in producing a more skilled and trained workforce for our country



Prof. Ronald K. Chepkilot
CHAIRMAN, BOARD OF GOVERNORS

V REPORT OF THE PRINCIPAL

I am delighted to have the opportunity to give a report on Technical Training in Eldama Ravine Technical and Vocational College C and financial statement of the institution. I am honoured and humbled to be the first principal to be deployed by the government of Kenya to this college. I thank God and appreciate the MOE for giving me the opportunity to serve in this capacity.

I want to share with you my Vision for the future of Eldama Ravine Technical and Vocational College. Very simply put, my vision is all about fulfilling Dreams. Fulfilling our students' dreams is at the core of everything we do. But what exactly are our students' dreams? And what must we do to help these dreams come true?

The dreams of our students fall into three major categories.

- i. Many of our students' dreams of completing an artisan, craft or Diploma course and applying the skills attained in self-employment.
- ii. Many others dream of earning a credential that leads to a good paying job.
- iii. A few dream of simply taking customized/short training courses that will help them advance in their career.

Our staffs are committed to helping our students realize their dreams. Their dreams can't come true by them simply "walking in our doors." Thus, we help the students take responsibility in their college career by ensuring that they do practical work and make sure their tuition fee is paid on time; and by emphasizing to them that they must commit to the learning process, show up for classes, complete all class assignments, and ultimately pass the course. We also provide a conducive learning environment that enables students to be successful.

Our vision is for ERTVC to be the students' Dream-Catcher":

1. We work with all our stakeholders so that our students come to us better prepared for college.
2. We aim to increase access to quality of our programs by organizing outreach programs in high schools so that our potential students get a head start on a college certificate.
3. We are there for our students when they first come in our doors, reinforcing that they can and will be successful.
4. We always advise our students that their goal is not to go or come to college but rather to successfully complete College.
5. We help our students better understand the financial aid and loan process that the government has provided.

For Eldama Ravine Technical Vocational College to be a Premier college our staff are encouraged to have passion for hard work, they are also engaged in the planning and decision making process. Their voices are heard. Our students' accomplishments are directly related to the daily efforts of the staff. That is why as the first principal, I encouraged staff input from the very beginning in the development of the 2021-2025 Eldama Ravine Technical and Vocational College Strategic Plan.

Technical Education is constantly evolving. New initiatives or advances in technology require staff to conduct business differently. The management will advocate for targeted professional development and as the Principal, I will continue to invest in employee professional development.

Our local communities and our people as a whole will be the ultimate beneficiaries of our dream.

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

We envision a future where all of our communities have a college-educated workforce, ready and able to fill the needs of local business and industry.

Finally, we acknowledge that Eldama Ravine Technical Vocational College is deserving investment and we appeal for continued financial support from the government so as to actualize our dreams.

God Bless Eldama Ravine Technical and Vocational College.



ERIC K. TANUI
PRINCIPAL/SECRETARY BOG

VI STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

ERTVC has 8 (Eight) Strategic Themes and Objectives within the current Strategic Plan for the FY 2020-FY 2025. These Strategic Themes are as follows:

Theme 1: Academic and Student Welfare

Theme 2: College Leadership and Governance

Theme 3: Human Resource Development

Theme 4: ICT Integration, Equipment and Technology

Theme 5: Financial Stability

Theme 6: Partnerships, Collaboration and Linkages

Theme 7: Cross Cutting

Theme 8: Corporate Image

Eldama Ravine Technical and Vocational College Develops its annual work plans based on the above 8 themes. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Eldama Ravine Technical and Vocational College Achieved its performance targets set for the FY 2020/2021 period for its 8 strategic pillars as indicated in the table below:

Strategic Theme		Objective	Key Performance Indicators	Activities	Achievements
1. Academic and Student Welfare	Academic programmes Library Lecture Rooms Workshops Student Welfare	To increase student enrolment from 280 to 370 and progression rates	Admission Lists Increase in enrolment Courses rolled out Lecture rooms in place Lecture chairs Equipped Workshops	Aggressively market the courses offered at the college Initiate Market driven	Objective achieved and surpassed
2: College Leadership and Governance		To Establish structures that ensure smooth running of the College	Governance Quality Assurance Safety and Security	Hold Meetings Implement Performance Contract	Governance policies established and implemented

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

			Research and Extension Performance Contract		
3. Human Resource Development		To recruit, motivate, retain and enhance competent human resource	Scheme of Service TNA Reports Award System	Job Scale Drawn Capacity Building Implement Award Scheme	Competent human resource retained Motivated Staff
ICT Integration, Equipment and Technology		To enhance information and communication technology systems for efficient operations and training	ICT Equipment Procured	ICT Integration in Training and Service Delivery	ICT Equipment procured and in use. ICT Integration established Improved Service Delivery
Financial Stability		To Establish, improve and diversify income generating activities for the financial stability of the College	Increase in income Dairy unit and No. of dairy cows in place No. of students enrolled to the short courses	Increased Milk Production Students trained in the short courses	2 Income Generating Activities established and operationalized
Partnerships, Collaboration and Linkages		To enhance relevant quality practical skills through partnerships and collaboration with industry and other training institutions	No. of students placed for attachment No. of industries in partnersh	Students placed on attachment Collaboration	Collaboration and linkages with 2 industries Established and Students sent for

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

			ip and collabora tion with ERTVC MoU		attachment s
Cross cutting		To Mainstream Ethics and Integrity HIV/AIDS COVID-19 Gender and Disability Alcohol, drugs and Substance abuse National Values, Cohesion and Integration Road Safety Mainstreaming	Reports sent to relevant authoriti es Policies in Place	Implement ation of the policies	Cross cutting issues mainstrea med within the College
Corporate Image		To uphold and enhance the positive corporate image of ERTVC and improve visibility	Increased enrolment Service Charter CSR(Mark et Cleaning, ERTVC Farm Demonstra tion day)	Marketing Improved service delivery Market Cleaning Farming Demonstra tion	Eldama Ravine TVC corporate image enhanced

VII CORPORATE GOVERNANCE STATEMENT

The Eldama Ravine Technical and Vocational College is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholders, strengthens board of governors and management accountability and helps build public trust in the college.

The BOG is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, state department of Technical Vocational Education Training to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The BOG serves as the ultimate decision making body of the College, except for those matters reserved to or shared with the Government of Kenya. The BOG selects and oversees the members of senior management, who are charged by the BOG with conducting the business of the College in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The BOG has established Corporate Governance Guidelines which provide a framework for the effective governance of the College. The guidelines address matters such as the colleges' Vision and mission, overall strategy, members' responsibilities, BOG committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The BOG regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The college's corporate governance materials, including the Corporate Governance Guidelines, the College's legal order, the terms and reference for each BOG committee, the College's Codes of Business Conduct, information about how to report concerns about the college and the College's public policy engagement and technological contributions policy, can be accessed by visiting the college's website: www.ertvc.ac.ke.

The BOG members agreed in their meeting the BOG Chairman be paid a sitting allowances of Kshs 13,000 and the the members Ksh 8,000. In all their sittings there has been no conflict of interest.

The BOG contacts internal audit by engaging internal auditor of Eldoret National Polytechnic and gives maximum support and corporation Office of the Auditor General when it's conducting its functions in the institution.

The permanent secretary with assistance of county commissioner and area member of parliament nominate and propose members to be nominated to the board as per TVET Act, 2013

Four board meetings were held during the year and attended by members and it is supported by minutes submitted to your office

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The BOG submitted their report together with the audited financial statements for the year ended June 30, 20220 which show the state of the *college's* affairs.

The key project undertaken by the college is contract farming and farm and machinery day which are still in the pilot stage before they are fully implements as major sources of income in the college.

There is no major risk faced by the institution at the moment. The college ensures that their staffs contribute to the statutory deductions such as HELB, NHIF, and NSSF etc.

The college ensure that all statutory deductions are remitted before 9th of the following month.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Environmental performance

Eldama Ravine Technical Vocational College Observes the annual tree planting day by planting and taking care of trees within the institution. Every government guest is always accorded an opportunity to plant a tree

Employee welfare

ERTVC uses the Human Resource Document customized from the PSC Human Resource Policy to guide in the hiring process

Eldama Ravine Technical Vocational College Undertakes skills gap analysis/TNA and capacity builds employees based on the results. The management conducts employee appraisal and rewards. Eldama Ravine Technical Vocational College Implements Health and safety rules and regulations as guided by the Ministry of Health and conduct annual public health inspection and implements the recommendations proposed immediately.

Market place practices-

- a) Eldama Ravine Technical Vocational College ensures responsible competition practices by participating in Sports and Games organized by TVET, Sending quarterly reports to EACC, Participating in internal departmental competitions fairly with respect to all competitors
- b) Eldama Ravine Technical Vocational College advertises using posters, brochures, local media houses, public barazas, for a and online platforms like WhatsApp and Facebook and ensures to maintain ethical marketing practices.
- c) Eldama Ravine Technical Vocational College students are guaranteed quality training from professional trainers and are assured of acquiring the right skills and knowledge on a timely basis.

Corporate Social Responsibility / Community Engagements

The college plans to carry out the following social responsibilities:

- a) Cleaning the Eldama Ravine Market on Scheduled Dates
- b) Conduct Farmers Demonstration Day on a scheduled date.

X. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Eldama Ravine Technical and Vocational College's affairs.

Principal activities

The principal activities of the Eldama Ravine Technical and Vocational College are (continue to be) training and assessment of trainees.

Results

The results of the Eldama Ravine Technical and Vocational College for the year ended June 30 are set out on page 1

Auditors

The Auditor General is responsible for the statutory audit of the Eldama Ravine Technical and Vocational College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2020.

By Order of the Board



ERIC K. TANUI
BOG Secretary
Eldama Ravine
Date: 27/09/2021

XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) require the Board members to prepare financial statements in respect of that Eldama Ravine Technical and Vocational College which give a true and fair view of the state of affairs of the Eldama Ravine Technical and Vocational College at the end of the financial year/period and the operating results of the Eldama Ravine Technical and Vocational Institute for the eighteen months ended 30 June 2020. The Board Members are also required to ensure that the Eldama Ravine Technical and Vocational College keeps proper accounting records which disclose with reasonable accuracy the financial position of the Eldama Ravine Technical and Vocational College. The Board members are also responsible for safeguarding the assets of the Eldama Ravine Technical and Vocational College.

The Board members are responsible for the preparation and presentation of the Eldama Ravine Technical and Vocational College financial statements, which give a true and fair view of the state of affairs of the Eldama Ravine Technical and Vocational College for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Eldama Ravine Technical and Vocational College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Eldama Ravine Technical and Vocational College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act). The Board members are of the opinion that the Eldama Ravine Technical and Vocational College's financial statements give a true and fair view of the state of Eldama Ravine Technical and Vocational College's transactions during the eighteen months ended June 30, 2020 and of the Eldama Ravine Technical and Vocational College's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Eldama Ravine Technical and Vocational College which have been relied upon in the preparation of the Eldama Ravine 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 Board members to indicate that Eldama Ravine Technical and Vocational College will not remain a going concern for at least the next twelve months from the date of this statement

Approval of the financial statements

The Eldama Ravine Technical and Vocational College financial statements were approved by the Board on _____ and signed on its behalf by:

Name Prof. R. H. Chonkwa

Signature [Signature]

Chairperson of the Board

Name Dr. K. Tanzi

Signature [Signature]

Accounting Officer/Principal

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE FOR EIGHTEEN (18) MONTHS PERIOD ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Eldama Ravine Technical and Vocational College set out on pages 1 to 24, which comprise of the statement of financial position for the eighteen (18) months period ended 30 June, 2020 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 period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Eldama Ravine Technical and Vocational College for the eighteen (18) months period ending 30 June, 2020, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents totalling Kshs.3,738,140 as disclosed in Note 12 to the financial statements. However, cashbooks and monthly bank reconciliations were not provided for audit verification.

In addition, included in the cash and cash equivalents balance Kshs.3,738,140 is cash in hand totalling Kshs.29,740 which was not supported with a board of survey report.

In the circumstances, the completeness and accuracy of cash and cash equivalents balance of Kshs.3,738,140 could not be confirmed.

2. Undisclosed Value and Lack of Ownership Documents of Property, Plant and Equipment

The statement of financial position reflects a nil balance for property, plant and equipment. However, the value of land, buildings and one motor vehicle owned by the College were not disclosed in the financial statements. Further, ownership documents for the land and motor vehicle were not provided for audit.

In the circumstances, ownership and accuracy of the property, plant and equipment could not be confirmed.

3. Inaccuracies in the Financial Statements

3.1 Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents of Kshs.3,738,140. However, this balance varies with the sum of net increase in cash and cash equivalents of Kshs.5,276,407 leading to an unreconciled and unexplained variance of Kshs.1,538,267.

3.2 Misstatement of Cash Generated from Operations

Note 16 to the financial statements reflects cash generated from operations amounting to Kshs.5,276,407. However, the working capital adjustments for current portion of receivables from exchange transactions, bank overdraft and refundable deposits of Kshs.5,764,971, Kshs.610 and Kshs.82,900 respectively have not been included.

3.3 Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total income performance difference of Kshs.6,274,600 instead of negative Kshs.6,274,600.

Further, the statement reflects total expenditure performance difference of Kshs.5,343,807 which varies with the computed difference of Kshs.4,639,607. The resulting variance of Kshs.704,200 has not been explained or reconciled.

In the circumstances, the completeness and accuracy of the financial statements could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.12,072,300 and Kshs.18,346,900 respectively resulting to an over-funding of Kshs.6,274,600 or 49% of the budget. Similarly, the College expended Kshs.9,081,293 against an approved budget of Kshs.13,720,900 resulting to an under-expenditure of Kshs.4,639,607 or 34% 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. Irregular Repairs and Maintenance Expenditure

The statement of financial performance reflects repairs and maintenance expenditure totalling Kshs.334,595. The amount include purchase of goods, works and service of Kshs.228,835 using low value procurement method. However, the procurement was not supported with the original Kenya Revenue Authority Electronic Tax Receipt (KRA ETR Receipt). This is contrary to Regulation 93(2) of the Public Procurement and Assets Disposal Regulations, 2020 which requires that any low value procurement shall be supported by the original Kenya Revenue Authority Electronic Tax Receipt (KRA ETR Receipt) duly signed by the person undertaking the low value procurement of goods, works or services.

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

2. Failure to Deduct PAYE from Directors' Emoluments

The statement of financial performance reflects remuneration of Directors totalling Kshs.421,900. However, Pay As You Earn (PAYE) was not deducted and remitted to the Kenya Revenue Authority. This is contrary to Section 37 of the Income Tax Act CAP 470.

In addition, the Principal was irregularly paid sitting allowances totalling Kshs.33,000. This is contrary to Section 10(1) of the State Corporation Act CAP 446. The law provides that the chairman and members of a Board, other than the Chief Executive, shall be paid out of the funds of the State Corporation such sitting allowances or other remuneration as the Board may, within the scales of remuneration specified from time to time.

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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Internal Audit Function and Audit Committee

The College did not have in place a functional Internal Audit Department and an Audit Committee. The College is at risk being unable to detect inefficiencies or deficiencies.

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

Responsibilities of Management and Board of Governors

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

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

The Board of Governors is 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 controls 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to 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 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 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

07 September, 2022

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

XIII. STATEMENT OF FINANCIAL PERFORMANC FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2020

	Notes	2018-2020	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – Capitation grants	6	500,000	0
		0	0
Revenue from exchange transactions			
Rendering of services- Fees from students	7	17,846,900	0
Sale of goods		-	-
Other income		-	-
Revenue from exchange transactions		17,846,900	0
Total revenue		18,346,900	0
Expenses			
Use of goods and services	8	4,293,548	0
Employee costs	9	4,031,250	0
Remuneration of directors	10	421,900	0
Depreciation and amortization expense		-	0
Repairs and maintenance	11	334,595	0
Total expenses		9,081,293	0
Other gains/(losses)			0
Loss on sale of assets		0	0
Total other gains/(losses)			0
Net Surplus for the year		9,265,607	0

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

	Notes	2018-2020 Kshs	2017-2018 Kshs
Assets			
Current assets			
Cash and cash equivalents	12	3,738,140	0
Current position of receivables from exchange transactions	13	5,764,971	0
		9,503,111	0
Non-current assets			
Property, plant and equipment		-	-
Biological asset	14	75,000	
Intangible assets		-	-
Long term receivables from non-exchange transactions		0	0
Sub total		75,000	0
Total assets		9,578,111	0
Liabilities			
Current liabilities			
Bank overdraft	12	610	-
Refundable deposits from customers	15	82,900	0
Fees received in advance	15	228,994	
		312,504	0
Non-current liabilities			
Non-current employee benefit obligation			-
Total liabilities		312,504	-
Net assets		9,265,607	
Reserves			-
Accumulated surplus		9,265,607	0
Capital Fund		-	-
Total net assets and liabilities		9,578,111	0

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



Chairperson of Board of Governors

Date

25/07/2022



Accounts Officer

ICPAK No 27292

Date

25/07/2022



Principal

Date

25/07/2022

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

XV. STATEMENT OF CHANGES IN NET ASSET FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2020

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2019	-	-		-	0
Revaluation gain		-	-	-	-
Fair value adjustment on quoted investments	-			-	
Total comprehensive income	-	-	0	-	40
Capital/Development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-		-
At June 30, 2020	-		0	-	0
At July 1, 2020				-	
Revaluation gain		-	-	-	
Fair value adjustment on quoted investments	-		-	-	-
Total comprehensive income	-	-	9,265,607	-	0
Capital/Development grants received during the year	-	-	-		
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2021	-	0	9,265,607	-	0

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

XVI. STATEMENT OF CASH FLOWS FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2020

	Note	2018-2020 Kshs	2017-2018 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		500,000	-
Sale of goods			
Rendering Service-Students Fees		13,932,700	0
Total Receipts		14,432,700	0
Payments			
Employee Costs		4,031,250	0
Use of goods and services		4,293,548	0
Remuneration of Directors		421,900	
Repairs and maintenance		3,34595	0
Total Payments		9,081,293	0
Net cash flows from operating activities	16	5,351,407	0
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		75,000	
Net cash flows used in investing activities		-	
Cash flows from financing activities			
Increase in deposits		-	
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		5,276,407	
Cash and cash equivalents at 1 JULY	11	0	0
Cash and cash equivalents at 30 JUNE	11	3,738,140	0

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE EIGHTEEN MONTHS ENDED
30 JUNE 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2018-2020	2018-2020	2018-2020	2018-2020	2018-2020	2018-2020
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue						
Transfers from other Govt entities Govt grants	2,000,000	0	500,000	500,000	0	0
Development grants	-	-	-	-	-	-
Rendering of services- Fees from students	11,572,300	0	11,572,300	17,846,900	6,274,600	10
Sale of goods	0	0	0	0	0	0
Total income	13,572,300	0	12,072,300	18,346,900	6,274,600	0
Expenses						
Employee Cost	3,332,400	0	3,332,400	4,031,250	698,850	21
Use of Goods and services & Remuneration of Directors	7,778,500	0	7,778,500	4,715,448	3,063,052	39
Repairs and Maintenance	1,916,500	0	1,916,500	334,595	1,581,905	0
Capital Expenditure	693,500	0	693,500	0	0	0
Total expenditure	13,720,900	0	13,720,900	9,081,293	5,343,807	39
Surplus for the period	148,600	0	1,648,600	9,265,607	930,793	

Budget notes

1. There was more than 10% difference due to low population of the students compared to the budgeted figure

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

XVII .NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Eldama Ravine Technical and Vocational College is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act.

The Eldama Ravine Technical and Vocational College's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship.

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 Eldama Ravine Technical and Vocational College accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Eldama Ravine 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. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020.**

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

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: <ol style="list-style-type: none"> Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

ii. 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 college 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.

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Budget information

The original budget for FY 2020/2021 was approved by the Board on 30/06/2020. 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 Eldama Ravine Technical and Vocational College'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 *13 of financial provisions of TVET Act no .29 of 2013* of these financial statements.

c) Taxes

Current income tax

Eldama Ravine Technical and Vocational College is exempted from paying taxes as per 1st schedule subsection (a) and (b) of the *income tax Act 2010*.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) 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.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the End of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the Asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating Profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that Asset is transferred to retained earnings in the statement of changes in equity.

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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

f) Research and development costs

The College 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 (Continued)

Impairment of financial assets (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Nature and purpose of reserves

a. Accumulated surpluses

This relates to surpluses brought forward and the one for the current year.

b. Capital reserves

This relates to fixed assets granted by the government or any other donor **Employee benefits**

k) Retirement benefit plans

The college 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 obligations.

l) Related parties

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

The government of Kenya through the ministry of education is also related party to the Eldama Ravine Technical and Vocational College.

m) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

n) Comparative figures

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

o) 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, 2020.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

p) Biological Assets

The biological assets have been stated at their fair values less estimated point-of-sale costs. The fair value is determined based on market prices.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

The board of Governors made only one significant judgement in preparing these financial statements.

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 College 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 College. 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

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2018-2020	2017-2018
	KShs	KShs
Unconditional grants		
Capitation grants	500,000.00	0
Other grants		
Total	500,000.00	0
Total government grants	500,000.00	0

(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	2017-2018
			KShs	KShs	KShs
Education Ministry/State Department	500,000			500,000	0
Total	500,000			500,000	0

7. RENDERING OF SERVICES

Description	2018-2020	2017-2018
	KShs	KShs
Tuition fees	10,02,6930	0
Examination fees	788,970	0
TVET CDACC	178,400	0
NITA	3,231,700	0
Admission Fees	909,400	0
COMPUTER PACKAGES	59,500	
DRIVING	2,652,000	
Total revenue from the rendering of services	17,846,900	0

Examination Fees depends on the courses as per KNEC guidelines
Tuition Fees is ksh 26,420 per student per year

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. USE OF GOODS AND SERVICES

Description	2018-2020	2017-2018
	KShs	KShs
Teaching and learning materials	13,520	00
Electricity Water and Conservation	100,414	0
Admin Fees	876,246	0
Office expense	211,170	0
Advertising and Marketing	61,500	0
Examination fees	387,076	0
Development	1,491,220	0
Travelling and accommodation	473,300	0
Insurance	24,750	0
College Farm	26,730	0
Driving school	6,500	0
Activity Expenses	31,300	0
Attachment Expenses	2,600	0
Printing and stationery	577,657	0
Bank Charges	9,565	0
Total good and services	4,293,548	0

9. EMPLOYEE COSTS

	2018-2020	2017-2018
	KShs	KShs
Salaries and wages	4,031,250.00	0
Social contributions	0	0
Employee costs	4,031,250.00	0

10. REMUNERATION OF DIRECTORS

Description	2018-2020	2017-2018
	KShs	KShs
Chairman's Honoraria	0	0
Directors emoluments	421,900	0
Other allowances	0	0
Total director emoluments	421,900	0

11. REPAIRS AND MAINTENANCE

Description	2018-2020	2017-2018
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ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

	KShs	KShs
Property	334,595.00	0
Other		
Total repairs and maintenance	334,595.00	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. CASH AND CASH EQUIVALENTS

Description	2018-2020	2017-2018
	KShs	KShs
Current account	3,738,140.00	000
Others(specify)	0	
Total cash and cash equivalents	3,738,140.00	0

a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2018-2020	2017-2018
		KShs	KShs
a) Current account			
Equity Bank Ltd	1310276606399	3,185,760	0
Access Bank	0280100000080	522,640	0
Sub- total			0
Cash at Hand		29,740	0
Grand total		3,738,140	0

Financial institution	Account number	2018-2020	2017-2018
		KShs	KShs
b) Current account			
Access Bank	0280230001084	(610)	0

13. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Current Receivables from Exchange Transactions

Description	2018-2020	2017-2018
	KShs	KShs
Current receivables		
Student debtors	5,599,971	0
Other receivables; advance salary(within 1 year	165,000	
Total current receivables	5,764,971	0

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

14. NOTES TO THE FINANCIAL STATEMENTS (Continued)

PROPERTY, PLANT AND EQUIPMENT

	Biological Assets
Cost	
At 1 July 2018	0
Additions	0
Disposals	0
Transfers/adjustments	0
At 30th June 2020	
Additions	75,000
Disposals	
Transfer/adjustments	
At 30th June 2020	75,000
Depreciation and impairment	0
At 1 July 2020	0
Depreciation	0
Impairment	0
At 30 June 2020	0
Depreciation	0
Disposals	-
Impairment	-
Transfer/adjustment	-
At 30th June 2020	75,000
Net book values	
At 30th June 2020	75,000

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and buildings have not been valued.

15. CURRENT LIABILITIES

Description	2018-2020	2017-2018
	KShs	KShs
Consumer deposits		
Other refundable deposits	82,900	0
Fees received in advance	228,994	0
Total deposits	311,894	0

16. CASH GENERATED FROM OPERATIONS

	2018-2020	2017-2018
Surplus for the year before tax	KShs	KShs
Adjusted for:	9,265,607	0
Depreciation		
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	
Working Capital adjustments	9,265,607	0
Increase in inventory	-	-
Increase in receivables		
Increase in deferred income		-
Increase in payables		
Increase in payments received in advance	228,994	
	5,276,407	

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.FINANCIAL RISK MANAGEMENT

Eldama Ravine TVC's activities expose it to a variety of financial risks including credit and liquidity risks. The institute'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 institution does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

Eldama Ravine TVC 's financial risk management objectives and policies are detailed below:

(i) Credit risk

Eldama Ravine TVC 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.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	17,846,900	17,846,900		
Receivables from non-exchange transactions	500,000	500,000		
Bank balances	3,737,530	3,737,530		
Total	22,084,430	22,084,430		
At 30 June 2020				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

Eldama Ravine TVC has significant concentration of credit risk on amounts due from students

The board of Governors sets the institute'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. Eldama Ravine TVC manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

	2018-2020	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Govt	500,000	0
Grants from County Government	-	-
Donations in kind	-	-
Total	500,000	0

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. EVENTS AFTER THE REPORTING PERIOD

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

20. 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.

21. CURRENCY

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

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

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

Ene K. Tana

Principal.

Signature

[Signature]

Date.

28/07/2022

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

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)

Status of Projects completion

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

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	ELDAMA RAVINE TVC		
	Break down of Transfers from the State Department of Eldama Ravine TVC			
	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>
			500,000	2019/2020
		Total	500,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total		

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

Accounting Officer

Head of Accounting Unit

Eldama Ravine Technical and Vocational College

Education Ministry

Sign



Sign-----

ELDAMA RAVINE TECHNICAL AND VOCATIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2020

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Recurrent/Development/Other	Total Amount - KES	Where Recorded/recognized				Received on behalf of institutions	Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables		
Ministry of Education		Operation a/c	500,000	500,000					500,000
Total			500,000	500,000					500,000